For legislative and other work Althingi is usually divided into two Houses, the efri deild or Upper House and the neðri deild or Lower House. But sometimes both Houses work together in a United Althingi. The members constituting the efri deild are the six chosen by the whole electorate and eight others, whom the united Althingi chooses from amongst the representatives elected by the constituencies, the remaining twenty-eight forming the neðri deild. Whilst both Houses are on the whole on an equal footing, the budget must be introduced in the neðri deild. Both Houses and the united Althingi choose their respective speakers. The rules of procedure for both Houses (deildir) and the united Althingi are fixed by law. Althingi itself decides whether its members are lawfully elected and whether a member has forfeited his eligibility. While the sittings of Althingi are as a rule held in public, either House and the united Althingi may determine to discuss an affair behind closed doors. No decision can be made by either House unless more than half of the assembly is present and vote, and in a united Althingi more than one-half of the members of each House must be present. Generally, resolutions are passed by simple majority, but sometimes an increased majority is required (vide infra). Besides the buisness done at sittings, Althingi also works in committees. Each House can appoint committees of its own members to examine important matters. There are thus both standing committees, each having its special kind of affairs to deal with, and special committees, appointed for the purpose of inquiring into certain matters. Each House may furnish its committees with authority to demand oral or written reports from civil service officials and private persons. Committee meetings are not open to the public. The proceedings of Althingi, i. e., the debates, parliamentary documents and votings, are published in the parliamentary Gazette.

Although Althingi is in the main a legislative assembly, it can both control and influence the administrative work of the government. This is primarily due to the fact that Althingi commands the sources of supply, for both the budget proper and the supplementary budget require its sanction; nor must any payments be made from the public treasury unless authorized by Althingi. The sanction of Althingi is necessary for imposing, changing or abolishing taxes, duties and customs; for the State to take up loans; for disposing of any public domains or the right of using such domains. The national accounts of revenue and expenditure during each financial year must be sanctioned by Althingi, which appoints three auditors to examine them. — As already