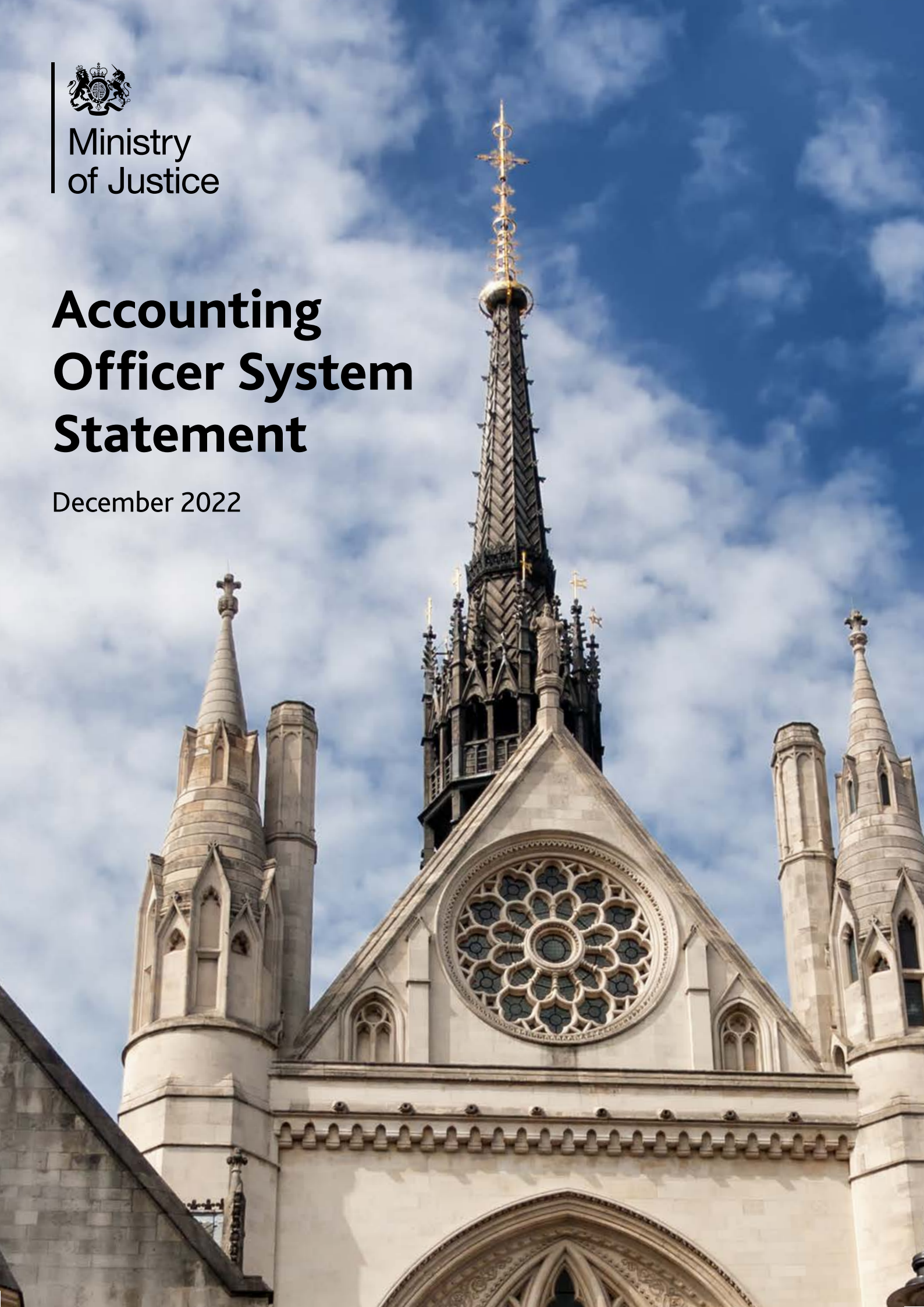




Ministry  
of Justice

# Accounting Officer System Statement

December 2022



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# 1. Scope of the Accounting Officer System Statement

## Principal Accounting Officer's statement

I am the Principal Accounting Officer for the Ministry of Justice (Moj). This system statement sets out the model for accountability relationships and processes within my department, including who is accountable for what at all levels of the system.

Across Moj, we are responsible for all aspects of justice. We are proud to work together to make a difference for the public by focusing on protecting the public; reducing reoffending; delivering swift access to justice; and reforming the constitution.

As Principal Accounting Officer, I am responsible personally for safeguarding the public funds for which I am accountable under the Moj's Estimate and Spending Review.<sup>1</sup> Where I have appointed additional Accounting Officers, their responsibilities are set out in this system statement.

This system statement sets out the roles and responsibilities of an Accounting Officer, in accordance with HM Treasury's guidance set out in [Managing Public Money](#). It covers the core department and its arm's length bodies. It describes the model and system for accountability for all expenditure of public money through the Moj's Estimate, all public money raised as income, and other publicly owned assets for which I am responsible.

**Antonia Romeo**  
**Permanent Secretary**

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<sup>1</sup> The Estimate and Spending Review sets out the amount of government money allocated to the department and the priorities that the department will deliver.

## Role of Ministers

- 1.1 The Secretary of State for Justice and other departmental Ministers are accountable to Parliament for the policies, decisions and actions of the MoJ and its public bodies, on whose behalf they may answer in Parliament, including its executive agencies and other arm's length bodies (ALBs). Ministers look to the department's Accounting Officer to delegate within the department to deliver the Minister's decisions and to support the Minister in making policy decisions and handling public funds.
- 1.2 More information about the roles of Ministers can be found at: [About us – Ministry of Justice](#).

## Arm's Length Bodies and third-party delivery bodies

- 1.3 A significant percentage of exchequer funding is distributed to the MoJ's ALBs – executive agencies and non-departmental public bodies. The distribution of funding for these public bodies is outlined in [Section 4 - The distribution of funding](#). The MoJ works with a number of private sector bodies in delivery of services within the justice system. Arrangements for working with these bodies is outlined in [Section 7 - Third-party delivery partnerships](#).

## 2. Scope of the system

<b>UK Parliament</b>	
<b>UK Government</b>	
<b>Ministry of Justice</b>	
<b>Executive agencies</b>	<ul style="list-style-type: none"> <li>HM Prisons and Probation Service</li> <li>HM Courts and Tribunals Service</li> <li>Office of the Public Guardian</li> <li>Legal Aid Agency</li> <li>Criminal Injuries Compensation Authority</li> </ul>
<b>Executive NDPBs</b>	<ul style="list-style-type: none"> <li>Children and Family Court Advisory and Support Service</li> <li>Criminal Cases Review Commission</li> <li>Independent Monitoring Authority for the Citizens' Rights Agreements</li> <li>Judicial Appointments Commission</li> <li>Legal Services Board</li> <li>Parole Board</li> <li>Youth Justice Board</li> </ul>
<b>Advisory bodies</b>	<ul style="list-style-type: none"> <li>Advisory Committees on the Justices of the Peace</li> <li>Civil Justice Council</li> <li>Civil Procedure Rule Committee</li> <li>Criminal Procedure Rule Committee</li> <li>Family Justice Council</li> <li>Family Procedure Rule Committee</li> <li>Independent Advisory Panel on Deaths in Custody</li> <li>Law Commission</li> <li>Prison Service Pay Review Body</li> <li>Sentencing Council for England and Wales</li> <li>Tribunal Procedure Committee</li> </ul>
<b>Office holders</b>	<ul style="list-style-type: none"> <li>Assessor of Compensation for Miscarriages of Justice</li> <li>HM Chief Inspector of Prisons</li> <li>HM Chief Inspector of Probation</li> <li>Judicial Appointment and Conduct Ombudsman</li> <li>Office for Legal Complaints (Legal Ombudsman)</li> <li>Official Solicitor and Public Trustee</li> <li>Prisons and Probation Ombudsman</li> <li>Victims' Commissioner</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>Gov Facility Services Limited</li> <li>Independent Monitoring Boards/Lay Observers</li> <li>Judicial Office</li> </ul>

**Voluntary sector** (grants to voluntary and private sectors): see [Section 8 - Grants to third parties](#)

**Private sector third-party partnerships:** see [Section 7 - Third-party delivery partnerships](#)

**Contract for services:** see [Section 9 - Major contracts and outsourced services](#)



## 3. Responsibilities within the core department

- 3.1 Acting within the authority of the Minister(s) to whom they are responsible, the Principal Accounting Officer is required to ensure that the department, its executive agencies and other ALBs (referred to hereafter as the MoJ Group) operate effectively and to a high standard of probity. For the MoJ Group, the Permanent Secretary is the Principal Accounting Officer. The Second Permanent Secretary supports the Permanent Secretary in leading the MoJ Group, based on delegated responsibilities and sponsorship of nominated executive agencies and other ALBs.
- 3.2 The Principal Accounting Officer delegates responsibility for resources within the main delivery bodies and business groups to Senior Budget Holders, who are required to operate in line within a defined Spending Control Framework and to seek approvals for expenditure outside of their delegated authorities. Senior Budget Holders may choose to delegate budgets and approvals further.
- 3.3 The MoJ Group encompasses 34 ALBs.<sup>2</sup> Relationships with ALBs are designed and managed in accordance with the Cabinet Office [Partnerships between departments and arm's-length bodies: Code of good practice](#). The Principal Accounting Officer has designated a number of Chief Executives of executive agencies and executive NDPBs to be Accounting Officers for these ALBs.<sup>3</sup> These accountabilities are also set out in the Framework Document for each executive agency and those ALBs that have an Accounting Officer. See [Section 5 - Relationships with executive agencies](#), and [Section 6 - Relationships with other ALBs](#) for further details.
- 3.4 Departmental Directors General (DGs) of business groups and Accounting Officers have the delegated authority to commit resources within defined limits, together with the responsibility for proper stewardship of these resources to the high standards of probity in the management of public funds through compliance with the requirements of HM Treasury's [Managing Public Money](#). Their role includes ensuring that their organisation:
- makes all its decisions in line with the strategy, aims and objectives of the organisation set by Ministers and/or in legislation
  - has a governance structure which transmits, delegates, implements and enforces decisions
  - plans to use its resources on an affordable and sustainable path, within agreed limits
  - uses its resources efficiently, economically and effectively
  - operates internal controls to safeguard, channel and record resources as intended
  - drives the separation of duties to ensure processes provide checks and balances
  - takes a balanced view of the organisation's approach to managing opportunity and risk

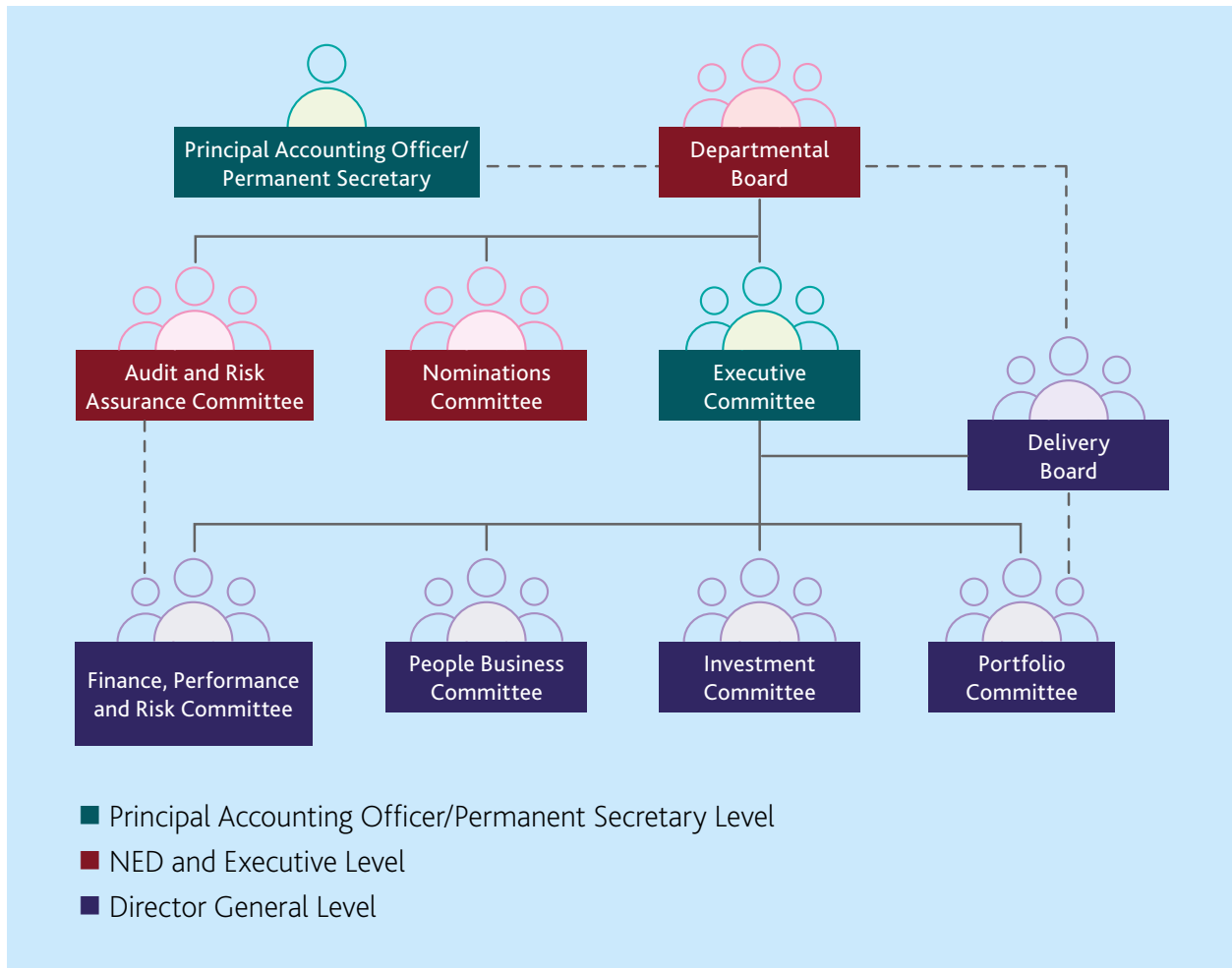
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2 Full details of these bodies and their oversight arrangements may be found here <https://www.gov.uk/government/organisations>.

3 Accounting Officer responsibilities are outlined in [Managing Public Money](#). These include, but are not limited to, ensuring regularity and propriety of expenditure, affordability and sustainability, value for money, establishing a robust control environment, effective management of opportunity and risk, implementing lessons learned, accounting accurately for the organisation's financial position and transactions, and ensuring compliance with legislation and relevant guidance and standards.

- gives timely, transparent and realistic accounts of its business and decisions, underpinning public confidence
  - cooperates with the department in collecting performance and financial information
- 3.5 Accounting Officers are also guided by the [Corporate governance code for central government departments](#) in establishing appropriate governance arrangements.
- 3.6 Further information relating to the MoJ Group Accounting Officers may be found in the department's Estimate, which is available on the [HMT Main Estimates](#) published on [GOV.UK](#)
- 3.7 The MoJ's governance framework includes integrated planning, performance and risk management activity that aims to support informed decision making in the delivery of departmental priorities and objectives. The governance framework is designed to:
- provide leadership and direction, including a clear vision and articulation of what the department is trying to achieve, clarity over what it is doing to achieve its priorities and how these activities contribute to achieving desired, sustainable outcomes
  - bring relevant capabilities, experience and insights to bear to direct and manage activities in line with good practice, promote collaboration, ensure informed decision-making and support rigorous scrutiny of the efficiency and effectiveness of performance and value for money
  - promote transparency and accountability that maintains the trust and confidence of stakeholders through clear, complete and accurate reporting on what is being achieved and to what standards
- 3.8 The governance framework is structured to direct, control and lead the efficient and effective delivery of public services.

## Board and committee details<sup>4</sup>



<sup>4</sup> Details pertaining to the committee structures of the department's executive agencies can be found in their respective Annual Report and Account.



3.9 Further information on the membership and purpose of these groups can be found in the following table:

<b>Departmental Board</b>	Forms the collective strategic and operational leadership of the department. Chaired by the Secretary of State for Justice, it brings together the Ministerial and Civil Service leaders with senior nonexecutives from outside government every quarter. It is responsible for setting strategic direction, including reviewing delivery against the business plan.
<b>Departmental Audit and Risk Assurance Committee (ARAC)</b>	Supports the Board and the Principal Accounting Officer by reviewing the completeness and reliability of assurances over the design and operation of governance, risk management and internal control frameworks and the integrity of financial statements in the department.
<b>Nominations Committee</b>	Provides assurance on senior executive appointments within the department.
<b>Executive Committee (ExCo)</b>	Chaired by the Principal Accounting Officer, it is the executive leadership team for the department and is comprised of senior officials. It ensures that the department is fully aligned with the strategic direction set by the Secretary of State, maintains and directs the capabilities to deliver, oversees the delivery of outcomes and prioritises and allocates financial and other resources.
<b>Delivery Board</b>	Provides assurance to the Principal Accounting Officer and the Departmental Board that the strategic outcomes and commitments defined in the business plan and Government Major Projects Portfolio are on track to be delivered. It escalates matters for consideration to Departmental Board via the ExCo.
<b>People Business Committee</b>	Supports ExCo in its leadership and management of people and workforce strategies to improve the coordination of design, decisions and implementation of cross-cutting programmes of work.
<b>Investment Committee</b>	The Investment Committee has delegated powers to make investment decision on ExCo's behalf, with oversight of the MoJ portfolio, including portfolio projects from inception through to implementation, ensuring they remain strategically aligned, affordable and deliverable.

<b>Portfolio Committee</b>	Provides oversight of progress across our major change portfolio, with a reporting line into both the ExCo and Delivery Board. It ensures projects are set up for success, resolves issues that may compromise delivery confidence, including advising on prioritisation decisions regarding the deployment of expert resources. The committee ensures that the portfolio is strategically aligned, affordable and deliverable and that project leaders comply with project delivery standards.
<b>Finance, Performance and Risk Committee (FPRC)</b>	Scrutinises departmental delivery against the business plan. It also informs management of the department's principal and secondary risks, and monitors compliance with functional standards and other government, legal or professional requirements.

- 3.10 Further information on the membership and purpose of these groups can be found on [GOV.UK](https://www.gov.uk).
- 3.11 The MoJ engages with justice system partners, such as the Crown Prosecution Service, Home Office and police, as well as other government departments, to deliver cross-cutting outcomes. To support this work and to provide assurance over performance, joint senior official forums monitor progress, reporting to the Departmental Board.
- 3.12 We are committed to continual improvement of our governance, with regular evaluation and review of our arrangements across the MoJ and our executive agencies and other ALBs, to improve transparency, accountability and ensure appropriate levels of oversight.

## Strategic planning

- 3.13 The departmental planning and performance framework is designed and operated to establish a common purpose, identify strategic outcomes that provide coherence over manifesto, policy, operational and functional priorities for the MoJ Group, and create the basis for strong engagement and collaborative performance. By aligning resources and functional requirements to priorities, the framework supports a critical path for delivery to ensure our services benefit the public we are here to serve.
- 3.14 Strategic planning in the MoJ follows a cycle that begins with work throughout the department to prepare for a Spending Review (SR), including regular reviews to ensure alignment with Secretary of State priorities. The SR settlement is agreed between HM Treasury Ministers and the Secretary of State and sets out agreed priority outcomes and the financial envelope to deliver these.

**3.15** The distribution of funding allocations is informed by the strategic planning process, the purpose of which is to:

- ensure the MoJ Group remains within the agreed settlement
- deliver Secretary of State priorities
- support delivery of efficiency targets agreed in the settlement
- direct ring-fenced funds to the intended purpose
- consider enabling factors in the delivery of priority outcomes, including functional capacity and capability requirements
- ensure outcome delivery plans establish appropriate metrics to maintain adequate oversight of delivery

**3.16** The MoJ's business plan is developed as part of the strategic planning process. The departmental business plan sets out strategy and planning information for delivery of priority outcomes, and for strategic 'enabling' activities that are crucial to the successful delivery of those outcomes. It is, in turn, supported by business plans for DG-led business group and each executive agency and other ALBs. This process enables the allocation of funding to deliver specific priorities and the activities that underpin them in pursuit of priority outcomes, strategic enablers and essential operational services. Allocations are further informed by the consideration of our principal risks and workforce requirements.

**3.17** The finalised business plan is shared with Cabinet Office and HM Treasury, who provide further assurance that the departmental business plan reflects the

government's priorities and is achievable within the settlements agreed through the SR. Performance reporting within the department is framed around the outcomes described in the business plan, and is scheduled to be reviewed at FPRC, ExCo and Departmental Board.

**3.18** The MoJ's collaborative approach to strategic planning, which engages DGs and functional leads, is intended to stress-test delivery options for the department, and in doing so provides assurance that the final strategic plan and allocation position is focused on Secretary of State priorities and is feasible and affordable. This approach is also intended to provide clear links between the allocation of resource and the impact of performance. Engagement across the wider department, with particular focus on the functions, promotes consideration of capacity and capability requirements. Assurance is sought from each DG and Functional Lead that the final strategic plan is deliverable, aligned to the allocation position.

**3.19** Resources allocated to the MoJ are managed in-year through the Budgeting Framework, which sets the requirements that departments should follow to ensure financial and spending control. Planning, budgeting and supply estimate processes in the department are managed in accordance with section 6 of the [Government Functional Standard for Finance](#). The MoJ follows the guidance in [Managing Public Money](#) relating to the commitment of expenditure, regularity and propriety, legal authority and controls surrounding new proposals. For further details, see [Section 4 - The distribution of funding](#).

## Risk management

**3.20** The MoJ's Risk Framework sets out the principles, concepts, and accountabilities that underpin how the department manages risk in alignment with the [Orange Book: Management of Risk – Principles and Concepts](#). Risk management is an essential part of our governance and leadership, and fundamental to the way that the organisation is directed, managed and controlled at all levels. Our risk management framework and capabilities are designed to enhance our strategic planning and prioritisation, assist in achieving the delivery of outcomes and objectives and strengthen the ability of the department to be agile to respond to the challenges faced.

**3.21** The Principal Accounting Officer, supported by the Departmental Audit and Risk Assurance Committee (ARAC), has established the organisation's overall approach to risk management. Responsibilities for the management of areas of risk are devolved through the organisational structure, defined roles and responsibilities, and delegated authorities. Many of the day-to-day responsibilities may in practice be delegated. The Chief Operating Officer is responsible for ensuring sound and appropriate risk management and maintains oversight of compliance with the Framework. Primarily, these duties consist of ensuring that the Principal Accounting Officer's responsibilities are carried through the department, its executive agencies and other ALBs.

**3.22** The Chief Risk Officer (CRO) is responsible for leading the organisation's overall approach to risk management on behalf of the Chief Operating Officer. They are proactively involved with, and influence governance and decision-making forums

through, effective communication and engagement with the Principal Accounting Officer, senior management, and the ARAC. The CRO is responsible for:

- setting the framework and guidance in accordance with the principles in the Orange Book
- assessing compliance with this to drive continuous improvement in risk maturity
- supporting understanding of the risk landscape and defining and assessing the department's management of principal and emerging risk within the nature and extent of risks that the department is exposed to and willing to take to achieve its objectives

**3.23** The department's identification, analysis and assessment of its principal and emerging risks is refreshed at least annually. This occurs as our business plan is agreed, and in accordance with any allocative choices made following SRs and other fiscal events. The terms of reference of oversight and governance forums indicate the routes and triggers for risk escalation. Tolerance levels for risks are in alignment with the principles set by ExCo.

**3.24** The MoJ has several forums that scrutinise risks, performance and compliance to provide independent assurance. The FPRC is the escalation point for various groups that provide specialist second line oversight, such as the Health and Safety Committee and the Functional Forum. Investment Committee, Portfolio Committee and Delivery Board provide assurance to the Principal Accounting Officer on the major change programme portfolio. Information security failures or incidents are tracked by oversight mechanisms and reported to the Information Security Risk Board and ARAC.

**3.25** During critical events that require contingency structures to be activated, risks are aggregated and reported via a Departmental Operations Centre (DOC), supported by Gold Command structures in our operational delivery bodies. These risks are reported into ExCo as often as required, with our most critical risks escalated to Departmental Board. Cross justice system forums are well established and can be stood up swiftly to enable fast-time information sharing across organisations, to support good decision making in areas of common interest. The CRO engages with the DOC to ensure that appropriate risks are adopted into the corporate risk register for ongoing management. In the event of a major ongoing incident, the CRO may become part of the DOC to provide ongoing risk support.

**3.26** Resilience risks that have the potential to impact corporately or attract high profile media coverage are captured and reported regularly at a Ministerial level. Risks may be escalated or aggregated into the department's risk reporting for ongoing oversight as necessary but are normally managed and routinely monitored at executive agency, other ALB or Functional level.

## Assurances

**3.27** The MoJ has embedded the principles of the 3 lines model, as described in Annex 2 of the [Orange Book](#), to delegate and coordinate risk management roles and responsibilities to provide assurance to senior management, the Principal Accounting Officer and the Board that the framework is working effectively.

**3.28** Corporate and professional functions are joined up, bringing together specialists and professions into single unified or aligned teams, who collaborate with colleagues across the department to deliver on our

priorities and seek to ensure standards applicable across central government are complied with.

**3.29** The corporate and professional services delivered through functions cover:

- Analysis
- Commercial
- Communications
- Counter Fraud
- Debt
- Digital and technology
- Finance
- Grants
- Internal Audit
- Legal
- People (HR)
- Project Delivery
- Property
- Security

**3.30** Government functions have been working together to set and embed the use of functional standards across government. Standards became mandatory in central government from the end of September 2021. These set expectations for the governance, roles and accountabilities and practices needed, and provide a stable basis for assurance, risk management and capability building. All of our functions use standards as a basis to drive continuous improvement.

**3.31** The ARAC has an important role in providing advice and assurance to the Departmental Board and Principal Accounting Officer, particularly on the department's governance, risk and control frameworks and their effectiveness. ARAC membership is made up of a non-executive board member and independent external members. The ARAC also reviews progress against any audit recommendations or recommendations from other independent reviewing bodies.

- 3.32** The ARAC has established relationships with other governance bodies across the MoJ Group to ensure a clear line of sight over departmental governance. This includes receiving updates from the Audit and Risk Assurance Committees of executive agencies and other ALBs. The updates cover areas of risk, financial management and accounting and audit, and should highlight any areas which may require further escalation.
- 3.33** The ARAC is supported in its role through the review and assurance provided by internal audit. A professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes in compliance with the public sector internal audit standards. The MoJ Group internal audit services are provided by the Government Internal Audit Agency.
- 3.34** The National Audit Office (NAO) scrutinises public spending on behalf of Parliament, auditing financial statements to support Parliament to hold government

to account and improve public services. The Comptroller and Auditor General (C&AG) leads the National Audit Office and is an officer of the House of Commons. Supported by staff of the National Audit Office, the C&AG is the independent auditor of nearly all central government institutions. Using extensive statutory rights of access to records, the C&AG provides direct advice and assurance to Parliament. The C&AG certifies the accounts of all government departments and many other public sector bodies and carries out value-for-money examinations that assess the economy, efficiency and effectiveness with which public money has been deployed in selected areas of public business.

- 3.35** The department is subject to other independent oversight by bodies charged with enforcing legislation or standards. This includes, but is not limited to, the Health and Safety Executive, the Information Commissioner, Independent Monitoring Boards and the Infrastructure and Projects Authority (IPA).
- 3.36** Further information on our governance is provided at <https://www.gov.uk/government/organisations/ministry-of-justice/about/our-governance>



## 4. The distribution of funding

- 4.1 The department's annual funding is agreed by Parliament, full details of which are outlined in the department's Annual Report and Accounts. The Principal Accounting Officer is accountable for ensuring the established control totals are not breached. In addition, the department administers fees and charges for some services, established and limited by legislation.
- 4.2 There are separate control totals for Resource and Capital Departmental Expenditure limits (RDEL and CDEL). Additional controls exist on some budgets that are ring-fenced for specific purposes, on Administration Budgets, Annually Managed Expenditure, and on the Net Cash Requirement. On an annual basis, Parliament agrees the Main Estimate,<sup>5</sup> providing the annual breakdown of the department's overall funding settlement. There is an opportunity to redistribute funds between control totals once a year through the Supplementary Estimate process, if agreed by Parliament. Beyond this, it is the responsibility of the Principal Accounting Officer to delegate the authority to commit these resources, together with the responsibility for proper stewardship of these resources and compliance with the requirements of [Managing Public Money](#).
- 4.3 The Principal Accounting Officer determines the allocation in accordance with the department's funding settlement from Parliament and to reflect government priorities.<sup>6</sup>

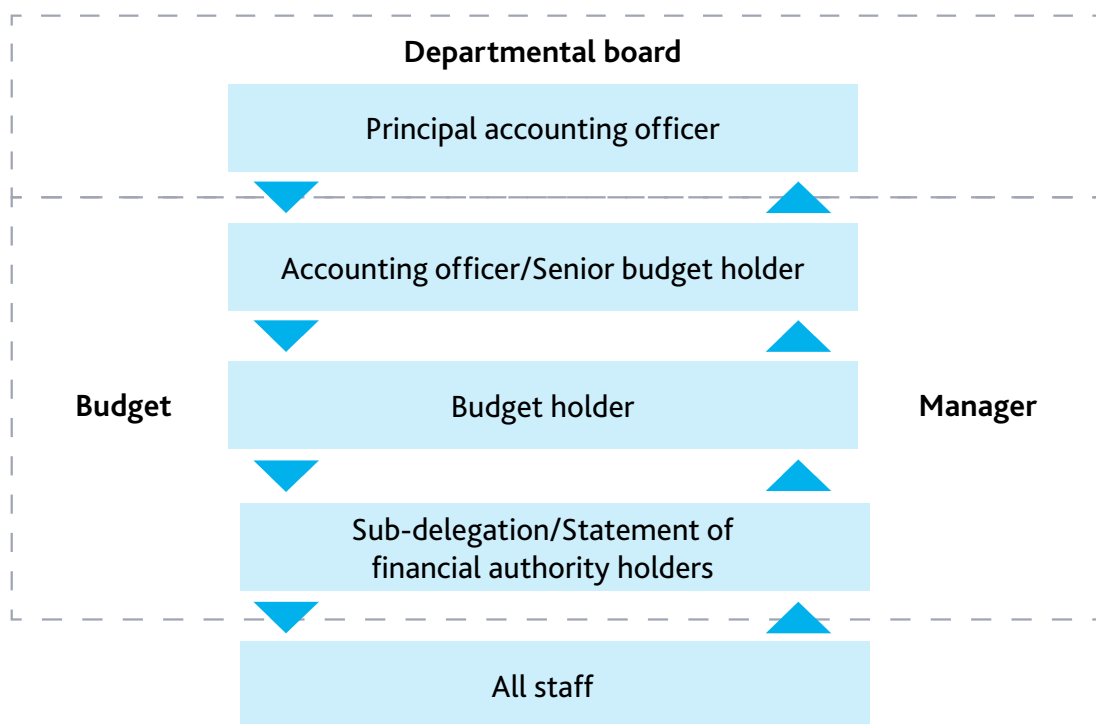
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<sup>5</sup> This document is published on GOV.UK: [HMT Main Estimates](#).

<sup>6</sup> A summary of the distribution of funding is published in the department's Annual Report and Accounts.

## The delegation chain

4.4 The Principal Accounting Officer delegates funding to the Accounting Officers of executive agencies and other ALBs (see Sections 5 and 6) and DGs of business groups for the financial year. This sets out the budget delegated by categories of expenditure, service area, business as usual or change budget, and budgetary control totals. The delegation chain within the department is demonstrated below:



4.5 DGs in the core department and Accounting Officers of executive agencies and other ALBs have the delegated authority to commit resources within agreed limits, together with the responsibility for proper stewardship of these resources and compliance with the requirements of HM Treasury's [Managing Public Money](#) guidance.

4.6 Individuals responsible for delegated budgets are required to ensure they understand the budget holder obligations. Delegated Authority Letters outline these requirements, and the budget holders' acceptance of the letters at the start of each financial year denote acceptance of the responsibilities, accountabilities and expectations associated with budget management.

- 4.7 To support budget holders in discharging their responsibilities, and to ensure there is clear accountability and informed decision making, the department provides mandatory finance training for all budget holders. Once attended, budget holders are issued with a Licence to Operate.
- 4.8 The Licence is a pre-requisite for all budget holders before they receive a formal delegation of financial responsibility and accountability from the senior budget holder. It sets the levels of knowledge, skills and behaviours budget holders need to exercise their delegated financial authority. To gain a Licence, budget holders are required to attend a workshop aimed at clearly setting out their responsibilities and expectations on them as budget holders and the considerations they must apply. Everyone, whether budget holder or not, is responsible for personal compliance with our financial control framework.

## Financial control framework

- 4.9 The department operates within financial control frameworks set at both a cross-government level (HM Treasury, Cabinet Office and [Managing Public Money](#) controls), and departmental level. This is to ensure that the financial decisions of the department comply with regularity, propriety, Value for Money and feasibility considerations.
- 4.10 Certain categories of spending proposals override any delegated authority and must always be submitted to HM Treasury for approval, through the Moj Finance function. Additionally, as delegated by HM Treasury, some categories of expenditure require Cabinet Office approval, as outlined in the [Cabinet Office controls policy](#) published on GOV.UK.

## Accountability

- 4.11 The Finance, Performance and Risk Committee is responsible for the oversight of financial performance across the department. The Committee assesses in-year financial performance and tracks progress in delivery. Accountability is defined through the strategic planning process, supported by governance, risk management, monitoring and audit processes (see [Section 3 - Responsibilities within the core department](#)).
- 4.12 DGs and Accounting Officers are accountable to the Principal Accounting Officer for ensuring that they deliver their priorities within these delegations, as outlined in the business plan and departmental priorities.
- 4.13 Budget holders are held to account in accordance with the requirements established by Delegated Authority Letters.

## Income

- 4.14 Budgetary and non-budgetary income is generated directly from the operating activities of Moj Group. The department recognises revenue from a number of different sources, including but not limited to:
- HM Courts and Tribunals Service fees for services rendered to civil, family court and tribunal users
  - Legal Aid Agency civil representation and criminal case recoveries
  - Office of the Public Guardian fees (predominantly Legal Power of Attorney)
  - HM Prison and Probation Service income, including prison industries, recoveries from other government departments and the collection of historic debt
- 4.15 Non-budgetary income is outside the ambit of the departmental group and is surrendered to the Consolidated Fund as Consolidated Fund Extra Receipts.

## 5. Relationships with executive agencies

5.1 The department's executive agencies operate within a framework of direct accountability to Ministers who remain accountable for their overall performance. They are part of the department and receive their funding from the department. The Principal Accounting Officer appoints the Chief Executive Officer as the Accounting Officer for each executive agency.

5.2 The department's five executive agencies are:

- [HM Prison and Probation Service \(HMPPS\)](#) manages around 80,000 prisoners across over 100 prisons and supervises over 240,000 offenders. The prison service runs public sector prisons and immigration removal centres, and oversees prisons run by private providers. The youth custody service delivers public sector secure provision and oversees secure provision run by the private sector and local authorities for 10 to 17 year olds. The probation service supervises offenders in the community to protect the public and help offenders rehabilitate. The probation service also run Approved Premises (APs) which support a safe transition from custody into the community and provide a high level of monitoring and public protection.
- [HM Courts and Tribunals Service \(HMCTS\)](#) administers the criminal, civil and family courts and tribunals in England and Wales, and non-devolved tribunals in Scotland and Northern Ireland. It operates more than 300 courts and hearing centres. Courts and tribunals maintain the rule of law, provide access to justice, stability, security and safety for citizens and businesses and the cohesion necessary for the functioning of our national economy and the protection of society. It operates on the basis of a partnership between the Lord Chancellor, the Lord Chief Justice and the Senior President of Tribunals, each of whom has specific leadership responsibilities enshrined in statute.
- [Office of the Public Guardian \(OPG\)](#) protects people who may not have the mental capacity to make certain decisions for themselves. It offers services including: registering lasting and enduring powers of attorney; supervising courtappointed deputies; and investigating complaints made against deputies and attorneys.
- [Legal Aid Agency \(LAA\)](#) works with solicitors, barristers and others to provide simple, timely and reliable access to legal aid for those whose life and liberty is at stake, where they face the loss of their home, in domestic violence cases, or where their children may be taken into care. LAA also provides a public defender service.
- [Criminal Injuries Compensation Authority \(CICA\)](#) administers compensation schemes for victims of crime who suffer injuries and victims of overseas terrorism.

- 5.3 In compliance with [Managing Public Money](#) and [guidance](#) issued by the Cabinet Office, each agency should have a framework document which sets out the purpose, describes the governance and accountability framework that applies between the roles of the body and the department, reflecting the specific structures, roles and responsibilities in each case, and sets out how the day-to-day relationship works in practice, including in relation to governance and financial matters. These are public documents and are published online and deposited in the Libraries of both Houses of Parliament in line with Parliamentary Guidance.
- 5.4 Under their terms of appointment, the Accounting Officer of each executive agency is accountable for the use, including

the regularity and propriety, of the delegated funding and the other income and expenditure.

- 5.5 In accordance with the Framework documents, Accounting Officers are required to maintain governance, decision making and financial management arrangements that are compliant with [Managing Public Money](#). These arrangements include the provision of pertinent updates to the department, which include but are not limited to information relating to finance, operations, performance and capability related matters. Executive agencies within the MoJ Group are required to comply with the principles and provisions of the [Corporate Governance in Central Government Departments Code of Good Practice](#).

## 6. Relationships with other ALBs

- 6.1 The Principal Accounting Officer normally appoints the Chief Executive Officer as the Accounting Officer for each other ALB. These Accounting Officers are accountable as reflected in 5.4 and 5.5 above. Where there is no additional Accounting Officer appointed, the Principal Accounting Officer remains personally accountable.
- 6.2 Within the Chief Operating Officer's Group, the ALB Centre of Expertise is responsible for providing a centralised, specialist stewardship function for the majority of MoJ ALBs (excluding executive agencies). It maintains relationships between MoJ and the ALBs, and provides regular reports on each ALBs' organisational performance.
- 6.3 In particular, the ALB Centre of Expertise:
- provides assurance to the Principal Accounting Officer, and senior sponsors where delegated, that the department has effective governance and controls across its ALBs and that the bodies satisfy the relevant constitutional, statutory and other central government requirements
  - delivers a programme of mandated Cabinet Office reviews and bespoke transformation projects
  - manages the timely delivery of a planned programme of public appointments campaigns in line with the [Governance Code on Public Appointments](#)
- 6.4 The partnership arrangements between the department and its ALBs seek to comply with the Cabinet Office's four principles as set out in the [Partnerships with arm's length bodies: code of good practice](#). These will be regularly reviewed against the Cabinet Office Code on Sponsorship of ALBs. The current principles are:



<b>Purpose</b>	Partnerships work well when the purpose, objectives and roles of arm's-length bodies are mutually understood; reviewed on a regular basis; and clearly set out in relevant documents. There is absolute clarity about lines of accountability between departments and arm's length bodies. In exercising statutory functions arm's length bodies have clarity about how their purpose and objectives align with those of departments.
<b>Assurance</b>	Partnerships work well when departments adopt a proportionate approach to assurance, based on arm's length bodies' purpose and a mutual understanding of risk. Arm's length bodies have robust governance arrangements in place; departments give arm's length bodies the autonomy to deliver effectively. Management information exists to enable departments and arm's length bodies to assess performance.
<b>Value</b>	Partnerships work well when departments and arm's length bodies share skills and experience in order to enhance their impact and deliver more effectively. Arm's length bodies are able to contribute to policy making and broader departmental priorities. There is a focus on innovation, and how departments and arm's length bodies work together to deliver value for money.
<b>Engagement</b>	Partnerships work well when relationships between departments and arm's length bodies are open, honest, constructive and based on trust. There is mutual understanding about each other's objectives and clear expectations about the terms of engagement.

- 6.5 As reflected at [Section 2 - Scope of the system](#), the department has 29 other public bodies, covering executive and advisory non-departmental public bodies, office holders and other departmental bodies. The governance for each reflects the nature, responsibilities and risks of that body.
- how the ALB's business for the year ahead impacts and aligns with that of the department
  - how best the department can support ALBs to deliver the most appropriate programme of activity
  - partnership and assurance arrangements for the year ahead
- 6.6 The ALB Centre of Expertise has developed an Impact and Support Analysis process to provide assurance to the Principal Accounting Officer, ARAC and ExCo that an evidence-based assessment has been made about:
- 6.7 This process is designed to embed a positive, supportive, and proportionate relationship between the department and its ALBs.

## Executive NDPBs

- 6.8** The department's executive NDPBs are: Children and Family Court Advisory and Support Service; Independent Monitoring Authority for the Citizens' Rights Agreements, Criminal Cases Review Commission; Independent Monitoring Authority, Judicial Appointments Commission; Legal Services Board, Parole Board for England and Wales, and Youth Justice Board.
- 6.9** Executive NDPBs are created through legislation, which specifies their purpose and functions, what powers are invested in them, and how they should be financed. NDPB Accounting Officers' responsibilities include providing a signed governance statement in the entity's Annual Report and Accounts, outlining the operation and effectiveness of its governance arrangements throughout the financial year.
- 6.10** Each executive NDPB should have a framework document, agreed with the department, which sets out the remit of the organisation in detail and includes information on how it is governed and funded. The framework document should cover:
- the purpose of the NDPB, its powers and duties
  - the Chief Executive and Board roles and responsibilities
  - the accountabilities and responsibilities of Ministers and the Principal Accounting Officer
  - the relationship with the department and other bodies
  - governance and risk management
  - budgeting procedures, performance and reports
  - audit and inspections

- 6.11** Each executive NDPB has its own independent Board, Chair and Executive Management Team, with the Chief Executive Officer designated as the Accounting Officer for that organisation.

## Advisory NDPBs

- 6.12** The department's Advisory NDPBs are Advisory Committees on Justices of the Peace, Civil Justice Council, Civil Procedure Rule Committee, Criminal Procedure Rule Committee, Family Justice Council, Family Procedure Rule Committee, Independent Advisory Panel on Deaths in Custody, Law Commission, Prison Service Pay Review Body, Sentencing Council for England and Wales, and Tribunal Procedure Committee.
- 6.13** Many Advisory NDPBs receive minimal or no funds from the department, usually limited to the fees and expenses of members.
- 6.14** Each Advisory NDPB should have a framework document agreed with the department. To reflect the nature of these Advisory NDPBs, these documents have a reduced scope compared to executive agencies and executive NDPBs, and outline the functions of the organisation, the governance and accountability arrangements, relationship with Ministers and the department, and finance and reporting.

## Office holders

**6.15** Office Holders are individuals appointed by the department working as an independent office holder, who are not under the close supervision or control of the appointing body. The department partners the following eight office holders:

- Assessor of Compensation for Miscarriages of Justice
- HM Chief Inspector of Prisons
- HM Chief Inspector of Probation
- Judicial Appointments and Conduct Ombudsman
- Office for Legal Complaints (Legal Ombudsman)
- Official Solicitor and Public Trustee
- Prisons and Probation Ombudsman
- Victims' Commissioner

**6.16** Each Office Holder should have a framework document (or equivalent) agreed with the department. To reflect the role of Office Holders these documents are reduced in scope compared to executive agencies and executive NDPBs, and outline their functions, the governance and accountability arrangements, relationship with Ministers and the department, and finance and reporting requirements.

## Other

**6.17** The department has one government company (GovCo): Gov Facility Services Limited (GFSL). GFSL is established as a government owned company limited by shares. The Secretary of State is the sole shareholder and it has an independent Board with a non-executive Chair. GFSL provides facility maintenance services to prisons across the south of England. See [10.2](#) for further details.

**6.18** The department also works with the Judicial Office, Independent Monitoring Boards and Lay Observers.

**6.19** The Permanent Secretary is the Accounting Officer for the Judicial Pension Scheme, which includes a number of pension schemes<sup>7</sup> that were contracted out of the State Second Pension. The Lord Chancellor has delegated responsibility for the administration of the Judicial Pension Scheme to the Director of Financial Management and Control. The Director of Financial Management and Control is supported in this role by the Judicial Pay and Pension team, which is part of MoJ Finance.

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<sup>7</sup> The Judicial Pensions and Retirement Act (JUPRA) 1993, the Fee-Paid Judicial Pension Scheme (FPJPS) 2017, the New Judicial Pension Scheme (NJPS) and the Northern Ireland Judicial Pension Scheme (NI JPS).

## 7. Third-party delivery partnerships

7.1 The department works in partnership with a number of private sector bodies in delivery of services within the justice system. These partnerships most commonly occur within HMPPS.

7.2 The MoJ is focused on harnessing the efficiencies and innovation of competition across public, private and third sector organisations, and recognises the importance of review and accountability for private sector delivery. There are several third-party delivery bodies which deliver services on behalf of the department, including:

- Electronic Monitoring
- Privately Managed Prisons
- Secure Training Centres
- Education Provision – Youth Offender Institutes
- Prisoner Escort and Custody Services

### Electronic Monitoring

7.3 The Electronic Monitoring Service, across England and Wales, is delivered through a series of externally sourced contracts. These contracts provide the equipment and IT systems for managing curfew and location monitoring orders and alcohol monitoring orders, as well as software and services to support field monitoring services and the crime mapping services provided to the police.

7.4 There are regular performance reviews with all suppliers to discuss performance against contractual requirements. This includes agreeing performance against service levels and the treatment of any contracted service credits accruing from failure to meet them. There is assurance activity undertaken to check whether contractual obligations are being met

and to provide evidence about whether payments should be made.

7.5 The management of the contracts and delivery of the service is subject to review and oversight by external bodies, including HM Inspectorate of Prisons (HMIP) the National Audit Office (NAO) and the Independent Chief Inspector of Borders and Immigration. Action plans are developed in response to the findings of these bodies.

7.6 Staff from the Home Office Immigration Enforcement Team work full time alongside HMPPS to manage and improve the service provided to their cohort.

### Privately Managed Prisons

7.7 Private providers support the delivery of a safe and effective prison estate. Privately managed prison contracts set out a performance framework, consisting of prescriptive performance targets. Measures are in place to ensure performance is monitored and prompt action is taken where standards fall short of contractual targets. Failure by the provider to meet performance targets result in performance points and may also lead to financial remedies being applied against the provider.

7.8 A number of HMPPS staff are employed within each privately managed prison, including a full-time on-site Controller, reporting to the Head of Privately Managed Prisons, a Deputy Controller and an Assistant Controller.

7.9 Privately managed prisons and secure training centres are subject to the same external inspection procedures as those in the public sector. Prisons are inspected at least once every five years by HMIP and are also subject to regular scrutiny by

their local Independent Monitoring Board to ensure that the prison remains safe, secure and delivering prisons which reform offenders and reduce reoffending.

## Secure Training Centre

- 7.10 The privately managed Secure Training Centre supports provisions in Youth Custody alongside Secure Children's Homes run by Local Authorities, publicly run Young Offender Institutions accommodating under-18 year olds and a private Young Offender Institution in Wales. Each sector and model of provision contributes to the diverse range of accommodation to meet the varying needs of children in custody.
- 7.11 The privately managed Secure Training Centre has a full-time on-site Head of Monitoring, Secure Training Centre Monitor and an Assistant Monitor.
- 7.12 The Secure Training Centre is inspected annually by Ofsted, who are accompanied on those inspections by HMIP and the Care Quality Commission. The Secure Training Centre also receives scrutiny from local child protection structures as overseen by the relevant Local Safeguarding Children's Board, and is subject to visits from the children's charity Barnardo's who independently meet with children and advocate on their behalf. Where areas for improvement are identified, Urgent Notification Senior Leads oversee delivery of the private provider's Urgent Notification Response Plan.

## Education Provision – Public Young Offender Institutes

- 7.13 Education provision for the four publicly run Young Offender Institutions (YOI) is delivered through externally sourced contracts.

- 7.14 The objective for YOI education provision is to deliver a service which meets the needs of the young people and enables them to make good progress during their time in custody. This is achieved by delivering a mix of vocational training, academic studies, creative arts and personal and social development.

## Prisoner Escort and Custody Services

- 7.15 The Prisoner Escort and Custody Services (PECS) for England and Wales Generation 4 contracts divides service into two geographical contract areas. The contracts, which will remain in place until August 2030, were awarded to GeoAmey Limited (north) and Serco Limited (south). The new contracts include arrangements for the secure transport of children.
- 7.16 The primary aim of PECS is to provide for the safe, decent, secure and timely transfer of prisoners and detainees from designated locations, including police stations and prisons, to courts; to oversee prisoners whilst in custody at court; and to return prisoners and detainees to prisons or to release as appropriate. It ensures the right person is in the right place at the right time. The contracts do not include the transfer of Category A prisoners.<sup>8</sup>
- 7.17 Contract management arrangements are designed and operated to ensure the safe, secure, and decent delivery of escort and custody services and that contractors are compliant with their contractual and legislative responsibilities.

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<sup>8</sup> A prisoner whose escape would be highly dangerous to the public.

## 8. Grants to third parties

- 8.1 The department is required to carry out an appropriate level of scrutiny on all general grants, to ensure the Grant Functional Standard is being adhered to and grant funding is being administered effectively. Information relating to the distribution of grant funds is detailed in the department's Annual Reports and Accounts, available on [GOV.UK](https://www.gov.uk). There are persons in post for the following roles, in accordance with the requirements set out in the [Grants Functional Standard GovS015](#) document:
- Accounting Officer – the senior official, who is accountable to Parliament and the public for high standards of probity in the management of public funds.
  - senior officer accountable for finance – this role has delegated responsibility from the Accounting Officer for leadership of financial responsibilities within the department. They ensure that the information on which decisions about the use of resources are based is reliable.
  - senior officer accountable for Moj's grants – this role is accountable to the Chief Operating Officer. They are responsible for ensuring that the financial requirements for grant schemes and awards are implemented, in full, within the department and its arm's length bodies.
  - senior officer responsible for a grant – this role is accountable to the senior officer accountable for Moj's grants for ensuring that their assigned grants meet the organisation's objectives, delivers the projected outcomes and realises the required benefits and is further accountable for justifying the need for the grant and for ongoing governance, including assessing, evaluating, processing and monitoring the use of grants.
- Grant Manager – this role is accountable to the senior officer responsible for a grant for the day-to-day management and administration of grants, in line with the functional standard and associated government and organisational policies.
- 8.2 Oversight of grant management within the department is provided by a Grants Centre of Expertise. Grants are monitored in line with the [Grants Functional Standard](#), developed by the Cabinet Office Government Grants Management Function (GGMF).
- 8.3 The departmental Grants Champion acts as the conduit for disseminating information and communications to grants practitioners in the department and associated grant-making ALBs. The Champion additionally provides a single point of contact for the GGMF and actively participates in the various boards and networks made available by the GGMF to enable cross-government collaboration and information sharing.
- 8.4 Grant governance and approval is supported by a Grants Challenge Panel, chaired by the senior officer accountable for Moj's grants. The Panel is an integral part of Moj's grant governance and approval process, designed to support decision-making around new grants and reviewing existing grants which are being renewed. It has oversight of all grants and a focus on value for money.
- 8.5 The Grants Centre of Expertise provides grant makers with advice and guidance on grant management. All those involved in grant making are required to complete mandatory e-learning on government general grants, and face-to-face training is provided to grant managers. Training on specific areas is made available to the grant managers.



- 8.6 The Grants Centre of Expertise is continually looking to develop and improve the monitoring of grant arrangements in the department and to ensure consistency in the assessment, allocation and management of grants. This includes the establishment of a Grants Best Practice Network, a cross-departmental network to encourage the sharing of information, experience and expertise, covering all stages of the grant making process.
- 8.7 All grants are required to have robust business cases and formal grant agreements in place, and governance arrangements which are set by the responsible business area. Grants can take four forms, either Competed, Uncompeted, Criteria based, or Formula based.
- competed grants are ones which the department asks providers to bid for to deliver activities for the benefit of the public, such as funding to Rape Support Centres. The bid must meet the criteria set out by the department and the Grants Functional Standard.
  - the department also makes direct awards, or un-competed grants. This may be when there is only one possible provider and competition is not appropriate, such as the grant to Reunite International Child Abduction Centre.
  - criteria based grants are where qualifying criteria are set in order to receive money. As long as they qualify, the recipient gets the money, as there is no competition.
- formula based grants provide recipients an amount calculated by formula, for example, funding determined by factors such as population (such as grants to Police & Crime Commissioners given by the Victim and Witness Policy team and to Youth Offending Teams by the Youth Justice Board). The most significant programmes include:
    - Youth Justice Grant
    - Local Commissioning of Victim Services
    - Witness Service.
- 8.8 The department completes an annual grants maturity assessment that evaluates compliance with the Grants Functional Standard (covering the department, its executive agencies and other arm's length bodies). This is validated by GIAA and submitted to the Cabinet Office.
- 8.9 Following the Public Accounts Committee's recommendation and its acceptance by the government, a register – the Government Grants Information Service (GGIS) – was set up in 2015. Processes are in place to review and record grants data on GGIS to ensure completeness and accuracy. As part of the transparency agenda data on grants is published by the Government Grants Management Function annually in arrears each March on [GOV.UK](https://www.gov.uk).

## 9. Major contracts and outsourced services

9.1 The department is required to secure value for money through its contracts by applying a proportionate, risk-based approach to contract management. This is ensured through establishing clearly defined roles and responsibilities throughout the contract management process, and designing tools that allow users to identify savings opportunities, understand the spending profile of agreed contracts, and manage relationships with providers.

9.2 The Commercial and Contract Management Directorate holds delegated responsibility from the Principal Accounting Officer for contract signing and is responsible for the processes and structure of controls for contracting across the department. The Directorate interacts with the wider departmental structures to operate a clear framework for the governance of procurement activities and tracking of contract delivery, ensuring value for money.

9.3 The Commercial and Contract Management Directorate uses a contract classification tool, which is designed to categorise contracts into Gold, Silver or Bronze tiers. Early in the procurement process, a first draft of the classification

tool should be completed to give an indication of the level of risk and intensity of commercial management that is likely to be required of the resulting contract. It also provides a means of defining the relative importance of the exercise to the department and the delivery of its objectives. Following contract award and prior to mobilisation, the tool should be updated and formally approved. This methodology allows for consideration of criticality as well as value, determining the overall importance of the contract. This supports assignment of overall accountability for a contract to the most appropriate owner and enables the department to:

- determine the minimum standard by which we will manage the relationship
- provide a well-constructed ownership team to deliver value from effectively managing the contract
- provide consistency in contract management across the department
- focus resources on those contracts that pose the greatest risk
- operate control and oversight that is appropriate across the classification levels through specific minimum standards

<b>Gold</b>	Ability to switch contracts would take three months or longer, complex and high risk (or a combination of any of the above factors)
<b>Silver</b>	Ability to switch contracts in one-three months, medium complexity and medium risk
<b>Bronze</b>	Ability to switch contracts in less than a month, low complexity and low risk

# 10. Investments, joint ventures and other interests

## Investments

- 10.1 The department, through HMPPS, holds investment shares in limited companies as a result of its farming activities (milk producing) at prison farms. The department has designated its quoted and unquoted investments as fair value through profit and loss. Fair value is equal to market value at the reporting date.
- 10.2 Gov Facility Services Limited (GFSL) is a limited company wholly owned by the department and is not for profit. GFSL's sole customer is HMPPS, to whom GFSL provides facilities management services. GFSL's initial start-up costs and working capital were provided by MoJ from its Parliamentary supply. The MoJ holds all of its 100 Ordinary shares. It operates under a framework agreement that sets out the services to be provided to the HMPPS client and how the business board, the Accounting Officer, CEO, and internal

and external audit functions should operate in respect to key governance and accountabilities. Its employees are public servants and as such have a duty to follow the [Managing Public Money](#) principles as the funding to conduct our business is through the taxpayer. GFSL is a Limited Company and needs to comply with the Companies Act 2006.

## Other interests

- 10.3 Registry Trust Limited is a private company limited by guarantee with no share capital. It maintains the Register of County Court Judgements on behalf of the Lord Chancellor and the Secretary of State for Justice.
- 10.4 Other interests and related parties of Ministers which do not concern the department are disclosed at: [www.gov.uk/government/publications/list-of-ministers-interests](http://www.gov.uk/government/publications/list-of-ministers-interests)



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