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DAO 05/21

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Dear Accounting Officer

MANDATING FUNCTIONAL STANDARDS FROM END SEPTEMBER 2021

Contact

For general questions: standards@cabinetoffice.gov.uk

For information or support about specific functional standards, contact the relevant head of function or use the contact details provided on each function's [GOV.UK](https://www.gov.uk) page.

Action

By the end of March 2022, all central government departments and their arm's length bodies¹ should have a plan in place to comply with each functional standard in a way that meets its business needs and priorities. Use of the standards should be embedded into each organisation's business plans for 2022-23 onwards. Statements about use of functional standards should be included in annual reports and, where relevant, Accounting Officer system statements.

Context

[UK Government Functional Standards](#) set expectations for the management of functional work and the functional model² across government.

Functions are positioning these standards as the primary reference documents for improved and consistent ways of working, to help you achieve your objectives more effectively and efficiently. The standards serve to help accounting officers fulfil their duties, and nothing in them should be seen to alter the fundamental principles of MPM.

¹ The standards may apply to public corporations through mutual agreement with parent departments, and may be adopted in full or in part by other public sector organisations, devolved or local, as necessary.

² For more on the functional model, see [Government functional standard GovS 001: government functions](#) which sets expectations for the direction and management of functions across government, including management of functional standards.

The standards provide a mandate for functions to operate across central government. They bring together and clarify what should already be happening. There is an agreed procedure for keeping the standards current, and ensuring 'no surprises' for accounting officers (see [Government Functional Standard - GovS 001: Government functions](#))

The suite of functional standards:

- supports the governance, planning, delivery and assurance of functional work
- supports continuous improvement and professional development
- provides a reference point that other requirements and guidance need to meet, to support coherent and joined up working
- aligns the definitions and language used to describe functional work (see [Functional Standards Common Glossary](#))

Alex Chisholm and Cat Little [wrote to principal accounting officers on 18 May](#) asking them to prepare for the full implementation of functional standards from summer 2021. Their letter set out the coverage, the usage envisaged, and how standards will be embedded into ways of working. It also provided advice on preparing your organisation, which remains relevant.

Functional leaders in departments and larger arm's length bodies should already be familiar with these standards, although some smaller organisations may have less experience of using them.

Accounting officers should champion the standards as drivers of coherence, consistency and continuous improvement, and use them to trigger conversations about the action needed in organisations to improve the way functional work is done, to support the enduring principles and requirements set out in *Managing Public Money*.

See annexes for further information:

- Annex A: positioning and overview of functional standards
- Annex B: interpreting a functional standard

Overarching guidance and the full suite of standards is available at [UK Government Functional Standards](#).

Support for compliance and continuous improvement

The initial priority is to ensure that all organisations in scope can at least meet the mandatory ('shall') elements of each standard by the end of this financial year. In parallel, advisory elements of the standards should be applied proportionately to the size and complexity of the functional work done by an organisation, and used to drive continuous improvement over time. There is built-in flexibility for each organisation to decide how to meet the standard in practice, taking advice from the relevant functional lead either in your department or across government³.

Each function is providing support and advice to help organisations assess compliance, identify gaps, and create a plan to address the gaps. Most functions are implementing [continuous improvement assessment frameworks](#) as a tool to help organisations set the right ambition for applying the standards to suit their particular business needs, and to understand how mature they are in meeting the standard. This is work in progress. For some functions (such as Commercial) there is a clear track record of assessment against standards using the 'good, better, best' model. For others, development work (or transition from other

³ Leadership of functions across government is hosted as follows: Cabinet Office for Communication, Commercial, Counter fraud, Debt, Digital data and technology, Grants, Human Resources, Property, Project delivery, Security; HM Treasury for Finance; GIAA for Internal Audit; ONS for Analysis.

arrangements) is underway. Where possible, simple interim tools will be provided. Please contact the relevant head of function for more information.⁴

Mandatory elements reflect consensus about what is essential, including existing requirements about spending or regularity. Failure to comply is an indicator of heightened risk about the underlying transactions and would trigger additional scrutiny and likely corrective action.

Risk management, assurance and control

The standards are designed to support existing risk management, assurance and control arrangements at all levels, without creating new burdens. This includes:

- ensuring an organisation's ways of working⁵ include the practices required to do functional work, so that people know what is expected (reducing the risk of omission)
- providing a stable basis for senior, expert or independent support or challenge, to support risk management and identify what needs to improve
- providing a baseline of expectations that audit and risk committees and internal auditors can draw upon
- informing external independent scrutiny, for example through value for money studies by the National Audit Office

Wider use

Use of functional standards is being embedded widely across central government. For example, you should already have noticed them being referenced by, and used to inform alignment of:

- the government curriculum and other professional development
- expectations for SCS performance (see [Senior Civil Service: performance management](#))
- arrangements for business planning and performance

Functional leaders are ready to answer any questions you may have, and will be working across their functional networks to follow up this letter.

These Standards are living documents, to be reviewed and improved regularly. For example we will be amending the content of [Government Functional Standard - GovS 001: Government functions](#) to more clearly define and embed the links between Managing Public Money and the suite of functional standards, as described in Annex A of this letter.



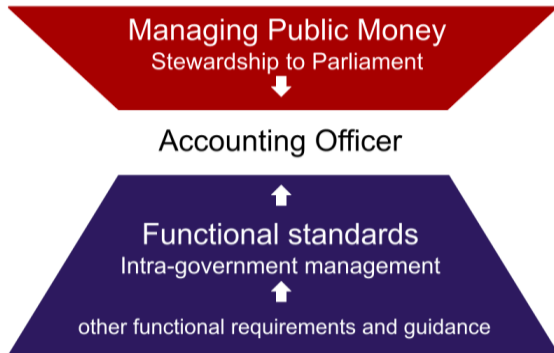
David Fairbrother
Treasury Office of Accounts

⁴ GovS 005, digital, data and technology should be followed, but organisations should note that a review of the scope and content is planned, and the function is not yet in a position to assure the published version of the standard.

⁵ In the standards, 'ways of working' is codified as the governance and management framework, which includes all the other requirements and guidance people are expected to follow in order to meet the standard (see also Annex A)

ANNEX A: Positioning and overview of functional standards

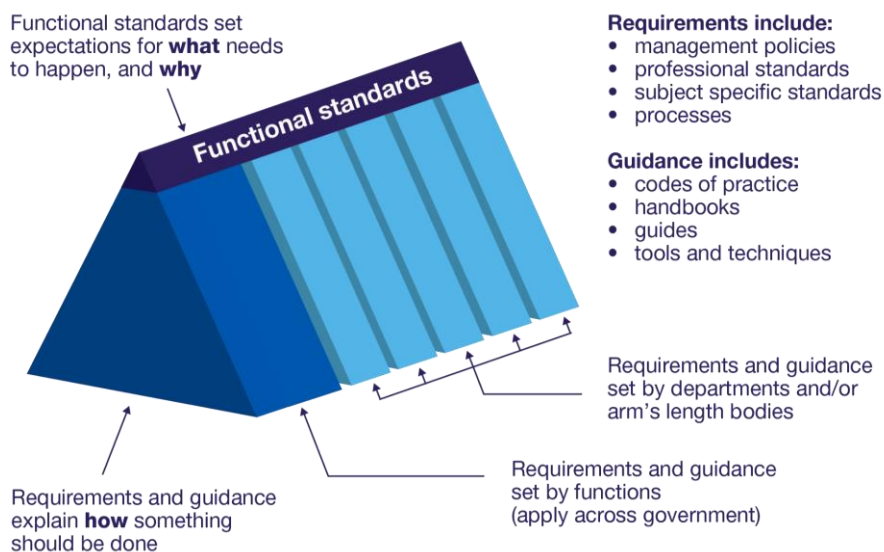
The mandate for use of functional standards is provided by Managing Public Money (MPM) and endorsed by ministers through the [Declaration on Government Reform](#). The standards support accounting officers to oversee functional work effectively and efficiently, and to target improvement. Line of sight between MPM and the standards is illustrated below.



(source [Guide to functional standards](#))

The default scope of functional standards mirrors that of MPM (departments and their arm's length bodies). The exact scope is set out in section one of each standard. Functional standards may be adopted by other public sector organisations, devolved or local, in full or in part; adoption over time is strongly recommended where relevant, to support best practice and consistent ways of working. Where used beyond central government for benchmarking purposes only, the mandatory elements in the standard may be taken as advisory.

Each standard sets expectations for what needs to be done, and why, relating to the work within its scope. To support joined up ways of working, other requirements and guidance, whether cross-government or locally defined, should be aligned to meet the standard, as shown below. This alignment can be done over time as material is updated.



(source [Government functional standard GovS 001: government functions](#))

ANNEX B: Interpreting a functional standard

Each functional standard follows a similar pattern, to make it easy for people to find what they need.

They start with a boilerplate section which defines the particular words used to denote what is mandatory ('shall') and what is advisory. The verbs used are the same as those used in both British (BSI) and international (ISO) standards, where:

- 'shall' denotes a requirement, which applies in all circumstances, at all times
- 'should' denotes a recommendation, to be met on a 'comply or explain' basis
- 'may' denotes approval
- 'might' denotes a possibility
- 'can' denotes both capability and possibility
- is/are is used for a description

The whole of each functional standard should be followed. Paying attention only to the 'shall' statements is not sufficient, as this leads to a tick box approach where context is unclear and continuous improvement opportunities are lost.

The introductory sections of each standard set the parameters:

1. **About this standard:** the purpose and scope of the standard, and references to the other government standards directly needed to meet it
2. **Principles:** the mindset needed to follow the standard
3. **Context:** essential background information needed in order to understand the main body of the standard

The main body of the standard sets expectations (the 'shalls' and 'shoulds'):

4. **Governance:** what governance and management frameworks are needed; requirements and recommendations about strategy, assurance and decision making; the roles and accountabilities required (who is accountable to whom, for what). [Note that the standard defines roles, not 'jobs']
5. **Cycle/process:** what the work involves, which is usually described in terms of a life cycle or process
6. **Practices:** practices which apply across the main body of the standard

The annexes provide additional information:

- A. **References:** directly referenced documents that are needed to meet aspects of the standard
- B. **Glossary:** defined terms used in the standard
- C. **Other annexes as needed:** additional information to augment what is provided in the main body of the standard

The main body of some functional standards differs slightly from the pattern shown above because of the particular content covered.

(source [Guide to functional standards](#))