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# CORPORATE GOVERNANCE FRAMEWORK

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*Directorate of Legal, Governance & Research Services*

*(Updated October 2018)*

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## Definition of Corporate Governance

Corporate Governance is the way in which an organisation is directed and controlled. It defines the distribution of roles and responsibilities among the different stakeholders and participants in the organisation, determines the rules and procedures for making decisions on corporate affairs including the processes through which the organisation's aims are set and provides the means of attaining those aims and monitoring performance.

This Framework provides an overview of the corporate governance processes and responsibilities within the Secretariat of the Northern Ireland Assembly ("Assembly"). It is consistent with the role and responsibilities of the Northern Ireland Assembly Commission ("Commission") which is the body corporate for the Assembly.

## Introduction

The Assembly was established pursuant to the Belfast Agreement. The powers and functions of the Assembly are set out in the Northern Ireland Act 1998.

As a legislature the Assembly is independent from the Executive and is responsible for its own governance. As a self-governing institution, the Assembly must demonstrate that the Commission and the Secretariat:

- Are able to show excellence in and withstand detailed scrutiny of its governance and management;
- Are responsive to the needs of Members and others;
- Meet recognised standards of best practice; and
- Ensure the effective, efficient and economic use of resources.

The Corporate Governance Framework sets out details of the Commission's corporate governance arrangements. It is intended to be a living document which will evolve as the Secretariat's corporate governance practices develop. It will therefore be kept under continuing review. It will be formally reviewed bi-annually.

## Organisation and Structures

### Background

The structure of the Secretariat is illustrated at Annex 1. There are three key organisational structures which support the delivery of corporate governance in the Secretariat. These are:

- The Commission;
- The Secretariat Management Group ("SMG"; and)
- The Secretariat Audit and Risk Committee ("SARC")

The relationship between groups is illustrated at Annex 2.

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## **The decision making process**

The authority of the Commission derives from the Northern Ireland Act 1998. The Clerk/Chief Executive operates within the authority formally delegated to her by the Commission. Business Plans and associated policies and procedures are developed by the Secretariat as directed by SMG for approval as appropriate by the Commission.

## **The Commission**

The Commission was established by the Northern Ireland Act 1998 (Section 40) to “provide the Assembly, or ensure that the Assembly is provided, with the property, staff and services required for the Assembly’s purposes”. The Commission’s statutory duties are listed at Annex 3. The Commission may delegate any of its functions to the Speaker or a member of staff of the Assembly and may determine its own procedures.

## **Membership**

The Commission is chaired by the Speaker and consists of five other Assembly Members. The current membership is as follows:

The Speaker (Chairman),  
Mr Jim Wells, Democratic Unionist Party  
Mr Alex Maskey, Sinn Féin  
Mr Robin Swann, Ulster Unionist Party  
Mr Alex Attwood, Social Democratic and Labour Party  
Mr Stewart Dickson, Alliance Party

The Independent Chair (or Independent Member) of SARC attends meetings of the Commission in an observer capacity.

## **Meetings**

The Commission normally meets monthly during the parliamentary calendar. The minutes of Commission meetings, once approved, are placed on the Assembly website.

## **Commission Secretariat**

The Commission is supported by staff from the Secretariat in the Corporate Support Unit (CSU).

## **Annual Report and Accounts**

The Commission produces an Annual Report & Accounts which provides a comprehensive explanation of the work of the Commission and the Assembly. The accounts are audited by the Comptroller and Auditor General as required by the Government Resources and Accounts Act (Northern Ireland) 2001.

## **Clerk/Chief Executive’s Report**

The Clerk/Chief Executive submits a short written update at each Commission meeting. This provides information on activity across the organisation, and the progress of the Secretariat in the delivery and development of its Business Plan aims and its services.

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## Secretariat Management Group (SMG)

### Role

SMG is the top level leadership and management forum. Its role is to advise and support the Clerk/Chief Executive in the exercise of her duties. Decisions are taken corporately. Its Terms of Reference are attached at Annex 4. The SMG aims to undertake its responsibilities in a manner which is consistent with the Department of Finance's Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013. It also aims to ensure that the Commission complies with the Parliamentary and Health Service Ombudsman's Principles of Good Administration (Annex 5). The members of SMG are required to adhere to the Seven Principles of Public Life (the Nolan Principles) (see Annex 6).

### Membership

SMG comprises the Clerk/Chief Executive (Chair) and the Directors of:

- Corporate Services;
- Legal, Governance & Research Services; and
- Parliamentary Services

Other staff from the Secretariat may be invited to attend for particular agenda items.

The Clerk/Chief Executive operates within the authority conferred on her by the Commission in a formal Letter of Delegation. Similarly, the scope of the authority under which each Director operates is contained in Letters of Delegation from the Clerk/Chief Executive.

### Meetings

SMG generally meets monthly or as required. SMG meetings are scheduled to co-ordinate with Commission meetings. Approved minutes of SMG meetings are placed on the Assembly website. The minutes (and, where appropriate, unrestricted papers considered at meetings) are also placed on the Assembly intranet (AssISt).

### Evaluation

The performance of SMG is evaluated as follows:

- Annual evaluation against Corporate Strategy strategic goals and aims;
- Annual appraisal of the Clerk/Chief Executive's performance by the Assembly Commission;
- Individual assessment of Directors' performance by the Clerk/Chief Executive;
- Identification of performance improvements in relation to individual members of SMG; and
- Annual evaluation of SMG's remit, and operating procedures.

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## **SMG Secretariat**

SMG is supported by staff from CSU. CSU is responsible for ensuring compliance with the SMG procedures including recording Directors' interests. CSU endeavours to distribute papers at least four working days before each meeting and to prepare a draft action list and minutes, for consideration by SMG, within five working days of each meeting. In addition, the Clerk/Chief Executive informs staff of key items on the agenda in advance of the meeting, and, following the meeting, provides a summary of the matters discussed. Approved minutes, together with associated unrestricted papers, are subsequently posted on AsslSt. CSU provides an induction pack and programme for new members.

## **Secretariat Audit and Risk Committee (SARC)**

### **Role**

SARC supports the Clerk/Chief Executive in her role as Accounting Officer. It also provides support to the Commission in monitoring its responsibilities for issues of risk, control and governance by reviewing the comprehensiveness of assurances and reviewing the reliability and integrity of these assurances. SARC Terms of Reference are available on Assist (<http://www.niassembly.gov.uk/about-the-assembly/corporate-information/secretariat/secretariat-audit-and-risk-committee/terms-of-reference/>).

### **Membership**

SARC comprises a member of the Commission and two independent non-executive members, one of whom acts as Chairperson. The Clerk/Chief Executive, a representative of the NI Audit Office, the Directors, the Head of Internal Audit and the Head of Finance attend SARC meetings but are not members of SARC.

### **Meetings**

SARC meets quarterly and on other occasions as deemed necessary by the Chairperson and/or the Commission.

### **SARC Secretariat**

SARC is provided with a secretariat function by the Directorate of Legal, Governance & Research Services. Minutes of SARC meetings are placed on the Assembly website and also on the intranet (AsslSt) once approved.

### **SARC Evaluation**

An assessment of the performance of SARC is undertaken as follows:

- SARC undertakes a self-evaluation annually and reports the findings in its Annual Report to the Commission;
- The appraisal of the SARC Chairperson is carried out annually by the Clerk/Chief Executive against objectives contained in the Letter of Appointment, the SARC Terms of Reference and the annual

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objectives for SARC. The Speaker as Chair of the Commission countersigns the Appraisal Report; and

- The appraisal of the SARC Independent Member is carried out annually by the Clerk/Chief Executive against objectives contained in the Letter of Appointment, the SARC Terms of Reference and the annual objectives for SARC. The Chair of SARC countersigns the Appraisal Report.

## **Roles and Responsibilities**

### **Clerk/Chief Executive**

The Clerk/Chief Executive operates within the authority formally delegated to her by the Commission. The role of the Clerk/Chief Executive comprises three elements. First, as Clerk she is responsible for providing or ensuring the provision of procedural advice to the Speaker and Members of the Assembly. Secondly, as Chief Executive she is responsible to the Commission for the management of the administrative support services to the Assembly. Thirdly, the Clerk/Chief Executive is the Accounting Officer for the Commission's budget. The Clerk/Chief Executive is supported by the staff of the CSU. CSU is managed by the Adviser to the Speaker/Head of Corporate Support, who in turn reports directly to the Clerk/Chief Executive.

### **Accounting Officer**

Acting within the authority of the Commission, to which she is responsible, the Clerk/Chief Executive as Accounting Officer takes personal responsibility for ensuring the highest standards of probity in the management of public funds. She may be called to account to the Commission for the stewardship of the resources within the organisation's control. The standards the Accounting Officer is expected to deliver in the organisation are summarised in the Department of Finance document "Managing Public Money Northern Ireland". It should be noted that while the Commission is not accountable to the Executive in financial matters, it seeks to operate to common standards of best practice.

The Accounting Officer signs the Annual Report & Accounts and accompanying Governance Statement.

### **Directors**

Directors operate within the authority delegated to them by the Clerk/Chief Executive in formal Letters of Delegation. They are required to:

- Lead, manage and develop their staff, their allocated responsibilities and projects;
- Develop the Corporate Plan and approve/monitor business area plans;
- Develop and manage Directorate Risk Registers and contribute to the management of corporate risks;
- Prepare assurance statements twice yearly for the Accounting Officer to support his/her review of the effectiveness of controls;

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- Prepare and manage Directorate budgets; and
  - Attend SMG meetings and declare an interest where appropriate in relation to agenda items.

## **Internal Control and Risk Management**

### **Risk Management**

The Commission's Risk Management Strategy (<http://assist.assemblyni.gov.uk/media/3257/risk-management-strategy-june-2017.pdf>) forms a central part of the Commission's internal control and corporate governance arrangements. It defines the Commission's approach to risk management throughout the organisation. It also ensures a consistent approach to dealing with risks which may have an impact on the Commission's ability to achieve its strategic goals and aims. It outlines the key aspects of the Risk Management process, and identifies the main reporting procedures. The Strategy is subject to annual review.

### **Corporate Risk Register**

To assist in the process of managing risk, the Secretariat has produced a Corporate Risk Register which identifies high level risks, assesses the impact of each risk and likelihood of it occurring. The measures in place to mitigate each risk are listed as well as any other controls which are being developed. A Risk Owner at Director level is identified for each risk. Risk Owners have overall responsibility for ensuring that controls are in place at all levels to manage the risk or risks for which they are the owners.

### **Directorate Risk Registers**

Directorate Risk Registers underpin the Corporate Risk Register. Each Directorate is responsible for identifying lower level risks which have specific relevance to their business objectives. As with the Corporate Risk Register, the impact of each risk is assessed together with the likelihood of it occurring. A Risk Owner is appointed who is responsible for ensuring that the risk is managed effectively.

### **Assurance Statements**

Assurance (or Stewardship) Statements are provided by Directors at the end of September and March each year to the Clerk/Chief Executive as Accounting Officer and to SARC to:

- Confirm that the Corporate risks for which they are responsible and their Directorate risks are being managed effectively;
- Confirm that all expenditure has been incurred within agreed budgets, has been properly authorised, complies with the Commission's procurement procedures and represents value for money;
- Confirm that information is generated, transmitted and stored in an appropriate manner and in a way which does not pose a risk to the business or reputation of the Assembly;

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- Verify that all accepted recommendations made by Internal Audit and the Northern Ireland Audit Office (NIAO) have been/are being implemented as agreed; and
  - Highlight any additional material issues which may be of interest to the Accounting Officer and SARC.

### **Governance Statement**

DAO (DFP) 10/12 requires Accounting Officers to complete a Governance Statement to be published with the Annual Report & Accounts each year. The statement should reflect the organisation's governance, risk management and internal control arrangements and how they operate in practice.

### **Internal Audit**

The Assembly's Internal Audit Unit is responsible for providing the Accounting Officer and SARC with an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. It does this by carrying out audits across the Directorates, focusing on the key risks in each business area. Internal Audit also has a role to play in:

- Acting as an independent adviser by providing advice on the management of risk, especially those issues surrounding the design, implementation and operation of systems of internal control;
- Monitoring, reporting and providing assurance on the effectiveness of the risk and control mechanisms in operation;
- Investigating fraudulent activity and advising on financial and associated security procedures; and
- Promoting Risk Management and control concepts across the Assembly.

As required by the Government Internal Audit Standards, the Head of Internal Audit has direct access to the Clerk/Chief Executive in her role as Accounting Officer and to the SARC Chairperson.

### **The Business Planning Process**

Details of the business planning process are available on Assist (<http://assist.assemblyni.gov.uk/business-areas/clerkchief-executives-office/>).

### **Management Accounts**

Management accounts are produced on a monthly basis and presented to SMG and the Commission. The purpose of these accounts is to provide Senior Management with a report in relation to expenditure by the Secretariat against the funds voted to the Assembly in the Budget Bill. Management accounts are supplemented by more detailed weekly and monthly expenditure reports which are produced and circulated to budget holders within the Secretariat.



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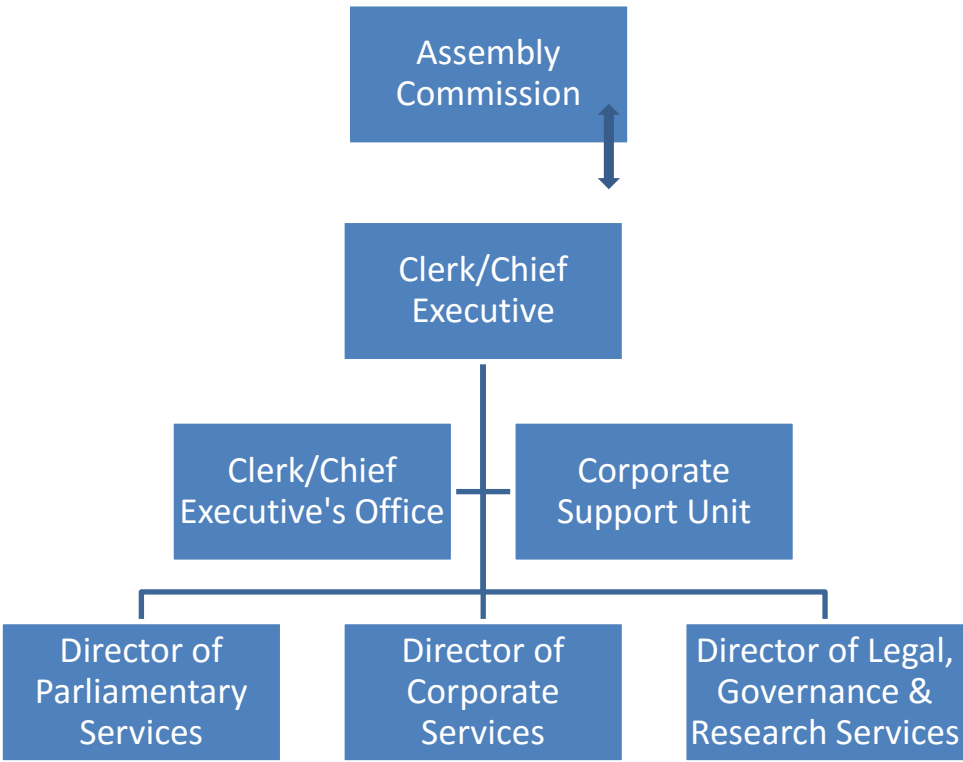
## **Performance Management System**

A Performance Management System is in place. Further details can be found on Assist (<http://assist.assemblyni.gov.uk/business-areas/hr-office/performance-management/>).

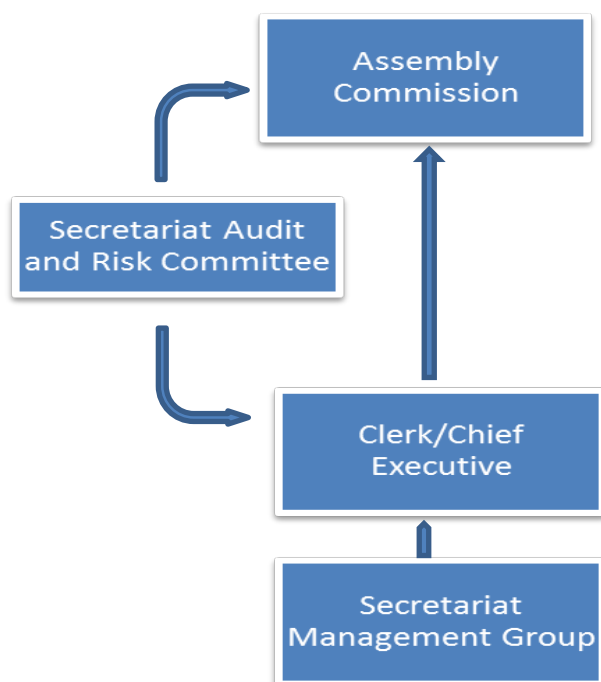
## **Secretariat Strategies**

A wide range of policies and strategies are in place, and initiatives are undertaken across the Secretariat to deliver the Corporate Strategy.

STRUCTURE OF THE NI ASSEMBLY SECRETARIAT



## CORPORATE GOVERNANCE STRUCTURE



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## ANNEX 3

### **Statutory Responsibilities of the NI Assembly Commission**

The statutory duties of the Assembly Commission are set out in Section 40 of the Northern Ireland Act 1998. These are:

- To perform the function conferred on the Commission by virtue of any enactment
- To perform any functions conferred on the Commission by resolution of the Assembly
- To provide the Assembly, or ensure that the Assembly is provided with, the property, staff and services required for the Assembly's purposes

## **Secretariat Management Group**

### **Terms of Reference**

#### **Role**

1. SMG brings together the Secretariat's senior staff to form its collective strategic and operational leadership. Its role is to lead the Secretariat to achieve the Commission's vision. It does so by advising and supporting the Clerk/Chief Executive (C/CEX) in the exercise of her non-procedural duties.
2. Individual functional responsibilities are delegated to SMG members by the C/CEX. Therefore, SMG members have both individual and collective responsibility for the effective operation of the Assembly Secretariat. However, the C/CEX retains final authority for all decisions taken at SMG.

#### **Membership**

3. SMG comprises:
  - Clerk/Chief Executive;
  - Director of Corporate Services;
  - Director of Legal, Governance & Research Services; and
  - Director of Parliamentary Services.

#### **Meetings, papers, and support**

4. SMG meets approximately monthly and focuses on strategy, policy and performance.
5. Business may also be dealt with by correspondence. Such a matter must be agreed by the C/CEX, circulated to all SMG members, and noted at the next meeting as agreed.
6. The C/CEX approves the agenda and papers for SMG. In so doing, the C/CEX must be satisfied that any matter proposed requires consideration by SMG. It is for the SMG member proposing the matter to so satisfy the C/CEX. In particular, attention will be given to:
  - implications for equality, good relations, financial or legal matters;
  - whether the item is within delegated authority;
  - whether the item is cross-Directorate;
  - whether sufficient consultation has occurred;
  - whether the item could instead be agreed by correspondence; and

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- whether the item is novel, contentious or politically sensitive.
7. Administrative support is provided by the Commission and Chief Executive's Office. It will endeavour to distribute papers at least four working days before each meeting.
  8. All papers for consideration by SMG must be submitted using the agreed template.
  9. A draft action list and minutes will be prepared for consideration by SMG within a target of 5 working days of a meeting. Approved minutes will aim to be published on AsslSt and the Assembly website no later than 15 working days after the meeting. Unrestricted papers will also be published on AsslSt within the same timeframe.

### **Business and Agenda**

10. SMG will deal with the following business:
  - delivery of Corporate Strategy;
  - consideration of Commission business;
  - Secretariat leadership;
  - strategic and business planning;
  - financial planning and management;
  - corporate risk management;
  - change management;
  - strategic resource planning and approvals;
  - strategic communications;
  - cross-Directorate issues;
  - corporate governance;
  - horizon-scanning; and
  - new or emerging issues.

### **Quorum and decision making**

11. SMG is chaired by the C/CEx or a member nominated by her.
12. The quorum for SMG is three, including the chair. A SMG member who cannot attend must identify a deputy, with the consent of the C/CEx, to attend in his/her place.
13. SMG is expected to act corporately, taking decisions for the benefit of the Assembly Commission and the Assembly in the context of wider resource and strategic management considerations. Accordingly, papers will usually be presented by HoBs.

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14. Decisions will generally be made through consensus. However, the C/CEx retains final authority to make whatever decision she considers fit having considered all relevant factors and SMG is accountable collectively to her.

### **Sub-Committees**

15. SMG may create Sub-Committees or Working Groups and if it does so must approve their terms of reference. A Sub-Committee will report through its chair to SMG in a suitable format.

### **Accountability and performance**

16. The C/CEx intends SMG to be an effective, well regarded and visionary leadership group. The C/CEx will lead annually an evaluation of the performance of SMG.
17. Members of SMG are individually accountable to the C/CEx for the delivery of their PPAs, Business Plans and other objectives.

*Approved by Clerk/Chief Executive 8 March 2018*

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## ANNEX 5

### **Principles of Good Administration** **(Source: Parliamentary and Health Service Ombudsman)**

Good administration by a public body means:

#### Getting it right

- Acting in accordance with the law and with due regard for the rights of those concerned
- Acting in accordance with the public body's policy and guidance
- Taking proper account of established good practice
- Providing effective services using appropriately trained and competent staff
- Taking reasonable decisions based on all relevant considerations

#### Being customer focused

- Ensuring people can access services easily
- Informing customers what they can expect and what the public expects of them
- Keeping to its commitments, including any published service standards
- Dealing with people helpfully, promptly and sensitively bearing in mind their individual circumstances
- Responding to customers' needs flexibly including, where appropriate, co-ordinating a response with other service providers

#### Being open and accountable

- Being open and clear about policies and procedures and ensuring that information and any advice provided is clear, accurate and complete
- Stating any criteria for decision making and giving reasons for decisions
- Handling information properly and appropriately
- Keeping proper and appropriate records
- Taking responsibility for its actions

#### Acting fairly and proportionately

- Treating people impartially with respect and courtesy
- Treating people without unlawful discrimination or prejudice and ensuring no conflict of interests
- Dealing with people and issues objectively and consistently
- Ensuring that decisions and actions are proportionate, appropriate and fair.



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### Putting it right

- Acknowledging mistakes and apologising where appropriate
- Putting mistakes right quickly and effectively
- Providing clear and timely information on how and when to appeal or complain
- Operating an effective complaints procedure which includes offering a fair and appropriate remedy when a complaint is upheld

### Seeking continuous improvement

- Reviewing policies and procedures regularly to ensure they are effective
- Asking for feedback and using it to improve services and performance
- Ensuring that the public body learns lessons from complaints and uses these to improve services and performance

## **The Seven Principles of Public Life (The Nolan Principles)**

### **Selflessness**

Holders of public office should take decisions 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 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.