House of Commons
Corporate Governance Framework

What is Corporate Governance?
1. Good corporate governance is fundamental to any effective organisation and is the hallmark of any well-managed corporate entity. Corporate governance is the way in which organisations are directed, controlled, led and accountable. It defines relationships and the distribution of rights and responsibilities among those who work with and in the organisation, determines the rules and procedures through which the organisation’s objectives are set, and provides the means of attaining those objectives, monitoring performance and managing risks. Importantly, it defines where accountability lies throughout the organisation.

Purpose of the Governance Framework
2. This document provides an overview of the House’s governance arrangements, how they are tested and how they are being improved.

Decision-making
3. The House of Commons Administration is overseen by the group of MPs who make up the House of Commons Commission. The management of the House Service and its operations is delegated, through an Instrument of Delegation [see Appendix A], by the Commission to the senior officials who form the House of Commons Management Board.

The House of Commons Commission
4. The House of Commons Commission is chaired by the Speaker of the House of Commons, a Member of the House elected as Speaker by a ballot of all MPs. The other members are the Leader of the House, the Shadow Leader of the House (or another MP appointed by the Opposition) and three backbench MPs from the three largest parties. The Commission is legally responsible, under the House of Commons Administration Act 1978, for the administration of the House of Commons. The Commission signs off the annual budget for the House; its approval must be obtained for any major change to the structure of the House of Commons Service; and it is the legal employer of the members of that Service.

5. The Commission is supported by two committees of MPs, which are Select Committees of the House: the Finance and Services Committee, which acts as an advisory body to the Commission, and the Administration Committee, which acts as a channel of communication to and from MPs in general.

6. Members of the Commission form the membership of the Members Estimate Committee, which formerly considered MPs’ expenses; that function was largely transferred to the Independent Parliamentary Standards Authority in 2010.

7. There are two Audit Committees. The Administration Estimate Audit Committee advises the Commission (of which it is a sub-Committee) and the Members Estimate Audit Committee advises the Members Estimate Committee (of which it is a sub-committee).

The House of Commons Management Board
8. The Management Board oversees the operational functions of the House and develops the House’s policies, budgets and strategic planning, the main elements of
which are endorsed by the Commission. The Chief Executive, who is also the Clerk of the House of Commons, chairs the Management Board. The other members are the heads of the five Departments of the House: the Departments of Chamber and Committee Services, Facilities, Finance, Human Resources and Change, and Information Services, together with three external members: the director of Parliamentary ICT, a bicameral department serving both Houses, and two non-executive members.

9. The Parliamentary Security Director (PSD) is a House of Commons official who serves both Houses. He is responsible for the strategic direction of all aspects of security policy and for the management of the security budget, tasking Black Rod (Lords) and the Serjeant at Arms (Commons) as appropriate. He is accountable to the Speakers of the two Houses, and is line managed by the Clerks of the two Houses. He has the right of access to the Management Boards of the Commons and of the Lords.

10. The Office of the Chief Executive sits outside the departmental structure and supports the Chief Executive and the Management Board in functions such as strategic and business planning, corporate risk management, coordination of business resilience, internal communications and internal audit and programme assurance.

**The House of Commons Service**

12. The House of Commons and PICT consists of around 1,700 permanent employees. The House Service supports the work of the House of Commons and provides some services, such as estates and works, to the House of Lords. In turn, the House of Lords provides some services, such as archives, to the House of Commons.

13. The members of the House Service are servants of the legislature, not the Executive, and are not civil servants. They are required to be entirely politically impartial in their work.

**Clerk of the House and Chief Executive**

14. The House of Commons Service is headed by a permanent official, the Clerk of the House of Commons, who is also Chief Executive. He is also the Corporate Officer, Accounting Officer and Data Controller.

**Clerk of the House**

15. The Clerk of the House is the House’s principal adviser on constitutional and procedural issues, and on Parliamentary privilege. In this he is assisted by the Clerk Assistant and senior members of the Department of Chamber and Committee Services, and Speaker’s Counsel. The Clerk is appointed directly by the Crown by Letters Patent. Neither the Clerk nor the Clerk Assistant (who is appointed by the Crown under the sign manual) is an employee of the House of Commons Commission.

**Chief Executive**

16. As Chief Executive of the House of Commons, the Clerk chairs the Management Board. Together with the members of the Board, he is responsible for the operational functions of the House Service and for developing the House Service’s policies and strategic planning.

**Other responsibilities**

17. The Clerk of the House has other legal responsibilities. As Corporate Officer he is authorised by the Parliamentary Corporate Bodies Act 1992 to acquire, hold, manage
and dispose of property on the House’s behalf and to enter into contracts on behalf of the House of Commons. As Accounting Officer he has overall responsibility for the House’s finances, resource accounting and internal controls. Together with the Corporate Officer of the House of Lords (the Clerk of the Parliaments) he appoints the Director of Parliamentary ICT (PICT), a joint department of the two Houses.

18. As the Responsible Person under the Fire Safety Order the Clerk of the House has the ultimate responsibility for fire safety management on the Commons part of the Estate.

19. The Clerk of the House is responsible for ensuring that the House fulfils its health and safety responsibilities and that there are adequate resources to do so. He has delegated authority for the day-to-day management of safety and health related issues to the Director-Generals, who must make sure the safety policy is put into practice in their Directorates. More details about the allocation of responsibility are set out in the Health and Safety Policy.

Role of Accounting Officer

20. The House of Commons Commission appoints the Accounting Officer for the Administration Estimate and the Speaker appoints the Accounting Officer for the Members Estimate. The Clerk of the House has been appointed as Accounting Officer in respect of both Estimates.

21. The Accounting Officer is responsible for ensuring that the resources authorised by Parliament and sums to be drawn down from the Consolidated Fund are used for the purposes intended by Parliament as set out in the Estimates ambit.

22. The Accounting Officer follows the standards set out in the Corporate Governance Code and Managing Public Money issued by HM Treasury unless there are good constitutional or operational reasons for doing otherwise. This requires the Accounting Officer to ensure that the House Service operates effectively and to a high standard of probity, for the appropriate use of public money and the stewardship of assets.

23. The Accounting Officer is responsible for the preparation of the House of Commons Administration Estimate on behalf of the Commission in sufficient time for it to be laid before Parliament to secure the agreed funding required for each financial year. The Accounting Officer is also responsible for the preparation of the House of Commons Administration Resource Accounts after the year end, and for them being transmitted to the appointed external auditors within an agreed timetable. The accounts include a governance statement which gives assurance about the performance achieved and provides an insight into the risk profile and actions being undertaken to manage the risks identified to an acceptable level. The Accounting Officer is required to sign the Resource Accounts.

24. In essence, the Accounting Officer must be able to assure Parliament and the public of high standards of probity in the management of public funds. This will include the House Service’s governance arrangements, decision-making and financial management arrangements, promoting and safeguarding regularity, propriety, affordability, sustainability, risk and value for money; and for accounting accurately and transparently for the transactions and the financial position of the House Service.
25. The Accounting Officer, assisted by the Senior Information Risk Owner (SIRO) also has overall responsibility for ensuring that information risks are assessed and mitigated to an acceptable level.

26. The Accounting Officer is required to have a thorough understanding of propriety and regularity issues as they affect the public service.

27. The Accounting Officer is advised by both Audit Committees.

**Speaker’s Counsel**

28. The Counsel to the Speaker, who heads the Legal Services Office, has the general duty of advising the Speaker and Departments of the House on legal questions arising out of the administration of the affairs of the House and in relation to legal proceedings in which the House may be concerned.

29. The Legal Services Office provides advice to Departments on the legal aspects of a wide range of topics including parliamentary privilege, freedom of information, data protection, employment, health and safety, commercial, contractual and tax issues, copyright, procurement, human rights and broadcasting.

**Senior Information Risk Owner**

30. The Clerk of the House is assisted in his role of Data Controller by the Director General Human Resources and Change, who is the Senior Information Risk Owner (SIRO).

31. The SIRO is appointed by the Accounting Officer to provide a focus for the management of information risk at Board level. The SIRO’s role is to lead and foster a culture that values, protects and uses information for the public good; to own the overall information risk policy and risk assessment process, test its outcome, and ensure it is used, and to advise the Accounting Officer on the information risk aspects of his Annual Governance Statement. With the help of an Accreditor, the SIRO appraises the risks of new information systems to ensure that the nature and amount of information risk inherent in such systems is acceptable. Because of the shared nature of some information systems, the House of Commons SIRO needs to work closely with the House of Lords SIRO.

32. The SIRO is supported by Departmental Information Risk Owners (DIROs), whose task is to promote good information security in departments, and to provide assurance that sensitive information assets are properly registered and managed and that departmental information risks are appropriately managed. The SIRO is also supported by the Information Rights and Information Security (IRIS) team in DHRC, who provide expertise in key information management and information risk areas.

**Policies and Procedures**

33. The House Service has a range of policies and procedures that form part of its governance arrangements. All managers are required to be familiar with, promote and comply with these policies and procedures:

- Business planning
- Risk management
- Performance management
- Financial management
- Tackling fraud
- Procurement and contract management
- Information management and IT security
- Programme and project management
- Staff management (including induction, performance management and development, absence management)
- Diversity
- Health and safety
- Business continuity
- Environmental management and sustainability
- Service Level Agreements and Memoranda of Understanding with the House of Lords

**Assurance and annual review**

34. The Clerk, as Accounting Officer, and the Management Board seek to provide assurance to the Commission and its Committees that the arrangements for running the House are effective. This assurance is obtained in a number of ways.

**Internal Audit Service**

35. The objective of Internal Audit is to provide the Clerk, as Accounting Officer, with an independent and objective evaluation of the overall adequacy and effectiveness of the House's arrangements for governance, risk management and control. This is achieved through a programme of work across a range of the House's activities that should provide sufficient coverage of the major areas and a selection of others based on risk and rotation. The Director of Internal Audit provides an annual audit opinion.

**Audit Committees**

36. The House of Commons has two Audit Committees, the Administration Estimate Audit Committee and the Members Estimate Audit Committee, which have the same membership. Committee members include both MPs and external experts; the Chair an external member of the Management Board. The Committees have oversight of the work of Internal Audit, with particular emphasis on promoting economy, efficiency and effectiveness, on value-for-money studies, and on risk assessment and control assurance.

37. The Committees receive and consider reports from Internal Audit and other sources and make an annual report which is published with the House of Commons Commission's Annual Report. The Committees also advise the Accounting Officer.

**National Audit Office**

38. The National Audit Office is appointed by the House of Commons Commission to provide an external audit function, and the terms of the appointment are set out in a letter of engagement. It audits the Resource Accounts (both Administration and Members Estimates) which are prepared by the House Service. The head of the NAO, the Comptroller & Auditor General, gives an opinion on whether the accounts present a “true and fair view” as well as on the “regularity” of the expenditure. The NAO’s focus is primarily on the financial accounts, but the NAO may be invited to carry out additional work, for instance on cost reduction or asset management.

**Annual Letters of Assurance**
39. The Clerk of the House and Chief Executive issues delegation letters to the heads of each department of the House on appointment, and they receive an annual budget letter. They submit to him an annual letter of assurance, setting out how they have ensured the effective and efficient management of the responsibilities delegated to them and their department by the Clerk. The letters cover the operation of the policies and procedures outlined in paragraph 25 above.

**Performance, Risk and Financial Monitoring**

40. There is a system of monthly reporting from departments to the Management Board on performance, risk and finance, and feedback on performance from the Strategy, Planning and Performance Team. Each risk on the strategic risk register has a risk owner at Board level. This is supported by feedback from the Corporate Risk Management Team (CRMT) to the Board and departments on the effectiveness of system of risk management, and how the actual management of risks has been reported; and work by the CRMT (reviewed annually by Internal Audit) to improve and embed a consistent, House-wide system of risk management.

41. The monthly performance reports include major programmes and projects. Each of these has a programme or project board, and a Senior Responsible Owner. There is a bicameral Parliamentary Programmes & Project Assurance Office which carries out a range of activities including ensuring assurance is provided to the Management Board on programmes and projects, and produces an annual report.

**Business Resilience**

42. There are arrangements in place to promote business resilience including the work of the bicameral Business Resilience Coordinator and Business Resilience Group, maintenance of the business resilience policy and incident management framework, and corporate and departmental business continuity plans. This is supported by appropriate training and exercises, including an annual bi-cameral exercise.

**Surveys and Feedback**

43. The results of staff surveys are reported to the Management Board so that appropriate action can be taken. In addition there are regular leadership and staff meetings which provide valuable feedback. The views of Members and their staff are sought through a mixture of local surveys and through rolling qualitative interviews.

**External Validation**

44. In some cases the House Service works with external regulators or seeks external accreditation which is, in part, a means of securing assurance about its arrangements. This applies to fire safety for instance. In addition some services have secured quality assurance through recognised bodies, and the House has Investors in People accreditation.

**Financial, Employment and Legal Indicators**

45. Information about the incidence of special payments, suspected fraud, litigation, employment tribunals and management investigations provides a useful indicator of the robustness of the governance arrangements. This information can also be used to learn lessons and improve the arrangements in the future.

**Reporting on governance**

46. Each year an annual government statement (AGS) is produced for the Administration Estimate and the Members Estimate. It reflects the governance
arrangements set out here, the outcome of annual testing of those arrangements, and areas for improvement. The AGS is reviewed by the Audit Committees, signed off by the Accounting Officer and included in the annual accounts.

**Progress in 2011-12**
47. During 2011-12 good progress was made on business planning, risk management and performance management. The Audit Committee considered action plans for financial management and procurement, to be implemented over a two year period (2011-12 and 2012-13) and continues to monitor progress.

48. Improvements have been made to medium term financial planning, in-year financial monitoring, and financial reporting, and the finance and HR system (HAIS) has been replaced. A business process improvement review has been conducted in Accounts Payable and Accounts Receivable, and the results are now being implemented. A tax compliance project has been undertaken.

49. On procurement, the Management Board has confirmed that the Commercial Services Directorate (CSD) must be consulted on all procurement activity, a new structure is being implemented, a new strategy has been drafted, a contract database has been developed, and some initial spend data analysis has been conducted. The e-tendering system is also being replaced. CSD are providing the resource necessary to take forward the Catering Procurement project in response to a letter of “no assurance” from Internal Audit.

50. A new document entitled “Finance and Procurement Rules” took effect from 1 April 2012. This document, with supporting guidance notes, incorporates the financial regulations, procurement strategy and procurement rules as well as guidance on use of consultants and developing business cases, and the scheme of delegation.

**Areas for Improvement**
51. During 2012-13, further improvements are planned in financial management and procurement. This includes:

- Embedding the new HAIS system, raising awareness and delivering training
- Cost analysis, spend analysis, and work to improve the approach to value for money
- Developing a better approach to investment decisions
- Improvements to balance sheet management and the financial control environment
- Procurement initiatives to drive out savings from existing contracts and new tenders/amalgamation opportunities
- Contract management
- Compliance work
- Professional development

52. Further work is also required to develop the House’s approach to tackling fraud, and resources and an action plan have been agreed by the Board. A detailed fraud risk register is being developed, and work is being done during 2012-13 to raise awareness, prevent fraud, and proactively carry out checks and investigate any cases.
53. Additional activities may be identified by the Audit Committees, the Management Board, or through the annual letters of assurance.
Appendix A

Instrument of Delegation made by the House of Commons Commission on 22 October 2007 and amended on 23 January 2012

1. In pursuance of paragraph 5(2)(a) of Schedule 1 of the House of Commons (Administration) Act 1978, the House of Commons Commission hereby revokes the Instrument of Delegation made by the Commission on 24 July 1991 (relating to the appointment of a Board of Management and the delegation of functions to the Board) and subsequent amendments made thereto, and establishes the Management Board with the membership, delegated functions and other responsibilities set out below. Part B of the Instrument of Delegation of 25 January 1979 (relating to the delegation of functions to individual Heads of Departments) is also revoked.

2. Membership The membership of the Management Board shall be the Clerk of the House of Commons as Chief Executive of the House Service (who shall be Chairman), the Director General of Committee and Chamber Services, the Director General of Facilities, the Director of Finance, the Director General of Human Resources and Change and the Director General of Information Services. The Board is authorised to appoint up to three external members, up to two of whom shall be non-executive members.

3. Delegated functions The Management Board shall:

- be responsible for a House of Commons service in which the conditions of the service of staff shall conform with the provisions of Section 2 of the House of Commons (Administration) Act 1978;
- be severally responsible for the appointment of staff under section 2(1) of the of the House of Commons (Administration) Act 1978 in regard to their own department (except the appointment of staff whose appointment is for the time being delegated to the Speaker), but subject to directions given by the Clerk of the House as chief executive of the House Service;
- exercise on behalf of the Commission its other functions concerning staff in the House Service (except those under section 4 of the House of Commons (Administration) Act 1978);
exercise on behalf of the Commission the responsibilities referred to in paragraph 5(5) of Schedule 1 of the House of Commons (Administration) Act 1978 for considering representations made in relation to matters affecting the interests, in connection with their employment, of staff in the House Service by trade unions who are recognised by the Commission in respect of such staff, and for the conduct of consultations and negotiations about such matters with those trade unions, subject always to the ultimate right of those trade unions to make representations to the Commission in cases where the procedures established under the authority of the Commission and agreed by both sides of the House of Commons Whitley Committee, have been exhausted;

4. **Other responsibilities** The Management Board shall also:

- be responsible for the management of the services provided for the House of Commons by the Departments of the House, and give advice thereon to any select committee on Finance and Services which may be appointed by the House, and to the House of Commons Commission;
- advise the Corporate Officer of the House of Commons on the nature and level of services that should be provided by joint departments of the two Houses;
- consider the reports, budgets and other financial management information drawn up by the Departments of the House, and approve the draft estimates of expenditure of those Departments and of the Office of the Speaker, together with any other estimates proposed to be submitted to the Commission for presentation to the House for expenditure for the service of the House of Commons, before the submission of such draft estimates to the Finance and Services Committee and the Commission;
- assist the Finance and Services Committee in the preparation of the Estimates for the Administration Estimate and of other papers relating to that Vote, before its submission to the House of Commons Commission; and carry out such other functions relating to the expenditure on the administration of House of Commons services as may from time to time be allocated to it by the Commission.

The Management Board shall exercise its powers subject to the control of the Accounting Officer in relation to expenditure.