

MATTERS RESERVED FOR THE BOARD

The main roles of the board are to ensure that USS is adequately funded, that the scheme's investment policy is appropriate for the scheme's liabilities, that the company's standards of performance are at a level with which the members and participating institutions are content and that the scheme continues to meet the needs of the UK higher education sector. A number of specific responsibilities are reserved for the board including:

1 Strategy and management

- 1.1 Setting the contribution rate.
- 1.2 Determining the investment policy and investment management structure of the fund.
- 1.3 Determining the assumptions to be used in the triennial actuarial valuation.
- 1.4 Approval of amendments to scheme rules for recommendation to the JNC.
- 1.5 Approval of new participating employers and scheme mergers.
- 1.6 Approving the treatment of participating employers leaving the scheme.
- 1.7 Approval of the schedule of contributions.
- 1.8 Approval of the company's strategic and business plans, including annual operating and capital expenditure estimates and any material changes to them.
- 1.9 Review investment, operational and financial performance.
- 1.10 Oversight of the company's operations ensuring:
 - (a) Competent and prudent management.
 - (b) Sound planning.
 - (c) An adequate system of internal control.
 - (d) Adequate accounting and other records.
 - (a) Compliance with statutory and regulatory obligations
- 1.11 Review performance against the strategic plan, business plan and estimates and ensure that any necessary corrective action is taken.

2 Structure

- 2.1 Changes to the structure of USS and the trustee company (eg sub-committees).
- 2.2 Changes to the company's management and control structure.

3 Financial reporting and controls

- 3.1 Approval of the annual report and accounts.
- 3.2 Approval of any significant changes in accounting policies or practices.

4 **Internal controls**

- 4.1 Ensuring maintenance of a sound system of internal control and risk management including:
- (a) Review, update and approve the company's risk register.
 - (b) Review the effectiveness of the company's risk and control processes.

5 **Board membership and other appointments**

- 5.1 Recommending appointment of new co-opted directors to the JNC, following recommendations from the nominations committee.
- 5.2 Ensuring adequate succession planning for the board, following recommendations from the nominations committee.
- 5.3 Ensuring adequate succession planning for senior management.
- 5.4 Selection of the chairman of the board and chief executive.
- 5.5 Appointment and removal of the company secretary.
- 5.6 Approval of the continuation in office of co-opted directors at the end of their term of office, following recommendations from the nominations committee.
- 5.7 Membership and chairmanship of sub-committees, following recommendations from the nominations committee.
- 5.8 Appointment, reappointment or removal of the external auditor, following the recommendation of the audit committee.

6 **Remuneration**

- 6.1 Recommending changes to directors' remuneration to the JNC, following recommendations from independent consultants.
- 6.2 Approving the staff remuneration policy.

7 **Delegation of authority**

- 7.1 Approval of the terms of reference of sub-committees.
- 7.2 Receiving reports from sub-committees on their activities.
- 7.3 Agreeing responsibilities delegated to the executive.

8 **Other**

- 8.1 Approval of the appointment of principal professional advisers
- 8.2 Approving the communication strategy for the company.
- 8.3 Determining interest rates to be charged or paid in specific circumstances.
- 8.4 Compromising claims in excess of £50,000. (Note: claims over £200,000 also need the approval of the Funding Councils).

Matters, which the board consider suitable for delegation to sub-committees, are contained in the terms of reference for the relevant sub-committee.

IMS/JMR