

Ofqual Standing Financial Instructions



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1 Introduction

1.1 Purpose

- 1.1.1 Our standing financial instructions (SFIs) are used for the regulation of the conduct of all Ofqual staff in relation to all financial matters. The SFIs are incorporated into the *Ofqual Governance Framework* and are a significant component of the internal control environment.
- 1.1.2 They explain the financial responsibilities, policies and procedures used by Ofqual. They are designed to ensure that our financial transactions are carried out in accordance with the law, government policy, the *Managing Public Money* guidelines and best practice. This is in order to achieve probity, accuracy, economy, efficiency and effectiveness in the way in which we manage public resources.
- 1.1.3 They identify the financial responsibilities which apply to everyone working for Ofqual. They do not provide detailed procedural advice. These statements should therefore be read in conjunction with any detailed financial procedure notes. All financial procedures must be approved by the Chief Operating Officer.
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of either the Senior Manager, Strategic Reporting and Engagement or the Associate Director, Finance must be sought. The user of these SFIs should also be familiar with, and comply with, the provisions of Ofqual's governance framework.
- 1.1.5 Any breach of the SFIs by any member of staff may result in disciplinary action.

1.2 Interpretation and Definitions

- 1.2.1 Wherever the title Chief Regulator, Accounting Officer, Chief Operating Officer, Executive Director or other nominated member of staff is used in these Instructions, this will include other members of staff who have been duly authorised to represent them. The roles of Chief Regulator and Accounting Officer may be invested in one individual but they are treated as separate functions.
- 1.2.2 References in these Instructions to 'member of staff' shall be deemed to include **all** members of Ofqual staff.

2 Responsibilities and Delegation

2.1 Principles

- 2.1.1 The Ofqual Board has delegated responsibility for the performance of certain of its functions in accordance with the *Scheme of Delegation*. It has also resolved that the Ofqual Board may only exercise certain powers and decisions in formal session. These are set out in the *Matters Reserved to the Board* document in Annex B of the *Ofqual Governance Framework*.
- 2.1.2 Those aside, all powers are invested in the Chief Regulator, who in turn will provide delegated powers to relevant officers. The Chief Regulator, Accounting Officer and the Chief Operating Officer will, as far as possible, delegate their detailed responsibilities but they remain accountable for financial control.
- 2.1.3 The *Scheme of Delegation* is a collection of schedules setting out various powers of authority for post holders. This is set out in Annex E of the *Ofqual Governance Framework* and reproduced in Appendix A of this document.

2.2 Chief Regulator

- 2.2.1 Within the SFIs it is acknowledged that the Chief Regulator is ultimately accountable to the Ofqual Board for ensuring that we all meet our obligation to perform our functions within the available financial resources.
- 2.2.2 The Chief Regulator has overall executive responsibility for Ofqual's activities and is responsible to the Ofqual Board for ensuring that its financial obligations and targets are met. This role will often be combined with that of Accounting Officer (see below).

2.3 Accounting Officer

- 2.3.1 Ofqual must have a designated Accounting Officer. This role is recognised by Statute as the Accounting Officer of Ofqual and as such is accountable to Parliament, for all actions undertaken by Ofqual. The role is formally appointed by HM Treasury.
- 2.3.2 The Chief Regulator will normally hold this role for Ofqual. Where this is not the case (e.g. during any interim arrangements) the role must be allocated to another officer and the appointment be confirmed by HM Treasury.
- 2.3.3 The role of the Accounting Officer is covered in *Managing Public Money* and they are responsible for ensuring a high level of probity. Specifically, the role includes personally signing:
- (i) the accounts
 - (ii) the annual report
 - (iii) the governance statement

2.4 Chief Operating Officer

- 2.4.1 The Chief Operating Officer is responsible for providing leadership to the Finance function who will provide support and advice to the Chief Operating Officer on financial matters. The post holder is required to develop, drive and lead effective

strategic and operational financial planning and reporting to ensure effective use of these resources.

2.4.2 The Chief Operating Officer will:

- (i) Require in relation to any member of staff who carries out a financial function, that the form in which the records are kept and the manner in which the member of staff discharges their duties will be to the satisfaction of the Chief Operating Officer;
- (ii) Ensure that detailed policies, procedures and instructions covering all aspects of the security of money, assets and other Ofqual resources are in place.

2.4.3 The Associate Director, Finance provides professional financial leadership to Ofqual, including financial and management accountancy, procurement, financial control, corporate financial governance and financial risk management. The Associate Director, Finance fulfils the role of Finance Director as envisaged by *Managing Public Money* and gives advice to the Board and committees on finance and related matters. In addition to reporting to the Chief Operating Officer, the post holder will have a direct route in to the Chief Regulator, Accounting Officer, the Ofqual Chair, Audit and Risk Committee Chair and Finance Committee Chair, for any issues of concern re the way that the Chief Operating Officer budget is managed.

2.4.4 The Associate Director, Finance will:

- (i) Prepare, document and maintain detailed financial procedures and systems incorporating the principles of separation of duties and internal checks to supplement these Instructions;
- (ii) Develop, maintain and monitor detailed policies, procedures and instructions covering all aspects of the security of money, assets and other Ofqual resources;
- (iii) Challenge those responsible for the organisation's activities to account for their financial performance, ensure that Ofqual manages its finances in accordance with appropriate controls and best practice arrangements operating in the civil service and the public sector;
- (iv) Ensure that sufficient records are maintained to show and explain our transactions in order to disclose our financial position at any time;
- (v) Present financial reports to Board meetings.

2.5 Corporate Responsibilities of all Ofqual Staff

2.5.1 We are all, severally and collectively responsible for:

- (i) the security of the property of Ofqual;
- (ii) avoiding loss;
- (iii) exercising economy and efficiency in the use of resources;
- (iv) conforming with the requirements of our Governance Framework, Standing Financial Instructions, Financial Procedures, Scheme of Delegation and the Reservations of Powers to the Board.

2.6 Schemes of Delegation

2.6.1 The principles of the *Schemes of Delegation* are:

- (i) Members of staff may sub-delegate financial or approval powers providing the sub-delegation does not exceed their own delegated powers and they retain accountability for the actions of the person they sub-delegate to;
- (ii) Powers may only be delegated to members of staff within the organisational control of the delegating member of staff;
- (iii) All delegated powers must remain within the financial and approval limits set out in the *Schemes of Delegation*;
- (iv) All powers of delegation must be provided in writing, duly authorised by the delegating member of staff. Any variations to such delegated powers must also be in writing;
- (v) All applications for short term powers of delegation, such as holiday cover, which are not intended to be permanent must be provided in writing by the delegating member of staff, prior to the period for which approval is sought;
- (vi) Any member of staff wishing to approve a transaction outside their written delegated powers must in all cases refer the matter to the relevant line manager with adequate written powers, before any financial commitments are made in respect of the transaction;
- (vii) A power is delegated on general condition that it cannot be further delegated. Where this is not the case, the extent of the authority to delegate onwards must be stated in writing by the initial delegator, and details also provided in writing to the Chief Operating Officer.

2.6.2 Failure to comply with these principles will be recognised as a disciplinary offence. Where such a breach results in clear financial loss, the member of staff may be personally liable to compensate Ofqual.

2.6.3 The *Reservation of Powers to the Board* and the main *Scheme of Delegation* is included in the *Ofqual Governance Framework* and reproduced here in the *Standing Financial Instructions* (Appendix A). The lower level schemes must be maintained by each directorate and copies must also be provided to the Associate Director, Finance.

2.6.4 The *Ofqual Governance Framework* will always hold the latest formal version of the scheme of delegation.

3 Audit

3.1 References

The Ofqual Board has established formal and transparent arrangements for considering how they should apply the financial reporting and internal control principles and for maintaining an appropriate relationship with our auditors.

3.2 Audit and Risk Assurance Committee

3.2.1 In accordance with our governance framework, the Board has formally established an Audit and Risk Assurance Committee with clearly defined terms of reference, which provides an independent and objective view of internal control by:

- (i) overseeing internal and external audit services (including agreeing both audit plans and monitoring progress against them);
- (ii) receiving reports from the internal and external auditors (including the external auditor's management letter) and considering the management response;
- (iii) monitoring compliance with standing orders and standing financial instructions.

3.2.2 The terms of reference for the Audit and Risk Assurance Committee are considered as forming part of these Standing Financial Instructions and the Ofqual Governance Framework.

3.2.3 Where the Audit and Risk Assurance Committee feel there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the committee wish to raise, the chairman of the Audit and Risk Assurance Committee will raise the matter at a full meeting of the Board. This is included in the terms of reference for the Audit and Risk Assurance Committee.

3.3 Internal Audit

3.3.1 Internal Audit will, focussing on our risks, review, appraise and report on:

- (i) the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
- (ii) the adequacy and application of financial and other related management controls;
- (iii) the suitability of financial and other related management data;
- (iv) the extent to which our assets and interests are accounted for and safeguarded for loss of any kind, arising from:
 - fraud and other offences;
 - waste, extravagance, inefficient administration;
 - poor value for money or other causes.

3.3.2 The Chief Operating Officer is responsible for:

- (i) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control exercised through commissioning an internal audit function;
- (ii) ensuring that the internal audit is adequate and meets the mandatory audit standards;

- (iii) deciding at what stage to involve the police in cases of misappropriation and other irregularities;
- (iv) ensuring that an annual audit report is prepared for the consideration of the Audit and Risk Committee and the Board covering:
 - progress against plan over the previous year;
 - major internal financial control weaknesses discovered;
 - progress on the implementation of internal audit recommendations;
 - strategic audit plan covering the next three years;
 - a detailed plan for the coming year.

3.3.3 The Chief Operating Officer or designated auditors are entitled without necessarily giving prior notice to require and receive:

- (i) access to all records, documents and correspondence relating to any financial or other relevant transaction, including documents of a confidential nature. This includes work diaries;
- (ii) access at all reasonable times to any land, premises or member of staff;
- (iii) the production of any cash, equipment or other property of Ofqual under a member of staff's control;
- (iv) explanations concerning any matter under investigation.

3.3.4 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, equipment or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Chief Operating Officer must be notified immediately.

3.3.5 An internal audit representative will normally attend Audit and Risk Committee meetings and have a right of access to all Audit and Risk Committee members, the Chairman, Chief Regulator and Accounting Officer of Ofqual.

3.4 External Audit

3.4.1 Ofqual has an external auditor which is the National Audit Office (NAO). The NAO scrutinises public spending in government departments on behalf of Parliament.

3.4.2 The external auditor is provided with every facility and all information which they may reasonably require for the purposes of their functions.

3.4.3 The external auditor carries out their duties in accordance with any directions given by HM Government on standards, procedures and techniques to be adopted.

3.5 Anti-Fraud and Corruption

3.5.1 In line with their responsibilities, the Chief Regulator, Accounting Officer and the Chief Operating Officer monitor and ensure compliance with guidance and directions on anti-fraud and corruption. All our staff are made aware of Ofqual's *Whistleblowing Policy* and its correct use.

3.6 Staff Expenses

3.6.1 The Chief Operating Officer is responsible for establishing procedures for the management of expense claims submitted by all Ofqual staff on forms approved by the Manager, Financial Accounts. The Chief Operating Officer arranges for duly

approved expense claims to be processed locally or via our payroll provider. Expense claims are authorised in accordance with our *Schemes of Delegation*.

- 3.6.2 Expenses should be claimed monthly. All rates and allowances for which staff claim will be as are current within our *Business Expenses Policy* when the claim is made (reference should be made to the policy for greater detail). Any claims older than three months will not be paid unless approval is obtained from the Chief Operating Officer.

3.7 Acceptance of Gifts, Hospitality and Sponsorship by Staff

- 3.7.1 The Chief Operating Officer ensures that all staff are made aware of our policy on the acceptance of gifts, hospitality and sponsorship which follows the *Ofqual Governance Framework* and the *Civil Service Code*. The Ofqual policy is outlined in the staff code of conduct.
- 3.7.2 We are all responsible for notifying the Board Secretariat Manager of any gift, hospitality or sponsorship accepted (or refused). They will record this in writing in the hospitality register. The register is open for public inspection on request, in writing, to the Board Secretariat Manger.
- 3.7.3 Any offers for gifts, hospitality or sponsorship that do not comply with our policy, should be courteously but firmly refused and the person offering notified of Ofqual's procedures and standards.

3.8 Overriding Standing Financial Instructions

- 3.8.1 If, for any reason, these SFIs are not complied with, full details of the non-compliance, any justification for non-compliance and the circumstances around the non-compliance will be reported to the next formal meeting of the Audit and Risk Committee for action or ratification. Any breach of the SFIs by any member of staff may result in disciplinary action.
- 3.8.2 All members of our Board and all members of staff have a duty to disclose any non-compliance with the SFIs to the Chief Operating Officer as soon as possible.

4 Annual Planning, Budgets, Budgetary Control and Monitoring

4.1 Annual Business Planning

- 4.1.1 The Chief Regulator, with the assistance of the Chief Operating Officer, is responsible for compiling and submitting to the Board, corporate and business plans for Ofqual. These must be in accordance with Ofqual's financial duties and relevant published government guidance and timetables.
- 4.1.2 The business plan must be reconcilable to regular updates of Ofqual's financial performance, which the Chief Operating Officer is responsible for preparing and submitting to the Board.
- 4.1.3 The Ofqual star chamber process is the mechanism for in-year business planning. To assist with planning, budget holders will have access to the latest three-year *Corporate Plan* and *Financial Plan*.
- 4.1.4 All executive directors and their relevant members of staff must provide the Chief Operating Officer with all financial, statistical and other relevant information as necessary for the compilation of such business planning, estimates and forecasts.
- 4.1.5 The Chief Operating Officer is responsible for reporting to the Board any significant in-year variance from the annual plan and advising the Board on any action to be taken.
- 4.1.6 The Associate Director, Finance is responsible for compiling and submitting to the Board such financial estimates and forecasts, both revenue and capital, as may be required from time to time.

4.2 Budgets

- 4.2.1 Financial performance against the annual budget is reviewed within the Ofqual star chamber process. Budgets will be set in accordance with the aims and objectives set out in our annual business plan. Budget setting will begin in October for the following financial year and will link into the strategy development and corporate strategy processes.
- 4.2.2 The Associate Director, Finance must develop and maintain the business and financial planning activity through the star chamber process. Draft plans will be pre-populated with proxy staffing resource and non-pay budget to aid discussion and decision making.
- 4.2.3 The Associate Director, Finance is responsible for collating the outcome of the star chamber process to produce a proposed overall Ofqual budget to be submitted to the Senior Management Group before the end of December each year.
- 4.2.4 Following an iterative review process, the proposed budget will be submitted by the Chief Operating Officer to the February finance committee for review and challenge.

- 4.2.5 The Chief Operating Officer will then provide the Senior Management Group with the opportunity to provide additional comments before submitting the proposed budget and implications to the Board for their final approval in March.

4.3 Budgetary Control

- 4.3.1 The Chief Regulator will delegate management of a budget or part of a budget to members of staff to permit the performance of defined activities. The Ofqual Scheme of Delegation will include a clear definition of individual and group responsibilities for control of expenditure.
- 4.3.2 The Chief Regulator will issue Delegation Letters to the executive directors for agreement, signature and returning to the Associate Director, Finance. These are issued once the budget has been approved by the Board.
- 4.3.3 executive directors must not exceed their delegated revenue resource without prior permission of the Chief Regulator.
- 4.3.4 Budgets will be set at cost centre level. Any unused budget that is identified during reforecasting should be advised to Finance. Normally unused budget will be surrendered so that it can be reused in the organisation.
- 4.3.5 Expenditure for which no provision has been made in an approved budget can only be incurred after authorisation by the Senior Management Group or the Board through the business case process.
- 4.3.6 A fully approved business case is also required for any activity in excess of £10k or for recruitment activity (including extensions).
- 4.3.7 The Chief Operating Officer is responsible for informing the Chief Regulator, Accounting Officer and the Ofqual Board of the financial consequences of changes in policy, pay awards and other events and trends affecting budgets, and advising on the financial and economic aspects of future plans and projects.

4.4 Budget Monitoring

- 4.4.1 The Chief Operating Officer is responsible for providing budgetary information and advice to enable the Chief Regulator and other relevant members of staff to carry out their budgetary responsibilities.
- 4.4.2 Reports detailing the current financial position with commentary will be presented to the Senior Management Group, Finance Committee and Board on a timely basis.
- 4.4.3 The Associate Director, Finance is responsible for reporting actual financial performance against forecast and budget to the Board, Finance Committee and the Senior Management Group. The relevant executive directors (or their nominated representatives) are responsible for providing variance explanations, future implications of variances and the impact on business performance to the Associate Director, Finance for inclusion in financial reports to the Senior Management Group, Finance Committee and Board.
- 4.4.4 Delegated budgets will be allocated to Directorates for specific purposes. Any unused portions of the budget must be advised to Finance rather than recycled within the directorate.

5 Annual Accounts and Reports

5.1 Preparation

- 5.1.1 The Chief Operating Officer is responsible for preparing financial returns in accordance with the guidance given by the *Financial Reporting Manual* and the Treasury, Ofqual's accounting policies and generally accepted accounting principles.
- 5.1.2 The Associate Director, Finance is responsible for preparing annual accounts which must be certified by the Chief Operating Officer, the Accounting Officer and Chief Regulator, and accepted by the Ofqual Board. The Chief Operating Officer submits them, and any reports from internal and external auditors on the annual accounts and arranges for them to be laid before Parliament.
- 5.1.3 Ofqual's annual accounts must be audited by an auditor appointed by HM Government.

5.2 Publishing

- 5.2.1 Ofqual are required to publish an annual report. The document will include the audited annual accounts of Ofqual. This is the responsibility of the Accounting Officer who must sign the document.
- 5.2.2 The Annual Report is laid before Parliament, with the annual accounts and, (so far as they relate to Northern Ireland) a copy of the annual report with the annual accounts will also be laid before the Northern Ireland Assembly. The Accounting Officer is responsible for the accounts and may be invited by the Public Accounts Committee or Select Committee as witness.

6 Bank and Government Banking Services (GBS) Accounts

6.1.1 The Chief Operating Officer is responsible for:

- (i) managing Ofqual's banking arrangements and for advising the Chief Regulator and Accounting Officer on the provision of banking services and the operation of all accounts. Our Board approves the banking arrangements.
- (ii) ensuring payments from bank accounts do not exceed the amount credited to the account, except where arrangements have been made. Also all arrangements with Ofqual's bankers for accounts to be overdrawn must be reported to our Board.

6.1.2 The Chief Operating Officer is responsible for detailed instructions being in place on the operation of bank accounts which must include the conditions under which each bank account is to be operated, the limit to be applied to any overdraft and those authorised to sign cheques or other orders drawn on Ofqual's accounts.

7 Income, Fees, Security of Cash, Cheques and Credit Cards

7.1 Internal Processes

- 7.1.1 The Associate Director, Finance is responsible for the design, maintenance and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due. The Associate Director, Finance is also responsible for the prompt banking of all monies received.
- 7.1.2 All members of staff must inform the Senior Manager, Strategic Reporting and Engagement or the Associate Director, Finance promptly of any expenditure arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements or any other type of financial contract.
- 7.1.3 The Associate Director, Finance is responsible for:
- (i) the appropriate recovery action on all outstanding debts. Income not received is dealt with in accordance with losses procedures;
 - (ii) approving agreement forms, or other means of officially acknowledging or recording monies received or receivable;
 - (iii) ensuring we have systems and procedures for handling cash and negotiable securities on behalf of Ofqual.
- 7.1.4 Exchequer funds are not, under any circumstances, used for the encashment of private cheques or IOUs.
- 7.1.5 All cheques, postal orders, cash etc., are banked intact. Disbursements are not made from cash received, except under arrangements approved by the Associate Director, Finance.

7.2 Money Laundering

- 7.2.1 Under **no circumstances** will Ofqual accept cash payments in excess of £100, or the equivalent in any other currency, in respect of any single transaction. Any attempts by an individual to make a payment above this amount should be notified immediately to the Associate Director, Finance.

8 Contracts and Tenders

8.1 Principles

- 8.1.1 The instructions in this section concern purchasing decisions for goods and services required where we need to enter formal tendering and contractual arrangements.
- 8.1.2 In **all circumstances** aspects of sustainability will be considered in business cases and tendering processes.
- 8.1.3 The Procurement and Contract Manager is responsible for advising the Ofqual Board regarding the setting of thresholds above which quotations or formal tenders must be obtained. This will take into account legal requirements to comply with European Union (EU) rules on procurement.
- 8.1.4 The Procurement and Contracts Manager is also responsible for:
- (i) procedures to ensure that competitive quotations and tenders are invited for the supply of goods and services under contractual arrangements wherever possible;
 - (ii) a register being established and maintained of all formal tenders.
- 8.1.5 EU directives and Government regulations relating to procurement shall have effect as if incorporated into these SFIs.
- 8.1.6 The Procurement and Contract Manager is responsible for ensuring that Ofqual has policies and procedures in place for the control of all tendering activity carried out.

8.2 Formal Competitive Tendering

- 8.2.1 The Procurement and Contract Manager ensures that suppliers are selected for the tender process. This is either from a pre-approved list, identified relevant framework supplier list or from responses via the MyTenders website. Suppliers who respond via the MyTenders website who are not known to Ofqual will be required to undertake a financial evaluation from Creditsafe.
- 8.2.2 The Procurement and Contract Manager ensures that competitive tenders are invited for:
- (i) the supply of goods, materials and manufactured articles;
 - (ii) the rendering of services including all forms of management consultancy services.
- 8.2.3 Formal tendering procedures need not be applied where the estimated expenditure or income does not, or is not reasonably expected to exceed £10,000.
- 8.2.4 Formal tendering procedures may be waived in the following circumstances, although approval is not to be regarded as automatic and each case will be treated on its own merit. The Procurement and Contract Manager is responsible for advising Ofqual on the applicability of the waiver.
- (i) where the requirement is covered by an existing contract;

- (ii) where a consortium arrangement is in place and a lead organisation has been appointed to carry out tendering activity on behalf of consortium members;
- (iii) where the timescale genuinely precludes competitive tendering. Failure to plan the work properly would not be regarded as a justification for a single tender;
- (iv) where specialist expertise is required and is available from only one source;
- (v) when the task is essential to complete the project and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
- (vi) there is a clear benefit to be gained from maintaining continuity with an earlier project. However, in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering.

8.2.5 The Chief Operating Officer is responsible for ensuring that any procurement related fees are reasonable and within commonly accepted rates for such work.

8.2.6 The waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure.

8.2.7 Where it is decided that competitive tendering is not applicable and should be waived, a *Single Tender Justification Form* (STJ) is to be completed and approved by the Chief Regulator. The Procurement and Contract Manager is responsible for recording and retaining all completed and authorised STJ forms.

8.3 Contracting and Tendering Procedure

8.3.1 Invitation to Tender

- (i) All invitations to tender state the date and time for the latest receipt of tenders.
- (ii) All invitations to tender state that no tender will be accepted unless:
 - it is submitted in a plain sealed package or envelope bearing a pre-printed label supplied by Ofqual (or the word 'tender' followed by the subject to which it relates) and the latest date and time for the receipt such tender addressed to the Procurement and Contract Manager.
 - tenders submitted by email must have the subject and Ofqual contract reference number to which it relates in the email title and be sent to the Ofqual procurement email address. The tender document must not be opened until the closing time and date.
 - in circumstances where the tendering process is outsourced to another government organisation, and tenders are received and documentation processed on Ofqual's behalf, the purchaser must ensure that robust and approved procedures and protocols are in place at the 'hosting' organisation. All original tender documents must be returned to Ofqual once the tender process has been completed and an award has been made. In cases where the 'outsourced' tenders are electronically processed, detailed procedures must be agreed and monitored by Ofqual and adhered

to by the hosting organisation. All outsourced tendering organisations must also comply with and sign Ofqual's own confidentiality agreement prior to the commencement of any work undertaken on behalf of Ofqual.

- the tender envelopes or packages must be free from any names or marks indicating the sender. The use of courier or postal services must not identify the sender on the envelope or any receipt so required by the deliverer.

8.3.2 Receipt and safe custody of tenders

- (i) The Procurement and Contracts Manager is responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening;
- (ii) The date and time of receipt of each tender is endorsed on the tender envelope/ package (if used).

8.3.3 Opening tenders and Register of Tenders

- (i) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they are opened by the Procurement and Contract Manager and another nominated Manager. Email tenders are opened and printed.
- (ii) The involvement of the Procurement and Contract manager in the preparation of a tender proposal will not preclude the Chief Operating Officer from serving as one of the two senior managers to open tenders.
- (iii) Every tender received is marked with the date of opening and initialled by those present at the opening (including email tenders).
- (iv) Opening of E-tenders. Tenders received by email which have been sent to the specific, restricted email box are opened and registered using the same procedure as outlined for tenders received in hard copy.
- (v) Tender register is maintained by the Procurement and Contracts Manager, to show for each set of competitive tender invitations despatched:
 - the Contract Reference number and Contract Title;
 - The number of tenders received by and how, and date received;
 - the names of firms/individuals from which tenders have been received;
 - the date the tenders were opened;
 - the price shown on each tender; a note where price alterations have been made on the tender;
 - any comments in relation to clarifications etc.
- (vi) Each entry to this register is signed by those present. A note is made in the register if any one tender price has had so many alterations that it cannot be readily read or understood.
- (vii) Incomplete tenders (those from which information necessary for the adjudication of the tender is missing) and amended tenders (those amended by the tenderer upon their own initiative either orally or in writing after the due time for receipt, but before the opening of other tenders) should be dealt with in the same way as late tenders.

8.3.4 Admissibility

- (i) If for any reason the designated members of staff are of the opinion that the tenders received are not strictly competitive (for example, because

their numbers are insufficient or any are amended, incomplete or qualified) no contract will be awarded and a new tender process started.

- (ii) Where only one tender is sought or received, the Procurement and Contracts Manager will, as far as practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for Ofqual.

8.3.5 Late tenders

- (i) Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Chief Operating Officer decides that there are exceptional circumstances i.e. despatched in good time but delayed through no fault of the tenderer;
- (ii) Only in the most exceptional circumstances is a tender to be considered which is received after the opening of the other tenders, and only then if the tenders that have been duly opened have not left the custody of the Procurement and Contracts Manager or if the process of evaluation and adjudication has not started.

While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents are kept strictly confidential, recorded and held in safe custody by the Procurement and Contracts Manager.

8.3.6 Acceptance of formal tenders

- (i) Any discussion with a tenderer which is deemed necessary to clarify technical aspects of the tender before the award of a contract does not disqualify the tender;
- (ii) Ofqual is not obliged to award the contract to the lowest value tender, but is obliged to award the contract in accordance with the evaluation criteria published in the invitation to tender documents;
- (iii) Ofqual accepts that the lowest price does not always represent the best value for money. Other factors affecting the success of a project may include:
 - experience and qualifications of team members
 - understanding of client's needs
 - feasibility and credibility of proposed approach
 - ability to complete the project on time
 - understanding of equality, diversity and inclusion needs
- (iv) The above list is not exclusive. Where other factors are taken into account in selecting a tenderer, these must be clearly recorded and documented in the contract file, and the reasons for not accepting the lowest tender clearly stated.
- (v) No tender will be accepted which will commit expenditure in excess of that which has been allocated by Ofqual and which is not in accordance with these SFIs except with the authorisation of the Chief Regulator or Ofqual Board.
- (vi) The use of these procedures must demonstrate that the award of the contract was:
 - not in excess of the going market rate/price current at the time the contract was awarded;
 - that best value for money was achieved.

8.4 Tender reports to the Ofqual Board

8.4.1 Reports to the Board are made on an exceptional circumstances basis only.

8.5 Financial Standing and Technical Competence of Contractors

8.5.1 The Chief Operating Officer can make or institute any enquiries deemed to be appropriate concerning the financial standing and financial suitability of approved contractors. This may include, but is not limited to, credit checks, professional membership checks and the performance of any prior contracts with Ofqual.

8.6 Quotations: Competitive and non-competitive

8.6.1 General position on quotations

Quotations are required for all expenditure not exceeding £10,000 unless a framework agreement or call-off contract is in place.

8.6.2 Competitive Quotations

- (i) Quotations will be obtained from at least 3 firms or individuals based on specifications or terms of reference prepared by, or on behalf of, Ofqual;
- (ii) Quotations will be in writing or email, unless impractical to do so, in which case quotations may be obtained by telephone. Written confirmation of telephone quotations will be obtained as soon as possible and the reasons why the telephone quotation was obtained will be set out in a permanent record;
- (iii) All quotations will be treated as confidential and retained for inspection and attached to the order for the goods or services.

8.6.3 Non-Competitive Quotations

Non-competitive quotations in writing may be obtained in the following circumstances:

- (i) where the supply of proprietary or other goods are of a special character and in the rendering of services of a special character, the opinion of the Procurement and Contract Manager is that it is not possible or desirable to obtain competitive quotations;
- (ii) where the supply of goods or manufactured articles of any kind which are required as a matter of urgency and are not obtainable under existing contracts;
- (iii) where the goods or services are for building and engineering maintenance the responsible manager must certify that the first two conditions of this SFI ((i) & (ii) above) apply;
- (iv) where the Single Tender Justification process applies see [STJ](#) above.

8.6.4 Authorisation of Tenders and Competitive Quotations

Providing all the conditions and circumstances set out in these SFIs have been fully complied with, formal authorisation and awarding of a contract may be decided by the following:

- (i) the Ofqual Board;
- (ii) the Chief Regulator;

- (iii) the Chief Operating Officer;
- (iv) designated budget holders,

The levels of authorisation are in the *Schemes of Delegation*.

Formal authorisation must be put in writing. In the case of authorisation by the Ofqual Board this will be recorded in the minutes.

8.6.5 Compliance requirements for all contracts

Our Board may only enter into contracts on behalf of Ofqual within the statutory powers delegated to it and will comply with:

- (i) *Ofqual Governance Framework and Standing Financial Instructions*.
- (ii) EU directives and other statutory provisions;
- (iii) where appropriate, the terms and conditions of contract as was the basis on which tenders or quotations were invited;
- (iv) the requirement for Ofqual to obtain the best value for money in any contractual transaction. The Chief Regulator will nominate a member of staff who will oversee and manage each contract on behalf of Ofqual.

8.7 Personnel and Agency or Temporary Staff Contracts

- 8.7.1 The Chief Regulator will nominate appropriate members of staff with delegated authority to enter into contracts of employment, regarding staff, agency staff or temporary staff service contracts.

8.8 Disposals

- 8.8.1 Competitive tendering or quotations procedures will not apply to the disposal of:

- (i) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined, or pre-determined in a reserve, by the Chief Regulator or their nominated member of staff;
- (ii) obsolete or condemned articles, which may be disposed of in accordance with the supplies policy of Ofqual;
- (iii) items to be disposed of with an estimated sale value of less than £1,000, this figure to be reviewed on a periodic basis;
- (iv) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract.

8.9 In-house Services

- 8.9.1 The Chief Regulator is responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The Ofqual Board may also determine, from time to time, that in-house services should be market tested by competitive tendering.

- 8.9.2 In all cases where the Ofqual Board determines that in-house services should be subject to competitive tendering the following groups will be set up:

- (i) Specification group, comprising the Chief Regulator or nominated members of staff and specialist.
- (ii) In-house tender group, comprising a nominee of the Chief Regulator and technical support.

(iii) Evaluation team, comprising normally a specialist member of staff, the Commercial and Contracts Manager and a finance representative.

- 8.9.3 All groups will work independently of each other and individual members of staff may be members of more than one group, but no member of the in-house tender group may participate in the evaluation of tenders.
- 8.9.4 The evaluation team will make recommendations to the Ofqual Board.
- 8.9.5 The Chief Regulator will nominate a member of staff to oversee and manage the contract on behalf of Ofqual.

9 Terms of Service and Payment of Directors and Employees

9.1 Funded Establishment

- 9.1.1 The resource plans incorporated within the annual budget form the funded establishment.
- 9.1.2 The funded establishment of any directorate may not be varied without the approval of the Chief Regulator and Accounting Officer in consultation with the Chief Operating Officer.

9.2 Contracts of Employment

- 9.2.1 The Ofqual Board delegates responsibility to an identified member of staff for:
- (i) ensuring that all staff are issued with a contract for employment in a form approved by the Ofqual Board and which complies with employment legislation;
 - (ii) dealing with variations to, or termination of, contracts of employment.

9.3 Payroll

- 9.3.1 The Chief Operating Officer is responsible for ensuring there are arrangements for the provision of payroll services to Ofqual to ensure the accurate determination of any entitlement and to enable prompt and accurate payment to all members of staff.
- 9.3.2 The Chief Operating Officer supported by the Associate Director, Human Resources is responsible for ensuring there are procedures in place covering advice to managers on the prompt and accurate submissions of payroll data to support the determination of pay including where appropriate, timetables and specifications for submission of properly authorised notification of new members of staff, leavers and amendments to standing pay data and terminations.
- 9.3.3 The Chief Operating Officer is responsible for ensuring that instructions for the following exist, whether the payroll is provided in-house or externally:
- (i) specifying timetables for submission of properly authorised time records and other notifications;
 - (ii) the final determination of pay and allowances;
 - (iii) making payment on agreed dates;
 - (iv) agreeing method of payment.
- 9.3.4 The Chief Operating Officer is responsible for the issue of instructions regarding:
- (i) verification and documentation of data;
 - (ii) the timetable for payment of members of staff and allowances;
 - (iii) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
 - (iv) security and confidentiality of payroll information;
 - (v) checks to be applied to the completed payroll before and after payment;

- (vi) authority to release payroll data under the provisions of the *Data Protection Act*;
- (vii) procedures for payment by bank credit or cheque to members of staff. It is expected that all staff will be paid by bank credit;
- (viii) procedures for the recall of cheques and bank credits;
- (ix) pay advances and their recovery;
- (x) maintenance of regular and independent reconciliation of payroll control accounts;
- (xi) separation of duties for preparing records and handling cash;
- (xii) a system to ensure the recovery of sums of money and property from those leaving the employment of Ofqual.

9.3.5 Appropriately nominated managers have delegated responsibility for:

- (i) submitting correctly completed and authorised time records and other notifications in accordance with agreed timetables;
- (ii) where appropriate completing time records and other notifications in accordance with the Chief Operating Officer's instructions and in the form prescribed by the Chief Operating Officer
- (iii) submitting termination forms in the prescribed form immediately upon knowing the effective date of a member of staff's resignation, termination or retirement. Where a member of staff fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the Chief Operating Officer or nominated member of staff must be informed immediately.

9.3.6 Regardless of the arrangements for providing the payroll service the Chief Operating Officer is responsible for ensuring that the chosen method is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.

9.4 Advances of Pay

9.4.1 Advances of pay will only be made in exceptional circumstances. The Associate Director, Finance in conjunction with the Associate Director, Human Resources, is responsible for detailed procedural instructions being available.

9.5 Loans

9.5.1 We will only extend loans towards the cost of approved training and education. A request for other types of loan will be considered in exceptional circumstances, to be determined by the Chief Operating Officer.

9.5.2 The Associate Director, Finance in conjunction with the Associate Director, Human Resources, is responsible for detailed procedural instructions being available.

9.6 Staff Appointments

9.6.1 No member of the Ofqual Board or member of staff may engage, re-engage or re-grade members of staff, either on a permanent or temporary nature or hire agency staff, or agree to changes in any aspect of remuneration unless:

- (i) authorised to do so by the Chief Regulator;

(ii) within the limit of their approved budget and funded establishment.

9.6.2 The Ofqual Board approves procedures presented by the Chief Regulator or a nominated member of staff for the determination of commencing pay rates, conditions of service etc. for all members of staff.

10 Non-Pay Expenditure

10.1 Delegation of Authority

10.1.1 The Ofqual Board approves the level of non-pay expenditure on an annual basis and the Chief Regulator determines the level of delegation to budget managers.

10.1.2 The Chief Regulator and Accounting Officer set out:

- (i) the list of managers who are authorised to place requisitions for the supply of goods and services;
- (ii) the financial limits for requisitions and the system for authorisation above that level.

10.1.3 The Chief Operating Officer is responsible for setting out procedures on the seeking of professional advice regarding the supply of goods and services.

10.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services

10.2.1 The requisitioner, in choosing the item to be supplied or the service to be performed, must always obtain best value for money for Ofqual. In so doing, the advice of Ofqual's Procurement and Contract Manager must be sought.

10.2.2 Payment of contract invoices is in accordance with contract terms. The Associate Director, Finance must be provided with a copy of all contracts for goods and services.

10.2.3 The Chief Operating Officer is responsible for:

- (i) advising the Ofqual Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained. The approved thresholds are reviewed annually;
- (ii) preparing detailed procedures for requisitioning, ordering, receipt and payment of goods, works and services;
- (iii) the prompt payment of all properly authorised accounts and claims;
- (iv) the design and maintenance of a system of verification, recording and payment of all amounts payable. The system provides certification that:
 - goods or services have been duly received, examined and are in accordance with specification and the prices are correct;
 - work done or services rendered have been satisfactorily carried out in accordance with the order and, where applicable, the materials used are of the requisite standard and the charges are correct;
 - in the case of contracts based on the measurement of time, materials or expense, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, price and the charges for the use of vehicles, plant and machinery have been examined;
 - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
 - the account is arithmetically correct;
 - the account is in order for payment.

- (v) a system for submission to the Senior Manager, Strategic Reporting and Engagement of accounts for payment; provision is made for the early submission of accounts subject to cash discounts or otherwise needing early payment;
- (vi) a list of staff authorised to certify any type of payment. It is the responsibility of budget holders to inform the Senior Manager, Strategic Reporting and Engagement of changes to authorised officers;
- (vii) instructions to staff regarding the handling and payment of accounts within the finance team;
- (viii) that the delegation of responsibility for ensuring that payment for goods and services is only made once the goods or services are received, except where [pre-payments](#) apply;
- (ix) that all invoices must be addressed to the finance team and not to individual members of staff. Under no circumstances will invoices be paid on behalf of third parties.

10.2.4 Pre-payments are only permitted where exceptional circumstances apply. In such instances:

- (i) the financial advantages must outweigh the disadvantages i.e. cash flows must be discounted to net present value (NPV);
- (ii) the appropriate director must provide in the form of a written report, a case setting out all the relevant circumstances of the purchase. The report must set out the effects on Ofqual if the supplier is at some time during the course of the pre-payment agreement, unable to meet their commitments;
- (iii) The Chief Operating Officer needs to be satisfied with the proposed arrangements before contractual arrangements proceed;
- (iv) the budget holder is responsible for ensuring that all items due under a pre-payment contract are received and they must immediately inform the Senior Manager, Strategic Reporting and Engagement if problems are encountered.

10.2.5 Official purchase orders must:

- (i) be consecutively numbered;
- (ii) be in a form approved by the Chief Operating Officer;
- (iii) state Ofqual's terms and conditions of trade;
- (iv) only be issued to, and used by, those duly authorised by the Chief Regulator.

10.2.6 All members of staff must comply fully with the procedures and limits specified by the Chief Operating Officer, ensuring that:

- (i) all contracts, leases, tenancy agreements and any other commitments which may result in a liability are notified and a copy sent to the Chief Operating Officer in advance of any commitment being made;
- (ii) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- (iii) where consultancy advice is being obtained, the procurement of such advice must be in accordance with best practice;
- (iv) no order is issued for any item or items to any firm that has made an offer of gifts, reward or benefit to any members of staff, other than:
 - isolated gifts of a trivial nature or inexpensive seasonal gifts, such as calendars,

- conventional hospitality, such as lunches in the course of working visits;
- (v) no requisition/order (including the use of purchasing cards) is placed for any item/service for which there is no adequate budget provision;
- (vi) no goods, services or works, other than works and services executed in accordance with a contract and those items listed below, are ordered except on an official order, following approved Ofqual authorisation processes. Contractors/suppliers are notified that they should not accept orders unless on an official order form. Exceptions are:
- Agency staffing services
 - Contract taxi services
 - Courses, conferences and lecture fees if approved via the Associate Director HR
 - Purchases from petty cash
 - Rent of property or rooms
 - Utility services – including all communication services
 - Travel claims
- (vii) they adhere to the procedures regarding verbal orders. These are issued only in cases of emergency by the finance team following receipt of a properly completed requisition. The finance team will place the verbal order and then issue an official order marked 'confirmation order' no later than the next working day. The finance team maintains a register of emergency orders issued. Persistent use of this method of purchasing goods or services to circumvent the ordering procedures will result in their withdrawal from use and if the circumstances warrant, the instigation of disciplinary procedures;
- (viii) orders are not split or otherwise placed in a manner devised so as to circumvent the financial thresholds;
- (ix) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Senior Manager, Strategic Reporting and Engagement. Petty cash records are to be maintained in a form as determined by the Senior Manager, Strategic Reporting and Engagement.

10.2.7 Goods and services for which framework contracts exist through the Crown Commercial Service must be purchased within those contracts. Any purchasing request made outside such contracts must be referred, in the first instance, to the Procurement and Contract Manager for approval.

11 Capital Expenditure, Investment, Asset Registers and Security of Assets

11.1 Capital Expenditure and Investment

11.1.1 The Chief Regulator is responsible for all the capital expenditure of Ofqual, including expenditure on assets under construction. The Chief Operating Officer ensures that there is a scheme of delegation for approval of capital commitments and will arrange for the development of detailed policies and procedures covering all aspects of capital investment management, including scheme appraisals, contract awarding, contract management and financial control.

11.1.2 The Chief Regulator provides executive delegation to directors to manage programmes for capital expenditure, including assets under construction, within the restrictions of schemes of delegation which will include:

- (i) Specific authority to commit expenditure;
- (ii) authority to proceed to tender;
- (iii) authority to accept a successful tender.

11.1.3 The Chief Operating Officer:

- (i) ensures that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans;
- (ii) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to planned cost;
- (iii) ensures that the investment is not undertaken without confirmation, where appropriate, of purchaser's support and the availability of resources to finance all revenue consequences, including capital charges;
- (iv) ensures a business case is produced setting out:
 - an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
 - appropriate project management and control arrangements;
 - a full analysis of the costs and revenue consequences which are detailed in the business case and have been verified, agreed and signed off by the Senior Manager, Management Accounts and Business Planning.

11.1.4 Any commitment in excess of the limits which are currently specified will be referred to the Chief Regulator, Accounting Officer and Ofqual Board for approval before such commitment is made.

11.1.5 The approval of a capital programme will not constitute approval for expenditure on any scheme.

11.1.6 The Associate Director, Finance is responsible for ensuring there are detailed procedural guides for the financial management and control of expenditure on capital assets.

11.1.7 At all times, the Ofqual Board and all members of staff will work in accordance with Ofqual's internal control environment and wider controls from HM Treasury, the Cabinet Office and other central government sources.

11.2 Asset Registers

11.2.1 Ofqual maintains an asset register recording fixed assets, in line with the capital accounting policy. The asset register is updated on a quarterly basis. The Associate Director, Finance:

- (i) is responsible for the maintenance of the asset register, approving the form of the register and the method of updating and arranging a physical check of assets against the register once a year;
- (ii) implements procedures to comply with guidance on valuation in accordance with current national and international accounting standards as applicable;
- (iii) is responsible for having in place procedures covering the identification and recording of capital additions. The financial cost of capital additions, including expenditure on assets under construction, must be clearly identified and validated by reference to appropriate supporting documentation;
- (iv) is responsible for having in place policies and procedures for the management and documentation of asset disposals, whether by sale, part exchange, scrap, theft or other loss. Such procedures include the rules on evidence of disposal and supporting documentation, the application of sales proceeds and the amendment of financial records including the asset register.

11.2.2 Additions to the Asset Register have to be clearly identified to an appropriate budget holder and be validated by reference to:

- (i) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
- (ii) stores, requisitions and wage records for own materials and labour;
- (iii) lease agreements in respect of assets held under lease and capitalised;

11.3 Security of Assets

11.3.1 The overall control of fixed assets is the responsibility of the Chief Regulator and Accounting Officer.

11.3.2 Asset control procedures (including fixed assets, cash cheques and negotiable instruments, and also including donated assets) are approved by the Associate Director, Finance. These procedures make provision for:

- (i) recording managerial responsibility for each asset;
- (ii) identification of additions and disposals;
- (iii) recording of all repairs and maintenance expenses
- (iv) physical security of assets;
- (v) periodic verification of existence of, condition of, and title to, assets;
- (vi) reporting, recording and safekeeping of cash cheques and negotiable instruments.

- 11.3.3 The Associate Director, Finance ensures that any insurance arrangements exist in accordance with our risk management policy.
- 11.3.4 All discrepancies from the fixed assets register revealed by verification of physical assets must be notified to the Chief Operating Officer.
- 11.3.5 Any damage to Ofqual's premises and equipment, or any loss of equipment, stores or supplies must be reported to the Associate Director, Finance by all members of staff in accordance with the procedure for reporting losses.
- 11.3.6 Where practical, assets are marked as being Ofqual property.

12 Disposals and Condemnations, Losses and Special Payments (see also [Disposals](#) and [Security of Assets](#))

12.1 Procedures

- 12.1.1 The Chief Operating Officer is responsible for setting out detailed procedures for the disposal of assets including condemnations, and ensuring that these are notified to all appropriate managers.
- 12.1.2 When it is decided to dispose of an Ofqual asset, the Senior Manager, Strategic Reporting and Engagement will determine the estimated market value of the item, taking into account professional advice where appropriate.
- 12.1.3 All unserviceable articles are:
- (i) condemned or otherwise disposed of by a member of staff authorised for that purpose by the Chief Operating Officer;
 - (ii) recorded by the condemning member of staff in a form approved by the Senior Manager, Strategic Reporting and Engagement which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries are confirmed by the countersignature of a second member of staff authorised for the purpose by the Chief Operating Officer.
- 12.1.4 The condemning member of staff satisfies themselves as to whether or not there is evidence of negligence in use and reports any such evidence to the Chief Operating Officer who will take appropriate action.

12.2 Losses and Special Payments

- 12.2.1 The Associate Director, Finance is responsible for having in place procedural instructions on the recording of and accounting for condemnations, losses and special payments.
- 12.2.2 Any member of staff discovering or suspecting a loss of any kind must immediately inform their manager, who must immediately inform the Chief Regulator, the Accounting Officer and the Chief Operating Officer.
- 12.2.3 Where a criminal offence is suspected, the Chief Operating Officer must immediately inform the police if theft or arson is involved.
- 12.2.4 In cases of suspected fraud or corruption, the Chief Operating Officer must inform the Chief Regulator and Accounting Officer. The Fraud Response Plan within the Anti-fraud Policy will be invoked.
- 12.2.5 For losses apparently caused by theft, arson, or neglect of duty, except if trivial, or gross carelessness, the Chief Operating Officer will immediately notify:
- (i) the Ofqual Board;
 - (ii) the External Auditor;
 - (iii) and the Audit Committee at the earliest opportunity.
- 12.2.6 The Chief Operating Officer will approve the writing off of losses according to the limits set in the Schemes of Delegation.

- 12.2.7 The Chief Operating Officer is authorised to take any necessary steps to safeguard Ofqual's interest in bankruptcies and company liquidations.
- 12.2.8 No special payments exceeding delegated limits will be made without prior approval of the Chief Operating Officer, Accounting Officer and Chief Regulator.
- 12.2.9 The Chief Operating Officer maintains a Losses and Special Payments Register in which write-off action is recorded. The Senior Manager, Strategic Reporting and Engagement will report losses and special payments to a formal meeting of the Audit and Risk Committee.

13 Information Technology

13.1 Chief Operating Officer Responsibilities

13.1.1 The Chief Operating Officer, who is responsible for the accuracy and security of the computerised financial data of Ofqual, ensures that:

- (i) any necessary procedures are devised and implemented to ensure adequate and reasonable protection of Ofqual's data, programmes and computer hardware for which the Chief Operating Officer is responsible, from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the *Data Protection Act* and the *Freedom of Information Act*;
- (ii) adequate and reasonable controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness and timeliness of the data, as well as the efficient and effective operation of the system;
- (iii) adequate controls exist such that computer operation is separated from development, maintenance and amendment;
- (iv) adequate audit trail exists through the computerised system and that such computer audit reviews as the Chief Operating Officer may consider necessary, are being carried out.

13.1.2 The Chief Operating Officer will ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.

13.1.3 The Information Assurance Manager reviews Ofqual's compliance with the *Freedom of Information (FOI) Publication Scheme*, which sets out the information routinely published and the classes or types of information about us which are publicly available.

13.2 Contracts for Computer Services with Other Outside Agencies

13.2.1 The Chief Operating Officer ensures that contracts for computer services for financial applications with another agency or company, clearly define the responsibility of all parties for the security, privacy, accuracy, completeness and timeliness of data during processing, transmission and storage. The contracts should also ensure rights of access for audit purposes.

13.2.2 The Chief Operating Officer periodically seeks assurances that adequate controls are in operation.

13.3 Risk Assessments

13.3.1 The Chief Operating Officer ensures that risks to Ofqual arising from the use of IT are effectively identified and considered and appropriate action taken to mitigate or control risk.

13.3.2 This includes the preparation of and testing of, appropriate disaster recovery plans.

13.4 Requirements for Computer Systems which have an impact on Corporate Financial Systems

13.4.1 Where computer systems have an impact on corporate financial systems, the Chief Operating Officer needs to be satisfied that:

- (i) systems acquisition, development and maintenance are in line with corporate policies such as the information technology strategy;
- (ii) data produced for use with financial systems is adequate, accurate, complete and timely and that an audit trail exists;
- (iii) finance staff have access to such data;
- (iv) such computer audit reviews as are necessary, are carried out;
- (v) consideration has been given as to the need for reporting requirements for external audit.

14 Risk Management

14.1.1 In accordance with the *Ofqual Governance Framework*, the Ofqual Board has an Audit and Risk Committee with clearly defined terms of reference which are considered as forming part of these SFIs.

14.1.2 The Chief Regulator ensures that Ofqual has a programme of risk management which is approved and monitored by the Ofqual Board.

14.1.3 The programme of risk management includes:

- (i) a risk framework and process for identifying and quantifying risks and
- (ii) potential liabilities;
- (iii) the on-going development amongst all levels of staff of a positive attitude towards the control and management of risk;
- (iv) management processes to ensure all significant risks and potential liabilities are addressed, including effective systems of internal control and decisions on the acceptable level of retained risk;
- (v) contingency plans to offset the impact of adverse events;
- (vi) audit arrangements including: internal audit; health and safety review;
- (vii) arrangements to review the risk management programme.

14.1.4 The existence, integration and evaluation of the above elements will provide a basis to make a statement on the effectiveness of internal financial control within the *Annual Report and Accounts*.

Appendix A: Standing Financial Instructions

Ofqual Governance Framework

Reservation of Powers to the Board

Matters reserved to the Board are set out in Annex B of the *Ofqual Governance Framework*.

Scheme of Delegation

(Reproduced from Annex E of the Ofqual Governance Framework as at 19 February 2016)

1. The Scheme of Delegation (set out below) is a schedule setting out various powers of authority by post holder. The principles of the Scheme of Delegation are as follows:
 - a. No financial or approval powers can be delegated to an officer in excess of the powers invested in the delegating officer.
 - b. Powers may only be delegated to officers within the organisational control of the delegating officer.
 - c. All delegated powers must remain within the financial and approval limits set out in the Schemes of Delegation.
 - d. All powers of delegation must be provided in writing, duly authorised by the delegating officer. Any variations to such delegated powers must also be in writing.
 - e. All applications for short-term powers of delegation, such as holiday cover, which are not intended to be permanent must be provided in writing by the delegating officer, prior to the period for which approval is sought.
 - f. Any officer wishing to approve a transaction outside their written delegated powers must in all cases refer the matter to the relevant line manager with adequate written powers, before any financial commitments are made in respect of the transaction.
 - g. A power is delegated on condition that it cannot be further delegated. Where this is not the case, the extent of the authority to delegate onwards must be stated in writing by the initial delegator, and details also provided in writing to Head of Finance.

	Reserved to Board	CEO	Directors	Delegated Manager Level 2	Delegated Manager Level 1
Authorising and signing contracts/variations/extensions/contract requisition forms within budget/Corporate Plan/Additional remit					
Contracts	Over £250k	Up to £250k	Up to £100k	Up to £50k	Up to £10k
Contract Values and Procurement route					
Full OJEU Process Where Applicable	In line with above Authorisation Levels	3 Quotes – Authorised by Delegated Manager	Authorisation by Delegated Manager		
Over £113K	Over £10k Full Tender Process	Up to £10k	Up to £2K		
<p>All contracts, contract variations or extensions and consultants' agreements/contracts must be approved in writing by Procurement before signing, and signed copies must be retained by Procurement.</p> <p>Contract variations and extensions must follow the Scheme of Delegation.</p> <p>Low-Risk Projects – for non-core, low-risk, non-commercial or politically sensitive projects: Variations/extensions must be signed off in accordance with the Scheme of Delegation <u>for the value of that variation/extension.</u></p> <p>High-Risk Projects – for core, high-risk, commercial or politically sensitive projects: Variations/extensions must be signed off in accordance with the Scheme of Delegation <u>for the aggregate value of the contract including the value of the variation/extension.</u></p> <p>Letters of termination must be authorised by a Director or above.</p> <p>Non-disclosure Agreements/Confidentiality Undertakings must be authorised by a grade 7 manager or above.</p>					

Operational Scheme of Delegation

The following are the detailed delegations for operational activity:

Delegated Responsibility	Delegated Officer	Operational Accountability
Delegation of Budgets and Approval to spend funds		
Annual Business Plan	Chief Regulator	Chief Operating Officer
Budgetary Control	Chief Operating Officer	Senior manager posts (x 2) in finance team
Approval of new unbudgeted staff appointments	Chief Regulator in conjunction with Accounting Officer	Chief Operating Officer
Approval of routine expenses claims	Senior Manager, Strategic Reporting and Engagement	Budget Holders who will determine the extent of further delegation within agreed set limits.
Operation of Detailed Financial Matters		
Establishment and Management of Bank Accounts	Chief Operating Officer	Senior Manager, Strategic Reporting and Engagement
Cheque / PO Signatory Limits	Senior Manager, Strategic Reporting and Engagement	Budget Holders who will determine the extent of further delegation within agreed set limits.
Payroll	Chief Operating Officer	AD Human Resources
Payroll Advances	Chief Operating Officer	AD Human Resources
Credit Card	Senior Manager, Strategic Reporting and Engagement	Individual cardholders
Treasury Management	Associate Director, Finance	Senior Manager, Strategic Reporting and Engagement
Treasury Management		
Income System design, prompt banking, debt recovery,	Associate Director, Finance	Senior Manager, Strategic Reporting and Engagement

design and control of receipts.		
Capital Programme Business case to be prepared to support any capital expenditure proposal of value over £10,000	Chief Regulator and Board of Directors	
Arrangement for the management of Assets Asset register	Associate Director, Finance	Senior Manager, Strategic Reporting and Engagement
Security of Assets	Chief Operating Officer	Asset Owner
Recording, monitoring and approval of payments under the losses and special payments regulations Monitoring losses and special payments	Associate Director, Finance	Senior Manager, Strategic Reporting and Engagement
Accounting for losses and special payments, cash losses and bad debts.	Chief Regulator in conjunction with Accounting Officer	Chief Operating Officer
Write Off Credit notes Up to £5k	Chief Operating Officer	Senior Manager, Strategic Reporting and Engagement
Over £5K	Chief Regulator	Chief Operating Officer
Tenders and Authorisation of Spend		
Tenders Authorising and signing contracts/variations/ extensions/contract requisition forms within budget/Corporate Plan/Additional remit: Up to £10k	Chief Regulator	Delegated Managers
Over £10K up to £50k	Chief Regulator	Associate Directors and Senior Managers
Over £50k up to £100k	Chief Regulator	Executive directors
Over £100k up to £250k	Chief Regulator	Chief Regulator
Over £250k	Board	

Contract Values and Procurement route: Up to £2K		Delegated Manager
Up to £10k		Delegated Manager
Over £10k Full Tender Process		In line with Authorisation Levels below
Over £102K		Full OJEU Process Where Applicable
Authorisation of Spend Placing orders & approval of invoices Up to £10k	Chief Regulator	Delegated Managers
Over £10K up to £50k	Chief Regulator	Associate Directors and Senior Managers
Over £50k up to £100k	Chief Regulator	Executive directors
Over £100k up to £250k	Chief Regulator	
Over £250k	Board	
Sealing and Signing of Documents – in collaboration with one Board member	Chief Regulator	One Executive Director
Information Technology (Finance Systems)	Chief Operating Officer	Chief Information Officer
Retention of Records	Chief Operating Officer	Information Security Manager
Other		
Risk Management	Chief Regulator	Chief Operating Officer
Business Conduct, gifts, hospitality and sponsorship	Chief Operating Officer	Board Secretariat Manager
Fraud and Corruption	Chief Regulator	Chief Operating Officer

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