

Blue Book

A – Overall Business Planning

A1: Business Plan & Structural Reform Plan (SRP)

Background

The Business Plan and Structural Reform Plans are the key tool of the Coalition Government for making departments accountable for the implementation of the reforms set out in the Coalition Agreement. They replace the old, top-down systems of targets and central micromanagement. DFID's Structural Reform Plan (SRP) sets out some of the steps we will take to help achieve the Coalition Government's objectives on international development. It focuses on the main internal, structural reforms we will make in DFID. We expect to be held to account by Parliament and by the public on whether we deliver these reforms. Underpinning the SRP is DFID's Business Plan to cover the Spending Review period. This will outline DFID's vision over the next four years. It will include the Structural Reform Plan, an Information Strategy and a list of indicators that DFID will report on regularly. This is developed in consultation with the business, including the different review processes. The 2012-2015 Business Plan is now published. To help ensure delivery of the overall Business Plan we have developed a format for DFID Operational Plans. These Operational Plans will be the single layer of planning across the organisation. They are designed to significantly streamline our planning and reporting processes.

Our corporate responsibilities are therefore to:

- negotiate with Treasury the Structural Reform Plan for each Spending Review period
ensure that DFID's operational planning process addresses the goals and targets set out in the Structural Reform Plan
- monitor progress against the Structural Reform Plan. Progress on actions are discussed at fortnightly meetings held between DFID Senior Management (Director Generals), No.10, Cabinet Office and HMT. This external reporting is complemented by quarterly reporting to the Management Board
- respond to Parliamentary scrutiny by both the International Development Committee (IDC), and through the National Audit Office (NAO) the Public Accounts Committee (PAC). We have a responsibility to address requests for information from both Committees in their annual review of the Annual Report and Accounts together with other enquiries
- ensure that the Accounting Officer completes the statement of internal control, which accompanies DFID's annual accounts. This is derived from the statement of assurance to the accounting officer provided by individual directors (Directors Statements).

Compliance Tasks

1. The Management Board is collectively responsible to Ministers for the delivery of DFID's corporate goals and targets. It provides strategic direction to the management of DFID's operations, ensures that corporate goals are cascaded through the organisation and that performance indicators are met. The Board monitors and manages risk through the Corporate Risk Register and reviews this on a quarterly basis along with corporate management information.

Task assigned to: All Staff

2. Operational Plans should translate the outcomes of the Spending Review 2010 as well as the Bilateral Aid Review, Multilateral Aid Review and Humanitarian Emergency Response Review processes into plans that will set out the **operations of different units** of DFID for the next four years. Director Generals are responsible for determining the appropriate level for operational planning in their Directorates.

For **Country Programmes** the operational unit is the country office (or regional office). For **International and Policy Divisions** the operational unit is the Department.

Task assigned to: Director, Head of Department, Head of Overseas Office

3. Corporate Performance Group (CPG) will issue Guidance notes for Business and Operational planning processes along with Annual Report (AR), Autumn Performance Review (APR), monitoring exercises and all other external monitoring reports. All inputs required from Operational Units will be detailed in the Business Calendar with deadline dates for completion of work.

Task assigned to: All Staff, Head of Department, Project Staff

4. Directors must ensure they have a monitoring system, which enables them to report on these corporate requirements in line with the agreed timeframes set out in the Business Calendar and corporate performance management system.

Task assigned to: Director

5. Directors' annual statements of assurance set out both the actions they will take during the year and their guarantee of the robustness of systems and processes to ensure that they can manage, monitor and report against corporate requirements.

Task assigned to: Director

A2: Operational planning

Background

Operational Plans for 2011-2015

Operational Plans will be the single layer of planning across the organisation below the DFID Business Plan. They will translate the outcomes of the Spending Review 2010 as well as the Bilateral Aid Review (BAR), Multilateral Aid Review (MAR) and Humanitarian Emergency Response Review (HERR) processes, into plans that set out the operations of different units of DFID for the next four years.

The plans are internal management tools, but some sections will be made available publicly.

Compliance Tasks

1. Director Generals are responsible for determining the appropriate level for operational planning in their Directorates.

Task assigned to: Director

2. Analysis documents including, but not limited to, Country Governance Analysis and Fiduciary Risk Analysis, must be completed as part of Operational Plans completed by Country Offices

Task assigned to: Head of Department, Head of Overseas Office

3. All units completing Operational Plan must provide a full Results Framework using the appropriate standardised template agreed with FCPD together with their submitted OP. This is critical to allow for the central aggregation and monitoring of DFIDs Business Plan indicators, standard indicators and other results for which central aggregation and monitoring will be required in future. We do not intend to publish the full Results Frameworks in recognition that they are living documents.

Country Offices should use the template available at: Quest document 2864330

International Departments should use the template available at: Quest document 2867792

Task assigned to: Head of Department, Head of Overseas Office, Project Staff

4. Operational Plans must identify and assess key risks to the achievement of objectives and consider what can be done to mitigate these risks.

Task assigned to: Head of Department, Head of Overseas Office

5. All updates will be detailed in the Business Calendar with deadline dates specified for completion of work. All staff must check the Business Calendar regularly.

Task assigned to: All Staff, Head of Department, Project Staff

A3: Managing financial resources

Background

DFID has devolved much of the responsibility for expenditure to Directors, supported by Heads of Departments and Departmental Finance Officers (DFOs) / Finance Analysts, but Finance and Performance Department (FPD) has overall corporate responsibility for financial monitoring, control and reporting within DFID.

FPD's main areas of responsibility are to:

- Secure the financial resources DFID needs from Her Majesty's Treasury (HMT) (principally via the Spending Review (SR))
- Support the SR outcomes by ensuring that DFID manages its resources effectively and within expenditure limits set through the Resource Allocation Round (RAR)
- Monitor and manage in year spending and financial management against the SR and efficiency targets on a calendar and financial year basis, through in year financial monitoring exercises looking at actual and forecast programme, administration and capital expenditure. There are normally three or four in year financial monitoring exercises a year. These exercises give divisions an opportunity to make proposals for in year reprioritisation where necessary
- Report to HMT and the Management Board on the DFID corporate financial position in year through the Supply Estimates, Departmental Report and End Year Outturn Exercise

- Manage the Service Level Agreement (SLA) with the FCO on behalf of DFID.

Compliance Tasks

Directors must ensure their expenditure is in accordance with the International Development Act 2002 and that expenditure activity falls within the scope of the Departmental Ambit as set out in the DFID Parliamentary Estimate.

Task assigned to: All staff, Director Directors must provide Annual Statements of Assurance to the Accounting Officer on financial control and risk management in their Divisions

Task assigned to: Director Directors must ensure their expenditure is consistent with the Human Rights Act (HRA) 1998

Task assigned to: Director Directors must provide an RAR template to FPD as part of their Operational Plan

Task assigned to: Director, Head of Department, Head of Overseas Office Directors must provide FPD with information on their Division's financial position each month as detailed in the Business Calendar. If additional resources are required, Directors must make a formal submission to the Performance & Resource Management Team, who will submit a formal contingency request either to the Director of Finance & Corporate Performance Division or to the Executive Management Committee depending on delegated levels as set out in the Budget Policy.

Task assigned to: All staff, Director Heads of Department/Overseas Offices must identify a Departmental Finance Officer (DFO) / Finance Analyst who will have responsibility for coordinating and liaising with FPD on expenditure and financial management

Task assigned to: Head of Department, Head of Overseas office Heads of Department/Overseas Offices must approve their financial returns requested by FPD.

Approval e-mails must be saved in Quest as records and, where appropriate, linked to the approved documents.

Task assigned to: Head of Department, Head of Overseas office Heads of Department/Overseas Offices must report their calendar year expenditure as part of in year financial monitoring exercises, for all expenditure which contributes to the UN official development assistance: gross national income spending target (oda/GNI ratio) for each calendar year

Task assigned to: Head of Department, Head of Overseas office Heads of Department/Overseas Offices must provide information, via the in year financial monitoring and Year End Pack, on their expenditure outturn explaining reasons for variance between expenditure forecasts and outturn

Task assigned to: Head of Department, Head of Overseas office Heads of Overseas Offices must agree the level of support provided by the Foreign & Commonwealth Office (FCO) under the terms of the Service Level Agreement (FCO SLA) as part of the FCO's Schedule 5 Exercise

Task assigned to: Head of Overseas office Heads of Overseas offices must agree with FCO the basis for the local charges levied under the SLA and approve the charges for their office recorded on the FCO Central SLA Invoice

Task assigned to: Head of Overseas office DFOs/ Finance Analysts must provide FPD with accurate financial returns for the Resource Allocation Round and in year financial monitoring exercises; breaking allocations into programme, administration and capital for the years requested

Task assigned to: Head of Department DFOs/Finance Analysts must inform FPD of transfers of resources between Departments and requests for changes to Aid Framework allocations after gaining agreement at the appropriate Divisional level.

Task assigned to: Head of Department DFOs/Finance Analysts must inform FPD of changes to Divisional and reporting structures.

Task assigned to: Head of Department

A4: Delegated authority levels

Background

You must also read and understand the Government Spending Controls published on the Cabinet Office website (see link under compliance task 6 for details).

All new investments must be formally approved at the correct level of delegated authority. HM Treasury (HMT) sets delegated spending limits for all Government Departments. These are set at levels to avoid micro-management whilst ensuring the best use of tax-payer's money. There are some instances, in addition to monetary considerations, where authority to spend is not delegated and in all such cases HMT and FCPD must be

consulted. DFID's levels of delegated authority to commit expenditure are detailed under 'Processes and Tools'.

The Secretary of State (SofS) and the Permanent Secretary are responsible for approving the levels of delegation of financial authority within DFID.

Delegations below Director level are maximum figures rather than automatic levels. Those delegating authority must relate the level of delegation to the experience of the member of staff concerned and the nature of the project. In ARIES, there are two types of delegated authority levels; Project Approval (Project Lifetime Budgets) and the Approval of Requisitions. These levels must be set by the Heads of Department/Overseas Office from within DFID Connect.

The Delegated Authority Factsheet in 'Processes and Tools' summarises current levels, as well as information on HMT's delegated spending limits for DFID.

Compliance Tasks

1. The fundamental financial principles that govern the use of DFID funds must be adhered to. All staff have responsibilities under DFID's decentralised financial management system and must:
 - a. Be familiar with, and follow, the procedures relevant to their post and type of work
 - b. Not exceed HMT's delegated authority levels or DFID's internal delegated authority levels
 - c. Follow HMT and DFID's delegated authority procedures with regards to clearance and authorisation
 - d. Ensure that all proposals for spending funds are within the scope of relevant statute (e.g. the International Development Act 2002 and the Human Rights Act 1998) and that expenditure is lawful).

Task assigned to: All staff, Director, Head of Department, Project staff

2. While long-term proposals are encouraged within an appropriate policy environment, those approving proposals beyond the Comprehensive Spending Review (CSR) period must:
 - a. Inform their Finance Manager who will work with the Finance and Impact Department to put the proposal to HMT and also track potential future proposed spending levels
 - b. Ensure that such proposals remain in a form which is not legally binding (normally through use of a standard Memorandum of Understanding (MOU)) and which clearly reflect the need for effective aid partnerships
 - c. In addition, Directors must ensure that the total of Divisional proposals beyond the CSR period do not exceed, in any one year, 75% of the agreed resource budget in the final year of the CSR period.

Task assigned to: All staff, Head of Department, Project staff

3. HMT approval must be sought in advance of any commitment in instances for which authority is not delegated. All staff must read the full list (including details of the approval process) in Table 2A of the Delegated Authority Factsheet, these include, but not restricted to:
 - a. Interventions that may require primary legislation
 - b. Novel or contentious spend
 - c. Interventions that could cause significant repercussions for others (previously described as politically sensitive)

Task assigned to: All staff, Head of Department, Project staff

4. All new Business Case proposals £40m and above that are novel or technically contentious must be formally reviewed by the Quality Assurance Unit and shared with HMT. Where a cost extension brings the cumulative value of the budget to above £40 million, then judgement as to whether the increase merits the formal QAU process should be made at the level of deputy Director. New Business Cases must be copied to

Finance Managers who will work with Finance and Impact Department to secure HMT approval. Formal submissions must have Director approval prior to submission to Ministers.

Task assigned to: All staff, Head of Department, Project staff

5. All new Business Cases valued at £5 million and up to £40 million must be submitted to the appropriate Minister for approval. You must follow the prescribed format for the Ministerial Approval Form set out on MoneySight

Task assigned to: Head of Department, Project staff

6. Ministerial approval is mandatory for all supplier contracts of £1million and above (including contract amendments and call down contracts from Framework Agreements of £1m and over). You must follow the prescribed format available on inSight.

Task assigned to: All staff, Head of Department, Project staff

7. Ministerial approval should be sought for expenditure decisions in response to new Emergencies or Humanitarian Crisis attracting press attention. Notification should be copied to Finance Managers for onward transmission to HMT.

Task assigned to: All staff, Director, Head of Department, Project staff

8. Read the Government Spending Controls in relation to those listed below. The following spending controls have been confirmed by the Cabinet Office as mandatory:
 - a. Spending freeze on non-essential advertising and marketing
 - b. Cabinet Office approval must be obtained for all spending proposals on new Information & Communications Technology (ICT) projects with a life

time budget of above £5 million and ICT spending proposals on systems supporting administration above £1 million

- c. All Administration funded Consultancy (Administration spend only) above £20,000 must be approved by the Minister of State and submitted in the prescribed format detailed in the Resourcing Policy and Procedures
- d. A freeze on all external recruitment of permanent and temporary staff except in front line and business critical areas
- e. All generic Learning & Development (including leadership, Professional Skills for Government core skills) must be purchased through central procurement strategies
- f. Cabinet Office approval must be obtained for all spending proposals of leases and extensions over £100,000 and new property freehold purchases.

Task assigned to: All staff, Head of Department, Project staff

- 9. Financial Accounting must be consulted if you are considering any commitments that result in DFID being exposed to exchange rate risks. DFID contributions must be made in sterling unless there are exceptional reasons to do otherwise. All requests for payments to be made in foreign currency must be referred to Financial Accounting.

Task assigned to: All staff, Head of Department, Project staff

- 10. Significant changes to Project Documents, including changes as a result of monitoring or review recommendations and no cost extensions, must be approved at the same or higher level as that at which the original was approved. However officials should exercise judgement in deciding whether formal approval at the higher level is necessary for minor changes to projects above their own delegated authority. All cost extensions must be approved within delegated authority levels; and follow the process set out in the guidance. The final decision as to whether a new Business Case

is required or a Submission rests with the approver.

Task assigned to: Head of Overseas Office, Project staff

11. Staff delegating authority must ensure an appropriate separation of responsibilities by not giving delegated authority to approve to members of staff who themselves have been leading on the design of the project.

Task assigned to: All staff, Head of Department, Project staff

12. Heads of Department/Overseas Office must ensure that the appropriate delegated authority levels are set in ARIES using the facility within DFID Connect.

Task assigned to: All staff, Head of Department, Head of Overseas Office

13. Confirmation of Delegated Authority Levels is given in writing, in the form of an automated e-mail. This is sent when the delegated authority levels are set in ARIES.

Task assigned to: All staff, Head of Department, Head of Overseas Office

14. Staff delegating approval authority must review annually at least one decision by each officer holding delegated authority to ensure quality and compliance.

Task assigned to: All staff, Head of Department, Head of Overseas Office