

Insolvency Service Framework Document

Executive Agency

 July 2022

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| Insolvency Service Framework Document  |

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Introduction and Background

## Purpose of document

* 1. This Framework Document (the “Framework Document”) has been agreed between the Department for Business, Energy and Industrial Strategy (“BEIS”) and the Insolvency Service (“INSS” or “the Agency”) in accordance with HM Treasury's handbook Managing Public Money (“MPM”) (as updated from time to time) and has been approved by HM Treasury.
	2. The Framework Document sets out the broad governance framework within which the INSS and BEIS operate. It sets out the INSS’s core responsibilities; describes the governance and accountability framework that applies between the roles of BEIS and INSS and sets out how the day-to-day relationship works in practice, including in relation to governance and financial matters.
	3. The document does not convey any legal powers or responsibilities but both parties agree to operate within its terms.
	4. References to INSS include all its subsidiaries and joint ventures that are classified to the public sector and central government for national accounts purposes. If INSS establishes a subsidiary or joint venture, there shall be a document setting out the arrangements between it and INSS agreed with BEIS.
	5. Copies of the document and any subsequent amendments have been placed in the Libraries of both Houses of Parliament and made available to members of the public on the [www.gov.uk](http://www.gov.uk) website.
	6. This Framework document should be reviewed and updated at least every 3 years unless there are exceptional reasons that render this inappropriate that have been agreed with HM Treasury and the Principal Accounting Officer of the sponsor department. The latest date for review and updating of this document is 01/08/2025.

## Objectives

* 1. BEIS and INSS share the common objective of delivering economic confidence by supporting those in financial distress, tackling financial wrongdoing and maximising returns to creditors. To achieve this the INSS and BEIS will work together in recognition of each other's roles and areas of expertise, providing an effective environment for the INSS to achieve its objectives through the promotion of partnership and trust and ensuring that INSS also supports the strategic aims and objective of BEIS and wider government as a whole.

## Classification

* 1. The INSS has been classified as a central government organisation by the ONS.
	2. It has been administratively classified by the Cabinet Office as an Executive Agency.

# Duties

## Powers and Duties

* 1. INSS has been established by BEIS and, as an Executive Agency, is not a separate legal personality from BEIS.
	2. The Agency operates under a statutory framework, with its duties and powers originating mainly from the Insolvency Acts 1986 and 2000, the Company Directors Disqualification Act 1986, the Employment Rights Act 1996, the Pensions Scheme Act 1993, the Companies Acts 1985 and 2006 and associated secondary legislation.
	3. The primary duties of the INSS are to:
* Administer bankruptcies and Debt Relief Orders;

• Look into the affairs of companies in liquidation and make reports of any director misconduct;

• Investigate trading companies and take action to wind them up if it is in the public interest and/or disqualify the directors if there is evidence of misconduct;

• Act as trustee/liquidator where no private sector insolvency practitioner is in place;

• Provide estate accounting and investment services for bankruptcy and liquidation estate funds;

• Act as oversight regulator of insolvency practitioners and their authorising bodies;

* Issue redundancy payments from the National Insurance Fund;
* Administer the Breathing Space service;
* Develop and then administer Statutory Debt Repayment Plan (SDRP) service;
* Receive advance notification of certain proposed redundancies;
* Work to disqualify unfit directors in all corporate failures;

• Deal with bankruptcy and Debt Relief restrictions orders and undertakings, and

• Investigate and prosecute breaches of insolvency and company legislation and other criminal offences on behalf of BEIS.

# Role of the department

## The Responsible Minister

* 1. The Parliamentary Under-Secretary of State (Minister for Business, Energy and Corporate Responsibility) will account for INSS on all matters concerning INSS in Parliament.

The Secretary of State for BEIS is the Minister with formal responsibility for the INSS and the majority of the legislation under which it operates. In practice this responsibility is delegated to a chosen Minister (the “Ministerial Owner”) or may be split between more than one Ministerial Owner. The Secretary of State and the Ministerial Owner are accountable to Parliament for matters relating to the INSS. BEIS is the responsible department for the Agency.

* 1. Neither the Minister nor the Secretary of State is normally involved in the Agency’s day-to-day management. In exceptional circumstances where action is judged to be required, they may issue directions or instructions to the Chief Executive.
	2. The Secretary of State and the Ministerial Owner have a number of rights and responsibilities in relation to the Agency:

• appointment of the Chair of the INSS Board;

• approval of the nominated Governance Sponsor Director;

• appointments of the other non-executive members of the Board;

• agreeing the INSS’s objectives (i.e. approval of the Annual Plan);

• approving the Insolvency Service’s operating strategy or high-level priorities;

• approval of the terms (including remuneration and policy regarding payment of expenses) of all appointments to the Board;

• approval of the remuneration framework for all staff and individual pay awards outside the delegated framework; and

* approval of the INSS’s budget and funding.

## The Principal Accounting Officer (PAO)

* 1. The Permanent Secretary of BEIS is the Principal Accounting Officer for the Agency and is responsible for ensuring that there is a high standard of financial management across the Agency.

#### Sponsor department’s accounting officer’s specific accountabilities and responsibilities as Principal Accounting Officer (PAO)

* 1. The Principal Accounting Officer (PAO) of BEIS designates the Chief Executive as the INSS’s Accounting Officer (AO) and ensures that he / she is fully aware of his or her responsibilities. The PAO issues a letter appointing the AO, setting out his or her responsibilities and delegated authorities.
	2. The respective responsibilities of the PAO and accounting officers for Arms' Length Bodies (ALBs) are set out in Chapter 3 of Managing Public Money.
	3. The PAO is accountable to Parliament for the issue of any grant-in-aid to the INSS.
	4. The PAO is also responsible, usually via the sponsorship team, for advising the Responsible Minister on:
* an appropriate framework of objectives and targets for the INSS in the light of the department’s wider strategic aims and priorities;
* an appropriate budget for the INSS in the light of the sponsor department’s overall public expenditure priorities;
* how well the INSS is achieving its strategic objectives and whether it is delivering value for money, and
* the exercise of the Ministers’ statutory responsibilities concerning the INSS as outlined above.
	1. The PAO via the sponsorship team is also responsible for ensuring arrangements are in place in order to:
* monitor the INSS’s activities and performance;
* address significant problems in the INSS, making such interventions as are judged necessary;
* periodically and at such frequency as is proportionate to the level of risk carry out an assessment of the risks both to the department and the INSS’s objectives and activities in line with the wider departmental risk assessment process;
* inform the INSS of relevant government policy in a timely manner; and bring Ministerial or departmental concerns about the activities of the INSS to the Accounting Officer and the full (INSS) Board, and , as appropriate, to the departmental Board, requiring explanations and assurances that appropriate action has been taken.

The PAO is also responsible for ensuring arrangements are in place in order to:

• advise the responsible Minister on the strategic direction of the Agency in the context of wider Departmental or cross departmental objectives, and

• advise the Chief Executive to ensure that they most effectively support the delivery of Departmental objectives and are informed of relevant Government, Departmental policy or plans in a timely manner.

## The role of the Sponsorship team

* 1. The Governance Sponsor team in the department is the primary contact for the INSS. The responsible Senior Civil Servant for this relationship is the Director of Business Frameworks. They are the main source of advice to the Responsible Minister on the discharge of his or her responsibilities in respect of the INSS. They also support the PAO on his or her responsibilities toward the INSS.
	2. Officials of the Governance Sponsor team in the sponsor department will liaise regularly with the INSS officials to review performance against plans, achievement against targets and expenditure against its DEL and AME allocations. The Governance Sponsor team will also take the opportunity to explain wider policy developments that might have an impact on the INSS.
	3. The Governance Sponsor will advise the Responsible Minister and PAO on:
* the Agency’s leadership and governance;
* the effectiveness of the Board and organisation, covering the Government’s differing interests from governance sponsor and policy sponsor perspectives;
* the objectives, strategy and accountability of the organisation, and
* the remuneration and accounting officer obligations.
	1. The Governance Sponsor’s responsibilities include, but are not limited to:
* in collaboration with the Agency, reviewing and updating the Framework Document;
* reviewing and commenting on the Annual Reports and Accounts;
* ensuring the Agency has effective governance mechanisms in place;
* supporting the Agency in specific cases regarding compliance with HM Treasury, BEIS and Cabinet Office financial controls;
* reviewing the Agency’s strategy and annual Business Plan;
* identify and escalate high-scoring risks to BEIS, regularly monitor and challenge rating of risks and ensure appropriate mitigations are in place;
* work with BEIS , the Chair and the Agency on succession planning and recruitment of Public Appointments to the INSS, the induction of Chair and CEO and their subsequent appraisals;
* acting as the department’s principal point of contact with the Chair and Board of the Agency; and
* holding a non-executive Board member seat on the INSS Board.
	1. The Corporate Governance Sponsors in the BEIS Partnerships Team will work with the policy sponsor and Governance Sponsor on wider cross-cutting governance issues including public appointments; reviews; performance management, risk and assurance; classifications and delegations; wider public bodies reform work with Cabinet Office; and the ongoing transformation of BEIS/Partner Organisation ways of working.

## Contact, Engagement and Resolution of disputes between the Insolvency Service and BEIS

* 1. BEIS and the Agency will have an open, honest and trust-based partnership supported by the principles set out in the Partnerships between Departments and ALBs: Code of Good Practice. Both parties will ensure they clearly understand the strategic aims and objectives of their partners. Both partners will also commit to keeping each other informed of any significant issues and concerns.
	2. The Governance Sponsor team is the primary contact for the Agency on finance or governance matters. The BEIS policy sponsor team is the primary contact for policy issues. The sponsors support the Minister and the PAO on their responsibilities toward the INSS.
	3. Any disputes between the Department and the INSS will be resolved in as timely a manner as possible. The Department and the INSS will seek to resolve any disputes through an informal process in the first instance. If this is not possible, then a formal process, overseen by the Senior Sponsor, will be used to resolve the issue. Failing this, the Senior Sponsor will ask the relevant policy Director General to oversee the dispute. They may then choose to ask the Permanent Secretary to nominate a non-executive member of the Department’s Board to review the dispute, mediate with both sides and reach an outcome, in consultation with the Secretary of State.

## Partnership principles between BEIS and the Insolvency Service

* 1. BEIS and the Agency will work together in an open, honest and constructive partnership, underpinned by the principles of the Partnerships between Departments and ALBs: Code of Good Practice.
	2. Interactions between BEIS and the Agency must be conducted in a professional, efficient, and trust-based dialogue:
* professional: professional people engaged in dialogue relevant to delivering the INSS’s objectives, with commitments delivered on time and to specification;
* efficient: all parties ensuring a joined-up and efficient approach amongst their respective constituent elements, and
* trust-based: open dialogue, based on a shared commitment to providing the Insolvency Service with the ability to realise its purpose and pursue the objectives effectively.

	1. The INSS Board is responsible for the Agency’s long-term success and BEIS has nominated a representative (the Governance Sponsor) to sit on the Board and represent its interest. The Agency will operate a corporate governance structure that provides a relationship between its Board and BEIS which, so far as practicable and in the light of the other provisions of this Framework Document or as otherwise may be agreed with BEIS, accords with best corporate governance practice.
	2. BEIS is entitled to reports or other information, on reasonable notice, that will enable it to assess the Agency’s performance and carry out its broader oversight duties. The Agency shall regularly report to the department on its financial performance and its achievements in delivering key Agency and ministerial objectives.
	3. The INSS’s performance will be monitored by the following means:
* the Governance Sponsor’s duties as a member of INSS Board;
* regular meetings between representatives of BEIS and the Insolvency Service to discuss the Agency’s activities and performance against its objectives;
* the INSS will promptly and without delay disclose to BEIS any information regarding the Agency that may otherwise have a significant bearing on the delivery of, or may have a significant impact on, the objectives, and
* in addition to the regular meetings, at BEIS’ request, the directors or other representatives of the INSS will meet BEIS representatives to discuss the affairs of the INSS.

## Freedom of Information requests

* 1. Where a request for information is received by either party under the [Freedom of Information Act 2000](http://www.legislation.gov.uk/ukpga/2000/36/contents), or data protection legislation, the party receiving the request will consult with the other party prior to any disclosure of information that may affect the other party’s responsibilities.
	2. The Agency Chief Executive will be authorised to act as the "qualified person" under section 36(5)(o) (iii) of the Freedom of Information Act 2000.

## Reporting on legal risk and litigation

* 1. The INSS shall provide a quarterly update to the Sponsor on the existence of any active litigation and any threatened or reasonably anticipated litigation. The parties acknowledge the importance of ensuring that legal risks are communicated appropriately to the Sponsor in a timely manner.
	2. In respect of each substantial piece of litigation involving the INSS, the parties will agree a litigation protocol which will include specific provisions to ensure appropriate and timely reporting on the status of the litigation and the protection of legally privileged information transmitted to the Sponsor to facilitate this. Until such time as a protocol is agreed, the parties will ensure that:
* material developments in the litigation are communicated to the Sponsor in an appropriate and timely manner;
* legally privileged documents and information are clearly marked as such;
* individual employees handling the legally privileged documents are familiar with principles to which they must adhere to protect legal privilege, and
* circulation of privileged information within government occurs only as necessary.

# INSS Governance and Structure

## Governance and Accountability

* 1. The INSS shall operate corporate governance arrangements that, so far as practicable and in the light of the other provisions of this Framework Document or as otherwise may be mutually agreed, accord with good corporate governance practice and applicable regulatory requirements and expectations.
	2. In particular (but without limitation), the INSS should:
* comply with the principles and provisions of the Corporate Governance in Central Government Departments Code of Good Practice (as amended and updated from time to time) to the extent appropriate and in line with their statutory duties or specify and explain any non-compliance in its annual report;
* comply with Managing Public Money;
* in line with Managing Public Money, have regard to the relevant Functional Standards as appropriate and in particular those concerning Finance, Commercial and Counter Fraud, and
* take into account, the codes of good practice and guidance as they apply to Arms' Length Bodies.
	1. In line with Managing Public Money Annex 3.1 the INSS shall provide an account of corporate governance in its annual governance statement including the Board’s assessment of its compliance with the Code with explanations of any material departures. To the extent that the INSS does intend to materially depart from the Code, the Sponsor should be notified in advance and their agreement sought to this approach.

## The Chief Executive

#### Responsibilities of the Insolvency Service’s Chief Executive as Accounting Officer

* 1. The Chief Executive as Accounting Officer is personally responsible for safeguarding the public funds for which they have charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of the INSS. In addition, they should ensure that the INSS 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 of Managing Public Money. These responsibilities include the below and those that are set in the Accounting Officer appointment letter issued by the Principal Accounting Officer of the Sponsor Department.

#### Responsibilities for accounting to Parliament and the Public

* 1. Responsibilities to Parliament and the public include:
* signing the accounts, ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State;
* preparing and signing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts;
* ensuring that effective procedures for handling complaints about the INSS in accordance with [Parliamentary and Health Service Ombudsman’s Principles of Good Complaint Handling](https://www.ombudsman.org.uk/about-us/our-principles/principles-good-complaint-handling) are established and made widely known within the INSS and published on www.gov.uk;
* acting in accordance with the terms of Managing Public Money and other instructions and guidance issued from time to time by the Department, the Treasury and the Cabinet Office;
* ensuring that as part of the above compliance they are familiar with and act in accordance with:
	+ any governing legislation;
	+ this Framework Document;
	+ any delegation letter issued;
	+ any elements of any settlement letter issued to the sponsor department that is relevant to the operation of the INSS, and
	+ any separate settlement letter that is issued to the INSS from the sponsor department.
* ensuring they have appropriate internal mechanisms for the monitoring, governance and external reporting regarding compliance with any conditions arising from the above documents, and
* giving evidence, normally with the PAO, when summoned before the PAC on the INSS’s stewardship of public funds.

#### Responsibilities to BEIS

* 1. Responsibilities to BEIS include:
* establishing, in agreement with the Board and the department, the INSS corporate and business plans in the light of the department’s wider strategic aims and agreed priorities;
* informing the department of progress in helping to achieve the department’s policy objectives and in demonstrating how resources are being used to achieve those objectives;
* ensuring that timely forecasts and monitoring information on performance and finance are provided to the department; that the department is notified promptly if over- or underspends are likely and that corrective action is taken, and
* that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the department in a timely fashion.

#### Responsibilities to the Board

* 1. The Chief Executive is responsible for:
* advising the Board on the discharge of their responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time;
* advising the Board on the INSS performance compared with its aims and objectives, and
* ensuring that financial considerations are taken fully into account by the Board when discharging advice to the executive, and that financial appraisal techniques are followed.

#### Managing conflicts

* 1. In executive agencies, final decisions, responsibility and accountability rest with the Chief Executive as Accounting Officer. However, the Chief Executive should follow the advice and direction of the Board, except in very exceptional circumstances with a clear cut and transparent rationale for not doing so.
	2. If the Board, or its chairperson, 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, is of questionable feasibility, or is unethical, the Chief Executive in their role as Accounting Officer should reject that course of action and ensure that the Board have a full opportunity to discuss the rationale for that rejection.
	3. Such conflicts should be brought to the attention of the Principal Accounting Officer and the Responsible Minister as soon as possible.
	4. Furthermore, and if agreed with the Responsible Minister, the Accounting Officer must write a letter of justification to the Chair of the Board setting out the rationale for not following the advice and recommendation of the Board and copy that letter to the Treasury Officer of Accounts.
	5. If the Responsible Minister agrees with the proposed course of action of the Board it may be appropriate for the Minister to direct the Accounting Officer in the manner as set out in Manging Public Money paragraph 3.4 onwards.

## The Board

#### Composition of the Board

* 1. The INSS will have a Board in line with good standards of Corporate Governance and as set out in the published Code of Good Practice. The role of the Board is to run the INSS and to deliver the objectives, in accordance with the powers and duties set out above, their regulatory and common law duties and their responsibilities under this Framework Document. The Board is responsible for the long-term success of the INSS. This includes:
* Setting the strategic aims and objectives;
* Making sure that leadership and resources are in place to meet these aims;
* Challenging and supporting management performance, and
* Reporting to the Department.
	1. Detailed responsibilities of the Board shall be set out in the Board terms of reference. Remuneration of the Board will be disclosed in line with the guidance in the Government Financial Reporting manual. (FReM).
	2. The Board’s composition is considered a critical factor in managing the relationship between the Agency and BEIS. The aim is for BEIS and the Chair to share a common view regarding how the composition of the Board and proposals for managing succession make for the most effective governance of the Agency, achieving the optimum balance of experience, skills, diversity and background required. To this end, the following will apply:
* the Board will consist of no fewer than 5 members;
* the Chair and other non-executive Board members (“NEBMS”) should constitute the majority of the Board, to ensure that executive members are supported and constructively challenged in their role;
* The Chief Executive and other executives will also be on the Board, including an appropriately qualified finance director as described in Annex 4.1 of Managing Public Money;
* BEIS will consult with the Chair about the identity of the proposed Governance Sponsor Board Member;
* the Chair and the Governance Sponsor will discuss the proposals for appointments and succession of NEBMs and the CEO on a regular basis;
* the Chair is responsible for annual internal and triennial external, reviews of Board performance, composition, succession planning, and
* BEIS retains overall responsibility for conducting evaluation and review of the Chair’s performance (when there is no lead NEBM).

#### Board Committees

* 1. The Board may set up such committees as necessary for it to fulfil its functions. As is detailed below at a minimum this should include an Audit and Risk Committee chaired by an independent and appropriately qualified non-executive member of the Board.
	2. While the Board may make use of committees to assist its consideration of appointments, succession, audit, risk and remuneration it retains responsibility for, and endorses, final decisions in all of these areas. The Chair should ensure that sufficient time is allowed at the Board for committees to report on the nature and content of discussion, on recommendations, and on actions to be taken.
	3. Where there is disagreement between the relevant committee and the Board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreement cannot be resolved, the committee concerned should have the right to report the issue to the sponsor team, Principal Accounting Officer and Responsible Minister. They may also seek to ensure the disagreement or concern is reflected as part of the report on its activities in the annual report.
	4. The Chair should ensure Board committees are properly structured with appropriate terms of reference. The terms of each committee should set out its responsibilities and the authority delegated to it by the Board. The chair should ensure that committee membership is periodically refreshed and that individual independent non-executive directors are not overburdened when deciding the chairs and membership of committees.

#### Appointments to the Board

* 1. The INSS Board (Board) Chair and non-executive Board members are appointed by BEIS Ministers. Such appointments will be made in the spirit of the Public Appointments Code of Practice for Ministerial Appointments to Public Bodies and may be subject to regulation as determined by government policy and the legal framework at the time an appointment is made, including guidance on senior pay.
	2. The Chief Executive is appointed by the BEIS Permanent Secretary in consultation with the Chair and the Sponsors. The recruitment process is led by the Cabinet Office and the panel would usually consist of the Policy Sponsor, Governance Sponsor, Chair and Civil Service Commissioner, with Ministerial engagement and input led by the BEIS Partnerships team.
	3. The Chief Executive of the INSS is a Civil Servant. The terms of appointment to the Civil Service as set out in the Constitutional Reform and Governance Act 2010 apply. The competition needs to be run in line with the Civil Service Recruitment Principles[[1]](#footnote-1)
	4. All such appointments should reflect the diversity of the society in which we live, and appointments should be made taking account of the need to appoint boards which include a balance of skills and backgrounds.
	5. A lead non-executive Board member can be appointed by the Board Chair in consultation with the Chief Executive and Governance Sponsor. Their responsibilities would include:
* Standing in for the Chair when required;
* Be available for staff or stakeholders of the INSS to talk to, and
* Complete the annual appraisal of the Chair’s performance.

#### Duties of the Board

* 1. The Board will meet at least eight times per year.

* 1. The Board must provide strategic direction to the Agency and ensure it is equipped to perform its functions and deliver on its strategy, including having sufficient resourcing and a suitable organisational structure.
	2. The Board will have specific responsibility for Agency matters, including:
* establishing and taking forward the strategic aims and objectives of the INSS consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State;
* providing effective leadership of the INSS within a framework of prudent and effective controls which enables risk to be assessed and managed;
* agreeing an Annual Business Plan, key performance indicators, budget and accounts;
* monitoring, assuring and reviewing the Agency’s performance against its strategic and financial objectives, including the Annual Business Plan;
* ensuring that the Responsible Minister is kept informed of any significant changes which are likely to impact the attainable objectives;
* ensuring that the Board receives and reviews regular financial information concerning the management of the Agency and is informed in a timely manner of any concerns about the Agency’s activities;
* ensuring the financial and human resources are in place for the INSS to meet its objectives;
* ensuring that it is kept informed of any changes which are likely to impact on the strategic direction of the INSS Board or on the attainability of its targets, and determining the steps needed to deal with such changes and where appropriate bringing such matters to the attention of the Responsible Minister and Principal Accounting Officer via the executive team, sponsorship team or directly;
* in-depth consideration of INSS matters that the Board deems significant including new projects, existing projects’ approvals and endorsement of advice;
* collectively supporting the Accounting Officer to account to Parliament for the INSS’s performance and stewardship of public funds;
* demonstrating high standards of corporate governance at all times, including by using the audit committee to help the Board to address key financial and other risks;
* ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its authority and any delegated authority agreed with BEIS and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account guidance issued by BEIS; and
* determining all such other things which the Board considers ancillary or conducive to the attainment or fulfilment by the INSS of its objectives.
	1. The Board should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control.
	2. The Board should make a strategic choice about the style, shape and quality of risk management and should lead the assessment and management of opportunity and risk. The Board should ensure that effective arrangements are in place to provide assurance over the design and operation of risk management, governance and internal control in line with the *Management of Risk – Principles and Concepts (The Orange Book)*. The Board must set up an Audit and Risk Assurance Committee chaired by an independent and appropriately qualified non-executive member to provide independent advice and ensure that the department’s Audit and Risk Assurance Committee are provided with routine assurances with escalation of any significant limitations or concerns. The Board is expected to assure itself of the adequacy and effectiveness of the risk management framework and the operation of internal control.
	3. The INSS Board will maintain its independently chaired Audit and Risk Assurance Committee to assist and advise it and the Accounting Officer on the comprehensiveness, reliability and integrity of assurances provided on risk control and governance.

#### Individual Board Members’ responsibilities

* 1. Individual Board Members should:
* comply at all times with the Code of Conduct for Board Members of Public Bodies which covers conduct in the role and includes the Nolan Principles of Public Life as well as rules relating to the use of public funds and to conflicts of interest;
* not misuse information obtained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
* comply with the Agency’s rules on the acceptance of gifts and hospitality and of business appointments;
* act in good faith and in the best interests of the Agency;
* demonstrate adherence to the 12 Principles of Governance for all Public Body Non-Executive Directors as appropriate, and
* ensure they are familiar with any applicable guidance on the role of Public Sector non-executive directors and Boards that may be issued from time to time by the Cabinet Office, HM Treasury or wider government.

## The Chair’s role and responsibilities

* 1. The Chair is responsible for ensuring that policies and actions support the Responsible Ministers’ and, where relevant, other Ministers’ wider strategic policies and that the Board’s affairs are conducted with probity. Where appropriate, these policies and actions should be clearly communicated and disseminated throughout the INSS. In addition, the Chair is responsible for:
* leading the Board. This includes enabling a high standard of discussion and debate, helping to steer the INSS by facilitating collective working and ensuring that systems are in place to provide Board members with the support and timely, relevant information they need to carry out their role;
* ensuring that the Board both supports the Executive team and holds it to account for the Agency’s performance, taking personal responsibility for the overall success of the INSS;
* leading on the induction, succession and assessment of non-executive Board Members to ensure that the Board has an appropriate and relevant balance of skills; that they are fully briefed on the duties and rights of Board members; and that they receive appropriate training on financial management and reporting requirements;
* ensuring collective behaviours and high standards of regularity and propriety, in line with relevant guidance provided by the Minister, BEIS, or the wider Civil Service. This includes ensuring formal and rigorous annual evaluation of the Board’s performance and that of its committees and of individual Board members. Individual feedback on the executive team will be through the Chief Executive;
* maintain an independent position on the board with the objective of constructively challenging, where appropriate, the status quo and management assumptions and decisions;
* providing the department with the Board’s perspective on strategic matters and other relevant issues. This includes being actively involved with the appointment and performance assessment of the Chief Executive;
* ensure the Agency employs best practice in respect of corporate governance, including the establishment of appropriate committees for areas such as audit and remuneration;
* ensure the Board has adequate systems to monitor and address any conflicts between the Agency and the personal interests of its individual members, and
* Direct any communications between the INSS Board and the Responsible Minister; these should normally be through the Chair.
	1. The Chair is bound by the [Code of Conduct for Board Members of Public Bodies](https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies)[[2]](#footnote-2), which covers conduct in the role and includes the [Nolan Principles of Public Life](https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2).[[3]](#footnote-3)
	2. In addition, the Chair is responsible for:
	+ Ensuring, including by monitoring and engaging with appropriate governance arrangements, that the INSS’s affairs are conducted with probity, and
	+ ensuring that policies and actions support the Responsible Minister’s (and where relevant other Ministers’) wider strategic policies and where appropriate, these policies and actions should be clearly communicated and disseminated throughout the INSS.
	1. The Chair has the following leadership responsibilities:
* formulating the Board’s strategy;
* ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Responsible Minister or the department;
* promoting the efficient and effective use of staff and other resources;
* delivering high standards of regularity and propriety, and
* representing the views of the Board to the general public.
	1. The Chair also has an obligation to ensure that:
	+ the work of the Board and its members are reviewed and are working effectively including ongoing assessment of the performance of individual Board members with a formal annual evaluation and more in-depth assessments of the performance of individual Board members when being considered for re-appointment;
	+ that in conducting assessments that the view of relevant stakeholders including employees and the sponsorship team are sought and considered;
	+ that the Board has a balance of skills appropriate to directing the INSS business, and that all directors including the Chair and Chief Executive continually update their skills, knowledge and familiarity with the INSS to fulfil their role both on the Board and committees. This will include but not be limited to skills and training in relation to financial management and reporting requirements, risk management and the requirements of Board membership within the public sector;
	+ Board members are fully briefed on terms of appointment, duties, rights and responsibilities;
	+ they, together with the other Board members, receive appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice;
	+ the Responsible Minister is advised of the INSS’s needs when Board vacancies arise;
	+ there is a Board Operating Framework in place setting out the role and responsibilities of the Board consistent with the Government Code of Good Practice for Corporate Governance, and
* there is a code of practice for Board members in place, consistent with the Cabinet Office Code of Conduct for Board Members of Public Bodies.

# Management and financial responsibilities and controls

## Delegated authorities

* 1. The Chief Executive has delegated authority as recorded in the BEIS Delegation of Financial Authority document, summarised as follows:
* Primarily responsible for securing financial authority, for preparing budgets and exercising budgetary control and for general financial matters.
* Ensuring that authorised, sub-delegated authorities are properly used.
* Ensuring that novel, repercussive and contentious cases will be detected and referred to the Finance Director and Chief Executive and handled in line with the Delegations Document, consulting with BEIS and HM Treasury as appropriate.

	1. A letter detailing the Chief Executive’s delegated authorities will be provided by BEIS. The Chief Executive may sub-delegate their authorities in writing to appropriate, named individual staff within the INSS. In line with Managing Public Money Annex 2.2 these delegations will be reviewed on an annual basis.
	2. At all times the delegations are subject to general finance requirements, policy, procedures and guidance set out by BEIS. The INSS will consult appropriately within BEIS before making financial commitments not covered by these requirements.
	3. The INSS will 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 and in accordance with the Treasury guidance Management of Risk: Principles and Concepts.
	4. The INSS shall obtain the department’s and where appropriate HM Treasury’s prior written approval before:
	+ entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in the INSS’s annual budget as approved by the department;
	+ incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications;
	+ making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the department;
	+ making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required; or
	+ carrying out policies that go against the principles, rules, guidance and advice in Managing Public Money.

## Spending authority

* 1. Once the budget has been approved by the sponsor department, the INSS shall have authority to incur expenditure approved in the budget without further reference to the sponsor department, on the following conditions:
	+ the INSS shall comply with the delegations set out in the delegation letter. These delegations shall not be altered without the prior agreement of the sponsor department and as agreed by HM Treasury and Cabinet Office as appropriate;
	+ the INSS shall comply with Managing Public Money regarding novel, contentious or repercussive proposals;
	+ 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, and
	+ the INSS shall provide the sponsor department with such information about its operations, performance, individual projects or other expenditure as the sponsor department may reasonably require.

## Banking and Managing Cash

* 1. The INSS must maximise the use of publicly procured banking services (accounts with central government commercial banks managed centrally by Government Banking).
	2. The INSS should only hold money outside Government Banking Service accounts where a good business case can made for doing so and HM Treasury consent is required for each account to be established. Only commercial banks which are members of relevant UK clearing bodies may be considered for this purpose.
	3. Commercial Accounts where approved should be operated in line with the principles as set out in Managing Public Money.
	4. The Accounting Officer is responsible for ensuring the INSS has a Banking Policy as set out in Managing Public Money and ensuring that policy is complied with.

## Procurement

* 1. The INSS shall ensure that its procurement policies are aligned with and comply with any relevant UK or other international procurement rules and in particular the Public Contracts Regulations 2015.
	2. The INSS shall establish its procurement policies and document these in a Procurement Policy and Procedures Manual.
	3. In procurement cases where the INSS is likely to exceed its delegated authority limit, procurement strategy approval for the specific planned purchase must be sought from the Department’s sponsor team.
	4. Goods, services, and works should be acquired by competition. Proposals to let single-tender or restricted contracts shall be limited and exceptional, and a quarterly report explaining those exceptions should be sent to the Department.
	5. Procurement by the INSS of works, equipment, goods, and services shall be based on, a full option appraisal and value for money (VfM), i.e. the optimum combination and whole life costs and quality (fitness for purpose).
	6. The INSS shall a) engage fully with Department and Government wide procurement initiatives that seek to achieve VfM from collaborative projects, b) comply with all relevant Procurement Policy Notes issued by Cabinet Office and c) co-operate fully with initiatives to improve the availability of procurement data to facilitate the achievement of VfM.
	7. The INSS shall comply with the Commercial [[[4]](#footnote-4)] and Grants Standards [[[5]](#footnote-5)]. These standards apply to the planning, delivery, and management of government commercial activity, including management of grants in all departments and ALBs, regardless of commercial approach used and form part of a suite of functional standards that set expectations for management within government.

## Risk management

* 1. The INSS 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, and develop a risk management strategy, in accordance with the Treasury guidance Management of Risk: Principles and Concepts[[6]](#footnote-6) .

## Counter Fraud and Theft

* 1. The INSS should adopt and implement policies and practices to safeguard itself against fraud and theft.
	2. The INSS should act in line with guidance as issued by the Counter Fraud Function and in compliance with the procedures and considerations as set out in Managing Public Money Annex 4.9 and the Counter Fraud Functional Standard. It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter a contract or to provide grant or grant-in-aid.
	3. The INSS should keep records of and prepare and forward to the department an annual report on fraud and theft suffered by the INSS and notify the sponsor department of any unusual or major incidents as soon as possible. The INSS should also report detected loss from fraud, bribery, corruption and error, alongside associated recoveries and prevented losses, to the counter fraud centre of expertise in line with the agreed government definitions as set out in Counter Fraud Functional Standard.

## Staff

#### Broad responsibilities for staff

* 1. Within the arrangements approved by the Responsible Minister and HM Treasury, the INSS will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:
	+ the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement are based on merit: there is no discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
	+ 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 INSS 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 INSS’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 are in place, and
	+ the Civil Service Code and the Civil Service Management Code apply to Civil Servants who work for the Agency. All staff should be aware of the provisions of the Civil Service Code, which forms part of their terms and conditions of employment.

#### Staff costs

* 1. Subject to its delegated authorities, the INSS shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.
	2. The Chief Executive will ensure that appropriate mechanisms are in place to facilitate the effective management and development of staff and has the authority to determine associated non-pay spend on learning and development and recruitment.
	3. The Chief Executive is responsible for establishing and keeping under review the INSS’s management structure and implementing any changes which may affect employee numbers. This should take due account of options for sharing services across BEIS and the Civil Service.
	4. The Chief Executive has the freedom to create and re-grade posts below SCS and, subject to any centrally required processes (such as the Civil Service Commissioners recruitment principles), to make appointments (including temporary, substantive or personal promotions) to such posts.
	5. In the Senior Civil Service all appointments (including temporary, substantive and personal promotions) and transfers to and from posts within the INSS will be carried out observing the requirements and processes imposed by the Civil Service Commissioners, employment legislation and in consultation with BEIS and/ or the Cabinet Office as required.

#### Pay and conditions of service

* 1. The INSS’s staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by the sponsor department and the Treasury. The INSS has no delegated power to amend these terms and conditions.
	2. If Civil Service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the staff and to any other party entitled to payment in respect of travel expenses or other allowances, payment shall be made in accordance with the Civil Service Management Code[[7]](#footnote-7)  and the annual Civil Service Pay Remit Guidance, except where prior approval has been given by the department to vary such rates.
	3. Staff terms and conditions should be set out in an Employee Handbook, which should be provided to the department together with subsequent amendments.
	4. The INSS shall abide by public sector pay controls, including the relevant approvals process dependent on the organisations classification as detailed in the Senior Pay Guidance [[8]](#footnote-8)and the public sector pay and terms guidance[[9]](#footnote-9).
	5. The Chief Executive has delegated responsibility for pay and grading arrangements for employees below the SCS. This includes determining pay and reward arrangements which best meet the business needs, within the general pay structure approved by the sponsor department via the pay remit, and which are consistent with HM Treasury’s pay remit guidance, Cabinet Office protocols and public sector pay policy.
	6. The Chief Executive is responsible for agreeing the Pay Remit with BEIS, consistent with HM Treasury’s pay remit guidance, Cabinet Office protocols and public sector pay policy.

* 1. The travel expenses of Board members shall be tied to departmental rates. Reasonable actual costs shall be reimbursed.
	2. The Chief Executive is accountable for all matters of health and safety associated with the Agency’s business activities and will ensure that resources, structure, and arrangements are adequate for delivering effective performance.

#### Pensions, redundancy and compensation

* 1. Compensation scheme rules and pension scheme rules should reflect legislative and HM Treasury guidance requirements regarding exit payments and comply with Cabinet Office controls on redundancy and compensation.
	2. The INSS’s staff shall normally be eligible for a pension provided through the standard Civil Service pension arrangements. Staff may opt out of the occupational pension scheme provided by the Civil Service but the employers’ contribution to any alternative personal pension arrangement, including stakeholder pension, shall normally be limited to the national insurance rebate level.
	3. Any proposal by the INSS to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the department. Proposals on severance must comply with the rules in chapter 4 of Managing Public Money.

* 1. Early retirements or redundancies will be subject to appropriate Cabinet Office/ HM Treasury clearance and will be planned in consultation with BEIS.
	2. Such action needs to comply with the Civil Service Compensation Scheme arrangements and related Redeployment and Redundancy policies.

**Whistleblowing, employee relations, personnel records and health and safety**

* 1. The Chief Executive is responsible for ensuring that all cases involving disputes in the workplace, including those made by the Chief Executive or members of the Senior Civil Service, are properly and reasonably considered in line with the INSS’s procedures.
	2. The Chief Executive will ensure that the INSS’s raising a concern procedures are consistent with applicable legal requirements.
	3. The Chief Executive will ensure that the Agency develops a programme of action on equal opportunities and valuing diversity which is consistent with central government guidance and other statutory requirements.
	4. The Chief Executive is responsible for maintaining good employee relations within the Agency. In exercising this responsibility, the Chief Executive will set up suitable arrangements in consultation with representatives of the staff.
	5. The Chief Executive will co-operate with Departmental consultations with staff representatives on matters of mutual interest and will participate as appropriate.
	6. The Chief Executive is responsible for maintaining accurate personnel records for staff within his or her delegated authority and will make available to BEIS such information about staff as it reasonably requires.
	7. There will be full and timely consultation between the Agency and BEIS on all HR matters of mutual interest. Where appropriate, the Agency will participate in and contribute to Departmental activities on developments in HR.
	8. The Chief Executive will consult BEIS on matters where responsibilities are not fully delegated, and BEIS will then obtain any necessary clearances from HM Treasury and/ or the Cabinet Office as required.
	9. Similarly, it is expected that the Department will consult the Chief Executive before making changes to matters where responsibilities are not fully delegated.

# Business Plans Financial Reporting and Management information

## Corporate and business plans

* 1. The INSS shall submit annually to the sponsor department a draft of the corporate plan covering three years ahead. The INSS shall agree with the department the issues to be addressed in the plan and the timetable for its preparation. The plan shall reflect the INSS’s statutory and/or other duties and, within those duties, the priorities set from time to time by the Responsible Minister (including decisions taken on policy and resources in the light of wider public expenditure decisions). The plan shall demonstrate how the INSS contributes to the achievement of the department’s medium-term plan and priorities and aligned performance metrics and milestones.
	2. The first year of the corporate plan, amplified as necessary, shall form the business plan. The business plan shall be updated to 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 department. Subject to any commercial considerations, a digest of the corporate and business plans should be published by the INSS on its website and separately be made available to staff.
	3. The following key matters should be included in the plans:
	+ key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives;
	+ key non-financial performance targets;
	+ a review of performance in the preceding financial year, together with comparable outturns for the previous 2 years, 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 department and the INSS.

## Budgeting procedures

* 1. Each year, in the light of decisions by the department on the updated draft corporate plan, the department will send to the INSS:
	+ a formal statement of the annual budgetary provision allocated by the department in the light of competing priorities across the department and of any forecast income approved by the department, and
	+ a statement of any planned change in policies affecting the INSS.
	1. The approved annual business plan will take account both of approved funding provision where this applies 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

* 1. The INSS does not receive grant-in-aid and is funded directly from the department's own supply estimate.
	2. The Agency also receives income from HMRC to undertake administration of the Redundancy Payment Scheme, and fee-funded income for the provision of a range of services, including fees generated from work carried out on Insolvency Case administration by the Official Receiver Service.

## Annual report and accounts

* 1. The INSS must publish an annual report of the agency’s activities together with its audited accounts after the end of each financial year. The INSS shall provide the department its finalised (audited) accounts each year in order for the accounts to be consolidated within BEIS. A draft of the report should be submitted to the department two weeks before the proposed publication date. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the department as well as the Treasury’s Financial Reporting Manual (FReM).
	2. The annual report must:
	+ cover any corporate, subsidiary or joint ventures under its control;
	+ comply with the FReM and in particular have regard to the illustrative statements for an NDPB[[10]](#footnote-10), and
	+ outline main activities and performance during the previous financial year and set out in summary form forward plans.
	1. Information on performance against key financial targets is within the scope of the audit and should be included in the notes to the accounts. The report and accounts shall be laid in Parliament and made available on the INSS website, in accordance with the guidance in the FReM.

## Reporting performance to the department

* 1. BEIS and the Agency will have an open, honest and trust-based partnership supported by the principles set out in the Partnerships between Departments and ALBs: Code of Good Practice. Both parties will ensure they clearly understand the strategic aims and objectives of their partners. Both partners will also commit to keeping each other informed of any significant issues and concerns.
	2. The INSS shall inform the sponsor department of any changes that make achievement of objectives more or less difficult. It shall report financial and non-financial performance, including performance in helping to deliver Ministers’ policies, and the achievement of key objectives regularly**.**
	3. The Governance Sponsor team is the primary contact for the Agency on finance or governance matters. The BEIS policy sponsor team is the primary contact for policy issues. The sponsors support the minister and the PAO on their responsibilities toward the INSS.
	4. The INSS’s performance shall be formally reviewed by the department twice a year.
	5. In addition to routine and policy led contact between BEIS and the INSS, meetings will take place between:
* Governance Sponsor Board Member and Chair, at least once a quarter.
* Governance Sponsor Board Member and CEO, once a month, or as required.
* Policy Champion and CEO, once a month or as required.
* CEO and Governance Sponsor DG at least twice a year.
* CEO and Permanent Secretary at least twice a year, or as required.
* Governance Sponsor Board Member and the Agency’s Director of Finance & Commercial (or delegates) at least once a month.
* Others may be invited to join these meetings as required, or further meetings may be proposed according to business need.

## Information Sharing

* 1. The department has the right of access to all of the INSS records and personnel for any purpose including, for example, sponsorship audits and operational investigations.
	2. TheINSS shall provide the sponsor department with such information about its operations, performance, individual projects or other expenditure as the sponsor department may reasonably require.
	3. The Department and HM Treasury may request the sharing of data held by the INSS in such a manner as set out in central guidance except insofar as it is prohibited by law. This may include requiring the appointment of a senior official to be responsible for the data sharing relationship.

* 1. As a minimum, the INSS shall provide the department with information monthly that will enable the department satisfactorily to monitor:
	+ the INSS’s cash management;
	+ its draw-down of grant-in-aid;
	+ forecast outturn by resource headings;
	+ other data required for the Online System for Central Accounting and Reporting (OSCAR), and
	+ data as required in respect of its compliance with any Cabinet Office Controls pipelines or required in order to meet any condition as set out in any settlement letter.

# Audit

## Internal audit

* 1. The INSS will be responsible for sourcing and commissioning the internal audits required to ensure the proper and efficient conduct of the INSS’s affairs and to discharge Accounting Officer Responsibilities. These services will comply with the objectives, standards and practices laid down by HM Treasury’s Public Sector Internal Audit Standards.
	2. The Chief Executive, as Accounting Officer, will be advised by the Audit and Risk Assurance Committee.
	3. The PAO has the right to receive copies of the audit strategy, periodic audit plans and internal audit reports, including the internal audit opinion on risk management, control and governance.
	4. The INSS will continue to be subject to such financial and management scrutiny by BEIS as is necessary in order to satisfy the Principal Accounting Officer’s responsibilities.
	5. The INSS shall:
	+ Forward the audit strategy, periodic audit plans and annual audit report, including the INSS Head of Internal Audit opinion on risk management, control and governance as soon as possible to the sponsor department; and
	+ keep records of and prepare and forward to the department an annual report on fraud and theft suffered by the INSS and notify the sponsor department of any unusual or major incidents as soon as possible.
	+ Share with the sponsor department information identified during the audit process and the Annual Audit Opinion Report (together with any other outputs) at the end of the audit, in particular on issues impacting on the Department's responsibilities in relation to financial systems within the INSS.

## External audit

* 1. The INSS will be subject to external audit. This will be conducted by the National Audit Office (NAO), or their appointed contractors, in respect of finance and value for money audits required by Parliament and by other bodies appropriate to the audit of technical ability, service delivery, quality and standards.
	2. Information on performance against key financial targets is within the scope of the audit and should be included in the notes to the accounts. The report and accounts shall be laid in Parliament and made available on the INSS website, in accordance with the guidance in the FReM.
	3. The Comptroller and Auditor General (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 INSS;
* Will share with BEIS information identified during the audit process and the audit report (together with any outputs) at the end of the audit, in particular on issues impacting on BEIS responsibilities in relation to financial systems within the INSS, and
* Can, where asked, 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. Consistent with the C&AG’s independent status, the provision of such reports is entirely at the C&AG’s discretion.
	1. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the INSS 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 INSS shall provide, in conditions to grants and contracts, for the C&AG to exercise such assess 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.
	2. In the event that the INSS has set up and controls subsidiary companies, the INSS will ensure that the C&AG has the option to be appointed auditor of those company subsidiaries that it controls and/or whose accounts are consolidated within its own accounts. The INSS shall discuss with the sponsor department the procedures for appointing the C&AG as auditor of the companies.

# Reviews and Winding up arrangements

## Review of the Insolvency Service’s status

* 1. The INSS will be reviewed as part of the wider Public Bodies Reviews programme at a time determined by the department’s ministers and their PAO. The date of the next review will be in 2022.

## Arrangements in the event that the INSS is wound up

* 1. The sponsor department shall put in place arrangements to ensure the orderly winding up of the INSS. In particular it should ensure that the assets and liabilities of the INSS 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 sponsor department.) To this end, the department shall:
* have regard to Cabinet Office guidance on winding up of ALBs[[11]](#footnote-11);
* ensure that procedures are in place in the INSS 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 INSS’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, for non-Crown bodies 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, and
* arrange for the most appropriate person to sign the closing accounts. In the event that another ALB takes on the role, responsibilities, assets and liabilities, the succeeding ALB AO should sign the closing accounts. In the event that the department inherits the role, responsibilities, assets and liabilities, the sponsor department’s AO should sign.

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Signed | Eoin Parker |  | Signed | Dean Beale |
|  | Director, Business Frameworks |  |  | Inspector General and Agency Chief Executive |
| Date | 28/07/2022  |  | Date |  26/07/2022  |
| For the Department of Business, Energy, & Industrial Strategy |  | For the Insolvency Service |

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This document can be downloaded from [www.gov.uk](http://www.gov.uk)

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1. <http://civilservicecommission.independent.gov.uk/civil-service-recruitment/> [↑](#footnote-ref-1)
2. <https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies> [↑](#footnote-ref-2)
3. <https://www.gov.uk/government/publications/the-7-principles-of-public-life> [↑](#footnote-ref-3)
4. <https://www.gov.uk/government/publications/commercial-operating-standards-for-government> [↑](#footnote-ref-4)
5. <https://www.gov.uk/government/publications/grants-standards> [↑](#footnote-ref-5)
6. <http://www.hm-treasury.gov.uk/orange_book.htm> [↑](#footnote-ref-6)
7. <https://www.gov.uk/government/publications/civil-servants-terms-and-conditions> [↑](#footnote-ref-7)
8. <https://www.gov.uk/government/publications/senior-civil-service-pay-and-reward> [↑](#footnote-ref-8)
9. <https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note> [↑](#footnote-ref-9)
10. <https://www.gov.uk/government/publications/government-financial-reporting-manual-2020-21>. [↑](#footnote-ref-10)
11. <https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/690952/Public_Bodies_-_a_guide_for_departments_-_chapter_10.pdf> [↑](#footnote-ref-11)