



Department for  
Business, Energy  
& Industrial Strategy

Office of the Regulator of Community  
Interest Companies: Leaflets

Corporate Governance

MAY 2016

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# Corporate Governance

The Regulator of Community Interest Companies is an independent statutory office-holder and as such must adopt the systems and controls of the Department for Business, Energy and Industrial Strategy (BEIS).

The Office of the Regulator publishes an annual report of its activities. The report outlines the Office of the Regulator's main activities and performance during the previous financial year and sets out in summary form the Office of the Regulator's forward plans. The report is laid before Parliament by BEIS in accordance with the statutory requirements of the Act (Schedule 3(7)) and guidance on Parliamentary procedure.

The Regulator's aims and objectives are set out in more detail in the Corporate Plan.

The Regulator has primary responsibility for providing assurance on risk management and internal control for the office. The Regulator may also contribute to the Sponsor Department's (BEIS) Accounting Officer's own review and Statement of Internal Control. The Regulator whilst delegating tasks to others remains ultimately responsible and accountable for all decisions taken in her name.

The Regulator has to satisfy herself that the following factors, which underpin the effectiveness of risk management and internal control, have been adhered to in the office, throughout the year.

## Internal Controls

### Memorandum of Understanding

A memorandum of understanding between the Regulator and the Department for Business, Energy and Industrial Strategy (BEIS) is reviewed every three years. The purpose of this memorandum is to set out the accountabilities and responsibilities of the Regulator of Community Interest Companies and BEIS and the working relationship between the two bodies. BEIS guidelines and procedures are followed if a situation arises that is not detailed in the memorandum.

### The Corporate Plan

Consistent with the timetable for public spending reviews the Office of the Regulator submits annually to BEIS a draft of the Office of the Regulator's updated corporate plan covering three years ahead. The plan reflects the Office of the Regulator's statutory duties and, within those duties, the priorities set from time to time by the Secretary of State. In particular, the plan demonstrates how the Office of the Regulator contributes to the achievement of the Department's PSA targets.

The main elements of the plan, including the key performance targets, are agreed between BEIS and the Office of the Regulator in the light of the Department's wider decisions on policy and resources.

## Grant in Aid

Each year BEIS will send to the Regulator:

- A formal statement of the annual budgetary provision allocated by BEIS.
- A statement of any planned changes in policies affecting the Office of the Regulator, where applicable.

Once the Regulator's budget has been approved by BEIS, the Office of the Regulator has authority to incur expenditure approved in the budget without further reference to BEIS, subject to:

- following the conditions in the memorandum of understanding; and
- providing the Department with such information about its operations, performance, individual projects or other expenditure as the Department reasonably requires.

## Operational and financial Reporting

The Office of the Regulator:

- Operates management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its agreed corporate and business plans.
- Reports on performance against key targets to the Department regularly and provides an annual report to parliament.
- Attends quarterly performance and financial monitoring meetings with the sponsor department.
- Informs BEIS of any complaints about the Office of the Regulator accepted by the Ombudsman for investigation, and about the Office of the Regulator's proposed response to any subsequent recommendations from the Parliamentary Ombudsman.

## Internal Audit

The Permanent Secretary of BEIS is the Accounting Officer for the Office of the Regulator. The Regulator is personally responsible for safeguarding the public funds for which she has charge; for ensuring propriety and regularity in the handling of those public funds.

The Office of the Regulator is too small to establish an audit committee and its finances are managed through BEIS financial systems. BEIS has agreed that an internal audit should be conducted from time to time as directed. BEIS Internal audit has a right of access to all documents prepared by the Office of the Regulator. The Regulator is not required to provide separate accounts.

## Grant in Aid and Controls

The Office of the Regulator is funded by the Department for Business, Energy and Industrial Strategy (BEIS) through a Grant in Aid contribution. BEIS budget systems and controls apply in the CIC office; this will include BEIS procedures relating to procurement, receipts and expenditure where information should be submitted to BEIS, as necessary.

All arrangements concerning the Regulator's terms and conditions are detailed in the employment contract. The Office is otherwise wholly staffed by BEIS personnel and BEIS pay and conditions of service apply.

The Office of the Regulator notifies any unusual or major incidents to BEIS as soon as possible.

## Framework for Risk and Control

It is the responsibility of the Regulator to implement certain measures to ensure:

- Staff are sufficiently aware of the risks to achieving their objectives.
- Staff are capable of applying skills, tools and techniques to identify, assess and prioritise risks inherent to delivery, and evaluate actions in place or required to manage them.
- Staff make decisions to pursue new policies and approaches with due consideration of the 'appetite' there is for taking risks in pursuit of objectives or targets.

The CIC Office's risk management strategy is in accordance with the guidance issued by BEIS.

More generally, the organisation is committed to a process of continuous development and improvement. Systems are developed in response to relevant reviews and developments in best practice in this area.

## Cost to Business

The fee to incorporate a community interest company, or to file a community interest report, was set at a rate comparable to company incorporations and the filing of foreign accounts.

The fees below are payable by community interest companies to the Registrar of Companies on delivery of the documents relating to the listed events. In each case £15 of the fee is transferred to the consolidated fund to cover an element of the Regulator's costs.

<b>Event</b>	<b>Total Cost of Registration</b>	<b>Regulator's element of Fee</b>
Incorporation as a CIC	£35	£15
Conversion to a CIC	£25	£15
Annual Community Interest Report	£15	£15



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