Finance Rules Handbook

Finance, Portfolio and Performance

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Foreword

One of the essential priorities in the Strategy for the House Administration 2023-27 is to achieve value for money. We aim to ensure that our services are delivered in the most efficient and effective way, always recognising that we are spending public money. Having a clear framework that sets out financial rules and procedures plays a vital role in promoting good financial management. These rules:

- Enable us to track our performance and demonstrate our success at managing public resources and delivering value for money.
- Ensure that people know exactly what their roles and responsibilities are.
- Mean we have accurate information to inform decision-making.
- Reduce the risk of money being wasted and help to prevent fraud.
- Ensure that we can be held to account for the funding we receive, therefore demonstrating transparency to Parliament and to the public.

As public servants, we have an obligation to uphold high standards of personal integrity when managing public money. All staff have a responsibility to understand these rules and are trusted to apply them in a responsible manner, appropriate to their role.

If you have any questions about the finance rules and procedures, please contact your Team's Finance Business Partner in the first instance. If necessary, they can refer any issues needing further clarification to the relevant colleague in the Finance, Portfolio & Performance Team.

Thank you for your support in helping us to manage our public resources to a high level. Together, by working hard to follow these policies and procedures, we can demonstrate sound financial management and achieve value for money.

Vicky Rock

Finance Director

April 2024

Chapter 1
Governance

This chapter outlines how the House of Commons receives funding, how governance works at the House of Commons and the part it plays in financial management.

1.1 Legislation and Estimates

1.1.1 Legislative Background

The House of Commons Administration is overseen by the House of Commons Commission, chaired by the Speaker, under the House of Commons (Administration) Act 1978 as amended. The Commission has the power to appoint a member of staff as the Accounting Officer – usually the Clerk of the House – and delegate the day-to-day management to the House of Commons Executive Board (CEB).

Joint departments may be established under the Parliament (Joint Departments) Act 2007 to deliver services to both the House of Commons and House of Lords. The two joint departments established to date are the Parliamentary Digital Service (PDS) and the Restoration and Renewal (R&R) Client Team.

*Throughout this document and finance handbook references to '**House staff**, **House of Commons'** and **'staff of the House'** should be read to include staff of PDS and the Restoration and Renewal (R&R) Client Team. Reference to the '**House Administration'** also includes PDS and R&R Client Team.*

1.1.2 Supply Estimates

Resources (money) for running the House Administration are provided under the House of Commons (Administration) Act 1978 (as amended).

The 1978 Act allows the Commission to appoint the Accounting Officer to oversee the draw down of funds (money) from the Consolidated Fund. The Accounting Officer must ensure that all funds are used for the purposes intended by Parliament, and is personally responsible and accountable to Parliament for the use of public money. Resources are drawn down through three Estimates: The Administration Estimate, Members Estimate and Parliamentary Works Grant.

Administration Estimate

The Estimate provides expenditure relating to the general administration of the House of Commons in supporting a thriving Parliamentary democracy. This includes staff costs of the House Administration, maintenance cost of the Estate, running cost of Chamber activities. Grants from this Estimate are also provided to organisations who promote this objective. The Estimate includes income relating to letting properties, fees and other charges in connection with activities within Parliament.

Members Estimate

Relates to expenditure arising from financial assistance to Opposition parties (Short money) to support them in carrying out their Parliamentary work; the Exchequer contribution to the Parliamentary Contributory Pension Fund (PCPF) i.e. Members' pension; payroll costs of Members appointed to specific parliamentary duties, and other non-cash costs.

Parliamentary Works Grant

The Estimate pays a grant to fund the activities of the Restoration and Renewal Delivery Authority and the associated audit fees. The Estimate is accounted for jointly by the Clerks of the two Houses.

The general principles governing the management of public funds set out in these finance rules apply to all the Parliamentary Estimates. In addition, the rules also include specific guidance on the Members Estimate in chapter 5.

1.2 Corporate Governance

1.2.1 Governance Overview

What is corporate governance in the House of Commons?

It is the system by which the House Administration is directed and controlled.
It is the process by which the objectives of the House Administration are established, achieved and monitored.

Elements of good governance include:

- Clear objectives, targets and performance measures
- Effective policies and procedures
- Effective risk management
- Clearly defined roles and responsibilities
- Robust internal controls

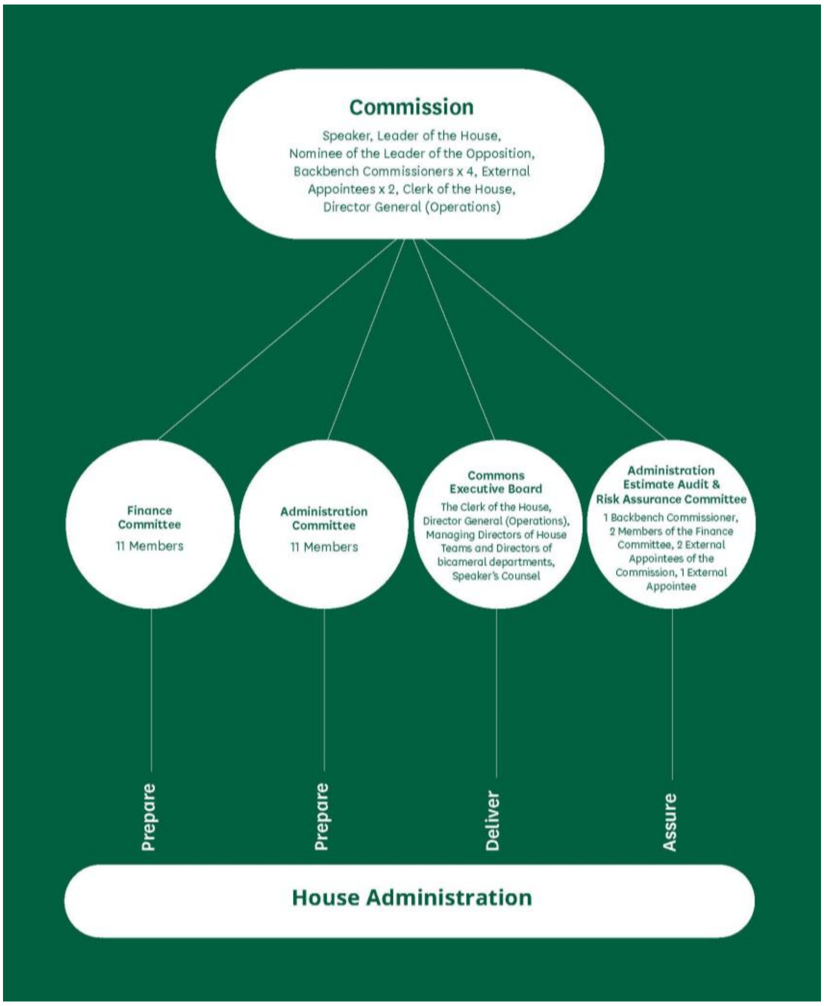
The House of Commons Commission is the ultimate authority for the administration of the House and sets strategic priorities and objectives. Day to day management of the organisation is delegated to the CEB. The Clerk of the House, as Accounting Officer, is personally responsible for the governance of the House Administration.

A code of good practice exists to guide central government departments. Where appropriate, the House follows the principles contained in the code:

- Parliamentary accountability
- Responsibility of the Board
- Board composition – balance of skills and experience
- Board effectiveness
- Risk management

1.2.2 Roles and Responsibilities

The corporate governance structure of the House of Commons Administration is shown below. The delegation framework outlines some of the decision-making powers and responsibilities.



House of Commons Commission

The Commission is responsible for the House Administration.

The Commission has the following responsibilities:

- To set the strategic priorities and objectives for the provision of services to the House, Members and to the public.
- To appoint House staff (responsibility is delegated to CEB in almost all cases).
- To ensure that the pay and grading of staff remain broadly in line with those of the Civil Service.
- To prepare and lay the Estimate for the House of Commons Administration.
- To appoint an Accounting Officer to be responsible for accounting for the use of resources.

The Commission is supported by the Finance Committee and Administration Committee.

The Members Estimate Committee, has the same membership as the Commission, is responsible for the administration of the Members Estimate.

Finance Committee

The Finance Committee considers expenditure on, and the administration of, services for the House of Commons. It has responsibility for detailed scrutiny of the Administration and Members Estimate of the House.

The Committee has the following explicit responsibilities:

- To prepare Administration and Members Estimates for submission to the Commission and Members Estimate Committee respectively.
- To monitor the financial performance of the House Administration.
- To report to the House of Commons Commission, the Members Estimate Committee or the Speaker on the financial and administrative implications of recommendations made to them by other Committees of the House.

Administration Committee

The Administration Committee considers the services provided for Members, their staff and visitors by the House of Commons Administration and makes recommendations to the House of Commons Commission, the Speaker and Officials on how those services are delivered.

The Committee has the following explicit responsibilities:

- To advise the Commission on services and facilities provided for Members, their staff and visitors.
- To interpret and amend rules in relation to day-to-day use of facilities and services, in consultation with relevant officials.

Commons Executive Board (CEB)

The CEB is delegated management of the House Administration by the Commission under the leadership of the Clerk of the House, as Head of Administration and Corporate Officer, who chairs the board. Membership of the board can be found here.

The delegation, through the Instrument of Delegation, includes:

- Fulfil the statutory responsibilities related to the employment of staff.
- Assist the Commission in setting strategic objectives for the House, and be accountable to the Commission on the delivery of the strategy.
- Assist the Finance Committee in preparation of Estimates and to carry out other functions relating to expenditure on the administration of the House.
- Direct the House Administration, deciding policy and operational issues, managing performance KPIs and driving efficient use of resources.
- Management and mitigation of risk.
- Support the Clerk, in their responsibilities as Corporate Officer, Accounting Officer and Head of the House Administration, and to support the Director General (Operations) with their responsibilities.

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

Audit Committees

The Administration Estimate Audit and Risk Assurance Committee (AEARAC) was established to support the Accounting Officer in discharging his responsibilities under the Administration Estimate, particularly with regard to the governance, risk management and internal control.

The Committee's objective is to give assurance to the Accounting Officer on:

- The effectiveness of the system of governance, risk management and internal control.
- The integrity of the Annual Report and Accounts.
- The work of the internal audit service.
- The external audit by the external auditor (National Audit Office, NAO).
- Other matters as may be referred to it by either the Accounting Officer or the Commission.

The Members Estimate Audit Committee (MEAC) with the same membership as AEARAC was established to support the Accounting Officer in discharging his responsibility under the Members Estimate, particularly in maintaining an effective system of governance.

1.2.3 Objectives, targets and performance measures

The Commission has agreed a four-year strategy, running from 2023 to 2027, developed by the CEB, for the House Administration and joint departments.

The corporate business plan sets out objectives that support our purpose – "to support parliamentary democracy by delivering excellent services to the UK Parliament". The Medium-Term Financial Plan (MTFP), which supports the strategy and the corporate business plan for the year, sets team budgets and investment spending. Details of the MTFP and annual budgeting cycle can be found in **chapter 3**. Progress against delivery of the corporate plan is monitored by CEB through a quarterly corporate performance report covering finance, HR, risk and corporate key performance indicators (KPIs) and a monthly dashboard.

1.2.4 Risk management

The risk management framework sets out the risk management policy and procedures to be followed. Risk management is an integral part of the House's system of internal control. It helps to reduce the impact of uncertainty and, therefore, potential (financial) losses to the House.

The Commons Executive Board, along with advice provided by the Risk Working Group and AEARAC, supports the Clerk in his role for ensuring the effectiveness of our system of risk management.

The framework sets out who is accountable and responsible for identifying, managing, and mitigating risks as risk owners at various levels. All staff must be familiar with this House risk framework and must adopt a risk management approach in their work.

1.2.5 Internal Control

The House has a robust governance framework to effectively make decisions, monitor performance, and assess and manage resources and risks which ensures it uses public funds appropriately.

This includes:

- CEB responsible for the day-to-day management of the House
- Independent non-executive Commission members
- An internal audit function
- An Audit and Risk Assurance Committee

The House publishes an Annual Report and Accounts (ARA) for each Estimate which reports on the Administration's performance in the preceding year. The Annual Report includes an annual Governance Statement reporting on the management of internal controls and risks during the year, which is signed off by the Accounting Officer (the Clerk). The Accounts and accompanying statements are audited annually by the NAO.

It is the role of the Clerk of the House to ensure that the House of Commons has effective risk management to safeguard, channel and record resources as intended. Internal control is a key component of this. This is so that the Clerk can properly and reasonably sign the annual Governance Statement which should provide reasonable assurance that the House of Commons has a robust governance framework.

What is internal control in the House of Commons?

It is any action, procedure or operation undertaken by House of Commons management to increase the likelihood that activities and procedures achieve their objectives. In designing a control, it is important that the control put in place is proportional to the identified risk. It can help reduce and prevent fraud and financial loss as well as ensure greater accuracy of finance accounted for in the annual accounts in accordance with laws and regulations.

Elements of good (financial) internal control includes:

- Physical security (for example, assets stored safely and securely with limited access).
- Supervisory controls including basic checks such as 'are things being done in the right way at the right time?'
- Authorisation – is appropriate financial authority obtained at the right time? For example, are signing off responsibilities clearly defined and followed?
- Segregation of duties to ensure that key functions and controls are not performed by the same member of staff (one person does not have too much responsibility or the opportunity to circumvent controls).
- Ensuring that personnel have the right skills and training to carry out their financial duties effectively.
- Random spot checks by managers of assets and financial transactions.
- A complete and secure audit trail of accounting information to ensure the integrity of the financial data.
- Monitoring management information at a strategic level to ensure that objectives reflect changing priorities
- Budgetary and other financial control.
- Independent reviews and internal audits of financial process and procedures to assess its effectiveness.

Links to related policies and frameworks:

- Delegations framework
- Risk management framework
- Commons Executive Board instrument of delegation

Chapter 2
Roles & Responsibilities

This chapter covers the expected conduct of staff, financial accountability in the House, delegation of authority and staff conduct on financial matters. It also outlines the role all staff have in the prevention of theft, fraud and malpractice.

2.1 Staff code of conduct

2.1.1 Stewardship and the Nolan Principles

As stewards of public funds, all staff must have, and be seen to have, high standards of personal integrity.

All staff are required to apply the core values of the House, including the Behaviour Code, and the general code of conduct, as set out in the Staff Handbook. Staff should also be aware of the **Seven Principles of Public Life**, also known as the **Nolan Principles**, published by the Nolan Committee in 1995. These Principles capture the key characteristics of good corporate governance, which are also integral to good financial management of public money.

Seven Principles of Public Life

SELFLESSNESS

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or their friends.

INTEGRITY

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

OBJECTIVITY

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

ACCOUNTABILITY

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

OPENNESS

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

HONESTY

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

LEADERSHIP

Holders of public office should promote and support these principles by leadership and example.

2.1.2 Managing Public Money

The Managing Public Money guidance issued by HM Treasury sets the duties and responsibilities of those handling public resources. The House is not an exception to this and has agreed to apply these principles to its administration.

2.1.3 Breach of finance rules – actions to follow

Where the House values, Staff code of conduct and Nolan Principles are not followed, this can have an adverse impact on the financial management of the House. We all have a responsibility to ensure these rules and procedures are followed so that public funds are used as intended and appropriately.

When it is identified or suspected that a breach of the finance or procurement rules have been made then the process outlined in red belowshould be followed. We have a zero tolerance approach to fraud. Section 2.3.2 outlines the actions to take when fraud is discovered or suspected.

Any breaches of the finance or procurement rules must be reported to the relevant Assistant Director of the finance business partner cluster or procurement manager.

Minor cases of non-compliance will be contacted by **Finance, Portfolio & Performance (FPP)** or **Parliamentary Commercial Directorate (PCD)** to inform them of failure to comply with the rules and will be offered further training/guidance on the correct procedure.

Where there have been any **repeated** and/or **non-minor breaches**, the Assistant Director will inform the **Director of Finance Business Partnering** who will escalate the issue further up the management chain.

Depending on the severity of the breach, disciplinary action and any required legal action will follow. Guideline on severity of breach is outlined in section 9 of Chapter 20 in the Staff Handbook.

Details on the process to follow can be found here. Please familiarise yourself with this.

2.2 Financial Accountability

2.2.1 Key roles

Accounting Officer (AO)/ Corporate Officer – Clerk of the House

The Clerk must be able to assure Parliament and the public of high standards of probity in the management of public funds and assets.

This will include the Governance Statement for the House of Commons Administration Estimate which reports on the management of internal controls of the House and how identified and emerging risks are managed during the year.

Assurance is also required on the House's governance, decision-making and financial management when considering, promoting and safeguarding the following:

- Regularity and propriety in all its transactions.
- Affordability, feasibility and sustainability of use of resources.
- Balanced approach to managing risks and opportunities.
- Effective internal controls to safeguard assets and record resources as intended.
- Timely, transparent and accurate accounts of the House's financial position and transactions, underpinning public confidence.
- A structure which transmits, delegates, implements and enforces decisions.
- Value for money across the whole of the public sector and not just the House of Commons.

Other Accounting Officer responsibilities can be found in Chapter 3 (section 3.3) of Managing Public Money.
The Clerk must personally sign the Annual Report and Accounts (ARA) and governance statement within this.

Managing Director of Finance, Portfolio & Performance – Director of Finance

It is the responsibility of the Managing Director of Finance, Portfolio & Performance (MD of FPP) to ensure the following **governance** requirements, supporting the Accounting Officer, are met:

- To provide financial leadership within the House of Commons and arm's length bodies at both a strategic and operational level.
- To ensure sound and appropriate financial governance and risk management.
- To lead, motivate and develop the finance function, establishing its full contribution to the House.
- To plan and deliver the financial framework against defined strategic and operational criteria.
- To challenge and support decision makers, especially on affordability and value for money.
- To ensure policy and operational proposals with significant financial implication are signed off by the finance function.

The **MD of FPP**, as **Finance Director**, also has the specific **financial** responsibilities:

- Co-ordination of the financial planning and budgeting processes.
- Discipline in financial management, including management of banking, debt and cash flow, with appropriate segregation of duties.
- Preparation of timely and meaningful management information.
- Ensuring that delegated financial authorities are respected.
- Selection, planning and oversight of any capital projects.
- Ensuring efficiency and value for money in the House of Commons activities.
- Management of the relationship with the Parliamentary Commercial Directorate (PCD), based in the House of Lords.
- Providing information and advice to the Administration Estimate Audit and Risk Assurance Committee (AEARAC) and Members Estimate Audit Committee (MEAC)
- Preparation of Estimates and annual accounts.
- Liaison with external auditors, Public Accounts Committees, relevant select committees and cross-government finance functions.
- Embedding finance functional standards.

Further details of Finance Director responsibilities can be found in Annex 4.1 of Managing Public Money.

Managing Directors (MDs) and Heads of Office in the House Administration

Heads of Office and MDs are individuals who receive delegation letters directly from the Clerk of the House as Accounting Officer.

As delegated by the Accounting Officer, they are responsible for:

- Following financial procedures as per the finance rules.
- Planning, monitoring and control of their delegated budgets, through engagement with their Senior Finance Business Partner, aligned to CEB priorities.
  - Funds for which they are responsible are applied only to the extent and purposes authorised by Parliament.
  - Team (resource cash and capital) expenditure and income transactions does not exceed budget or is no more than 5% below budget.
  - Accurate forecasting and financial reporting to support prioritisation and decision-making for the House.
  - Providing proper stewardship - flagging any risks and opportunities to the budget and value for money is achieved at all times.
- Management of risks, including safeguarding of assets and public funds.
- Losses of cash, stock and assets are minimised, monitored and reported.
- Procurement of goods and services in their team with the involvement of the Procurement and Commercial Department (PCD) in the House of Lords.
- Management of team Service Level Agreements (SLAs) and Memoranda of Understanding (MoU) with the House of Lords.
- Major projects and programmes are managed in accordance with the EPMO framework – governance and finance.

Head of Office, MDs are responsible for the operation of systems, financial procedures and controls within their team.

Other responsibilities related to internal control:

- Reviewing and implementing key actions arising from assurance feedback reports.
- Responding to internal and external audit findings and implementing agreed management actions.

They must provide Accounting Officer and MD of FPP with:

- Assurance on governance, risks management and internal control, flagging any key issues and concerns.
- Evidence that systems, procedures and controls are operating effectively.
- Explanations of any lapses in systems and procedures.
- Commitment to improving procedures and control where necessary.

Managers (and requisitioners) with delegated finance responsibilities

This includes all managers and other staff with delegated financial responsibilities such as financial approvers (budget holders) and requisitioners.

- Support the team Business Management Director (BMD) or equivalent with the delivery of the annual budgeting and financial monitoring process, ensuring that systems and timetables are respected.
- Report accurate and meaningful information on financial performance to specified deadlines.
- Deliver efficient management of House resources.
- Operate within the policies and procedures set out in the finance rules, ensuring staff are aware of their responsibilities for financial control, regularity and propriety.
- Follow central guidance and any local Office guidance that has been approved by the MD of FPP.
- Ensure appropriate segregation of duties, to remove the opportunity for a member of staff to circumvent controls.
- Operate within the delegated authority assigned to them, ensuring that appropriate delegations are properly recorded.
- Safeguard House assets under their control: records must be kept up to date, especially in respect of acquisitions and disposals.
- Ensure appropriate supervision of staff to check they adhere to the agreed policies and procedures.

Why?

These responsibilities will ensure:

- CEB, other boards and committees are provided with the latest and relevant financial information to inform their decision-making regarding value for money and financial management.
- Internal controls are followed to mitigate/ minimise risk to the House and public funds.

N.B. Any team specific guidance required for operational need must be signed off by the MD of FPP before it is issued.

2.2.2 Regularity and Propriety

Appropriate delegation of authority is fundamental to corporate governance arrangements.

Accountability

The personal responsibility for propriety and regularity of funds **cannot be delegated**. This responsibility remains with the **Accounting Officer**.

Authority

This can be **delegated** by the Accounting Officer.

Regularity

The use of public funds must be compliant with the relevant legislation and wider legal principles such as subsidy control and procurement law, delegated authorities and following the guidance in this document.

Propriety

Meeting high standards of public conduct, including robust governance and the relevant parliamentary expectations, especially transparency.

Evaluating the propriety of expenditure requires a high level of judgment. Expenditure should be considered proper if the answer to all the following questions is 'yes':

Seven tests of propriety of expenditure:

- Has the expenditure been incurred as intended in the House Administration's Strategy?
- Does the expenditure comply with approved procurement rules and policies?
- Will there be a valid business benefit to the organisation from the expenditure and not personal benefit to an employee?
- Is the expenditure within approved budgets, i.e. MTFP?
- Is the expenditure necessary?
- Is the expenditure reasonable; fully meeting the identified and agreed needs?
- Has the expenditure been properly authorised?

2.2.3 Delegated financial authority

What?

Authority is delegated in a way that allows decisions to be made most efficiently and actions to be taken by the most appropriate people. The number of individuals with delegated authority should be kept to the minimum required for operational effectiveness.

Authority is given to enter into commitments and to spend within predefined limits.

Who?

The **Clerk** will formally delegate the power to incur expenditure on behalf of the House of Commons to named members of staff, usually MDs and Heads of Office.

The **MD of FPP** (as Finance Director) must ensure delegated financial authorities are monitored and maintained. The MD of FPP will also receive a letter of delegation to act on behalf of the Clerk in the management of corporate, financial and other resources.

MDs and **Heads of Office** will receive a general letter of delegation setting out their authority and responsibilities, budget allocated to them and the appropriate procedures to be used and observed in delivery.
They will be responsible for ensuring that the delegated authority set out in the letter and in these rules is adhered to.

How?

The letters will be **issued**, annually, by the **Office of Executive** on behalf of the Accounting Officer at the start of the financial year.

The letters must be **signed and returned** to the Office of Executive confirming their agreement to the terms laid down within the letter.

The **Heads of Offices** may assign further financial delegations to staff within their teams with budgetary delegations. The rules and parameters are set out in this framework and supporting documentation in a formal letter. Sub delegations are subject to the approval of the MD of FPP.

Heads of Offices/ MDs must **not exceed** or spend more than their delegated budget and must **not underspend by more than 5%**. Their agreed **annual budget at period 8** (November), which may or may not have been revised, is the budget that MDs are assessed against. MDs should also surrender surplus budgets **by period 8** to ensure funds can be reprioritised to meet other emerging pressures or captured and surrendered to Treasury via the Supplementary Estimate in January.

Important points to note regarding delegation of authority within teams

Delegated authority **must not** be assigned to individuals who:

- Are not employees of the House e.g. contractors, interims, consultants or other off-payroll workers.
- Are below pay band A1 level.
- Have not attended the relevant training course (Finance for Managers).

Any delegated authority must be agreed by the MD of FPP. The limits agreed by the Accounting Officer must be adhered to.

A record of delegated financial authority is maintained and managed on the HAIS system by the Systems Accounting Team (SAT) in FPP.

For those who are assigned financial delegation:

- Duties must be adequately segregated, for example, financial approvers cannot be requisitioners (i.e. ability to both approve an order for, and confirm receipts of goods and services).

In the absence of an approver:

- For absent **delegated officers**, approval must be sought from a line manager or above with appropriate financial authority. If difficult to achieve in practice, contact the Director of Financial Management and Performance and Head of Systems Accounting in FPP for advice.
- For absent **Head of Office**, delegation of financial authority can be passed on to a direct report or nominated (acting) Head of Office. A formal memorandum of delegation for any interim period must be issued.

The House of Lords finance team must always be consulted on financial matters associated with bicameral/ shared services, which includes the planning, monitoring and control of expenditure. See **section 9.5** in **chapter 9** regarding shared services.

Members' Estimate

The Members Estimate has a separate specific delegation, further details can be found here.

2.3 Prevention of theft, fraud and malpractice

2.3.1 Theft and Fraud

Definition of Fraud

The Fraud Act (2006) defines fraud as:

- Fraud by **false representation**: committed if a person dishonestly makes a false representation and, in doing so, seeks to make a gain of money or asset or to cause a loss to another.
- Fraud by **failing to disclose information**: seeks gain through a failure to disclose information where there is a legal obligation to do so.
- Fraud by **abuse of position**: committed if a person occupies a position of trust and seeks gain through the abuse of that position (either by act or omission).

It may or may not involve theft.

Fraud deliberately circumvents an existing control or making a false representation to conceal the loss of property belonging to another.

Theft is the straightforward act of taking someone else's property or belongings without their permission, intending to permanently deprive them of it.

Both are crimes regardless of monetary value.

How does fraud occur?

There are four basic elements necessary for it to occur. These are:

- People – to carry out the fraud (individuals or groups; within or outside House of Commons)
- Assets to acquire fraudulently
- Deliberate intent to commit fraud
- Opportunity

How to identify if fraud may be taking place? – Eight early indications

1. **Extravagant lifestyle** – most common factor in detection of corrupt employees.
2. **Financial problems** – debt or from a drug, alcohol or gambling addiction.
3. **Rule breaking** – a person taking inappropriate payments will often take action themselves (or direct others to do so) to bend, break or ignore standard operating procedures/ policies.
4. **Social relationships** – with whom they have professional dealings, posing a conflict of interest.
5. **Acceptance of gifts** – an employee who accepts inappropriate gifts is often susceptible to larger payments (also see Staff Handbook chapter 18).
6. **Making excuses** – the corrupt employee will often make excuses for poor performance/deficiencies in the payer's expected performance.
7. **Genuine need** – greed is generally the motivating factor in most cases, however, legitimate pressures, such as family illness, can sometimes induce participation in illegal schemes.
8. **Work pattern** – rarely takes annual leave and works unusual office hours which are not justified by operational needs, appearing to hide things.

How can fraud be minimised?

Prevention measures:

The Administration is committed to preventing fraud and corruption from occurring and to promoting an anti-fraud culture.

In response to this, the Administration:

- Has this fraud section within its **policy and finance rules handbook** to educate staff on adopting an anti-fraud culture
- Has included fraud awareness in the Annual Essentials training
- Has a **fraud risk register** to help identify key risks, as well as develop and maintain effective controls to prevent/ minimise fraud
- Takes part in the Cabinet Office **National Fraud Initiative** (NFI)
- Takes a **zero-tolerance** stance towards fraud or corruption

    - Vigorous and prompt investigation takes place
    - Appropriate disciplinary and legal action in all cases
- Will continue to regularly **review systems, policies and procedures**
    - As part of a team's continuous improvement
    - To reduce opportunity for fraud
    - Through **internal audit** to prevent similar frauds

Detection measures:
Most instances of fraud are discovered through normal operations of control procedures and information from third parties.

Other ways in which fraud can be detected:
- Suspicion (the eight early indicators)
- Accident
- Internal/ external audit
- Confession
- Staff change

Well designed and effective internal controls are generally the best form of identifying actual or attempted frauds.

Roles and responsibilities:

Everybody in the House has a part to play in the management of fraud risk.
All staff in the House are required to:
- Act honestly and with integrity to safeguard public assets and resources for which they are responsible.
- Help look out for and detect any instances of fraud.
- Report any suspicions through the appropriate channels as detailed below in 'Actions and procedures to follow'.

The **MD of FPP** owns and is responsible for the fraud risk register and finance rules.

The **Head of Internal Audit** (IA) is responsible for investigating suspected cases of fraud.

Managers, in particular, should review systems, policies and procedures where possible to ensure they are it is designed to minimise and detect fraud. This can be achieved by:
- Segregation of duties.
- Sound system of internal control, proportional to the risk and functioning as intended. Able to identify and assess staff and contractor fraud risk and collusion.
- 'Fear factor' – risk of being caught and severity of consequences.
- Changing attitudes to fraud to an anti-fraud culture.
- Making it difficult and requiring too much effort to commit fraud.

2.3.2 Procedures and other policies

Actions to take/ Procedures to follow if fraud occurs

If theft, fraud or malpractice is discovered or suspected the following steps must be followed, with further guidance in the Whistleblowing policy in [Chapter 19 of the Staff Handbook].

Process/ procedure:

1. **Staff** must report all instances or suspicions of potential crime **immediately** to their **line manager** (or more senior manager where unable or inappropriate to report to line manager). The manager must review the position regardless of monetary value and then make the **MDs/Heads of Office** and **MD of FPP** aware on the **same working day**.
2. The **MD/Head of Office** must refer the matter to the **Head of IA** **within the same working day,** or MD of FPP if not available, for further advice if the review confirms the concerns raised.
3. If the **MD/Head of Office** is unavailable then **Deputy to the Managing Directors** of the team, **MD of FPP** or **Head of IA** should be contacted directly.
4. Any digital equipment thefts must be reported at the same time to the Parliamentary Digital Service using the online form.
5. The **Head of IA** will contact the police for full investigation in instances of theft or data loss.
    - Appropriate management action will be taken to minimise potential monetary loss or damage to the reputation of the House.

    At the same time:
    - They will flag concerns to the **MD of FPP** and **Accounting Officer** for escalation.
6. In cases where the Police have been involved, when the **Police** have concluded their investigation a report will be commissioned on lessons to be learned, including recommendations by the **Police**.
7. Management response will be required to the report. The final version should be sent to the **Head of IA** who will request timely updates on the agreed action points.

If malicious claims are made, and found to be so, then disciplinary action will follow.

The Sergeant at Arms for the House of Commons and Black Rod for the House of Lords will need to be made aware if police will need to be involved to physically investigate.

Links to other relevant policies (including Whistleblowing)

The House has a policy on Disclosing Malpractice or Impropriety. There are existing Staff Handbook policies designed to resolve concerns on:

- Disciplinary matters;

Chapter 3
Budgets, Planning & Reporting

This chapter covers the financial planning and budgeting process for the House of Commons, including PDS and R&R Client Team, and in-year budget management and reporting.

3.1 Budget overview

3.1.1 Definitions

Budgets

Simply put, a budget is an estimation of the income and expenditure for a set period of time, generally a financial year.

For the House of Commons, including PDS and R&R Client Team, the financial year spans from the **1st of April to the 31st of March**.

The budget is the amount that the House has available to spend in order to achieve its strategic goals and objectives, as outlined in the corporate business plan.

The House's budget is split between resource (current expenditure, including depreciation, and income) and capital, which captures new investment. The House of Commons receives this funding through the Estimate, which is the spending plan presented for approval each year including the amount of cash required.

Chapter 1 gave an outline of the three Estimates that the House has: Administration, Members and Parliamentary Works Grant (PWG). The Administration Estimate is relevant to all teams in the House and will be the Estimate that the budget referred to in this chapter is drawn from.

Estimates

The Main Supply Estimate is how Government departments and a number of other public bodies seek authority from Parliament for its spending each year. HM Treasury prepares and lays the Main Supply Estimate which provides funding to Government departments.

As the House of Commons does not seek authority to spend via HM Treasury, the Commons Administration's Main Supply Estimate is instead authorised by the Commission before being laid in the House, and HM Treasury are informed of our spending proposal.

Annual Estimates cycle

Estimates are voted on annually, so even if we have longer term budget plans, the Estimate is only agreed on an annual basis for each financial year.

The **Vote on Account** (VoA) is published and presented in the spring. This funding allows existing services to continue operating during the first few months of the financial year, before Parliament has voted on the Main Supply Estimate. Generally, 45% of the total Estimate for the prior year is provided unless there is a significant spending commitment* in those first few months when a larger drawdown may be required.

The **Main Supply Estimate** is laid in the House of Commons at around the start of the financial year to which it relates (usually April-May time); it details the full resource and capital budget requested and voted for the House.

The **Supplementary Estimate** is when the Administration may seek authority from the House either to ask for additional resources, capital and/or cash or to surrender funds not required. This is usually laid in the House of Commons in January/February of the current financial year.

3.1.2 Importance of budgeting and planning

The purpose of the House of Commons Administration is "to support parliamentary democracy by delivering excellent services to the UK Parliament". These services require people, finances and other assets/investments to **make Parliament happen**.

There is a finite amount of funding, whether resource, capital or cash - through public funds and tax-payers money - and capacity available to deliver the services to support parliamentary democracy (the chambers, committees and Members). Therefore, **prioritisation** and **good financial management** are key to make the most of the resources available.

This can be achieved by effective budgeting and planning to meet the objectives of the strategy, which will provide a realistic guideline as to how much can be spent and achieved within a given period, both annually and over the medium-term period (usually 3-4 years).

3.2 Financial planning processes

3.2.1 Financial plans and Parliamentary approval process

3.2.1A Medium-Term Financial Plan

The Finance Director - MD of Finance, Portfolio & Performance (FPP), supported by the FP&A team, will design and oversee the operation of a multi-year financial plan for the House of Commons that is collectively agreed and owned by the Commons Executive Board (CEB). This is known as the **Medium-Term Financial Plan (MTFP)** which includes all income, resource cash, resource non-cash and capital requirements for the House Administration.

As the House of Commons is not part of Government Spending Reviews, the planning parameters for the MTFP are set by the Commission. They set out the total amount available to spend, known as the remit, and identif areas for prioritisation. The current MTFP contains two subdivisions; within remit and out of remit.

Within remit

These are the costs arising from the general administration of the House of Commons and its activities undertaken to meet the Parliamentary objectives and associated commercial activities.

Out of remit

This is exceptional expenditure doesn't occur on a regular basis, e.g. General Election, or where a baseline cannot yet be established e.g. new services.

Anyone with financial decision-making responsibilities should flag any significant spend commitments as soon as possible to their **Finance Business Partner**, who should then inform the FP&A team in time for the autumn challenge meeting and internal agreement of the in-year supplementary estimate and following year's VoA and Main Estimate.

The **MTFP** is presented to the **Commons Executive Board** (CEB) for review for prioritisation and strategic alignment. The MTFP is then scrutinised by the **Finance Committee** where the committee, if it agrees, recommends the MTFP to be reviewed by the **Commission** to approve the financial plan.

Although the Commission approves the House of Commons MTFP only, there are teams which provide bicameral services and therefore have bicameral costs associated with it.

Teams must provide the FP&A team with the House of Lords share of the costs, within the MTFP workbook. This will help the team to share information with the House of Lords for their planning and budgeting of expenditure for the financial period(s) covered by the MTFP. It will also form part of the letter of delegation of MDs with bicameral services.

3.2.1B Medium-Term Investment Plan

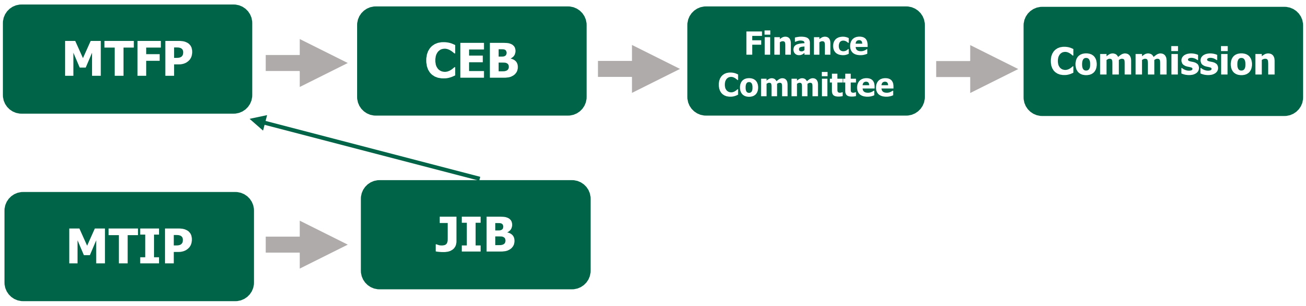
The **Medium-Term Investment Plan** **(MTIP)** is a subset of the MTFP, but unlike the MTFP, it is bicameral plan. It focuses on the proposed investments (projects and programmes) across Parliament .

The Joint Investment Board (JIB) set the investment priorities. Teams then develop their plans in line with these priorities, balancing the finite capacity across the organisation and the Estate to deliver projects and programmes successfully. JIB review these plans, which become the MTIP. This is then included within the MTFP recommendation to **CEB**, **Finance Committee** and then the **Commission**, with a parallel route in the Lords.

Teams must ensure that whatever is input into the MTIP is reflected in the MTFP workbook, otherwise funding will not be available even if the project/programe is approved in the MTIP.

Speak to your Finance Business Partner if there is uncertainty over the categorisation of resource or capital costs within the MTFP or MTIP.

MTFP and MTIP approval route



3.2.2 Planning Timelines

Every **3-4 years**, the House will run a **full financial planning exercise** where the financial remit is set for the following 3-4 years via the **MTFP** and **MTIP**.

During the intervening years, teams are required to manage expenditure within their budget, flagging any risks or opportunities to their FBPs at the earliest opportunity. There is also an annual exercise and Challenge meetings to collate these risks and opportunities across all teams. Teams should provide these detail on budgetary pressures and surpluses (including RAG status) on resource and capital expenditure and income, via the team-level risks or opportunities return.

Only **unavoidable pressures** that cannot be met from the team's existing budgets through reprioritisation will be considered for funding. The MD of FPP will make recommendations to CEB on which pressures to prioritise for funding. The AO scrutinises and approves the funding recommendation.

3.2.2A Developing the detailed team budgets

Once the financial plans and budget envelope have been signed off by the Commission, teams will prepare the detailed team budget plans for loading onto HAIS, fully reconciled by March.

The budget loaded on the finance system must match the control totals across the categories; income, staff, non-staff, non-cash and capital, as submitted and approved in the plans as well as ensuring they match the cost split between the House of Commons and the House of Lords where applicable.

.Any shortfalls at this stage must be absorbed as a risk to the budget by individual teams. Any excess should be returned to the central provision.

Teams should profile their budgets to reflect when the goods, services or works are expected to be consumed or received and not when cash/money is received or paid out i.e. follow accrual accounting.

Examples:

- Staff costs will generally have an even monthly profile where the cost of a staff member is split equally over 12 months, but this will need to be analysed for known and forecasted vacancies.
- Expenditure on conference taking place in June should have a budget for this reflected in the specific months the relevant invoices are expected to be paid.

- Budgets for quarterly invoices for ongoing insurance or subscription should be apportioned over the months associated with it, as part of an accrual accounting process.

3.2.2B Timeline for a full financial planning exercise

This timeline for a multi-year plan illustrates the financial planning timetable, however, this is subject to change year-on-year.

Actions	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR
Central Planning & Remit setting												
Team Planning												
Team submissions												
Challenge meetings												
CEB, Finance Comm. and Commission approvals												
Estimate preparation and approval												
Budget loading												

3.3 In-year budget management

Once budgets have been set and approved, the MD and/or Head of Office is provided with a delegation letter outlining their budget and responsibilities for that financial year. Details of this are set out in chapters 1 and 2 of this document.

3.3.1 Forecasting and Timetables

Teams should regularly review their budget, forecast and spend to date with their **Finance Business Partner** and provide narrative for significant variances including risks and opportunities to CEB via the Financial Monitoring Report (outlined in section 3.4).

If there are known changes, for example there are leavers or joiners, or there are changes in risk or delays, then teams should amend their forecast to reflect the latest information and activity.

A monthly timetable of the deadlines and activities for the month end cycle is provided to the Finance Business Partnering team by the FP&A team at the start of each financial year.

3.3.2 Budget virements and central provision

When **unforeseen** pressures or **exceptional** items arise then teams should follow these steps:

1. Absorb the costs by balancing any variances within the team. Budget virement may be used to move budget between their own directorates.
    a. MDs can authorise virements of up to £100,000 without further MD of FPP approval within the same control total, e.g. moving staffing budget between teams. Such requests are submitted to HOCbudgets@parliament.uk.
    b. Any virement between pay and non-pay budgets must be agreed by the MD of FPP.
2. Find savings from existing budget by reprioritising – pausing or delaying less critical activities.
3. Request a drawdown from central provision (contingency) as a final resort.

In exceptional circumstances transfers from resource to capital budget will be considered and require approval from the MD of FPP. Transfers from capital to resource budget are **not permitted**.

Requesting resource and capital virements from the contingency within the central provision will only be considered in exceptional circumstances and require approval from the MD of FPP. Teams will need to make a case stating that pressures cannot be absorbed within the current team budget. Once team MD/ Head of Office and MD of FPP approval is obtained, all virements should be submitted to the HOCbudgets@parliament.uk inbox to be processed by the FP&A team.

Teams must notify the **House of Lords finance team** (Finance Director and Head of Finance Business Partnering) on any changes to **bicameral** budgets.

For further details, please review the Budget Virement and Central Provision policy.

3.4 Financial management reporting

As noted in section 3.3, MDs are delegated responsibilities for their budgets and are assessed on their performance in managing their budgets.

The Financial Monitoring Report (FMR) is shared with CEB on a monthly basis. The FMR assesses and comments upon the House's forecast resource and capital spend against budget, highlighting significant variances at team level.

The **FMR** is used by **CEB** to review the financial position and performance of the House's Administration Estimate, and where relevant, make recommendations in relation to financial management decisions. CEB review and discuss a deep-dive version on a quarterly basis.

Teams, through their **Finance Business Partner**, provide the FP&A team with commentary on spend to date, forecast, risks and opportunities. This information helps CEB understand and review the House's financial position and outturn for the year. MDs are responsible for their forecast and must ensure they are satisfied these are accurately reflected in the finance system which is the data source for the report.

The quarterly **MTIP finance report** sent to **JIB** provides the board with the financial performance against the MTIP resource and capital budget. It also provides a resource and capital forecast of the portfolios for projects and programmes.

Links to relevant policies and forms:

- Budget Virement
- Central Provision
- Planning & Forecasting forms
- Information for budget holding managers

Chapter 4
Business Cases, Projects & Programmes

This chapter outlines the financial authorisation process for business cases, projects & programmes which complements the Business Case Guidance produced by the Enterprise Portfolio Management Office (EPMO).

4.1 Why do we need a business case?

4.1.1 Overview

Projects and programmes require significant investment of time, money and resources. A business case provides the approvers with the information they require to assess the business need, viability and affordability of a project or programme.

A business case is required for a decision to invest in a change to operations, services, supplies, a project, a programme or when new funding is required.

What is a business case?

A **business case** provides justification for undertaking a change in operations, project or programme.

They essentially outline the why, what and how of the project and programme.

- **WHY** – strategic need
- **WHAT** – the best option and route
- **HOW** – delivery details

The House follows the Treasury guidance from the Green book, which applies the **Five Case Model** (Strategic, Economic, Commercial, Financial and Management).

4.1.2 How business cases support financial management

As noted above, a business case provides justification for a project or programme. Each section within the business case contributes to evaluating in financial terms how the project or programme meets the strategic objectives of the House by considering:

- Value for money
- Affordability
- Use of resource
- Capacity and constraints – deliverability

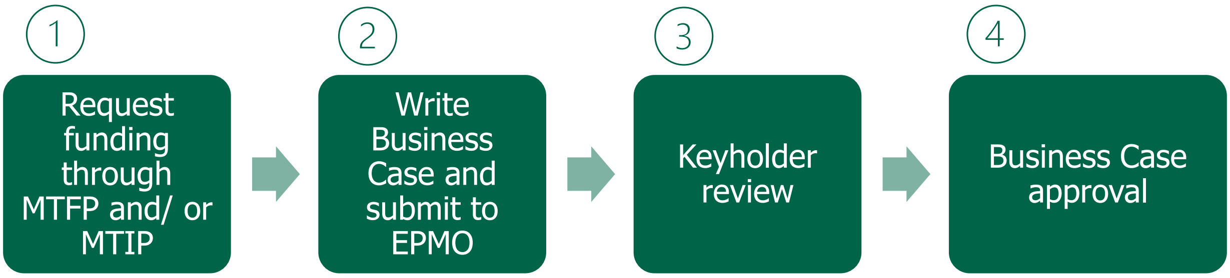
4.2 Initial approval process - Financial

4.2.1 <u>Business case process</u>

Before starting any business case, engagement with the EPMO team is essential to point you in the right direction and ensure the correct process is followed.

EPMO have developed business case guidance which has comprehensive details on the approach used by the House. This section will focus primarily on the financial element of the business case and subsequent approvals process.

4.2.1A General process for each stage of the business case



Although the project or programme may have funding approved in the MTIP (Medium-Term Investment Plan) and MTFP (Medium-Term Financial Plan), the funding will not be available for use for the project or programme until the business case is approved. The approval route depends on the value of the business case and is set out in section 4.3.

It should also be noted that a project or programme will not normally be approved if there is no funding in the MTIP.

4.2.1B Commercial case

It's best practice to fill out the Commercial Request Form when you start to write your business case, as Procurement Commercial Directorate (PCD) can help you develop commercial options which will achieve best value for money, as well as advise on timelines for the procurement itself.

4.2.1C Economic and Financial case

The **Economic** case will assess the optimisation for value for money and should demonstrate best value from different options.

The **Financial** case will review the affordability of the project and programme and determine if there is sufficient funding available in reference to the MTFP. If bicameral, this should be affordable for both Houses.

The financial case should include whole-life costs of the project or programme including the running costs post-completion. Accuracy of financial figures in the business case should be signed off by your **Finance Business Partner** before submission.

For further details on specifics to include, see the Business Case Guidance.

4.2.1D Post business case approval

Separate authorisation and approvals still apply to the contracts/procurement and expenditure related to the project or programme. The authorisation limits and approval processes for purchasing are highlighted in **chapter 5 – purchasing**.

4.3 Authorisation limits

The authorisation thresholds for projects and programmes (and business cases) are based on total cost to both Houses including VAT where it is non-recoverable. For advice on VAT recoverability, contact the [Head of Financial Services](). If bicameral, sign off is required from both Houses.

Any category A projects and novel investments will still require approval by the Accounting Officer. The Finance Committee review and comment on Strategic Estates projects above £25m and for all other projects above £10m following Clerk approval.

Budget holder(s) can sign off if included in MTIP (including projects listed in the budget pipeline for SE) and affordable across the overall portfolio when project is in deficit, MD will sign it off, otherwise Budget holder(s) plus Finance Director(s).

4.3.1 Estates portfolio

Whole-life cost	Authoriser(s)	Evidence/ Business case
Maintenance works – up to £100,000	Director of Parliamentary Maintenance Services*	Valid project request form
Feasibility studies or Start-up costs – up to £100,000	Directors of Property & Asset Strategy and Project Delivery	Initial funding request
£100,000 to £250,000	Managing Director (MD) of Strategic Estates (SE)[1]	Short form business case (SFBC)
£250,000 to £1 million	**If in MTIP:** MD of SE (HOC) and Director of Facilities (HOL)[1] **If not in MTIP:** As above, **and** Finance Director(s)[1]	**Up to £500,000** – SFBC **£500,000 to £1 million** – Business Justification Case (BJC)
£1 million to £10 million	MD of SE (HOC) and Director of Facilities (HOL) **and** Finance Director(s)	**Projects** – Strategic Outline Case (SOC) then Outline Business Case (OBC) then Full Business Case (FBC) **Programmes** – Strategic Outline Programme (SOP)
Over £10 million	As above, Clerk of the Parliaments (HOL) and either Clerk of the House (HOC) and/or Director General House of Commons (Operations)	

*Deputy Directors authorised to approve. Limit to be reviewed in 2024.

[1]Director of PMST (including deputy directors) can approve up to £500,000 for Parliamentary Maintenance Services.

4.3.2 Digital, Security, and other services and supplies

Whole-life cost	Authoriser(s)	Evidence/ Business case
Up to £500,000	**If in MTIP or budgeted** – Head of Office/ MD **If not** – Head of Office/ MD **and** Finance Director(s)	BJC
£500,000 to £5 million	Head of Office/ MD **and** Finance Director(s)	**Projects** – (SOC) then (OBC) then (FBC) **Programmes** – SOP
Over £5 million	As above, Clerk of the Parliaments (HOL) and either Clerk of the House (HOC) and/or Director General House of Commons (Operations)	

4.3.3 Additional Finance Committee engagement

The **Accounting Officer** must consult **Finance Committee** on any **new activities** that meet the threshold below before any commitments to expenditure.

Spend Area	Scope and Approval Limit for new activity
Consultancy	Any scheme that will have consultancy expenditure (non-estate maintenance) that exceeds £2.5 million.
Digital & Technology	Investments in digital systems, software or other technology that exceeds £10 million.
Estate maintenance (project and programmes)	Projects and programmes that address issues within the Parliamentary Estate where the investment costs exceed £25 million for projects and £50 million for programmes.
Property Acquisitions	All property acquisitions where the whole life cost of acquisition (lease or freehold) exceeds £10 million.
Novel or Contentious	Transactions that are novel, contentious or set a precedent (as defined in HM Treasury's Managing Public Money) and exceed £50k, or alternatively activities that will have a considerable impact on Members.

4.4 Change control and approvals

4.4.1 Change Control (CC)

As noted in the Change Control Framework produced by EPMO, projects and programmes are likely to incur changes through its life that can arise from internal and external factors.

Change control is a way of managing change requests in line with HM Treasury good practice. They seek to identify and assess the total impact of change so that approved changes ensure the project/programme remains contractually compliant, and changes to schedule, budget and scope are recorded and agreed.

4.4.1A Main objectives of change control

- Manage each change request from initiation through to closure (approval or rejection) – initiate, record, assess, approve/resolve;
- Properly enact the change in accordance with the terms and conditions of the contract;
- Communicate the impact of change to the appropriate audience;
- Allow minor changes to be managed speedily and efficiently;
- Proceed with change requests based upon direction from appropriate authority;
- Ensure compliance with the Procurement Contract Regulations 2015 and other relevant legislation.

4.4.1B When is it used?

The change control process is used when project/programme and/or contractual changes need to be made if it is deemed necessary to change the scope, time or cost of one or more previously agreed project deliverables.

Most changes will affect the budget and/or schedule of the project/programme and may affect contractual terms.

When any changes are discovered or requested which impact the contractual terms and project deliverables then the Change Control Framework must be used and the Commercial Request Form (CRF) must be completed. PCD must always be engaged through the CRF as soon as it becomes clear that a contract may be affected by a change control request.

4.4.2 Change Control (CC) or Business Case update?

Some changes that require approval can be managed through the change control process, but others may need a full business case update to be re-approved.

If the case for the project and/or the preferred option is affected by the change, then a **business case** update and reapproval is required – use an **Addendum**.

Otherwise use the **CRF** to make a change control. Further information can be found in the Change Control Framework.

The tolerances set for approval can be found on the matrix on the next page, section **4.4.2A**.

Ensure your contract manager, **Finance Business Partner** and budget holder are included in this process.

4.4.2A Change control approval matrix

The approval thresholds in section 4.3 apply, and are cumulative and not incremental i.e. previous total plus change.

Non-discretionary changes: Essential to realise business case benefits (including completion of the project/programme). For instance, where generated by design development, discovery, statutory compliance. These may also realise additional benefits where this is not adding to the cost of the change.

Discretionary changes: Achieve additional benefits to the business case but are not essential to the completion of the project/programme. For instance, enhanced specifications, additional amenity or functionality.

Impact	Cumulative Change	Non-Discretionary	Discretionary	Method
Cost	No change to business case value, use of Risk/Optimism Bias (R/OB) budgets (Category B projects)	SRO[1], PCD & Delegated budget holder[2]	SRO, PCD & Delegated budget holder	Formal Change Control
	No change to business case value, use of Risk budgets identified in Business Case (Category A projects)	SRO, PCD & Delegated budget holder	SRO, PCD & Delegated budget holder	Formal Change Control
	No change to business case value, use of OB (Category A projects)	Approval for access to OB follows business case delegation levels. PCD	Approval for access to OB follows business case delegation levels. PCD	Formal Change Control
	Movement between financial years	SRO & Delegated budget holder	SRO & Delegated budget holder	Monthly Reporting, MTIP
	Increase to business case value (Category B projects)	*<2% or £100,000[3] SRO, PCD & Delegated budget holder	Original approving authority & PCD	Formal Change Control/ Business case
		*>2% or £100,000[3] Original approving authority & PCD		
	Increase to business case value Category A projects	Original approving authority		
	Decrease to business case value	SRO & Delegated budget holder	SRO & Delegated budget holder	Formal Change Control
Time	No change	Project Manager/Leader	Project Manager/Leader	Monthly reporting
	Increase to programme milestones in business case	<10% -SRO	Original approving authority & PCD	Formal change control/ Business case
		>10% - Original approving authority & PCD		

[1] Senior Responsible Officer (SRO) or Project Executive
[2] Corporate business case delegations only – those with delegated authority
[3] Lower of

Impact	Cumulative Change	Non-Discretionary	Discretionary	Method
		R/OB in excess of p50[4] - zero tolerance - Original approving authority & PCD		
	Decrease to programme milestones in business case	Project Manager/Leader	Project Manager/Leader	Change control
Benefits	No change	Project Manager/Leader	Project Manager/Leader	Monthly reporting
	Increase to business case benefits	Project Manager/Leader	SRO	Formal Change Control
	Decrease to business case benefits	SRO	Original approving authority	Formal change control/ Updated Business case

4.4.2B Budget virements

The impact of increases in delivery cost in-year on the programme or portfolio as a whole will be managed by the Strategic Estates or Digital programme budget managers and any virements agreed by JIB, subject to affordability within the SE and PDS portfolios. **Note:** the virement policy for the investment plan applies to individual projects within the approved MTIP i.e. virements between these programmes and project must be approved by Joint Investment Board (JIB). JIB approval may be retrospective to prevent delay.

Related policies, procedures and forms

- Business Case Guidance
- Change Control Framework
- Commercial Request Form

[4] P50 is a time and budget allowance which the projects have a 50% chance of delivering within.

Chapter 5
Purchasing

This chapter outlines how goods, services or works can be purchased and the authorisation required before expenditure can be incurred. **Staff and Teams incurring expenditure on bicameral services** must check that the requirements of both Houses are met before proceeding and managing transactions.

5.1 Buying goods, services or works

5.1.1 <u>Budget approval</u>

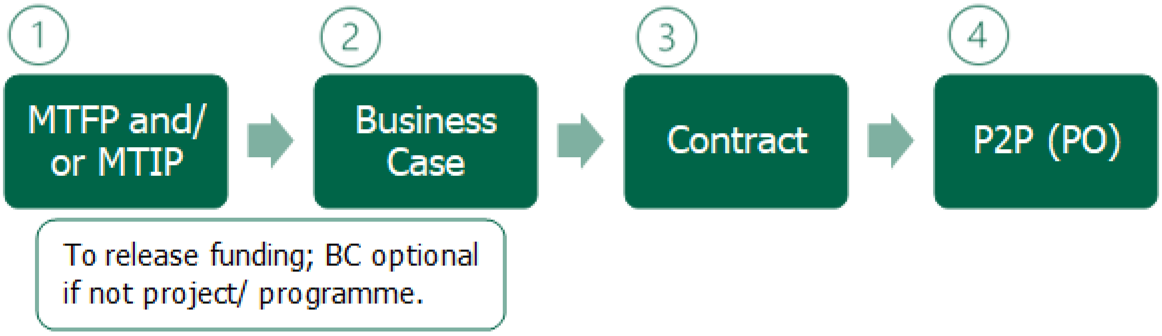
For any activity requiring the purchase of goods, services or works, the team must initially have the **necessary authorisation and budget available** before pursuing it further.

Funding, as noted in **chapter 3**, must be sought through the Medium-Term Financial Plan (MTFP) including for contract renewals, day to day activities and new services/ activities, and through the Medium-Term Investment Plan (MTIP) for projects and programmes.

A **Business Case** is required for a decision to invest in a change to operations, services, supplies, a project, a programme or when new funding is required. **Chapter 4** holds information on Business Cases & authority levels.

Teams must note once a business case has been approved that separate contract and financial authorisation is still required.

The below icons illustrate the steps to progress through before making a purchase.



Where there is already budget and funding available, the **Head of Office** (or **those with delegated authority from the Head of Office**) may give financial authorisation for business cases. They may also authorise the following financial expenditure through the delegated authority provided by the Accounting Officer:

- ongoing commitment
- purchase orders
- pre-approval of staff expenses
- verifying GPC expenditure
- and approval of higher value invoices for payment

The thresholds for financial authorisation of expenditure are set out below and are held on HAIS (financial system).

5.1.1A Authorisation of expenditure table

Level	Value	Authorisation required
1	**Up to £100,000**	Manager at Pay Band **A2** and above with written delegated authority from Head of Office/ MD
2	**£100,000 to £249,999**	**Head of Directorate** with written delegated authority from Head of Office/ MD ***Strategic Estates only:*** *Project Delivery, NSN:* - Assistant or Deputy Director with written delegated authority from Head of Office. *SEPMO, Business Support, Finance:* Head of Directorate with written delegated authority from Head of Office.
3	**£250,000 to £999,999**	**Head of Office/ MD**, or **Head of Directorate** with gross annual budget of £10 million or above, with written delegated authority from Head of Office.
4	**£1 million and above**	**Head of Office/ MD**

These thresholds exclude VAT but authorisers and budget holders must be aware of the full cost if VAT is not recoverable. Contact the Head of Financial Services for advice on VAT recoverability.

Authorisation will always go to **level 1** first and then one other level dependent on the amount e.g. if authorising £300,000 then **level 1** and **level 3** will need to approve.

Authority can be delegated to House employees only and not to contractors, consultants, interims or other non-payroll staff.

Property related authorisation can be found in **Annex 1** at the bottom of this chapter.

5.1.2 Procurement process

The Parliamentary Commercial Directorate (PCD) is a bicameral team of commercial and procurement experts based in the House of Lords. PCD is responsible for making sure that all procurement activities conducted by Parliament are compliant with UK Procurement Regulations and represent best value for money.

Parliament takes different approaches to procurement based on the value of the proposed contract. These are set out in the Parliamentary Procurement Rules, and summarised below.

If the contract will be worth less than £10,000 including VAT, you only need to obtain a quote from one supplier. If you're happy with the quote, you can proceed to order.

It is **your responsibility** to check that the quote you've received is good value for money. Value for money means:

The quote is a fair price.

The supplier can deliver what you need them to, in the time you need it.

If the contract will be worth more than £10,000 including VAT, PCD will support you with the procurement. To ask PCD for help, fill out the Commercial Request Form.

The earlier you tell PCD about your requirement, the better the chance that the contract will deliver the right outcome, at the right time, for the right price. The minimum time required to plan a procurement is 6 months. Without this notice period, PCD cannot guarantee the feasibility of awarding a contract in the required timeframe.

You'll need to provide evidence to PCD that you've got financial and business case approval (if required) before any procurement activity can begin.

You can read more about PCD and Parliament's procurement rules here.

5.1.3 Approvals and Procedure for Contract Signature:

- New contracts worth below £10,000 including VAT can be signed by business areas.
- New contracts worth more than £10,000 including VAT must be signed by PCD, in line with the Parliamentary Procurement Rules.

Authorisation of expenditure and financial approvals related to procurement and contracting is considered separate to commercial approvals as it represents the agreement to commit to spend. It is the requestor's responsibility to ensure all financial approvals for commercial activity are completed.

For a contract to be signed the following procedure must be followed:

1. PCD will draft and approve the award report for the procurement. This will then trigger the formal notification of bidders of the outcome of the procurement, and start the standstill period (if used).
2. At this point, the requestor can begin the process of securing financial approvals.
3. Once this is complete, evidence must be provided to PCD. When this is received, a PCD member with appropriate delegated authority will sign the contract.

5.1.4 Contract management

Regardless of the value of your contract, you should **always** ensure there is a named, trained contract manager monitoring the performance of the contract. As you're going through the procurement, you should think about relevant key performance indicators (KPIs) you'll measure to make sure the contract is delivering as expected. The contract manager will then check those measures are being met – and if they're not, work with the supplier to get the contract back on track.

You can read detailed guidance on how to manage contracts here, as well as find out what training is available to you.

Changing contracts while they're live:

You can only change contracts in specific circumstances, and you should always get PCD's support before you mention any changes you're considering to a supplier. Fill out the commercial request form to ask for help.

Contract changes worth less than 10% of the original contract value can be signed by the business. Changes worth more than 10% of the original value must be signed by a PCD member with the appropriate delegated authority.

Refer to section 4.4 in Chapter 4 for information on changes to projects and programmes.

5.2 Methods of payment

5.2.1 Types of procedures for incurring expenditure

Once a commitment has been made to purchase from a supplier, consideration needs to be given to how they will be paid. Methods of payment are listed in this section.

Procure-to-pay (P2P)

The P2P process (using Purchase Orders, also referred to as POs) is the main and preferred method that should be used to procure goods and services in most cases. This process ensures proper procurement practices are followed and orders comply with central purchasing policies.

Teams must use this method wherever possible as it usually results in better value for money (generally lower costs as VAT could be recoverable). Proper planning of expenditure and early engagement in the process will enable this to happen. Section 5.3 covers P2P in detail.

Government Procurement Card (GPC)

GPCs may be used by authorised staff when they are either away from their workplace on business or when raising a purchase order would either not be possible due to a genuinely urgent need or not provide value for money e.g. very low value items.

The use of this card is restricted to authorised staff and the card must be used in accordance with the GPC policy and guidance, which prohibits saving the card details to an online account.

Purchases made must follow the same principles and procedures as for other procurements and must be used only for business purposes.

Heads of Office should ensure cards are used in accordance with the policy and in such a way that financial controls are not put at risk. Unauthorised use of the card is a breach of the Finance Rules and will result in disciplinary action being taken.

Teams should note that invoices of £25,000 and more and GPC transactions of £500 and more are published on the Parliamentary website monthly, in accordance with the House's transparency agenda.

Petty cash, available only to the retail and catering teams, should only be used exceptionally to make immediate payment of small expenditure items which cannot be met through other means. It must not be used to reimburse travel and subsistence expenditure, nor should it be borrowed for private purposes in any circumstances. For further advice please refer to the guidance.

For any **travel expenditure**, including air and rail, the House's travel agent should be used wherever possible. The agent may be able to offer a like-for-like price match if a proposed booking is found cheaper elsewhere.

Staff expense claims should be used mainly for travel (if not possible with House's travel agent) and subsistence expenses and the reimbursement of professional subscriptions, when incurred for business need only. They cannot be claimed for something that provides the individual financial advantage. For further details on staff expense claims, please see the policy and Chapter 10 of the Staff Handbook.

Expenses are claimed online through iTrent where a digital receipt must be attached. The line manager must verify the supporting documentation (digital receipt and evidence of budget holder approval) before approving the claim.

Internal payment method
Internal sales and expenditure between teams, mainly from the catering and retail areas, must be paid for by using the FO35 internal payment form. Guidance and authorisation information for this is available here. The process is managed by the Accounts Receivable team.

5.3 P2P Payment process

This section details the steps involved in the P2P process once appropriate authorisation has been provided (as detailed in section 5.1). A diagrammatical overview & checklist can be seen in the Annex to this chapter.

5.3.1 Purchase ordering

Requisition and Purchase Order

A **requisition** is the initial internal request to buy goods, services or works which requires approval from the appropriate approver (see financial authorisation table in section 5.1.1A). In HAIS (the finance system), this number will start with '**1**' and will be 7 characters long.

A **purchase order** (PO) is a unique reference number and confirmation that the requisition has been approved. It should be provided to the supplier as official confirmation of intent to purchase goods, services or works from the supplier.
In HAIS, the number will start with '**2**' and will be 7 characters long.

Requisitions must be used to raise purchase orders for ordering all goods, services or works except for:

- Medical claims;
- Interviewees;
- Witness expenses;
- Payments in respect of GPC, Travel Office or grant-in-aid;
- Internal purchases from catering or retail for business use.

For these exceptions, a non-purchase order expenditure form (FO3 guidance) may be used and FO35 for internal purchases must be used. Any other exceptions not listed above must be agreed by the Director of Financial Management or Director of Finance Business Partnering.

The P2P/ PO process should be used in all other instances which shall be authorised in accordance with the **financial authorisation table (5.1.1A)**.

5.3.1A Requisitions

In order to be permitted to raise a requisition, the requisitioner must have attended the mandatory HAIS requisitioner course. Attendance is also required to gain access to the system.

Further guidance on requisitioning is provided on ParliNet and there is also an e-learning refresher that requisitioners can access and complete any time.

The requisition must be raised and approved **before** the goods, services or works are ordered. If there is a **contract** for the good, service or works ordered, then this must be **linked** in the requisition to track spend and hold the supplier accountable to the agreed Service Level Agreement (SLA) if there is one in place.

Advice should be sought from your Finance Business Partner on the correct product code to select for VAT purposes.

The PO must be sent to the supplier once the requisition is approved.

Requisitions and POs **must** be raised prior to ordering goods, services, or works from the supplier.

An invoice can only be registered if a valid PO is quoted on the invoice. If an invoice is received without a PO, or with an invalid PO, it will be rejected back to the supplier causing payment delays.

5.3.2 Receipting the goods, services or works

Receipting

Receipting or **Order Receipting** is an acknowledgement and confirmation that the goods, services or works requested/ordered have been delivered to a satisfactory level in accordance with the relevant agreement(s) (SLA in contract).

Requisitioner should receipt what has been received, even if partial, **as soon as** the goods, services or works are delivered to the agreed standard e.g. receipt £50 of £100 PO if only 50 pens worth £1 each are received. Receipting should be completed with **5 working days maximum**.

Benefits of receipting promptly

- Fewer delays in payment to supplier – good for supplier relationship management.
- Better financial management – for planning and reporting purposes, can see what has been committed and what is still outstanding.

When goods or services have been received, the finance system and the Accounts Payable (AP) team will know that the team which placed the order has approved the goods, services or works when the invoice arrives.

This will ensure there is a smoother process of payment as soon as the invoice is received by the AP team, meaning the invoice is likely to be paid within the **30-day payment terms** agreed.

If the invoice is **below £25,000** and **matches** both the purchase order (quoted on the invoice) and the goods, services, or works receipt, subject to minor variances, the invoice can be processed for payment by AP. This is known as the "3-way match". If either of these conditions are not met then the invoice will require further investigation and subsequent authorisation, which could add delays to payment. A workflow will be generated in HAIS when goods need to be received and/ or budget holder approval is triggered by the invoice being at or above £25,000.

Guidance on the correct process for receipting can be found on ParliNet.

5.3.2B Payment in advance of need

Payment to a supplier should not normally be made in advance of receiving goods, services or works. If a special case has been identified, then the prepayment must be agreed by the MD of FPP. Exceptions to this are:

- **Service** or **maintenance** contracts which require payment as soon as the contract starts, provided the payment is **less than £250,000**, and the service can be **called on** from the date of payment.
- **Minor** services (e.g. training course, conference bookings or magazine subscriptions) if payment is **less than £10,000**.

Interim payments may have an element of prepayment, and these should be carefully considered before authorisation. They must be genuinely linked to work completed or physical progress achieved and represent value for public funds.

5.3.2C Goods held by supplier or third party

Occasionally, goods which have been paid for by the House are retained by the supplier until needed – either due to large volume or delays in a project/ scheme. This is only permitted in very specific circumstances and advice should be sought from PCD to ensure the contract provides appropriate cover for the House.

If storage is an issue, then the House has a contract at the Off-Site Consolidation Centre where goods can be stored temporarily until required. For this, contact the Parliamentary Logistics Manager for advice.

Additionally, the House may procure the services of a third party for services such as the distribution of materials, where it is necessary to provide the third party with goods the House has paid for. The contract and/or purchase order should make it clear to all parties concerned that the legal title of the goods belongs to the House. You must always consult PCD if you need to do this.

Related policies, procedures and forms

- Procurement policies and guidance
- GPC policy
- Petty cash policy
- Supplier Management policy
- Requisitioner guidance
- Budget Holder guidance
- HAIS web training
- Financial forms
- HMRC VAT guidance for Government departments

Annex to Chapter 5

Annex 1 – Authorisations required for Property related transactions: – Acquisition and Disposal Freehold, leasehold, lease renewal or surrender, and sublets

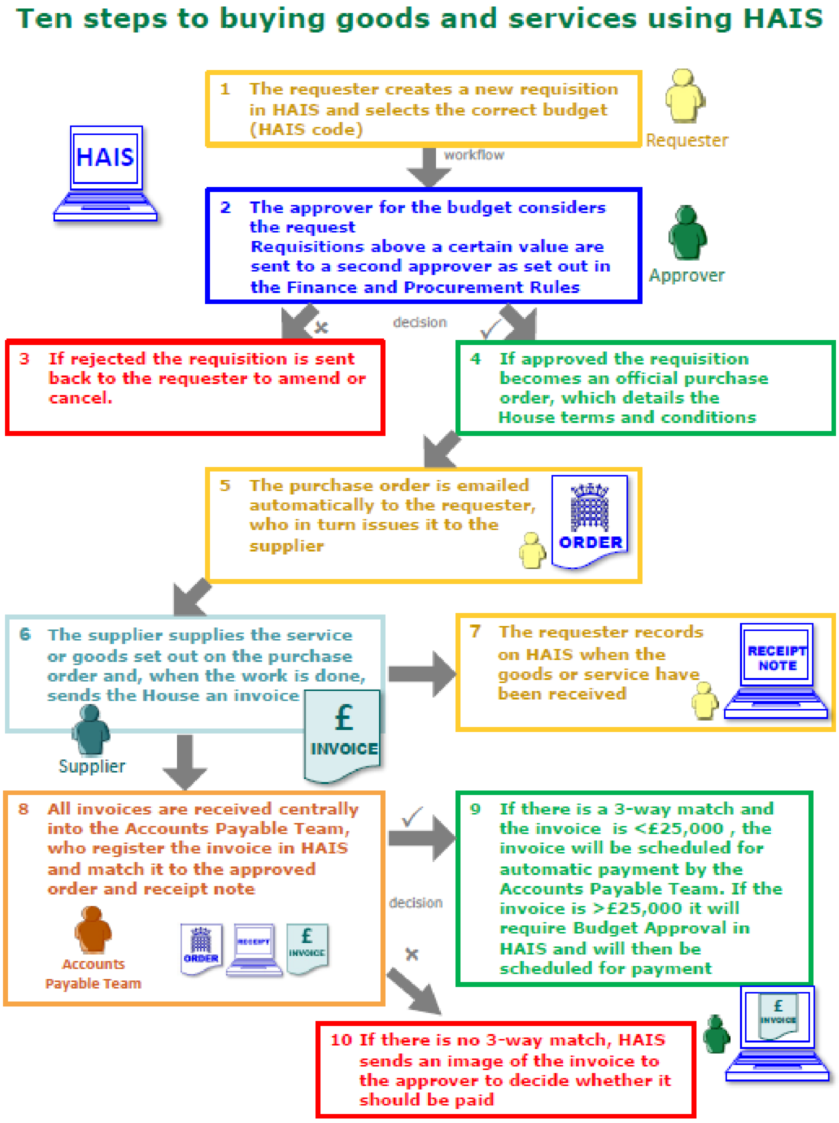
Whole-life cost	Authoriser(s)	Legal document sign-off
Up to £2 million	**If in MTIP or budgeted** – Budget Holder(s) (MDs) **If not** – Budget Holder(s) (MDs) **and** Finance Director(s)	Clerk of Parliament and Clerk of the House to delegate authority
£2 million to £5 million	MD of SE (HOC), Director of Facilities (HOL), Finance Director(s) and DG House of Commons (Operations)	Clerk of Parliament and Clerk of the House
Over £5 million	As above, plus Clerk of the Parliaments (HOL) and Clerk of the House (HOC)	

This table refers to figures which include non-recoverable VAT.

A business justification case (BJC) must be completed prior to Head of Terms being formally agreed with regards to property acquisitions. The BJC should be approved in line with the delegated limits in **Chapter 4 – Business Cases, Projects and Programmes, section 4.3**.

Consult and engage with the Financial Accounting team to correctly account for the disposal of property assets.

Annex 2 - Overview of the PO process



Annex 3 - P2P checklist

☐ **Step 1:**

Check you have budget and funding available by contacting either your budget holder or **Finance Business Partner**. Apply for funding through MTFP (and MTIP) for future years.

Budget holders and finance business partners should also check whether procurement (purchase) is necessary and intended for business use.

If you're expecting to need to procure something new, or reprocure an existing contract, complete the commercial request form.

☐ **Step 2:**

Submit a business case as per guidance in **section 5.1** and **chapter 4** if project, programme or new service and await authorisation. If not necessary, then go straight to step 3.

Business case approvers and reviewers should check whether the request is affordable, necessary and provides value for money.

☐ **Step 3:**

Procure goods, services or works (by completing the Commercial Request Form if worth more than £10,000 including VAT) and obtain a contract with authorisation from the appropriate budget holder as per authorisation table in **section 5.11**. If expenditure is expected to be less than £10,000 including VAT then you may go straight to step 4.

☐ **Step 4:**

Raise a purchase order by creating a requisition to purchase goods, services or works by following the best practice guide in **section 5.31**. For exceptions listed in **section 5.31**, use other appropriate method of purchase or GPC if better value for money.

Budget holders/ financial approver should check whether the request is appropriate, affordable and for business need against the correct HAIS code (team/ budget).

☐ **Step 5:**

Purchase your goods, services or works with the relevant and contracted supplier, if contract is applicable. Send them your purchase order number and ask them to send the invoice to hocinvoices@parliament.uk. Any enquires can be sent to accountspayable@parliament.uk.

If purchased via another method, obtain and keep the receipt (proof of payment) for your records.

☐ **Step 6:**

Work with your contract manager to ensure that the goods, services or works are delivered to a satisfactory condition. Once they are content, receipt your order as per best practice in **section 5.32**. Also, check if there is sufficient funding under the PO to cover costs. If not, further approval to add funds to the PO will be required.

If purchased via GPC, review your transaction for approval on the 5th of the following month and upload a digital copy of your receipt in doing so.

If purchased via another method, use the relevant forms or staff expenses guidance.

☐ **Step 7:**

If further approval required by the system, the budget holder/ financial approver should check and verify whether the invoice or transaction is genuine and for business need.

Chapter 6
Engaging External Resources

This chapter sets out the financial rules and procedures for using consultants, select committee advisors, interims and agency staff; complementing the People and Culture Team (PACT) 'Contractors, Consultants and Interims Policy'. It also describes the process to follow and explains assurances required relating to the employment tax status (IR35) of these engagements.

6.1 Resourcing overview and types of external

6.1.1 Staff resource requirements

Chapter 3 refers to how budgets are used to achieve the objectives of the House strategy; a key component of achieving these objectives is the staff resource used for these activities and work.

Options/ routes

There are two routes, employment or use of externals, that teams within the House can take to obtain the staff resource they need.

Employment

In most cases, where the role, skills or experience are required on a longer-term basis, teams should recruit for individuals as **employees**, with a contract of employment, through the normal recruitment process as per the recruitment policy.

Costs to consider: Salary, employer's national insurance contribution, employer's pension contributions.

Externals

Sometimes, teams within the House will require staff resource on a short-term basis, or to complete a particular piece of work where **specialist skills** are required. Where this **cannot** be recruited through expression of interest (EOIs), fixed term roles or where the skills/ experience sought will not be needed by the organisation in the future or on a longer-term basis then teams may engage with **externals**, through a procurement process.

This option may be 3 to 5 times more expensive than employment (regularly working 30+ hours a week) as a significant premium is generally factored into the cost due to specialisms and 3rd party mark-ups.

Costs to consider: Daily rate, VAT (20%)

In any instance, teams must engage with their HR Business Partner and **resource approval panel (RAP)**, or other agreed approval process for the best solution ensuring they are adhering to their workforce plan and strategy.

The process for engaging externals or employees can be found in Annex 1.

External

An external is an individual engaged by or contracted by the House of Commons administration, PDS or R&R client team who are off the payroll (paid via invoices), usually as either an interim or consultant. They will have a contract awarded by the Parliamentary Commercial Directorate (PCD).

6.1.2 Types of externals

There can be different types of externals required by teams. A brief description of each can be found below with more details in the contractors, consultants, and interims policy.

6.1.2A Interim/ Agency

An external individual filling a substantive post in the House of Commons, PDS or R&R client team on a temporary basis. They are generally used when there have been difficulties recruiting to key roles which need to be filled immediately whilst recruitment continues to take place alongside, and/ or for niche skills and expertise that is not fillable through direct recruitment and is required to deliver time-critical work.

6.1.2B Consultant

An external undertaking a bespoke piece of work that is time bound, has a defined outcome and sits outside the usual structures. They will generally provide strategic advice or help implement and set up a new service with their specialist skills.

The main differences between an interim/agency worker and a consultant are as follows:

Interim/agency

- Will not be able to send a substitute on their behalf to complete the work.
- Paid for their time (e.g. day rate) rather than product or outcome.
- Will use the premises and equipment supplied by the House.

Consultant

- Advisory nature for short term assignments with clear outputs
- Take on some risk and will supply necessary resource to complete work to required standard and deadline.

This is explored in greater detail in the IR35 section (6.22).

6.1.2C Non-Executive Director (NED)/ External board members

A NED sits on a board or committee as an **independent** member. They provide independent and strategic advice to other members of their board or committee.

The recruitment for these roles must follow a fair and open recruitment process. You must therefore engage with the **Head of Resourcing** and the **Compliance Manager** in **PACT**.

Whilst they are **not employees**, NEDs will be paid via payroll as they are an office holder and for tax and national insurance purposes are treated in the same way as employees. For further information about their tax position on expenses, contact the **Chief Accountant** for advice.

Policy on NEDs can be found on ParliNet.

6.1.3 Key contacts and individuals

The individuals or teams in the table below should be engaged with early on when looking to use externals.

Who?	For what?
Compliance Manager in PACT	Anything related to use of externals or information on the 'Use of contractors, consultants and interims' and 'NEDs and Technical Advisors' policies
Senior Finance Manager – compliance in FPP	Anything related to IR35 for the House of Commons, PDS or R&R Client Team.
HR Business Partner	First contact for discussion on potential engagement of an external
Resource Approval Panel (RAP)	First level approval of use for externals and advice on team workforce plan/strategy.
Resourcing team	Recruitment options and process.

6.2 Compliance and assurance, including IR35

6.2.1 Compliance and policies

This section will highlight the compliance required related to use of externals and how teams should provide assurance on value for money and compliance with legislation/regulations.

6.2.1A Legal obligations

- **Off-payroll rules (IR35)** may apply to the individual that is contracted as an external. If the House does not follow IR35 protocols then it may be liable for significant financial fines and penalties from HMRC as the House bears all liabilities for incorrect identification.
- **An assessment must be completed by a member of House staff for any external before they start working for the House. Assessments undertaken by the interim themselves, by an employment agency or by an organisation the interim previously worked for will not be accepted.**
- The House must obtain necessary assurance on the tax status from individuals for statutory reporting, in relation to any off-payroll arrangements. These are reported in the remuneration report of the Annual Report and Accounts.
- Agency workers gain additional rights after 12 weeks such as same working conditions as permanent employees.
- Externals gain full employment rights after 2 years.

Aside from the legal obligations, the House must demonstrate value for money from any arrangements related to the use of externals. The best way to do this is to engage with the team RAP and review the workforce strategy in place for the team and House.

6.2.1B Contractors, consultants and interims policy

This chapter supports and complements the [contractors, consultants and interims policy](). The two policies should be used alongside one another.

As per the policy, externals can be awarded a contract length of:

	Initial - max	Overall* - max
Interim	6 months	2 years
Consultant	12 months	2 years

*Overall length is calculated over multiple roles. E.g. if an interim works in Strategic Estates for 1 year and PDS for 1 year, this interim would have met the maximum contract length.

Any extensions to the **initial** contract must be authorised by the **Director General of Operations (DG)**. The 2-year limit is in place as value for money will likely diminish if any interims are contracted any longer as the employment option could have been taken.

Interims should ideally only be used for roles at grade A2 and above.

Externals must not be given any financial or delegated authority.

6.2.2 IR35 (Off-payroll rules)

6.2.2A IR35 (Off-payroll rules)

IR35 is a piece of tax legislation. The rules help determine whether a contractor (worker) is providing a genuine contracted-out service or if they are a 'disguised employee', for the purpose of paying **tax** and **national insurance.**

For each contract, the House needs to review the working practices of the worker and how they engage with House personnel, systems and procedures, to determine the employment status of the worker.

The legislation is clear - it does not matter whether a worker is engaged via a **recruitment** process or via a **procurement** process; it is the work they do when they are here and how they deliver this work, which are the determining factors.

Umbrella companies

The rules are unlikely to apply if the external is engaged through an **umbrella company** as they usually employ the individual and make the appropriate deductions for income tax and National insurance. **However, this arrangement must still be checked with the IR35 team in the House of Commons.**

An **IR35 assessment** will help to identify the employment status for tax purposes of the external (interim, agency or consultant), as either **inside or outside IR35**, which will determine what tax the external and the deemed employer (House) should pay. Note that **tax status** and **employment status** are two different things. A worker's tax status can be that of an employee even if they don't have a contract of employment.

Inside IR35	Outside IR35
Does **not** meet HMRC's definition of self-employed. External is considered an employee for tax purposes and will be **subject to PAYE & NI**.	Does meet HMRC's definition of self-employed. External is considered to be a genuine business and operates as an independent contractor.

This IR35 assessment is the responsibility of the House; the process needs to be completed <u>BEFORE</u> the worker starts at the House.

6.2.2B Responsibilities

The **line manager or recruiting manager**, if not the same person, must ensure the following:

- The IR35 questionnaire is completed and forwarded to the IR35 team.
- Compliance with relevant procurement rules.
- Request the appropriate security pass for the external – either **blue** or **yellow**.
- Have appropriate contractual arrangements in place.
- Hold a copy of the contract and any extensions in a secure area on SharePoint.
- Notify the **Compliance Manager** and **the IR35 team** before engagement and before any intended extensions. Approval is also required from the **Director General (Operations)** or the **Clerk**.

The assessment should be passed to the IR35 team in the House of Commons. They will then assess the outcome using the tools available from HMRC.

Invoices will not be paid until the IR35 assessment is complete, and working status is determined.

6.2.3 <u>Other considerations</u>

6.2.3A Contracts

As explained in **Chapter 5 – Purchasing**, whenever goods or services need to be procured, teams should engage with the **Parliamentary Commercial Directorate** (PCD). This is also applicable in the case of engaging with externals.

A procurement contract must always be in place when obtaining the services of external resources (people). PCD will provide advice on the contract wording to ensure mandatory clauses on tax assurance and security checks are included.

Once the contract is set up, seek advice from your **Finance Business Partner** and PCD contact on which product code is most appropriate (agency or consultancy). You will be provided a contract ref, either GSV (Goods, Services or Works) or INT (Interim), and this will need to be linked to the purchase order (PO).

6.2.3B Re-engagement of former employees

The House policy on the re-appointment of former staff is set out in Chapter 8 of the Staff Handbook.

Former employees should not be engaged as consultants, contractors or interims within 2 years of leaving the House. If they are required, then they must not conduct work similar to the work they conducted when they were employed by the House.

You must speak to your HR business partner for further advice before taking any action.

Their appointment in this scenario would require **explicit approval** from the **Director General** or **Clerk of the House**.

Former employees who are re-engaged as interims or consultants will be of particular interest to HMRC, especially if they left House employment through redundancy (voluntary or compulsory). Therefore, the Compliance manager in PACT and IR35 team must be notified to ensure the correct procedures are followed and the correct tax assurance is applied.

6.2.3C Construction Industry Scheme (CIS)

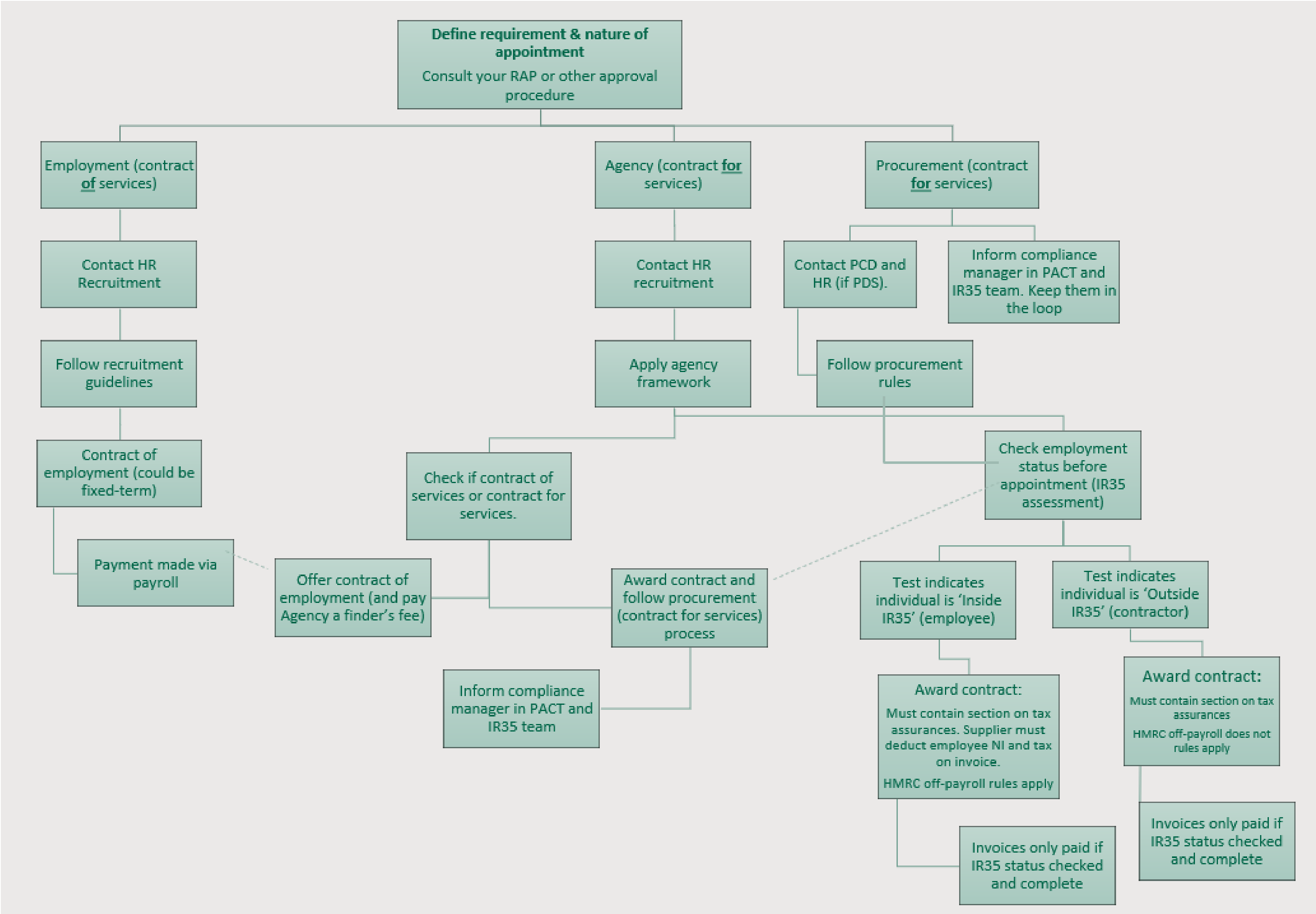
CIS sets out how payments to subcontractors for construction work must be handled by contractors in the construction industry. The House, as contractor, is obliged to register to the scheme as it employs subcontractors to carry out construction work above the average value of £1m per annum (over a three-year period). Any taxation requirements are jointly managed by Strategic Estates and Finance, Portfolio & Performance (Financial Services).

Links to relevant policies and forms:

- Contractors, consultants and interims policy
- NEDs and TAs policy
- IR35 awareness guidance
- Resourcing and IR35 questionnaire

Annex to Chapter 6

1. Engaging an external process map



Chapter 7
Income & Debtors

This chapter outlines how income needs to be managed and how any debt situations, including overpayments, are dealt with if they arise.

7.1 Income

The House provides services to external parties – visitors and external organisations – and internal teams. Examples of income for the House include catering, events, tours, rent and recharges.

7.1.1 Receiving income

Receipts and income must be identified, collected and recorded promptly and **in full**. This includes all types of receipts and income, from external parties and internal.

The Accounts Receivable team within Financial Services - Finance, Portfolio & Performance (FPP) will provide advice on the set-up of the most effective systems and controls for dealing with receipts and income. They should be contacted regarding any change to systems and controls, or when dealing with new income streams.

Advice from the Financial Accounting team should be sought for queries related to **property income** accounting e.g. leases and rent.

7.1.2 Income from external parties

External parties will generally receive an **invoice** to state how much is due. These will be issued to their customer account which must be set up through the **Accounts Receivable** team.

Teams will need to complete an FO30 Sales Order form in order to raise an invoice that should be sent to the Accounts Receivable team to issue to the customer.

Credit arrangements

Before customers and external parties are offered credit, the Accounts Receivable team must be consulted and their authorisation obtained, regardless of the amounts involved, as per the Credit Management policy.

Only then may credit and services be issued, and sales invoices raised in the official House format, via the House finance system – HAIS, or if related to events through the event management system.

Payment terms

In most cases, the payment terms are **30 days** except for events managed by the Events team, which is **7 days**.

7.13 Internal Transactions

Internal transactions were explained in **Chapter 5 – Purchasing**, which highlighted the process from the receiving team's perspective. This section will outline the process from the team providing services or goods.

Transactions between Teams of the House (including Digital Services and R&R Client team) are classed as internal transactions and need to be identified separately to transactions with external parties.

Internal transactions need to be made at cost; they cannot generate a surplus, and different VAT rules may apply (contact the Financial Accounting team in FPP for further information or advice).

Types of internal income

If the internal transaction is related to catering, events, or retail gifts then an **FO35** form will be used by the team purchasing the goods or services **at point of sale**. The Accounts Receivable team will process this form, when received with the receipt, and ensure the costs are allocated to the purchases made.

If the internal transaction relates to recharging a team for something purchased on their behalf because this is managed through a central team, then the amount received should be offset against the original expenditure made rather than accounted for as income.

7.2 Debtors

If an invoice is not paid by an external party within the payment terms highlighted above, then the invoice becomes overdue.

7.2.1 Overdue Amounts

Overdue invoices must be reported to Accounts Receivable promptly to ensure that they are followed up diligently in line with debt recovery procedures. A debt escalation procedure is in place to manage any outstanding invoiced amounts. This is set out in the House of Commons Debt Management Policy.

If payment for the overdue invoice is not received after being over 90 days overdue, then the customer or external party will not be able to obtain future credit from the House as per the Credit Management policy.

Offsetting Sales & Purchases

Occasionally a customer will also be one of our suppliers and may want to offset their outstanding debt against our outstanding debt.

This is not permitted under any circumstance and the customer/supplier must be informed that this cannot occur if requested.

7.2.2 Refunds

If a refund needs to be given to a customer, advice should be sought from Accounts Receivable to ensure that appropriate controls are in place.

7.3 Overpayments including payroll

The House will seek to recover any instances of overpayments irrespective of how they happened and by whose fault.

Managers and staff must not give anyone who has been overpaid any assurance that the debt will not be recovered.

7.3.1 Types of overpayments

Contractors and Suppliers

Actions to take

Overpayments to suppliers should always be pursed, irrespective of the cause.
A **credit note** should be requested. If the supplier is used frequently then a deduction from a future invoice may be acceptable, otherwise a refund should be sought.

Contact the supplier and Accounts Payable team to agree the best way forward.
If the contractor/supplier resists, then legal action should be considered. Speak to your **Finance Business Partner** in the first instance who can then escalate.

Grants and Subsidies

Actions to take

These overpayments are considered to be business transactions and a full refund should be sought. Recipients should be asked to acknowledge the full amount of debt in writing.

Pay, Allowances & Pensions

Actions to take

Overpayments to employees (and former employees) should be pursued as soon as they are identified. Payroll should be contacted, and they will deduct the overpayment from a future salary upon agreement with the employee. For overpayments to former employees, the Payroll team will work with Accounts Receivable team to recover the debt.

Prevention

To prevent instances of overpayments to employees, staff payroll changes and claims should be made as soon as possible. They must be submitted accurately and on time using the cut-off dates as a deadline. Further guidance is available on ParliNet, with links at the bottom of this chapter.

Links to relevant policies and forms:

- Credit management policy
- Sales order form: FO30
- Debt management policy
- Payroll cut-off dates
- Employee changes

Chapter 8
Assets, Stores & Data

This chapter covers responsibilities for managing Assets, Stores/Stocks, and Data.

8.1 Asset Management

Asset Management is a key part of financial management, and therefore one of the responsibilities of the Clerk as Accounting officer, as mentioned in **Chapter 2 – Roles and Responsibilities**.

8.1.1 Definitions and types

Fixed Assets (non-current assets)

An asset is an item of value that an entity owns, benefits from, or has the use of, and has a life of more than one year.

Assets cover a broad range of items such as property, office furniture and equipment, ICT kit and heritage items owned by the House.

Types of assets

There are numerous categories of assets; a full list of generally capitalised assets can be found in the Fixed Asset Management policy. The categories fall under the headings below.

- Tangible – usually physical e.g. furniture
- Intangible – usually has no physical form e.g. software licences
- Assets under construction – incomplete projects/ items at the end of the financial year

Capitalisation

A capitalisation threshold of **£5,000** applies to **all assets** including **IT assets**. Any assets over these thresholds will be **capitalised and depreciated** over their useful life.

Capitalised assets must be recorded on the Fixed Asset Register, details of which can be found in the next section (8.1.2B).

8.1.2 Safeguarding Assets

8.1.2A Responsibilities

Heads of Office, Managing Directors (MDs) and other Managers with delegated financial responsibility must ensure that the assets for which they are responsible are properly safeguarded and well managed in order to support the Clerk in their role.

The **MD of Strategic Estates**, in particular, has delegated responsibility for the safe custody of all deeds and lease agreements in respect of all properties owned or leased by the House of Commons.

Donated assets should be treated the same as purchased assets, as if they are publicly funded.

All staff must ensure the safe custody of assets under their **direct control**.

Managers are responsible for:
- Ensuring assets used or held within their business area (acquisitions and disposals) are accurately recorded in the Fixed Asset Register.
- Accurately recording other assets in their own local team asset register if not capitalised and not in the Fixed Asset Register but deemed "attractive".
- Conducting regular physical verification of the assets currently held.

These responsibilities and tasks are particularly important as it will be used to support MDs in assessing their asset management in their team's quarterly and annual **assurance self-assessment**.

Further details of responsibilities regarding asset management can be found in the Fixed Asset Management policy.

8.1.2B Fixed Asset Register

The House, through the **Financial Accounting** team, maintains a central asset register detailing all assets that meet the asset accounting policy including donated assets.

The asset register is used both for stewardship of assets e.g. safeguarding attractive items, as well as providing accurate financial information for reporting purposes, e.g. depreciation charges.

8.1.2C Items not recorded on the Fixed Asset Register

All asset holders should also maintain local records of "attractive" items not already recorded on the asset register, for example those vulnerable to theft. Such assets will include those that fall below the capitalisation threshold and are expensed as resource in-year. Teams must keep records of these assets, such as iPads, mobile phones and other "attractive" items, both for safeguarding those items as well as on-going monitoring and maintenance purposes.

8.1.3 Maintenance and management of Assets

8.1.3A Acquisition and disposal

Teams must notify the **Financial Accounting team** of **all assets purchased in year,** including those received as gifts or those given as part of training course materials. Further guidance is available on the acceptance of hospitality and gifts in the Staff Handbook (Chapter 18).

With the exception of low value standard furniture and ICT equipment that do not meet the capitalisation threshold, **approval** from **Financial Accounting** must be sought and they must also be **notified before the disposal of an asset.**

Losses or theft of assets

The **Financial Accounting team** must be informed if assets are **lost or stolen.** Teams must complete an FO7a form by consulting ***section 9.1 Chapter 9 – Other finance matters*** and follow steps on losses and write-offs.

8.2 Inventories

As with fixed assets, inventories must be managed appropriately and recorded accurately.

8.2.1 Care and custody of stock

Each **Head of Office/ MD** is responsible for the proper care and custody of the inventory under the control of their team. They must maintain proper records in a form agreed by the MD of FPP.

Stock take

The **Heads of Office/ MD** must ensure that a count, valuation and reconciliation of all inventories held in their teams is carried out, either continuously throughout the year, or on or about 31 March of each year.

The **Head of Financial Accounting** can advise on what is appropriate, depending upon the value and nature of the stores being held.

The MD FPP may dispense with this requirement in cases where the value of the items held in store is less than £1,000 in total.

Surplus items

All items of inventories found to be surplus must be disposed of at the best prices available by sale, exchange, internal transfer, or for scrap. You should consult the **Chief Accountant** or **Head of Financial Accounting** to ensure that the correct process is followed, and especially for any queries regarding donation of assets.

8.2.2 Heritage Assets

Approval of works of art or furnishings loan agreements, both for loans to the House as well as from the House should be sought from MD of FPP.

8.3 Insurance & Indemnity

Insurance

In general, the House does not take out commercial insurance because it is better value for money to the taxpayer for public sector bodies to cover their own risks (self-insure).

There are some limited circumstances when it may be appropriate to insure e.g. Members' liability insurance but these must first be agreed with the **Director Financial Management & Performance**. Arrangements will be administered by Finance, Portfolio & Performance who will negotiate corporate rates.

Staff intending to use their own car for official business must follow the rules and conditions set out in the Staff Handbook (Chapter 10).

Indemnity Cover

All requests for the House to provide indemnity cover should be referred to the **Director Financial Management & Performance**.

8.4 Data Security and Information Management

8.4.1 Security of financial data

All staff have a responsibility to consider security when using, storing and disposing of financial information in the course of their work.

The Staff Handbook (Chapter 23) sets out the duties of staff in safeguarding official information.

Separate guidance on the protection of sensitive data beyond the Parliamentary Estate is available here.

Finance, Portfolio & Performance will liaise with PDS to ensure that appropriate physical, administrative and technical measures are in place to safeguard the information held within the finance systems, in terms of:

- Business continuity planning;
- Access to business appropriate information being granted to authorised individuals.

The Head of Systems Accounting monitors the access rights of individuals to the finance system, HAIS.

8.4.2 Retention of financial information

Staff must follow House policies which balance the unnecessary retention of records and associate cost and effort of storage with the need to retain the information we have to keep.

Staff must comply with the Financial Management section of the Authorised Retention and Disposal Policy (ARDP) and apply the criteria in retaining financial documentation.

Finance, Portfolio & Performance will apply the disposal practice to the financial records held on the HAIS system. The Staff Handbook (Chapter 24) provides general guidance on records management.

Links to relevant policies and forms

- Fixed Asset Management policy
- Losses and Special Payments forms

Chapter 9
Other Finance Matters

This chapter covers other finance matters that are not covered in the previous chapters. This includes:

- Losses and write-offs
- Special Payments
- Contingent Liabilities & Provisions
- Banking & Cash handling
- Shared Services in Parliament

9.1 Losses and write-offs

Losses are generally unplanned occurrences where the House has either lost assets (items with any monetary value) through theft, damage, error or is unable to recover funds that were due to them. The House will write these off as a loss and declares the number of losses and total value in the Annual Report and Accounts. If an individual loss exceeds £300,000, details of the loss will also be reported in the Annual Report and Accounts.

In all instances, the **Financial Accounting** team must be notified of all losses as they are required to maintain a register of losses and write-offs.

This section will provide examples of losses and who can authorise the write-offs.

9.1.1 Losses

Managing Public Money (Annex 4.10) provides examples of types of losses. Details of these are provided below:

1. **Losses**
    a. Physical loss of cash, credit cards and any other form of payment.
    b. Losses from fluctuations in the exchange rates.
    c. Losses of pay, allowances and superannuation benefits, including overpayments due to errors such as miscalculation, misinterpretation, missing information.
    d. Losses from overpayments of social security benefits, grants, subsidies etc.
    e. Losses from failing to make adequate charges for the use of public property.
2. **Losses of accountable stores**
    a. Losses through fraud, theft, arson or any other deliberate act.
    b. Losses arising from any other causes.
3. **Fruitless payments and constructive losses**
    a. Cannot be avoided as recipient is entitled to it even though the House will receive nothing in return e.g. forfeit under contract due to error by a team or incorrectly purchased item, unable to return.
4. **Claims waived or abandoned**
    a. Potential contractual or legal obligations not met, or claims dropped following legal advice.

Types of Losses

9.1.2 Process for write-offs

When a loss occurs as highlighted above, a form - FO7a, will need to be completed in order for the loss/write-off to be authorised. The following information will need to be provided prior to authorisation:

- Evidence – backing documentation
- Details of what happened and how it occurred
- How much to write-off
- Details of how procedures have been revised to prevent reoccurrence

Authorisation tables

This can then be authorised by the following individuals in the table below.

Financial limit	Authorisation required
Up to £250	Head of Office or MD of team
From £250 to £5,000	Chief Accountant in Finance, Portfolio & Performance (FPP)
From £5,000 to £50,000	MD of FPP
Over £50,000	MD of FPP **and** Clerk of the House

For any write-offs of losses in Catering Services the following specific authorisation applies in the table below.

Financial limit	Authorisation required
Up to £1,000	Director of Customer Experience and Service Delivery
From £1,000 to £5,000	Chief Accountant in FPP
Over £5,000	MD of FPP

Where there are theft or data losses, the following stakeholders should also be informed.

Stakeholder	Area of interest
MD of Finance, Portfolio & Performance	Financial losses, internal controls
MD of People and Culture	Disciplinary proceedings
Head of Internal Audit	Fraud investigations
Head of the Governance Office	Loss of data
Head of the Governance Office	Co-ordination with Accounting Officer
Director of Customer Experience and Service Delivery	Catering
Deputy Director of Parliamentary Digital Service	IT equipment
Black Rod and Finance Director, House of Lords	Bicameral areas

9.2 Special Payments

9.2.1 Definition and classification

What is a Special Payment?

A Special Payment is a transaction or payment that falls outside of the normal day-to-day activities of the House.

As with losses and write-offs, the total number of special payments and total value is noted in the Annual Report and Accounts with individual transactions over £300,000 identified separately with narrative provided.

Special payments also have separate authorisation limits, like losses/write-offs, which are detailed in **section 9.2.2**.

Classification of Special Payment

The following are classified as special payments, as per guidance in Managing Public Money, but the list is not exhaustive.

1. **Extra-contractual payments**
   Payments that are not legally due under contract. Typically, these arise from the House's action or inaction in relation to a contract and tend to be negotiated settlements.
2. **Extra statutory and extra regulatory payments**
   Payments with broad intention of the regulation/statute but goes beyond a strict interpretation of its terms or what the regulation or statute covers.
3. **Compensation payments**
   Provides money as compensation for personal injury claims (except for payments under the Civil Service Injury Benefit Scheme), traffic accidents, damage to property etc. suffered by employees or others.
4. **Special severance payments**
   Payments made to employees, contractors and others, beyond normal statutory or contractual requirements when leaving employment, whether through resignation, dismissal or agreed termination of contract.
5. **Ex gratia payments**
   Sum of payment paid voluntarily, without any legal requirement to do so.
   Includes:
   - Payments to meet hardships caused by official failure or delays
   - Out of court settlements to avoid legal action
   - Payments to contractors outside a binding contract, e.g. on grounds of hardship

9.2.2 Process for special payments

Key stakeholders

In all cases, the **Office of Speaker's Counsel** should be contacted for legal advice and teams must engage with the **Chief Accountant** and/or **Director Financial Management and Performance** as soon as possible as the payments can be contentious.

They need to be consulted before any agreement is finalised.

Special Payment processing

To process a special payment, form FO7b, must be completed in order for the payment to be authorised. The following information will need to be provided prior to authorisation:

- Evidence – supporting documentation
- Details of the incident and what happened
- Classification of loss
- Amount recommended for payment
- Details of how procedures have been revised to prevent reoccurrence

Financial authorisation table

Financial limit	Authorisation required
Up to £5,000	Chief Accountant in FPP
From £5,000 to £50,000	MD of FPP
Over £50,000	MD of FPP **and** Clerk of the House

Other authorisation

COT3 agreements are settlement agreements between the employer and employee (employment tribunal), which are also classified as special payments.

The Clerk of the House must be made aware of all settlement agreements or COT3 agreements, regardless of the value, and will authorise any agreements that include a confidentiality clause.

9.3 Contingent Liabilities & Provisions

What is a Contingent Liability?

A Contingent Liability is a potential liability that may occur in the future, depending on the outcome of an uncertain future event.

This could include potential legal action against the House for contractual disputes, claims for negligence, or costs arising from unforeseen events.

What is a Provision?

A Provision is a liability of uncertain timing or amount. It is only recognised when there is a legal or constructive present obligation as a result of a past event, and payment is probable, and the amount can be reliably estimated.

Minimum probability for inclusion is 50% likelihood.

The House is required to disclose potential occurrences and the value of any contingent liabilities and provisions in the Annual Report and Accounts.

You should make your **Finance Business Partner** and the **Chief Accountant** aware of any potential contingent liabilities or provisions at the earliest opportunity so that they can ensure appropriate financial and monetary risk is captured.

9.4 Banking & Cash Handling

The House of Commons uses the Government Banking Service and other commercial banks to administer its funding, other income and payments. Any changes to the existing accounts and setting up of new accounts must be agreed by the **MD of FPP**.

Direct debits and standing orders

The House does not permit direct debits or standing orders from its bank accounts or Government Procurement Cards (GPC) – this includes lodging the card with an on-line account.

If a GPC has to be lodged with an on-line supplier, approval must be obtained from Head of Financial Services and will require specific arrangements to be made.

Teams **must not** engage with any service provider who only accepts direct debit or standing order payment methods. In addition, all card payment providers (e.g. credit card services) and cash collection services must be approved by **Financial Services (via Accounts Receivable)**.

Cash Management

The House contributes to HM Treasury's cash management process for smaller Government Departments. Cash is managed centrally by Financial Services.

Cash drawdown from HM Treasury to the House's bank accounts is made on the basis of forecast spending. Teams and Finance Business Partnering must inform the **Head of Financial Services** in Finance, Portfolio & Performance as soon as any significant transaction outside BAU operations is identified in order to ensure that sufficient funds are available for the payment.

9.5 Shared Services in Parliament

9.5.1 Governance

The House of Commons Administration works closely with the House of Lords Administration. Bicameral teams offer services to both Houses and are therefore, funded by both organisations, which are deemed to be shared services.

A Memorandum of Understanding (MoU) and Service Level Agreement (SLA) must be in place and agreed by both Houses when the gross (bicameral) annual spend of the shared service exceeds £250,000.

9.5.2 Key inclusions in the MoU and SLA

The purpose of the MoU and SLA is to provide clarity on the expectations of both partners, or of the supplier and customer, which will outline basic elements of time, cost and quality. To be effective they will include:

- The scope of the service, objectives, targets and management arrangements in place.
- A statement of purpose and expectations of both Houses.
- A description of roles, responsibilities and resources.
- The sharing ratio to be applied (as agreed between the Finance Directors) and exactly which streams of expenditure and income it covers.
- The mechanism for ensuring that complete, accurate and, importantly, meaningful information is available to support recharging (e.g. monthly variance reports).
- A description of the governance structure and reporting responsibilities within both Houses (e.g. monthly catch-ups).
- The process to be adopted for resolving queries and disputes.
- A process for updating the arrangement in the light of structural changes within either House or other factors.
- Indicators to allow Value for Money to be demonstrated.
- The process of review and evaluation to determine whether the services provided meet the expectations of each House. This may take the form of key performance indicators (KPIs) for time, cost and quality and include a strategy to review operational processes regularly to identify areas of concern.

Standard wording in MoU or SLA

The following should be included as standard:

- We will liaise on arrangements for the future provision of the service as part of the annual planning exercise. We will agree the resource requirement before submitting figures for inclusion in Estimates. We will agree business and financial plans before the start of the financial year.
- We will be prompt about the following: submitting recharge invoices, scrutinising and querying them, responding to queries, and authorising payment once queries are resolved.

- Virement (i.e. in-year movement of funds between budgets or budget heads) will be agreed between us in advance and subject to each House's finance rules in respect of its share.
- We will refer potential novel and contentious expenditure, and changes that could have significant cost implications, to the Finance Directors of both Houses. Their agreement will be required before any such commitment is made.
- Internal Audit of both Houses may audit the service.
- This MOU/SLA will be renewed not later than in 3 years' time.

The signatories should be the budget holder recharging and being recharged and/or the responsible Board member in each House. Agreed SLAs/MOUs must be copied to both Finance Directors. Wet signatures are not required.

Cost-sharing arrangements should not be overly specific or detailed as the time taken to administer would outweigh the benefit. Our aim is to keep sharing ratios as simple as possible, and to avoid a situation where multiple ratios apply to a single service. We take a view about each activity as a whole (not a more granular level such as by contract or supplier), so that in aggregate we are comfortable that each House is paying a fair share.

Staff should engage with their **Finance Business Partner** for advice on sharing ratios.

Links to relevant policies and forms:

- Losses and Special Payments forms