



**The S4C Welsh Fourth Channel Authority
Code of Practice for Members**

Parc Tŷ Glas, Llanishen, Cardiff, CF4 5DU

The S4C Welsh Fourth Channel Authority Code of Practice for Members

1. Introduction

- 1.1 This document sets out a Code of Practice for Members of the S4C Authority. It is based on a model suggested by S4C's sponsor Government department, the Department for Culture, Media and Sport (DCMS). It has been modified to take account of the particular characteristics and circumstances of S4C.

2. The S4C Authority's Constitutional Status, Mission and Mode of Operation

- 2.1 The S4C Authority is appointed by the Secretary of State for Culture, Media and Sport, following open advertisement and competitive interview and, up to now, after consultation with the Secretary for State for Wales. In the future, the National Assembly of Wales will be consulted.
- 2.2 The Members are appointed, in effect, as stewards on the public's and taxpayers' behalf and have special duties to ensure that the performance of S4C as a broadcaster meets the statutory requirements. Crucially, the Authority is required to ensure the provision of a high quality and wide range of programmes, with particularly close attention to S4C's core mission of providing programmes in the Welsh language. It is also required to keep in touch with public opinion, understand the effects of its programmes on the people who watch them, and ascertain what types of programmes members of the public would like S4C to broadcast.
- 2.3 To ensure the discharge of these duties, the S4C Authority establishes S4C's strategic aims and objectives and broad priorities, monitors performance against those and regulates the discharge of these objectives by S4C as a broadcaster. Detailed planning, programming and delivery within the framework laid down by the Authority is the responsibility of the Chief Executive and the staff of S4C, who are answerable to the Authority. The Authority appoints the Chief Executive and the Authority's Secretary, as well as approving the appointment of other members of the Management Team.

3. Public Service Values

- 3.1 In carrying out these duties the Members of the S4C Authority must at all times observe the seven principles of public life originally proposed by the Nolan Committee, which have been endorsed by successive Governments (copy attached).

3.2 Relating these explicitly to the work of S4C, Members must:

- observe the highest standards of integrity, objectivity and impartiality in their stewardship of public funds (supporting the Chief Executive in his duties as accounting officer to ensure propriety and regularity) and in their oversight and regulation of S4C as a broadcaster.
- work actively to achieve openness, communicating to Parliament, the National Assembly, the public and S4C's suppliers its policies for programme services and its decisions relating to the allocation of funds,
- be accountable to Parliament, the National Assembly, users of services, individual citizens and staff for the activities of S4C, its stewardship of public funds, and the extent to which strategic objectives and performance targets have been met.
- listen carefully to their views and take them into consideration in determining the Authority's aims, objectives and priorities.
- ensure that S4C complies with all reasonable requests for information.

3.3 In addition, Members must ensure:

- that S4C complies with the statutory requirements in Section 57, 58, 59 and 60 of the Broadcasting Act 1990 in relation to S4C programmes and advertising on S4C. (Extract attached.)
- that S4C acts impartially in its decisions regarding the commissioning of programmes
- that best value is achieved through ensuring that programmes are acquired and services delivered in the most efficient, effective, and economical way within available resources, securing the independent validation of performance wherever practicable.
- that S4C's commercial activities are conducted in accordance with competition law and other statutory requirements, including ensuring the separation of S4C's general fund and its public service fund and that no S4C company shall receive any direct or indirect subsidy from the public service fund. (Section 61A of the Broadcasting Act 1990 as inserted by Section 81 of the Broadcasting Act 1996.)
- that S4C's integrity and independence as a broadcaster from improper political or other pressures is maintained at all times.

4. Relationship with the Sponsor Department

- 4.1 The Secretary of State for Culture Media and Sport is answerable to Parliament for the policies and performance of all public bodies sponsored by his Department, including their use of resources and the policy framework within which they operate. The respective roles of the sponsor department and the S4C Authority are set out in the Broadcasting Act 1990, Sections 56 to 64 and Schedule 6. This is supplemented by the Memorandum of Understanding between the Department and S4C, which sets out the terms on which funds provided by the Secretary of State are received and may be spent by S4C. A copy of the Memorandum is attached.

5. Role of the Chair

- 5.1 Communications between the S4C Authority and the Secretary of State will normally be through the Chair, except where the Authority has agreed that an individual Member should act on its behalf. Nevertheless, an individual Member has the right of access to Ministers on any other matter which he or she believes raises important issues relating to his or her duties as a member of the Authority. In such cases the agreement of the rest of the Authority would normally be sought.
- 5.2 The main point of contact between S4C and the sponsor department on day-to-day matters will normally be the Chief Executive, the Secretary, or any other member of staff who is authorised to act on behalf of S4C.
- 5.3 The Chair should ensure that all Members of the Authority, when taking up office, are fully briefed on the terms of their appointment, and on their duties and responsibilities. They should also be given a copy of this Code of Practice; other relevant background material such as the Memorandum of Understanding; S4C's latest Corporate Plan and Annual Reports and Accounts; 'The Responsibilities of a Non-Departmental Public Body Accounting Officer'; notes describing S4C's organisational structure and statutory basis of operation; and the rules and procedures of the Authority. The Chair should encourage new Members of the Authority to attend an induction course on the duties of board members of public bodies or some other suitable induction programme.
- 5.4 The Chair (together with the Chief Executive, where appropriate) has particular responsibility for providing effective strategic leadership on matters such as:
- formulating the Authority's strategy for discharging its statutory duties;
 - encouraging high standards of propriety, and promoting efficient and effective use of staff and other resources throughout the organisation;
 - ensuring that the Authority, in reaching decisions, takes proper account of guidance provided by the Secretary of State and the sponsor department;

- representing the views of the Authority to the general public; and
 - providing an assessment of performance of individual Authority Members, on request, if they are being considered for re-appointment to the Authority or appointment to the board of some other public body.
- 5.5 The Chair should ensure that the Authority meets at regular intervals throughout the year; and that minutes of meetings accurately record decisions taken and, where appropriate, the views of individual Authority Members.

6. Corporate Responsibilities of Authority Members

- 6.1 Members of the Authority have corporate responsibility for ensuring that S4C complies with any statutory or administrative requirements for the use of public funds. Other important responsibilities of Authority Members include:
- ensuring that high standards of corporate governance are observed at all times;
 - establishing the overall strategic direction of the organisation within the framework set out in the Broadcasting Acts 1990 and 1996;
 - overseeing the delivery of planned results by monitoring performance against strategic objectives and targets;
 - ensuring that the Authority operates within the limits of its statutory authority; and in accordance with any other conditions relating to the use of public funds;
 - ensuring that, in reaching decisions, the Authority has taken into account any guidance issued by the sponsor department;
 - ensuring that there are programmes to promote and develop equal opportunities in relation to activities funded by the Authority;
 - formulating a strategy for implementing the Code of Practice on Access to Government Information, including prompt response to public requests for information;
 - ensuring that the Board operates sound environmental policies and practice in accordance with the Government's policies and guidance.
- 6.2 Full and frank discussion is vital to the effective conduct of the Authority's affairs, ensuring that all key considerations are aired and debated. Once decisions have been reached in the light of such discussion, Authority Members are responsible collectively for them.
- 6.3 Public statements about Authority affairs will normally be made by the Chair or, with her agreement, the Chief Executive, the Secretary or other senior officers. With the Chair's agreement, Authority Members may also speak publicly on behalf of the Authority.

7. Responsibilities of Individual Authority Members

- 7.1 Individual Members should be aware of their wider responsibilities as Members of the S4C Authority. Like others who serve the public, they should follow the Seven Principles of Public Life set out by the Committee on Standards in Public Life (The Nolan Committee). The principles are set out at the end of this Code. Individual Members must:
- comply at all times with this Code of Practice (or any agreed modification of it) and with rules relating to the use of public funds;
 - act in good faith and in the best interests of S4C.
 - not misuse information gained in the course of their public service for personal gain, or for political purposes, nor seek to use the opportunity of public service to promote their private interests, or those of connected persons, firms, businesses or other organisations;
 - ensure that they comply with the Authority's rules on the acceptance of gifts and hospitality;
 - refrain from direct or indirect participation in any competition or other event organised by S4C which would result in their personally receiving gain or other material advantage, or the gain or advantage of a member of their family or household.
- 7.2 Board members are expected not to occupy paid party political posts or hold particularly sensitive or high –profile unpaid roles in a political party. Subject to that, members are free to engage in political activities, provided that they are conscious of their general public responsibilities and exercise a proper discretion, particularly in regard to the work of the S4C Authority. On matters directly affecting that work, they should not make political speeches or engage in other political activities.
- 7.3 The restrictions in paragraph 7.2 do not apply to local councillors or to Peers in relation to their conduct in the House of Lords. The position of Peers in this regard is covered by a statement reproduced as Annex D to 'Non-Departmental public Bodies: A Guide for Departments'. (Members of the Authority are barred from membership of the House of Commons and the National Assembly for Wales.)
- 7.4 Although any legal proceedings initiated by a third party are likely to be brought against the Authority, in exceptional cases proceedings (civil, or in certain cases, criminal) may be brought against the Chair or other individual Authority Members. For example, an Authority Member may be personally liable if he or she makes a fraudulent or negligent statement which results in loss to a third party. An Authority Member who misuses information gained by virtue of his or her position may be liable for breach of confidence under common law or under insider dealing legislation.
- 7.5 However, the Government has indicated that individual Members who have acted honestly, reasonably, in good faith and without negligence will not have to meet out of their own personal resources any personal civil liability which is incurred in the execution or purported execution of the functions of the Authority. Subject to its specific statutory powers, the Authority should issue to its Members suitable indemnities consistent with this paragraph.

7.6 Authority Members who want further advice should consult the Authority's legal advisers through the Chief Executive or the Secretary.

7.7 The arrangements for appointing individual Members of the Authority normally make it possible to remove them from office if they fail to perform the duties required of Authority Members to the standard expected of persons who hold public office.

8. Handling Conflicts of Interest

8.1 The Chair and other Members of the Authority should declare any personal or business interests which may conflict with their responsibilities as Authority Members. These should be identified at an early stage and appropriate action should be taken to resolve them.

8.2 To provide the basis for this, a register of Members' interests will be maintained. This will list direct pecuniary interests which members of the public might reasonably think could influence judgements. It will also include non-pecuniary interests of Members which relate closely to the Authority's activities, and the interests of close family members or persons living in the same household as the Authority Member.¹

8.3 The Authority's register of interests will be open to the public at its offices in Cardiff and Caernarfon, and the arrangements for viewing it will be made known on S4C's Web site and in S4C's annual report. Authority Members are required to update their declarations as changes occur and they will be asked formally to confirm or amend their declarations annually. The published register will be kept up-to-date accordingly.

8.4 In the absence of specific statutory provisions, the common law requires:

- that members of public bodies should not participate in the discussion or determination of matters in which they have a direct pecuniary interest;
- that when an interest is not of a direct pecuniary kind, Members should consider whether participation in the discussion or determination of a matter would suggest a real danger of bias. This should be interpreted in the sense that Members might unfairly regard with favour, or disfavour the case of a party to the matter under consideration. In considering whether a real danger of bias exists in relation to a particular decision, Members should assess whether they, a close family member, a person living in the same household as the Authority member, or a firm, business or other organisation with which the board member is connected are likely to be affected more than the generality of those affected by the decision in question. This would cover, for example, a decision to invite tenders for a contract where a firm with which a Member was connected was significantly better placed than others to win it.

For the avoidance of doubt, this paragraph does not preclude the Authority from issuing indemnities in the terms of paragraph 7.5 above.

¹ Indirect pecuniary interests arise from connections with bodies which have a direct pecuniary interest or from being a business partner of, or being employed by, a person with such an interest. Non-pecuniary interests include those arising from membership of clubs and other organisations. Close family members include personal partners, parents, children (adult and minor), brothers, sisters and the personal partners of any of these.

- 8.5 Where, in accordance with the above, Members do not participate in the discussion or determination of a matter, they should normally withdraw from the meeting, even if it is held in public. This is because the continued presence of someone who had declared an interest might be thought likely to influence the judgement of the other Members present.
- 8.6 Following generally accepted accounting practice, Authority Members must facilitate compliance with the need under Financial Reporting Standard 8 for material transactions with related parties to be disclosed in financial statements. 'Related parties' include family members or members of the same household who may be expected to influence, or be influenced by, Authority Members or key managers.

9. Delegation

- 9.1 Authority Members serve on a part-time basis. To the extent permitted by the Broadcasting Acts, responsibility for day-to-day management matters should be delegated to staff so far as is practicable, within a clearly understood framework of strategic control.
- 9.2 The Authority may also decide to delegate, where it has the power to do so, responsibility for specified matters to individual Members or committees of the Authority. The Authority will ensure that clear internal guidance covers those matters delegated to staff and those reserved for decision by the Authority. The latter include issues of corporate strategy; key strategic objectives and targets; major decisions involving the use of financial and other resources; and personnel issues, including key appointments and standards of conduct.

10. Strategic Planning and Control

- 10.1 One of the main tasks of the Authority is oversight of the production of a Corporate Plan. The process of preparing such a document provides an opportunity for describing the policy and resources framework within which the Authority will discharge its duties, and for determining its key strategic objectives, targets and priorities. Such targets will cover areas such as S4C's financial performance; the efficiency and effectiveness of its operations; and the quality of the services it provides. Where it is not possible to measure final output, the aim should be to agree carefully formulated strategic objectives and milestones.

11. Openness and Responsiveness

- 11.1 Members of the Authority and their staff should conduct all their dealings with the public in an open and responsible way, and ensure full compliance with the principles of the Citizen's Charter and the Code of Practice on Access to Government Information. They should take account as far as possible of the Standard of Best Practice for Openness in Executive Non Departmental Public Bodies and NHS bodies in the First Report of the Committee on Standards in Public Life (Cm 28050-I). Wherever possible, consistent with the nature of the Authority's business and the need for confidentiality on commercial or other grounds, the Authority should make records of decisions publicly available.

- 11.2 The Authority should ensure that it can demonstrate that it is using resources to good effect, with probity, and without grounds for criticism that public funds are being used for private, partisan or party political purposes. There should be internal procedures available to deal with complaints, including those alleging failure to provide information.

12. Accountability for Public Funds

- 12.1 Members of the Authority have a duty to ensure the safeguarding of public funds – which for this purpose should be taken to include all types of revenue from any source – and the proper custody of assets which have been publicly funded. They must take appropriate measures to ensure that, at all times, S4C conducts its operations as economically, efficiently and as effectively as possible, with regard to the relevant statutory provisions and to the rules in ‘Government Accounting’, insofar as these are applicable to S4C.
- 12.2 Members of the Authority are responsible for ensuring that S4C does not exceed its powers or functions, whether defined in statute or otherwise, or through any limitations on its authority to incur expenditure. The Authority is advised on these matters by its Chief Executive and Secretary, who will refer to legal advisers whenever appropriate.

13. Annual Report and Accounts

- 13.1 As part of its responsibilities for the stewardship of public funds, the Authority must ensure that it includes a full statement of the use of such resources in its Annual Report and Accounts. Such accounts should be prepared in accordance with the Broadcasting Acts 1990 and 1996, the Accounts Direction issued by the sponsor Department and the Companies Act.
- 13.2 The Authority must produce an Annual Report and Accounts and should give it appropriate publicity. If the Annual Report is published separately it should contain at least a summary of the annual accounts and in any case give details of how to obtain the full accounts. A statement by the auditors should be included in the summary to confirm that it is consistent with the annual accounts. It should also state whether the report on the annual accounts was qualified and provide details if this was the case.
- 13.3 S4C’s Annual Report and Accounts should provide a full description of S4C’s activities; state the extent to which key strategic objectives and agreed financial and other performance targets have been met; list the names of the current Members of the Authority and its senior staff; and provide details of remuneration of Authority Members and senior staff within the range of prescribed salary bands. The Annual Report should contain information on registers of interests in accordance with paragraph 8.3 above.

14. The Role of the Chief Executive, including as accounting officer

- 14.1 The Chief Executive has responsibility, under the Authority, for the overall organisation, management and staffing of S4C and for its procedures in financial and other matters, including conduct and discipline. This involves the promotion by leadership and example of the values embodied in the Nolan Committee's Seven Standards of Public Life. Authority Members should support the Chief Executive in undertaking this responsibility.
- 14.2 The Chief Executive is designated as the Authority's accounting officer. He is responsible to Parliament and the accounting officer of the DCMS for the resources under his control. The essence of the role is a personal responsibility for the propriety and regularity of the public finances for which he is answerable; for the keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all the resources in his charge. The accounting officer has a responsibility to see that appropriate advice is tendered to the board on all these matters. Satisfactory performance of these responsibilities is fundamental to the role of the Chief Executive.
- 14.3 More detailed guidance on the role of an accounting officer is set out in 'The Responsibilities of a NDPB Accounting Officer', which covers appearances before the Committee of Public Accounts of the House of Commons. All Authority Members should ensure that they have a copy of this document. The Treasury's handbook 'Regularity and Propriety', describes what these concepts mean in a financial context. Although the handbook is intended primarily for accounting officers, Authority Members should also familiarise themselves with it.

15. Audit

- 15.1 The Authority has established an Audit Committee as a Committee of the Authority. The Audit Committee consists of three Authority Members and is chaired by a Member of the Authority (other than the Chair) who has experience of financial matters. The responsibilities of the Audit Committee overlap with those of the accounting officer. He normally attends meetings of the Audit Committee, unless, exceptionally, his performance is being discussed.
- 15.2 The current terms of reference for the Audit Committee were adopted by the Authority on 24 September 1999. They are attached. Minutes of the Audit Committee are received by the Authority at its regular meeting as soon as possible after the Audit Committee meeting.

16. The Authority as a Employer

16.1 The Authority should ensure:

- that it complies with all relevant employment legislation and that it employs suitably qualified staff who will discharge their responsibilities in accordance with the high standards expected of staff employed by such a body. All staff should be familiar with S4C's main aims, objectives and priorities, corporate strategy, and the internal management and control systems which relate to their work.
- that S4C adopts management practices which use resources in the most effective, efficient and economical manner.
- that S4C's rules for the recruitment and management of staff provide for appointment and advancement on merit, on the basis of equal opportunity for all applicants and staff.
- that, in filling senior staff appointments, an adequate field of qualified candidates is considered and that the merits of full open competition are always considered. This should normally be used for the recruitment of external candidates.
- that its staff, and Authority Members, have appropriate access to expert advice and training opportunities which enable them to exercise their responsibilities effectively.

16.2 The Authority should adopt a code of conduct for its staff using the model provided by the Cabinet Office (OPS), subject to any modifications that may be necessary – and are agreed with the sponsor Department – to take account of its own particular characteristics and circumstances. The code must cover arrangements enabling members of staff to raise concerns about propriety in relation to S4C. It must also provide safeguards to prevent conflicts of interest when staff leave.

16.3 The Authority has a responsibility to monitor the performance of its Chief Executive and senior staff. Where the terms and conditions of employment of the Chief Executive or other senior members of staff include an entitlement to be considered for performance-related pay, and where such payments are assessed by Authority Members, the Authority should ensure that they have access to the information and advice required to make the necessary judgements.

Appendix A - Nolan Committee Statement – ‘The Seven Principles of Public Life’ Appendix B - Extract of Broadcasting Act 1990, Sections 57, 58, 59, 60 and 61A. Appendix C - Audit Committee’s Terms of Reference
--

Appendix A

The Government endorses the Seven Principles of Public Life set out by the Nolan Committee for the benefit of all who serve the public in any way.
The principles are set out below.

The Seven Principles of Public Life

Selflessness

Holders of public office should take decisions solely in terms of the **public interest. They should not do so in order to gain financial or other material benefit for themselves, their family, or their friends.**

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in their performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards or benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership:

Holders of public office should promote and support these principles by leadership and example.

.....
*These principles apply to all aspects of public life.
The Committee has set them out here for the benefit of
all who serve the public in any way.*

PART 1

(2) The amount of any financial penalty imposed on any person in pursuance of subsection (1)--

(a) shall, if such a penalty has not previously been so imposed on that person during any period for which his licence has been in force ("the relevant period"), not exceed 3 per cent. of the qualifying revenue for his last complete accounting period falling within the relevant period (as determined in accordance with section 52(2)); and

(b) shall, in any other case, not exceed 5 per cent. of the qualifying revenue for that accounting period (as so determined);

and, in relation to a person whose first complete accounting period falling within the relevant period has not yet ended, paragraphs (a) and (b) above shall be construed as referring to 3, or (as the case may be) 5, per cent. of the amount which the Commission estimate to be the qualifying revenue for that accounting period (as so determined).

(3) The Commission shall not serve on any person a notice under subsection (1) unless they have given him a reasonable opportunity of making representations to them about the matters complained of.

(4) Section 42 shall apply in relation to an additional services licence as it applies in relation to a licence to provide a Channel 3 service, but with the omission of subsection (7).

CHAPTER VI

TELEVISION BROADCASTING BY WELSH AUTHORITY

Welsh Authority
to continue in
existence as Sianel
Pcdwar Cymru.

56.--(1) The authority which at the commencement of this section is called the Welsh Fourth Channel Authority shall continue in existence as a body corporate but-

(a) shall be known as Sianel Pedwar Cymru (or S4C); and

(b) shall be constituted in accordance with, and have the functions conferred by, this Act;

and in this Act references to the Welsh Authority are references to that authority.

(2) The Welsh Authority shall consist of-

(a) a chairman appointed by the Secretary of State; and

(b) such number of other members appointed by the Secretary of State, not being less than four nor more than eight, as he may from time to time determine.

(3) Schedule 6 to this Act shall have effect with respect to the Welsh Authority.

Function and
duties of Welsh
Authority.

57.--(1) The function of the Welsh Authority shall be to provide a television broadcasting service of high quality for reception wholly or mainly in Wales to be known as Sianel Pedwar Cymru (or S4C); and in this Part references to S4C are references to that service,

(2) It shall be the duty of the Welsh Authority-

(a) to provide S4C as a public service for disseminating information, education and entertainment;

- (b) to ensure that a substantial proportion of the programmes broadcast on S4C are in Welsh and that the programmes broadcast on S4C between 6.30 pm and 10 pm consist mainly of programmes in Welsh; and
- (c) to ensure that the programmes in Welsh which are broadcast on S4C maintain-
 - (i) a high general standard in all respects (and, in particular, in respect of their content and quality), and
 - (ii) a wide range in their subject matter, having regard both to the programmes as a whole and also to the days of the week on which, and the times of the day at which, the programmes are broadcast.

(3) The Welsh Authority shall secure that, during any period allocated by them to the broadcasting of a programme not in Welsh, the programme broadcast by them on S4C is normally a programme which is being, has been or is to be broadcast on Channel 4.

(4) The Welsh Authority may use part of the signals carrying S4C to provide-

- (a) subtitling in connection with programmes on S4C, and
- (b) other services which are ancillary to such programmes and directly related to their contents;

and in this subsection “subtitling” means any subtitling provided by means of a teletext service.

(5) In this section and section 58 “programme” does not include an advertisement.

58.-(1) For the purpose of enabling the Welsh Authority to comply with their duty under section 57(2)(b) it shall be the duty of the BBC to provide the Authority (free of charge) with sufficient television programmes in Welsh to occupy not less than ten hours’ transmission time per week, and to do so in a way which meets the reasonable requirements of the Authority.

Sources of programmes for S4C

(2) It shall be the duty of the Channel Four Television Corporation-

- (a) to provide the Welsh Authority with programme schedules for the programmes broadcast on Channel 4, including information as to the periods available for the broadcasting of advertisements, far enough in advance to enable the Welsh Authority to comply with section 57(3); and
- (b) to provide the Welsh Authority (free of charge) with any programmes which are required by the Authority for the purpose of complying with that provision.

(3) The programmes broadcast on S4C may, to the extent that they are not provided under subsection (1) or (2), be obtained by the Welsh Authority from such persons as they think fit.

(4) Where any programmes provided under subsection (2) each form part of a series of programmes, the Welsh Authority shall ensure that the intervals between those programmes when broadcast on S4C normally correspond to the intervals between them when broadcast on Channel 4.

PART I

(5) The Welsh Authority shall publish, in such manner as they consider appropriate, advance notice of the programme schedules for the programmes to be broadcast on S4C.

Requirements to be complied with in relation to S4C programmes.

59.-(1) The Welsh Authority shall ensure that the following requirements are complied with in relation to S4C, namely-

- (a) that nothing is included in its programmes which offends against good taste or decency or is likely to encourage or incite to crime or to lead to disorder or to be offensive to public feeling;
- (b) that any news given (in whatever form) in its programmes is presented with due accuracy and impartiality;
- (c) that due impartiality is preserved on the part of the Authority as respects matters of political or industrial controversy or relating to current public policy;
- (d) that due responsibility is exercised with respect to the content of any of its programmes which are religious programmes, and that in particular any such programmes do not involve-
 - (i) any improper exploitation of any susceptibilities of those watching the programmes, or,
 - (ii) any abusive treatment of the religious views and beliefs of those belonging to a particular religion or religious denomination; and
- (e) that its programmes do not include any technical device which, by using images of very brief duration or by any other means, exploits the possibility of conveying a message to, or otherwise influencing the minds of, persons watching the programmes without their being aware, or fully aware, of what has occurred.

(2) In applying subsection (f)(c) a series of programmes may be considered as a whole.

(3) Without prejudice to the generality of subsection (1), the Welsh Authority shall ensure that there are excluded from the programmes broadcast on S4C all expressions of the views and opinions of the Authority on matters (other than broadcasting) which are of political or industrial controversy or relate to current public policy.

(4) The code referred to in section 6(3) shall have effect in relation to the application of subsection (1)(c) above in relation to S4C as it has effect in relation to the application of section 6(1)(c) in relation to a licensed service; and the code referred to in section 7 shall have effect in relation to S4C as it has effect in relation to a licensed service.

(5) The Welsh Authority shall observe the provisions of those codes (as they have effect in accordance with subsection (4)) in the provision of S4C

Advertising on S4C.

60.-(1) The Welsh Authority shall ensure that the following rules are complied with in relation to S4C, namely-

- (a) S4C must not include-
 - (i) any advertisement which is inserted by or on behalf of any body whose objects are wholly or mainly of a political nature,

(ii) any advertisement which is directed towards any political end, or

(iii) any advertisement which has any relation to any industrial dispute (other than an advertisement of a public service nature inserted by, or on behalf of, a government department);

(b) in the acceptance of advertisements for inclusion in S4C there must be no unreasonable discrimination either against or in favour of any particular advertiser; and

(c) (except in the case of any programme to which the Welsh Authority determine that this paragraph is not to apply) S4C must not include a programme which is sponsored by any person whose business consists, wholly or mainly, in the manufacture or supply of a product, or in the provision of a service, which the Welsh Authority are prohibited from advertising by virtue of subsection (2) or (4) below.

(2) The code under section 9 shall have effect in relation to advertisements broadcast on S4C as it has effect in relation to advertisements broadcast on Channel 4; and the Welsh Authority shall observe the provisions of that code (as it so has effect) in the provision of S4C.

(3) Where the Commission give any directions under subsection (7) of that section to the Channel Four Television Corporation, they shall send a copy of those directions to the Welsh Authority; and, so long as the directions remain in force, the Welsh Authority shall, in broadcasting advertisements on S4C, give effect to the provisions of the directions as if they were provisions regulating the times when advertisements are to be allowed to be broadcast on S4C.

(4) The Welsh Authority shall-

(a) from time to time consult the Secretary of State as to the classes and descriptions of advertisements which must not be broadcast on S4C and the methods of advertising or sponsorship which must not be employed in, or in connection with, the provision of S4C; and

(b) carry out any directions which he may give to them in respect of such matters.

(5) 'The Welsh Authority shall not act as an advertising agent.

(6) After consultation with the Welsh Authority the Secretary of State may make regulations amending, repealing or adding to the rules specified in subsection (1); but no such regulations shall be made unless a draft of the regulations has been laid before and approved by a resolution of each House of Parliament.

**Public service
fund of Sianel
Pedwar Cymru.**

81.-(1) After section 61 of the 1990 Act there is inserted-

**“Welsh
Authority public
service fund.** 61A.-(1) The Welsh Authority shall not exercise their powers under section 57(1A)(b) before such date (in this section referred to as “the notified date”) as they may notify to the Secretary of State for the purposes of this section.

(2) All amounts received by the Welsh Authority under section 61 on or after the notified date shall be kept by the Authority in a separate fund (in this section referred to as “the public service fund”) which may be applied only for the purposes of their functions under section 57(1) or (1A)(a).

(3) No S4C company shall receive any direct or indirect subsidy from the public service fund.

(4) The Welsh Authority shall secure that no television programme which has been wholly or partly financed out of the public service fund is included in a television programme service provided by an S4C company before it is first broadcast on S4C or in the service referred to in section 57(1 A)(a).

(5) On the notified date-

(a) all the assets then held by the Welsh Authority other than cash, together with the appropriate proportion of any cash then held by them, shall be taken to be comprised in the public service fund, and

(b) the remainder of any cash then held by the Authority shall be taken to be comprised in a general fund.

(6) In subsection (5)(a) “the appropriate proportion” means the proportion which, in the last financial year in respect of which a statement of accounts has been prepared under paragraph 12(1) of Schedule 6 before the notified date, the total amount received by the Welsh Authority under section 61 bears to the total amount of its income from all sources.”

(2) In paragraph 12 of Schedule 6 of the 1990 Act (accounts and audit) after sub-paragraph (1) there is inserted-

The statement of accounts must deal separately with the public service fund referred to in section 61A of this Act and with the general fund referred to in subsection (5)(b) of that section.“.

Appendix C

Aims and Responsibilities of the Audit Committee

1. Constitution

- 1.1 This Authority resolves to establish a Committee of the Authority to be known as the Audit Committee.

2. Membership

- 2.1 The Committee shall comprise three members of the Authority. Two members shall constitute a quorum.
- 2.2 The Chair of the Audit Committee shall be appointed by the Authority.

3. Attendance at Meetings

- 3.1 Normally, the Director of Finance, the Chief Executive and the Secretary to the Authority shall attend meetings. However, the Committee shall meet with the external auditors at least once a year without the members of the Management Team present for confidential discussions. The internal auditors and external auditors shall attend meetings in accordance with the Committee's wishes.
- 3.2 The secretary shall be appointed by the Audit Committee.

4. Frequency of Meetings

- 4.1 Meetings shall be held at least three times a year. The external or internal auditors may request a meeting if necessary.

5. Duties

- 5.1 The Authority authorises the Committee to investigate any activity within its aims and responsibilities. It is authorised to seek any information it requires from any member of staff and all employees are advised to co-operate with any request made by the Committee. Any member of staff may draw to the attention of any member of the Committee any information of which they consider the Committee should be aware.
- 5.2 The Authority authorises the Committee to obtain outside legal or other independent professional advice and to request the attendance of external people who have relevant experience if the Committee considers that it requires such advice and presence.

6. Duties

6.1 In order to ensure the appropriateness and validity of S4C's activities and the effectiveness of its management and financial systems, the Committee's duties shall be:

- (a) **to consider the appointment of external auditors, the audit fee, and any cases of resignation or departure by the external auditors;**
- (b) to discuss with the external auditor the nature and scope of:
 - (i) audit needs and the strategic audit plan for the forthcoming three years
 - (ii) the annual audit plan
 - (iii) specific audits before their commencement;
- (c) **to review the annual financial statements before submission to the Authority focusing on:**
 - (i) any changes in accounting policies and practices
 - (ii) main judgmental areas
 - (iii) adjustments arising from the audit
 - (iv) the going concern assumption
 - (v) compliance with accounting standards
 - (vi) compliance with legal requirements;
- (ch) to discuss problems and any doubts arising from the final audit, and any matters that the auditors may wish to discuss (in the absence of members of the Management Team where necessary);
- (d) to review the external auditors' management letter and S4C's response;
- (dd) to review the company's statement on internal management systems before it is approved by the Authority;
- (e) to consider the major findings of internal investigations and the response of managers;
- (f) to monitor and review the differentiation between the public and general funds;
- (g) to ensure that S4C and its commercial companies are trading fairly according to the law and the commercial guidelines approved by the Authority;
- (ng) to consider other topics as defined by the Authority.

7. Arrangements for Minutes

7.1 The Secretary shall circulate the minutes of the meetings of the Committee to all Authority Members and the external auditors.

8. Procedure for Reporting to the Authority

8.1 The minutes and reports of the Authority shall be noted or considered, as appropriate, by the Authority as soon as possible following Audit Committee meetings.

