



Ministry of
JUSTICE

the
Parole
Board

working with others
to protect the public

Framework Document between the Parole Board and the Ministry of Justice

July 2012



Ministry of
JUSTICE

the
Parole
Board

working with others
to protect the public

Framework Document between the Parole Board and the Ministry of Justice

**This information is also available on the Ministry of Justice website:
www.justice.gov.uk**

Contents

1. Introduction	3
Purpose of this document	3
Status of this document	3
2. Founding legislation and role of the Parole Board	4
Founding legislation and classification	4
Role	4
3. Governance and responsibilities	5
Corporate governance	5
<i>Board appointments and composition</i>	5
<i>Parole Board Management Board</i>	5
MoJ Responsibilities	5
<i>Ministerial responsibility</i>	5
<i>MoJ Principal Accounting Officer's specific accountabilities and responsibilities</i>	6
<i>MoJ's responsibilities as sponsor</i>	6
Parole Board responsibilities	7
<i>The Chair's personal responsibilities</i>	8
<i>Chair's Appraisal</i>	8
<i>Individual management board member responsibilities</i>	9
<i>Responsibilities of the Parole Board Chief Executive</i>	9
<i>AO as consolidation officer</i>	10
<i>Delegation of duties</i>	10
<i>Responsibilities for accounting to Parliament</i>	10
<i>Responsibilities to the MoJ</i>	10
<i>Responsibilities to the Chair</i>	11
<i>Sustainable development</i>	11
4. Financial planning and reporting	12
MoJ requirements	12
Budgeting procedures	12
Grant-in-aid and any ring-fenced grants	13
Capital	14
Cash holding	14
Procurement	14
Delegated thresholds	15
Business and Corporate plans	15
Risk management	16
Reporting Performance to MoJ	16
Providing financial monitoring information to the MoJ	17
Parole Board/MoJ working level liaison arrangements	17
<i>Failure to comply with MoJ requirements</i>	17

Annual report and accounts	18
Internal audit	18
Parole Board Audit and Risk Management Committee	19
External audit	19
5. Organisation management	20
Broad responsibilities for Parole Board staff	20
<i>Staff costs</i>	21
<i>Pay and conditions of service</i>	21
<i>Pensions, redundancy and compensation</i>	21
Corporate service provision	21
Complaints and litigation	22
Access	23
Security and information assurance	23
Occupational Health and Safety	23
Freedom of Information and Data Protection	24
Parliamentary Business	24
<i>Parliamentary Questions</i>	24
<i>Ministerial correspondence</i>	24
<i>Parliamentary Select Committees</i>	25
Review of Parole Board status	25
Arrangements in the event that the Parole Board is wound up	25
Appendix 1	27
Compliance with government-wide corporate guidance and instructions	27
Appendix 2	29
Financial Memorandum	29
Finance Policy	29
HR	29
Procurement	29
Risk Management	29

1. Introduction

Purpose of this document

- 1.1. The purpose of this document is to support the Parole Board in achieving its aims and functions as set out in the relevant legislation detailed below.
- 1.2. The assumption is that the relationship between the Parole Board and the MoJ will be approached by both organisations in a spirit of cooperation, while recognising and acknowledging the Parole Board's independence in relation to its decision making in individual cases.
- 1.3. Given the significance of the Parole Board and its importance to MoJ, it is recognised that there may at times be tensions in the relationship but it is accepted that these will be approached constructively and cooperatively by both organisations, and that the Board's decision-making process is necessarily independent of the MoJ.

Status of this document

- 1.4. The Ministry of Justice (MoJ) has drawn up this framework document in consultation with the Parole Board. This document sets out the broad framework within which the Parole Board will operate. This document does not convey any legal powers or responsibilities to either party.
- 1.5. The document will normally be reviewed by the MoJ and the Parole Board every three years but the next review will take place, immediately after the Triennial Review of the Parole Board's status (see section 5) meaning that the next document review will take place in 2014.
- 1.6. The document may, however, be reviewed at any other time. MoJ will manage the provision of amendments, which will be agreed with the Parole Board. Major changes or significant departures from the existing document will require the approval of the MoJ's Principal Accounting Officer (PAO) and, as required, Her Majesty's Treasury (the Treasury).
- 1.7. The document is signed and dated by MoJ and the Parole Board. Copies of the document and any subsequent amendments have been placed in the Libraries of both Houses of Parliament and on the MoJ's website, www.justice.gsi.gov.uk.

2. Founding legislation and role of the Parole Board

Founding legislation and classification

- 2.1. The Parole Board was established under the Criminal Justice Act 1967 and continued under the Criminal Justice Act 1991, which was amended by the Criminal Justice and Public Order Act 1994 to establish the Parole Board as an Executive Non Departmental Body from July 1996.

Role

- 2.2. The Parole Board works with its criminal justice partners to protect the public by risk assessing prisoners to decide whether they can be safely released into the community or recommend whether Life Sentence and IPP prisoners can progress to open conditions.
- 2.3. The Parole Board's duties include:
- making risk assessments, which are rigorous, fair and timely with the primary aim of protecting the public;
 - acting within the terms of the European Convention on Human Rights and relevant case law when making its decisions in relation to the release or progress of prisoners
 - demonstrating effective and accountable corporate governance by maintaining strong internal control, setting clear objectives; managing corporate risk and delivering best value by optimum use of resources.
 - promoting the independence of, and public confidence in, the work of the Parole Board, while effectively managing change; and
 - ensuring independent decision making by Parole Board members.

3. Governance and responsibilities

Corporate governance

Board appointments and composition

- 3.1. The Parole Board Chair and all other Parole Board members are appointed by the Secretary of State under the Criminal Justice Act 2003 and are statutory office holders. Appointments of Parole Board members are made on the principles of the Commissioner for Public Appointments Code of Practice of merit, fairness and openness (<http://publicappointmentscommissioner.independent.gov.uk/wp-content/uploads/2012/02/Code-of-Practice-20121.pdf>). The appointments of the Chair of the Parole Board and judicial members are not subject to the Code of Practice by virtue of the most recent Public Appointments Order in Council.
- 3.2. The Chief Executive is appointed by the Parole Board in consultation with MoJ. The Chief Executive is a public servant but the Parole Board is an accredited NDPB for the purposes of staff being able to apply for jobs within the wider civil service at the point they are advertised internally within the service.

Parole Board Management Board

- 3.3. The Parole Board management board is chaired by the Parole Board Chair, or in his absence a person from the Management Board, nominated by him.

MoJ Responsibilities

Ministerial responsibility

- 3.4. The Secretary of State will account for the Parole Board's business in Parliament. The Secretary of State's responsibilities also include:
 - appointing the Parole Board Chair and members (in agreement with the Lord Chief Justice in the case of the Parole Board Chair following a competition);
 - approving the resources framework within which the Parole Board should operate; and
 - paying the Parole Board such sums, through grant-in-aid, as deemed appropriate taking into account Parole Board workload projections for meeting the Parole Board's expenditure and securing Parliamentary approval.

MoJ Principal Accounting Officer's specific accountabilities and responsibilities

3.5. The MoJ's Principal Accounting Officer (PAO) responsibilities are set out in Chapter 3 of Managing Public Money. The Permanent Secretary as PAO of the MoJ is accountable to Parliament for the issue of any grant-in-aid to the Parole Board. The PAO also advises the Secretary of State on:

- an appropriate budget for the Parole Board taking into account Parole Board workload projections and MoJ's overall public expenditure priorities; and
- how well the Parole Board is achieving its objectives and whether it is delivering value for money.

3.6. Where the Parole Board is engaged in delegating activities within its remit to external providers, whether they be public sector or private providers, the PAO nonetheless retains ultimate accountability for the regularity, propriety and value for money of the application of public money and will ensure that arrangements are in place with the external provider to ensure that this accountability is supported by effective governance and control.

MoJ's responsibilities as sponsor

3.7. The sponsor in the ALB Governance Division in the MoJ is the primary contact for the Parole Board. The sponsor is the main source of advice and support to the Secretary of State and the PAO on the discharge of their responsibilities in respect of the Parole Board. The sponsor oversees the working relationship between the MoJ and the Parole Board and, with other MoJ teams, obtains the necessary financial, management and operational information required to monitor the Parole Board's performance. In particular, the sponsor will:

- monitor relevant Parole Board activities on a continuing basis, ensuring such monitoring is proportionate and that risks to both the Parole Board and the MoJ are assessed periodically. The risk assessment must take into account the public money at stake, the Parole Board's corporate governance arrangements; its financial performance; internal and external auditors' reports; the openness of communications between the MoJ and the Parole Board and any other relevant matters;
- where appropriate, act as champion of the Parole Board in pursuing agreed issues of concern with the MoJ and, where necessary, other departments;
- provide assurance to the Executive Management Committee of the MoJ Board that robust governance arrangements are in place;
- address significant financial or relationship problems in the Parole Board making such interventions as are judged necessary. More information on the criteria for intervention is provided at paragraph 4.26. Where urgent issues or difficulties arise in the relationships or

other activities between the MoJ and the Parole Board, the sponsor will work with relevant officials to resolve matters satisfactorily. Where the issues cannot be fully resolved, matters will be escalated to the relevant Director General in the MoJ;

- support the development of positive and effective working relationships between the Parole Board and all parts of MoJ, ensuring that the sponsorship relationship is tailored and proportionate to the needs of both organisations;
- inform the Parole Board of relevant government policy in a timely manner;
- bring significant concerns about the activities of the Parole Board, such as operation outside legal limits or evidence that the Parole Board is not adhering to the provisions of Managing Public Money to the Parole Board Management Board, requiring explanations and assurances that appropriate action has been taken; and
- arrange quarterly accountability meetings with the Parole Board as set out in paragraph 4.22.

Parole Board responsibilities

3.8. The management board should ensure that effective systems and arrangements are in place to provide assurance on risk management, governance and internal control. The board must set up an Audit Committee chaired by an independent non-executive member to provide independent advice. The management board shall also:

- establish and take forward the strategic aims and objectives of the Parole Board consistent with its overall strategic direction and within the resources framework approved by the Secretary of State;
- determine Parole Board policies regarding its fulfilment of its primary objective to make decisions regarding the suitability of prisoners for release or recommendations for progression to open conditions;
- ensure that the Parole Board's business model can be adapted to meet changed requirements, for example, in sentencing policies or to reflect changes in the size and complexity of Parole Board workloads;
- inform the Secretary of State of any changes likely to impact on the Parole Board's strategic direction, the attainability of its targets or the reputation of the MoJ, determining the steps needed to deal with such changes;
- ensure compliance with any statutory or administrative requirements for the use of public funds. The Parole Board is responsible for its own expenditure and for operating within the limits of its statutory authority and any delegated authority agreed with the MoJ, as well as in accordance with any other guidance or conditions relating to the use of public funds.

- regularly review financial information about the management of the Parole Board, ensuring they are informed in a timely manner about any concerns about the activities of the Parole Board; and can assure MoJ that appropriate action has been taken on such concerns;
- demonstrate high standards of corporate governance, using the independent audit committee to help address key financial and other risks;
- ensure that the Parole Board addresses the requirements of the Security Policy Framework and relevant Information Assurance Standards, for example IS6; and
- ensure that the Parole Board addresses the requirements of the Transparency Agenda with regards to spend, procurement and staff data.

The Chair's personal responsibilities

3.9. Communications between the Parole Board and the responsible minister should normally be through the Chair. Correspondence from the Chair to the minister should reflect the view of the Parole Board's Management Board. He or she should ensure that policies and actions are in accordance with the Parole Board's statutory responsibilities and strategy, seeking to influence wider parole strategy, as appropriate. He or she should also ensure that the Parole Board's affairs are conducted with probity. Where appropriate, these policies and actions should be clearly communicated and disseminated throughout the Parole Board. In addition, the Chair has the following leadership responsibilities:

- formulating the board's strategy;
- promoting the efficient and effective use of staff, members and other resources;
- delivering high standards of regularity and propriety;
- representing the views of the Board to the general public;
- ensuring the effective operation of the management board and its members; and
- providing line management support and appraising the Chief Executive of the Parole Board against his or her objectives and the performance of the Parole Board,

Chair's Appraisal

- The Chair will be assessed at least once a year against objectives for each year of the appointment and linked to the performance of the Parole Board. The appraisal will be carried out by a person of appropriate level within the MoJ, for example the sponsor Director General. Part-time members of the Parole Board are office holders and undergo appraisal.

Individual management board member responsibilities

3.10. Individual management board members should:

- comply at all times with the Board Members' Code of Practice and with the rules relating to the use of public funds and to conflicts of interest; and
- act in good faith and in the best interests of the Parole Board.

Responsibilities of the Parole Board Chief Executive

3.11. The PAO has designated the Chief Executive as the Parole Board's Accounting Officer (AO) with responsibilities as set out in Chapter 3 of Managing Public Money. As AO, the Chief Executive is personally responsible for safeguarding the public funds for which he or she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the Parole Board. In addition, he or she should ensure that the Parole Board as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management, that are set out in Box 3.1 to Managing Public Money.

3.12. In particular, where the Parole Board has decided to delegate activities within its remit to external providers, whether they be public sector or private providers, the Chief Executive shall ensure that such delegation is subject to a robust governance regime, evidenced in a statement of accountability, seeking to provide the following:

- clearly defined outcomes for the activity in question;
- robust and transparent mechanisms for information about performance and financial management which permit the provider to be held to account for the regularity, propriety and value for money of the activity delegated;
- where appropriate, a single, recognised Senior Responsible Owner for the activity delegated with a reporting line to the Parole Board's AO;
- clear decision making lines, allocating authority appropriately in the context of the AO's responsibility to the POA;
- a clear system for dealing promptly with failure, including the advance definition of the triggers for intervention; and,
- a funding allocation process that is explicit and independently audited, supported by a thorough evaluation of outcomes.

3.13. In providing the above, the Chief Executive shall ensure that any such regime is supported by a process of regular review and monitoring, to ensure that governance arrangements are current and fit for purpose.

AO as consolidation officer

- 3.14. The Parole Board shall comply with the Finance and Commercial Instruction (FCI) on the quarterly MoJ Departmental Accounts, specifying its reporting requirements for consolidation, issued to the Parole Board every quarter by MoJ Corporate Finance.

Delegation of duties

- 3.15. The Chief Executive may delegate the day-to-day administration of his/her Accounting Office and Consolidation Officer responsibilities to other employees in the Parole Board and/or other public or private organisations. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in this document.

Responsibilities for accounting to Parliament

- 3.16. As AO, the Chief Executive's responsibilities to Parliament include:
- signing the accounts and ensuring they are prepared according to paragraph 4.28 et seq of this document and laid before Parliament within the agreed timescale;
 - signing a Statement of Accounting Officer's responsibilities and a Governance Statement for inclusion in the annual report and accounts;
 - ensuring that effective procedures for handling complaints about the Parole Board are established and made widely known within the organisation;
 - acting in accordance with the terms of this document, Managing Public Money and other instructions and guidance issued from time to time by MoJ, the Treasury and the Cabinet Office; and
 - giving evidence, normally with the PAO, when summoned before the Public Accounts Committee on the Parole Board's stewardship of public funds.

Responsibilities to the MoJ

- 3.17. The Chief Executive's particular responsibilities to the MoJ include:
- establishing the Parole Board's corporate and business plans and discussing these with MoJ;
 - informing the MoJ of progress in support of its policy objectives and in demonstrating how resources are being used to achieve those objectives;
 - ensuring MoJ is provided with timely forecasts and monitoring information on performance and finance, is notified of likely over or under spends (and of corrective action taken) or of any other significant financial or other risks;
 - notifying MoJ at the earliest opportunity if there is a prospect of a significant risk of legal challenge against the Parole Board which could affect the reputation or financial position of the Parole Board or

set a precedent in case law which could lead to these consequences; and

- ensuring that recommendations addressed to the Parole Board in reports from the PAC or NAO, and recommendations made to the Parole Board in Management Letters are attached to the Audit Completion Report from its external auditors, are responded to, addressed and acted upon in a timely manner to ensure that they are cleared promptly. The MoJ will work the Parole Board to support it in this task. The scope of the PAC and NAO does not extend to any aspect of the judicial decision-making of the Parole Board.

3.18. If any responsibilities are delegated outwith the Parole Board to another public or private organisation, they will be so delegated under a robust, monitored and documented system of governance that complies with the principles set out in the Departmental Accountability System Statement, which can be found in the financial guide.

Responsibilities to the Chair

3.19. The Chief Executive is responsible for:

- advising on the discharge of the Parole Board's responsibilities as set out in this document, the founding legislation or in any other relevant instructions and guidance that may be issued from time to time;
- advising on the Parole Board's performance against its aims and objectives;
- assisting in the development of and oversight of the Parole Board's strategic direction.
- ensuring that financial considerations are taken fully into account at all stages in reaching and executing decisions, and that financial appraisal techniques are followed;
- taking action as set out in paragraph 3.7.5 of Managing Public Money if the Parole Board is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, questionable feasibility, or is unethical.

Sustainable development

3.20. The Government wants to mainstream sustainable development so that it is central to policy making and delivery, estate management and the purchasing of goods and services. The Parole Board will comply with policies and guidance issued by the MoJ, the Treasury or other relevant bodies in relation to sustainable development, contributing to the Government's vision for Mainstreaming Sustainable Development and to MoJ's results under Greening Government Commitments Operations and Procurement.

4. Financial planning and reporting

MoJ requirements

- 4.1. Unless otherwise agreed by the MoJ and, as necessary, the Treasury, the Parole Board shall follow the principles, rules, guidance and advice in Managing Public Money, referring any difficulties or potential bids for exceptions to the Corporate Finance Team in the MoJ in the first instance. A list of guidance and instructions with which the Parole Board should comply is attached at **Appendix 1**. The Parole Board should also ensure that it adheres to the MoJ's Financial Management Guide and complies with the requirements of the Financial Memorandum as set out in **Appendix 2**.
- 4.2. In particular, the Parole Board shall comply with the requirements placed on the MoJ by the Efficiency and Reform Group Spending Controls as though they were addressed directly to it, unless there is an overriding policy reason for not doing so.
- 4.3. The Parole Board has been established as a Non Departmental Public Body. As such, it is not part of the MoJ VAT group and is not eligible for refunds of VAT under section 41(3) of the Value Added Tax Act 1994; but is instead subject to normal VAT rules and requirements.
- 4.4. Corporation Tax provisions apply to the Parole Board.

Budgeting procedures

- 4.5. Each year, in the light of decisions by the MoJ on the updated draft corporate plan, the MoJ will send to the Parole Board as close to the end of the financial year as possible:
 - a formal statement of the annual budgetary provision allocated by the MoJ in the light of workload projections in the Parole Board, competing priorities across the MoJ and of any forecast income approved by MoJ. This budget allocation will set out the Parole Board's net expenditure limits within Resource Departmental Expenditure Limits (DEL) (split by administration and programme spend), Capital DEL, Resource Annually Managed Expenditure (AME) and (if relevant) Capital AME. A limit will also be set on cash spend. While the Parole Board remains an NDPB this cash payment will be made in the form of grant-in-aid; and
 - a statement of any planned change in policies affecting the Parole Board.
- 4.6. The approved annual business plan will take account both of approved funding provision and any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected

expenditure and of draw-down of any departmental funding and/or other income over the year. These elements form part of the approved business plan for the year in question.

Grant-in-aid and any ring-fenced grants

- 4.7. The MoJ Estimate will include the resource and capital provision of the Parole Board within its voted budgetary limits. For the purposes of the Parole Board's cash requirement, the Estimate will remove this provision and replace it with a cash grant-in-aid requirement within the Estimate and be subject to Parliamentary control.
- 4.8. The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. (However, if the Parole Board has sufficient 'cash' in a given month it may hold from drawing down additional grant-in-aid until a future month). The Parole Board will comply with the general principle, that there is no payment in advance of need. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of the Parole Board. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where grant-in-aid is delayed to avoid excess cash balances at year-end, the MoJ will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end, such as creditors.
- 4.9. In the event that MoJ provides the Parole Board separate grants for specific (ring-fenced) purposes, it would issue the grant as and when the Parole Board needed it on the basis of a written request. The Parole Board would provide evidence that the grant was used for the purposes authorised by the MoJ. The Parole Board shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year.
- 4.10. Once the budget has been approved by the MoJ and subject to any restrictions imposed by the Secretary of State's instructions or this document, the Parole Board shall have authority to incur expenditure approved in the budget without further reference to the MoJ, on the following conditions:
 - the Parole Board shall comply with the delegations and Financial Transaction Limits set out in the prevailing Budget Variation (BV) Letter. These shall not be altered without the prior agreement of the MoJ;
 - the Parole Board shall comply with the principles set out in Managing Public Money, especially with regard to regularity, propriety, value for money and in respect of any proposed payments which may be deemed as novel, contentious, repercussive or which raise doubts about the effectiveness of existing systems;
 - the Parole Board shall comply with the Treasury rules on the thresholds for and characteristics of payments requiring special

Treasury clearance. Such clearance shall be sought in correspondence with MoJ Corporate Finance, which will action on the Parole Board's behalf in this respect;

- inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed;
- the Parole Board shall provide the MoJ with such information about its operations, performance, individual projects or other expenditure as the MoJ may reasonably require; and
- if the Parole Board is in any doubt as to how best to apply the conditions set out above, they should, without delay, contact their sponsorship team to identify an appropriate way forward.

Capital

4.11. If any capital expenditure is needed, this must be agreed in advance and be included as part of the MoJ's capital allocation included in its Supply Estimate. The approval of the MoJ Finance Management Committee will be sought for any requests for capital spend above the Parole Board's Financial Transaction Limit based on a submitted business case for this spend. Expenditure and decisions on estates and ICT issues will comply with MoJ strategies in this area.

Cash holding

4.12. The Parole Board will use the services of the Government Banking Service (GBS). No more than one month's cash should be held in reserve or be available at year end. Provided that grant in aid paid into a GBS account is not swept into a commercial bank account to earn interest, it will not be considered as payment in advance for the purposes of the Parole Board's cash management performance, even if it is received and held in advance of when it is required. The MoJ will carry out a check of the Parole Board's cash holding at the end of each financial year.

Procurement

4.13. The Parole Board shall:

- ensure its procurement policies are consistent with the Cabinet Office (Government Procurement) and MoJ procurement guidelines and policies;
- ensure spend in Government Procurement central categories is directed through Government Procurement mandated contracts with Cabinet Office;
- put in place a procurement framework which sets out its procurement structure, organisation, processes and control mechanisms. The MoJ

will provide the Parole Board with a statement of delegated authority for general procurement;

- periodically and wherever practicable undertake benchmarking against best practice elsewhere; and
- provide reports of spend against central contracts and other spend metrics as requested by MoJ Procurement for ongoing reporting to Cabinet Office.
- alternatively, utilise the procurement services/and or contacts of the MoJ in compliance with the above.

Delegated thresholds

4.14. The Parole Board's delegated thresholds and Financial Transaction Limits are set out in the prevailing BV Letter and its annexes. The Parole Board shall obtain the MoJ's prior written approval before exceeding or varying any of its delegations or Financial Transaction Limits.

Business and Corporate plans

4.15. The Parole Board shall submit annually to the MoJ a business plan covering four years ahead. The Parole Board and MoJ shall discuss the issues to be addressed in the plan and the timetable for its preparation. The plan shall reflect the Parole Board's statutory duties.

4.16. The first year of the plan, amplified as necessary, shall form the annual business plan. The business plan shall include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the MoJ. Subject to any commercial considerations, the plan should be published by the Parole Board on the MoJ's website (www.justice.gov.uk) and separately made available to staff.

4.17. It is expected that the plan will cover the following areas:

- key objectives and associated key performance indicators and the strategy for achieving those objectives;
- key non-financial performance indicators;
- a review of performance in the preceding financial year, together with comparable outturns for the previous year and an estimate of performance in the current year;
- alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast; and
- other matters as agreed between the MoJ and the Parole Board.

Risk management

- 4.18. The Parole Board shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance. The Parole Board shall also develop a risk management strategy, in accordance with the Treasury guidance, Management of Risk: Principles and Concepts (http://www.hm-treasury.gov.uk/d/orange_book.pdf) and MoJ policies. For security and information risk, ensuring the strategy meets the requirements of the Government's Security Policy Framework, Information Standard 6 and associated MoJ policies. These standards apply where the Parole Board exchanges information with MoJ (or other departments) in order to carry out a business role or in delivering services on behalf of Government. A specific reference to the management of security and information risks should be included in the Governance Statement. Risks should be subject to regular review at accountability meetings and, where the risk is capable of impacting on the MoJ itself, escalated to MoJ business group or departmental risk registers as appropriate.
- 4.19. The Parole Board should adopt and implement policies and practices to safeguard itself against fraud and theft, in line with the Treasury's guide: Managing the Risk of Fraud ([http://www.hm-treasury.gov.uk/...fraud guide for managers.pdf](http://www.hm-treasury.gov.uk/...fraud_guide_for_managers.pdf)). It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or give grant or grant-in-aid.
- 4.20. The Parole Board should maintain an effective business continuity plan, to MoJ standards, which should be reviewed in relation to threats and vulnerabilities at least quarterly, and regularly tested. The Parole Board may, by agreement, make use of MoJ command and control structures and service solutions (for property and IT), and shall report on impact and any risks to MoJ during emergencies, via their sponsor team.

Reporting Performance to MoJ

- 4.21. The Parole Board shall operate relevant systems that enable timely and effective reviews of financial and non-financial performance against the budgets and targets set out in business plans. The Parole Board shall report to MoJ, on a quarterly basis, achievement of objectives and targets and, where relevant, performance on activities which have been decentralised against the Government's Localism Agenda. The Parole Board shall also inform the MoJ of any changes that make achievement of objectives more or less difficult.
- 4.22. The Chief Executive of the Parole Board will meet with the MoJ sponsor on a quarterly basis, to discuss the issues set out above. As this is a formal process, minutes will be taken and actions agreed for follow up at the next meeting. The Chair and the Secretary of State will meet at least once a year to discuss performance and current issues.

Providing financial monitoring information to the MoJ

4.23. The monitoring information required will be proportionate to the Parole Board's activities and the risks posed to the MoJ. As a minimum, however, the Parole Board shall provide MoJ with information monthly that will enable the MoJ satisfactorily to monitor:

- the Parole Board's cash management;
- its draw-down of grant-in-aid;
- forecast outturn by resource headings; and
- other data required for the Combined On-line Information System (COINS).

Parole Board/MoJ working level liaison arrangements

4.24. Officials of the Business Support team in the MoJ will liaise regularly with Parole Board officials to review Parole Board financial performance against plans, achievement against Parole Board indicators and the Parole Board's expenditure against its DEL and AME allocations. All parties agree to communicate openly and often on an informal basis, ensuring 'no surprises' in their dealings with each other. Arrangements for dealing with urgent issues and problems will be agreed between the MoJ and the Parole Board, with the sponsor team being kept informed of any developments in this regard.

4.25. A MoJ representative will attend Parole Board Audit Committee meetings and may attend Parole Board management board meetings at the invitation of the Parole Board.

Failure to comply with MoJ requirements

4.26. The routine accountability meetings between the Parole Board and the MoJ are the means by which performance, financial performance and the financial position of the Parole Board are evaluated. This monitoring framework and the application of MoJ risk management procedures by the Parole Board should be sufficient to avoid the need for MoJ intervention in the affairs of the Parole Board. There may, however, be a need for intervention in circumstances where:

- there are early indications that a risk of material failure may occur in the Parole Board and the judgement of the MoJ is that additional input is needed to prevent the risk materialising;
- external or MoJ decisions mean that the activities of an entity need to be transferred, altered or stopped quickly;
- operational performance is compromised and the risk to the MoJ requires urgent intervention;
- the financial performance of the Parole Board is deteriorating and there are concerns within corporate finance over financial control; and

- broadly, an adverse situation arises and it appears that the attention of the NAO is likely – this could include a situation beyond poor financial control, poor performance or issues relating to regularity or propriety.

4.27. In such circumstances the MoJ sponsor and Corporate Finance teams will discuss with relevant officials in the Parole Board, escalating to senior levels within MoJ and the Parole Board as appropriate.

Annual report and accounts

4.28. The Parole Board must publish an annual report of its activities together with its audited accounts after the end of each financial year. The Parole Board shall provide the MoJ sponsor and Corporate Finance teams with its finalised (audited) accounts in line with the timetable set out in the MoJ Finance and Commercial Instructions on the production of Consolidated Departmental Accounts and submit a draft of the report to the MoJ sponsor at least four weeks before the proposed publication date.

4.29. The annual report must:

- cover any corporate, subsidiary or joint ventures under its control;
- be delivered against FCI requirements;
- comply with the Treasury's Financial Reporting Manual (FReM) and any requirements set out in the founding legislation;
- set out any major control risks; and
- outline main activities and performance during the previous financial year and set out in summary form forward plans.

4.30. The report and accounts shall be laid in Parliament and made available on the Ministry of Justice website (www.justice.gov.uk) in accordance with the guidance in the FReM. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the MoJ as well as the FReM.

Internal audit

4.31. The Parole Board Accounting Officer is responsible for making arrangements for the provision of internal audit services for the Parole Board in accordance with Government Internal Audit Standards and best practice set by the Treasury. Under the MoJ's Operating Model, this will be carried out by the MoJ as a shared service.

4.32. The MoJ Audit Committee, which operates in accordance with the standards and best practice set by the Treasury, will support the Parole Board Accounting Officer and advise on the Parole Board's governance, risk and control systems.

Parole Board Audit and Risk Management Committee

- 4.33. The Parole Board will appoint an Audit and Risk Management Committee, in accordance with standards and best practice set by the Treasury, to support the Chief Executive as Accounting Officer and advise on the Parole Board's corporate governance and risk and control systems.
- 4.34. The Committee will be chaired by a non-executive member who will ensure that effective arrangements for communication with the MoJ's Audit Committee are maintained.

External audit

- 4.35. The Comptroller & Auditor General (C&AG) audits the Parole Board's annual accounts.
- 4.36. The C&AG will:
- consult the MoJ and the Parole Board on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG. For audit purposes, the C&AG has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, those held by another party in receipt of payments or grants from the Parole Board;
 - share with MoJ at the end of the audit, information identified during the audit process and the audit report (together with any other outputs), in particular on issues impacting on the MoJ's responsibilities in relation to financial systems within the Parole Board. The C&AG has also agreed, where asked, to provide departments and other relevant bodies with Regulatory Compliance Reports and other similar reports which departments may request at the commencement of the audit and which are compatible with the independent auditor's role.
- 4.37. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the Parole Board has used its resources in discharging its functions. For the purpose of these examinations, the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, the Parole Board shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

5. Organisation management

Broad responsibilities for Parole Board staff

- 5.1. Subject to the provisions of the Criminal Justice Act 2003 and within the arrangements approved by the Secretary of State and the Treasury the Parole Board is responsible for the recruitment, retention and motivation of its staff. To this end the Parole Board will ensure that:
- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit; there is no discrimination on grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex or sexual orientation;
 - there is an effective equality and diversity policy and statement in place. Equality is embedded into business planning processes and can demonstrate how the Parole Board] is meeting the legal duty to pay due regard to the public sector equality duty including carrying out proportionate equality impact assessments where appropriate;
 - it complies with the statutory requirements in the Equality Act 2010 (Specific Duties) Regulations 2011 to publish information and set equality objectives as required by the Equality Act 2010 (Specific Duties) Regulations 2011;
 - Where the Parole Board is subject to the Security Policy Framework it complies with its requirements;
 - the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness;
 - the performance of its staff at all levels is satisfactorily appraised and the Parole Board's performance measurement systems are reviewed from time to time;
 - its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the Parole Board's objectives;
 - proper consultation with staff takes place on key issues affecting them;
 - adequate grievance and disciplinary procedures are in place;
 - whistle-blowing procedures consistent with the Public Interest Disclosure Act 1998 are in place; and
 - a code of conduct for staff is in place based on the Cabinet Office's Model Code for Staff of Executive Non-departmental Public Bodies http://www.civilservice.gov.uk/wp-content/uploads/2011/09/5_public_body_staffv2-word_tcm6-3414.doc

Staff costs

- 5.2. Subject to its delegated authorities, the Parole Board shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

Pay and conditions of service

- 5.3. Parole Board staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by the MoJ and the Treasury. The Parole Board has no delegated power to amend these terms and conditions.
- 5.4. The Parole Board's pay strategy should be submitted for approval by MoJ.
- 5.5. In line with the current policy outlined in the Treasury Civil Service pay remit guidance, the pay remit of the Parole Board will be subject to the approval of the Secretary of State and determined in line with the current year Treasury Pay remit guidance.
- 5.6. Staff terms and conditions should be set out in an Employee Handbook, which should be provided to the MoJ together with subsequent amendments.

Pensions, redundancy and compensation

- 5.7. Parole Board staff shall normally be eligible for a pension provided by the Principal Civil Service Pension Scheme. Staff may opt out of the occupational pension scheme provided by the Parole Board but that employers' contribution to any personal pension arrangement, including stakeholder pension, shall normally be limited to the national insurance rebate level.
- 5.8. Any proposal by the Parole Board to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of MoJ. Proposals on severance must comply with the rules in chapter 4 of Managing Public Money.

Corporate service provision

- 5.9. A number of support functions may be provided to the Parole Board by the MoJ. Such functions may include:
 - Legal services
 - Information and Communications Technology
 - Human Resources
 - Finance
 - Facilities
 - Procurement

- Estates (including postal and courier arrangements)
 - Information Assurance
 - Data incident handling (for significant incidents involving personal data).
- 5.10. Some of these support functions, for example, facilities, estates and ICT will include the management of aspects of risk on behalf of the Parole Board, notably elements of health and safety, fire safety and security risk managements. The Parole Board will remain responsible for its operation and people related risks but may obtain specialist advice from MoJ where it lacks technical competence.
- 5.11. The MoJ and the Parole Board will discuss and agree provision and management of the service as appropriate. In doing so, the functions of the Parole Board and the need for the services to be fit for purpose and cost effective will be taken into account in determining the extent of take up of services.

Complaints and litigation

- 5.12. The Parole Board will maintain a procedure for the effective reporting, investigation and management of complaints received about its services. The Parole Board is subject to the jurisdiction of the Parliamentary and Health Service Ombudsman in relation to administrative issues only. Responsibility for handling any matters concerning the Parole Board's services will fall to the Parole Board's Chief Executive. The Chief Executive should ensure that appropriate learning and feedback mechanisms are in place and that difficult or contentious cases are brought to the attention of the MoJ at an appropriate stage.
- 5.13. Where the MoJ receives complaints about the Parole Board or matters within the Parole Board's remit, it will refer these to the Parole Board to deal with. In exceptional circumstances, however, MoJ may, with the agreement of the Parole Board Chief Executive (or the Chair of the Parole Board in the absence of the Chief Executive) investigate a complaint directly.
- 5.14. Complaints about the personal conduct of the Chair will be considered by the Secretary of State. If the Secretary of State decides the complaint should be investigated, he will appoint an independent person to investigate the issues and make recommendations to him about the complaint resolution.
- 5.15. The Parole Board will manage any litigation in line with the Litigation Strategy and Protocol agreed with the MoJ. This provision shall not apply to any material containing information identifying specific individuals and directly relating to cases before the Parole Board.

Access

5.16. The MoJ will have a right of access to all the Parole Board's records and personnel as required to discharge the obligations of the MoJ and the PAO and for any other purpose, including, for example, sponsorship audits and operational investigations. This provision shall not apply to any material containing information identifying specific individuals and directly relating to cases before the Parole Board.

Security and information assurance

5.17. The Parole Board is required to comply with Government standards for the management of security and information risk as set out in the Government Information Standards (and where the Parole Board is covered by the Security Policy Framework it complies with its requirements) where the exchange information with the MoJ or other departments in carrying out a business role, or in delivering a service on behalf of Government. If requested by the MoJ, information relating to any significant weakness in meeting these standards will be provided for inclusion in the MoJ annual Security Risk Management Overview return to the Cabinet Office and if particularly serious, in the MoJ's Governance Statement. MoJ's Departmental Security Officer and Senior Information Risk Owner will commission supporting details from the Parole Board having regard to the assessed level of risk.

Occupational Health and Safety

5.18. The Parole Board should determine and operate its own Occupational Health and Safety (OHS) policies and documentation, ensuring the proportionate management of OHS risks across the Parole Board. In doing so the Parole Board should have reference to relevant legislation and MoJ corporate Health and Safety policy. The Parole Board's overarching governance arrangements should include:

- determining documentation and operating its own OHS policies (local delivery plans) and arrangements for the proportionate management of OHS risks across their own organisation in order to meet its legal duties (using the MoJ corporate Health and Safety policy as the overarching policy);
- Appointing and/or having access to a competent person with the Parole Board (to assist duty holders) and to advise on health and safety management. This person may obtain specialist advice from MoJ, as necessary;
- Nominating and training local Health and Safety co-ordinators or equivalent (within management structures) to assist in/undertake local activity based risk assessments, provide scheduled updates on OHS Risk Registers to MoJ Corporate Health and Safety (in line with approved MoJ assurance processes), and establishing/maintaining arrangements for appointment of local floor wardens for fire and

evacuation purposes, and ensuring that there are adequate arrangements for first aid;

- Developing procedures for addressing specific health and safety concerns affecting the Parole Board's business and the health and safety of all its service users and visitors;
- Undertaking self regulatory health and safety audits and providing annual assurance on compliance to the Parole Board Accounting Officer, copied to MoJ Corporate Health and Safety for inclusion in the assurance reports to the Permanent Secretary; and
- Collecting and maintaining a system of incident reporting relating to health and safety accident/incident/near miss reports, investigating and ensuring RIDDOR reporting as appropriate and managing the impact of work related lost time absences.

Freedom of Information and Data Protection

5.19. The Parole Board will carry out its obligations under the Freedom of Information Act (FOIA), the Data Protection Act (DPA) and the Environmental Information Regulations, including ensuring requests are answered in a timely way, are compliant with the relevant legislation and, where applicable, are provided in line with agreed MoJ internal processes for request handling.

5.20. Additionally, the Parole Board will maintain a central monitoring record of FOIA and DPA requests received and dealt with.

Parliamentary Business

Parliamentary Questions

5.21. MoJ Ministers are responsible for answering Parliamentary Questions about the Parole Board. In discharging this responsibility, the relevant Minister or Departmental officials may seek advice and information from the Parole Board in a timely manner. When replying to a Parliamentary Question or speaking in a Parliamentary debate on an issue that falls within the remit of the Parole Board, the Minister will make it clear that they are answering on behalf of the Parole Board and on the basis of information supplied by the Parole Board. The Parole Board will provide such information and, where necessary, advice in a timely manner and to the best of its ability.

Ministerial correspondence

5.22. Members of Parliament shall be encouraged to write directly to the Chief Executive about specific activities and the administration of the Parole Board. When Ministers receive correspondence from Members of Parliament on these matters, they shall normally ask the Chief Executive to reply (sending a copy of the reply to the relevant sponsorship team). Where a Minister decides to reply personally, for example, where the correspondence involves wider policy considerations, advice may be

sought from the Chief Executive or other Parole Board staff on aspects relating to the activities or administration of the Parole Board.

Parliamentary Select Committees

5.23. Where a Select Committee decides to take evidence on the specific activities of the Parole Board, the Secretary of State may decide to nominate the Chair or Chief Executive or a representative of the Parole Board to attend the hearings. Where a representative of the Parole Board has been called to give evidence, Ministers may also wish to attend or to require MoJ officials to do so. In all cases it is entirely at the discretion of the Select Committee to decide from whom they shall hear evidence. The Chief Executive may be required to give evidence to the Public Accounts Committee, normally with the PAO, on the stewardship and use of public funds by the Parole Board.

Review of Parole Board status

5.24. The status of the Parole Board will be reviewed every three years. The next review will be in 2013 as part of the Triennial Review process.

Arrangements in the event that the Parole Board is wound up

5.25. The abolition of the Parole Board would require Parliament to make a legislative change. The MoJ shall put in place arrangements to ensure the orderly winding up of the Parole Board where this results from a Triennial Review or in other circumstances. In particular it should ensure that the assets and liabilities of the Parole Board are passed to any successor organisation and accounted for properly. (In the event that there is no successor organisation, the assets and liabilities should revert to the MoJ.) To this end, the MoJ shall:

- ensure that procedures are in place in the Parole Board to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body;
- specify the basis for the valuation and accounting treatment of the Parole Board's assets and liabilities;
- ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit and that funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his report on the accounts;
- arrange for the most appropriate person to sign the closing accounts. In the event that another NDPB takes on the role, responsibilities, assets and liabilities, the MoJ's PAO should sign; and
- make arrangements for the appropriate transfer or retention of cases, records and other information relevant to the Parole Board's activities.

5.26. The Parole Board shall provide MoJ with full details of all agreements where the Parole Board or its successors have a right to share in the financial gains of developers. It should also pass to the MoJ details of any other forms of claw-back due to the Parole Board.



Signed

Date 31 July 2012

Antonia Romeo, Director General

Transforming Justice

(On behalf of MoJ)



Signed

Date 31 July 2012

Claire Bassett, Chief Executive

(On behalf of the Parole Board)

Appendix 1

Compliance with government-wide corporate guidance and instructions

The [NDPB] shall comply with the following general guidance documents and instructions:

- this document;
- appropriate adaptations of sections of Corporate Governance in Central Government Departments: Code of Good Practice http://www.hm-treasury.gov.uk/d/corporate_governance_good_practice_july2011.pdf
- Managing Public Money (MPM);
- Government Internal Audit Standards, http://www.hm-treasury.gov.uk/psr_governance_gia_guidance.htm;
- Management of Risk: Principles and Concepts: http://www.hm-treasury.gov.uk/d/orange_book.pdf;
- Managing the Risk of Fraud, [http://www.hm-treasury.gov.uk/...fraud guide for managers.pdf](http://www.hm-treasury.gov.uk/...fraud_guide_for_managers.pdf);
- Government Financial Reporting Manual (FReM), www.hm-treasury.gov.uk/frem_index.htm;
- Fees and Charges Guide, Chapter 6 of MPM;
- Departmental Banking: A Manual for Government Departments, annex 5.7 of MPM;
- relevant Dear Accounting Officer letters;
- Regularity, Propriety and Value for Money, www.hm-treasury.gov.uk/psr_governance_valueformoney.htm;
- The Parliamentary and Health Service Ombudsman's Principles of Good Administration <http://www.ombudsman.org.uk/improving-public-service/ombudsmansprinciples/principles-of-good-administration>;
- Consolidation Officer Memorandum, and relevant DCO letters;
- relevant Freedom of Information Act guidance and instructions (Ministry of Justice);
- Model Code for Staff of Executive Non-departmental Public Bodies (Cabinet Office);
- other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts;
- other relevant instruction and guidance issued by the central Departments;

- specific instructions and guidance issued by the MoJ as sponsor department;
- recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and relevant to the [NDPB].

Appendix 2

Financial Memorandum

The Parole Board, though not required to comply with Governmental policies and guidelines to the same extent as the MoJ itself, is strongly encouraged to regard such policies and guidelines as best practice, and endeavour to observe them where possible.

In addition, the MoJ requires the Parole Board to observe and comply with its own policies, where relevant to the Parole Board and its activities, in particular in the following areas:

Finance Policy

Please see the material available on the MoJ intranet under finance (<http://intranet.justice.gsi.gov.uk/guidance-support/finance/>), especially – The **Chart of Accounts**, the **Financial Controls and Restrictions**, the **Process Library** and the **Finance management guide**.

HR

Please see the material available on the MoJ intranet under HR (<http://intranet.justice.gsi.gov.uk/guidance-support/my-services/>), especially – **Pay**, **Recruitment** and **Conduct and Behaviour**.

Procurement

Please see the material available on the MoJ intranet under Procurement (<http://intranet.justice.gsi.gov.uk/guidance-support/procurement/index.htm>), especially – **How to obtain goods and services** and the **Procurement guide**.

Risk Management

Please see the material available on the MoJ intranet under risk (<http://intranet.justice.gsi.gov.uk/guidance-support/risk-management/>), especially the **Risk handbook** and the **risk reporting structure**.

Should access to the MoJ intranet be an issue for the [NDPB], the finance governance team would be happy to forward electronic copies of any document required. Please email MoJFinanceQueries@justice.gsi.gov.uk

© Crown copyright 2012
Produced by the Ministry of Justice

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or email: psi@nationalarchives.gsi.gov.uk

Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned.

Alternative format versions of this report are available on request from Maggie Garrett, Arm's Length Bodies Governance Division in the Ministry of Justice – telephone 020 3334 6168 or email Maggie.Garrett@justice.gsi.gov.uk