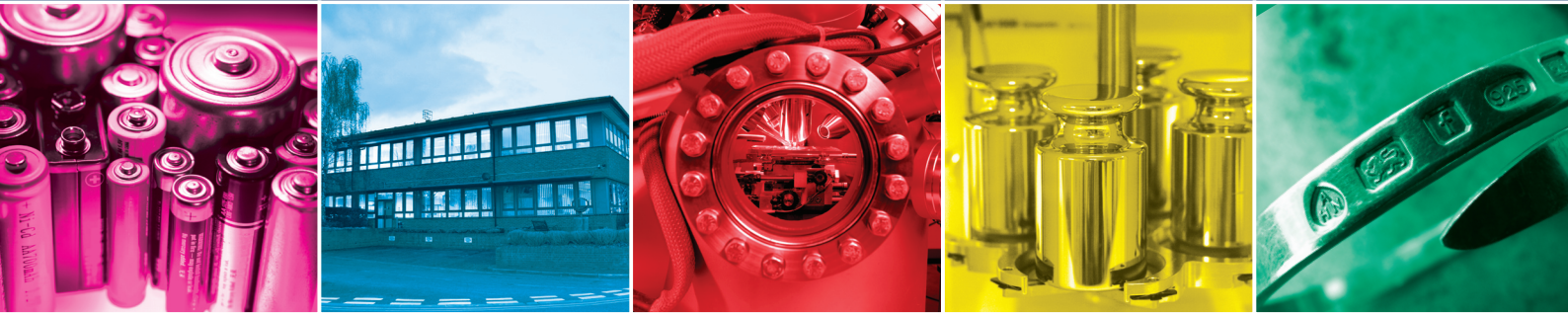




**National  
Measurement  
Office**

# FRAMEWORK DOCUMENT

## April 2010



**BIS** | Department for Business  
Innovation & Skills

A BIS SERVICE

# **NATIONAL MEASUREMENT OFFICE**

## **FRAMEWORK DOCUMENT**

**April 2010**

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## 1. Introduction

1.1 The National Weights and Measures Laboratory (NWML) was established as an Executive Agency of the Department of Trade and Industry (DTI) on 18 April 1989 and moved to net running cost control on 1 April 1996. As part of the Machinery of Government changes in 2007 NWML became an Executive Agency of the Department for Innovation, Universities and Skills (DIUS).

1.2 On 1 April 2009 responsibility for the policy, maintenance and funding of the National Measurement System, part of DIUS's Innovation Directorate, transferred to the Agency from DIUS HQ. The Agency therefore became responsible for the whole of the UK's scientific and legal National Measurement System. As a consequence of these changes NWML changed its name to the "National Measurement Office" (NMO) to recognize these new responsibilities. "The National Weights and Measures Laboratory", commonly referred to by the abbreviation "NWML", is retained as a trading name for some commercial services. On 5th June 2009, following the abolition of DIUS, the NMO became an Executive Agency of the Department for Business, Innovation and Skills (the "Department").

1.3 This document sets out the framework of policy, planning, accountability and delegations within which NMO operates.

1.4 The NMO has an annual spend of circa £80 million and employs circa 70 staff.

1.5 The NMO is located at:  
Stanton Avenue  
Teddington  
TW11 0JZ

Website: <http://www.nmo.bis.gov.uk>  
General Enquiry Line: 020 8943 7272  
Fax: 020 8943 7270  
E-mail: [info@nmo.gov.uk](mailto:info@nmo.gov.uk)

## 2. Functions, Aims and Objectives

### Functions

2.1 The NMO is the focus for national measurement policy and delivery. It is responsible for maintaining and developing the national scientific and legal measurement infrastructure and capability, the preparation and administration of weights and measures legislation and the fulfillment of a number of statutory functions on behalf of the Secretary of State. It also has an international role, representing the UK in several international organisations.

Specifically, it has responsibilities in the following areas:

- Advice to Departmental Ministers on measurement issues, particularly in relation to the Weights and Measures Act,
- Maintenance, development and dissemination of the primary and national measurement standards of most strategic value to the nation,
- Representation of the UK in the General Conference on Weights and Measures (GCPM), in the International Organisation of Legal Metrology (OIML), in European Cooperation in Legal Metrology (WELMEC) and in EU fora,

- Supervision of the Government Chemist function,
- Management of the contract under which the National Physical Laboratory is operated,
- Calibration of Trading Standards Departments' standards of mass, length and volume,
- Sponsorship of the British Hallmarking Council and the legislation under which it operates,
- Provision of a Type Approval service for a wide range of measuring instruments,
- Provision of a calibration service for a wide range of measuring instruments for commercial customers,
- Audit services as an Accredited Certified Body,
- Consultancy advice for legal metrology both in the UK and overseas,
- Training in legal metrology to both UK and overseas participants,
- Management and development of the estate in which it is located in Teddington.

2.2 In addition, the NMO carries out enforcement activities and technical services on a commercial basis with the aim of maximising the utilisation of its laboratory facilities and the expertise and skills of its staff.

### **Aims**

2.3 The prime aim of the NMO is to provide the metrology infrastructure and world-class science capability necessary to:

- Support innovation,
- Facilitate fair competition,
- Promote international trade, and
- Protect consumers, health and the environment.

2.4 In support of this aim, the NMO seeks to ensure:

- An efficient organisational structure,
- Appropriate facilities in terms of equipment, IT and office environment,
- A fully trained and flexible workforce,
- A high quality delivery of service,
- Satisfied customers, and

- A working environment in which staff feel valued and obtain a high level of enjoyment and satisfaction from their work.

## **Objectives**

2.5 The NMO has set the following core objectives:

- To develop the national measurement infrastructure and science capability to achieve high economic and social impact.
- To develop and implement the strategic plan for the Teddington estate to support the UK's measurement infrastructure
- To maintain and improve Weights & Measures and related legislation, in line with Ministers' obligations and requirements.
- To promote better regulation in legal metrology, both in the UK and internationally
- To provide world class statutory and commercial metrology services which promote and facilitate innovation.
- To deliver on our obligations as an enforcement authority.
- To ensure that meters used to measure gas and electricity supplied to consumers conform to requirements.

## **Key Target Areas**

2.6 The NMO's overall performance is measured against a number of key performance targets which are reviewed and set annually by Ministers in the context of agreeing the Corporate Plan, following consultation with the Chief Executive and the Steering Board.

2.7 The key targets are focused on contract management, service delivery, financial efficiency and value for money within the overall aim of supporting the Department's Objectives.

2.8 Targets are announced by means of a Written Ministerial Statement (WMS). Performance against them is reported in the NMO's Annual Report and Accounts. Regular reports on progress towards achievement of the targets are presented to the Steering Board. The NMO targets and quarterly performance against them can be viewed on the the NMO website.

### **3. Accountability**

#### **Secretary of State**

3.1 The Secretary of State determines the policy and financial framework within which NMO operates but is not involved in its day-to-day management. He/she agrees the strategic objectives, sets the key financial and performance targets and approves the Corporate Plan which is revised annually (see section 5).

#### **Responsible Minister**

3.2 As appropriate, the Secretary of State may delegate to the relevant responsible Minister approval of the Corporate Plan and agreement and monitoring of the key financial and performance targets. The Chief Executive and other members of the Steering Board and senior management team shall meet with the responsible Minister at least once a year to set targets and monitor performance, discuss risks and such other issues as might be appropriate at the time. The Chief Executive has the right to direct access to the Minister.

#### **Departmental Sponsorship**

3.3 The main Departmental sponsor is the Director of Innovation, who is supported in this role by staff of the Innovation Delivery Directorate. The sponsor is the key link between the NMO and the Department, ensuring that both the Department and the NMO have a clear understanding of each other's objectives and methods of working. The role of the sponsor is to:

- Advise Ministers on the strategic direction of the NMO in the context of wider Departmental or cross-governmental objectives,
- Agree a framework for strategic performance management,
- Advise Ministers on their response to strategic performance information,
- Advise the Chief Executive on steering NMO's activities to ensure that they most effectively support the delivery of Departmental objectives,
- Ensure NMO has the delegations and authorities necessary for effective delivery and continuous improvement,
- Assist the Chief Executive to work through the implications of any recommendations emerging from landscape and end-to-end reviews that affect the NMO.

3.4 These functions are, in the main, fulfilled through the Departmental sponsor's membership of the NMO Steering Board (see Section 4 and Annex A).

#### **The Chief Executive**

3.5 The Chief Executive is appointed by the Secretary of State, normally through open competition and for a fixed term with a possibility of extension, subject to a review of performance.

3.6 The Chief Executive is responsible for the day-to-day management of the NMO and is directly accountable to the Secretary of State/responsible Minister and the Permanent Secretary, as the Principal Accounting Officer, for the efficient running, financial management, overall performance and strategic planning of the NMO.

3.7 The Chief Executive is the Secretary of State's principal adviser on policy matters relating to the national measurement infrastructure and the functioning of the established regulatory system.

### **Accounting Officers**

3.8 The Department's Permanent Secretary is the Principal Accounting Officer and is responsible for ensuring that there is a high standard of financial management across the whole Department. As such he/she retains the right to monitor:

- The Chief Executive's use of resources allocated to him/her,
- Compliance with legal requirements,
- Conformity with agreed Departmental policies.

3.9 He/she will not otherwise become involved in the day-to-day management of the NMO

3.10 The Permanent Secretary designates the Chief Executive as the Accounting Officer for NMO and his responsibilities in this respect. This includes responsibility for propriety and regularity of the public finances for which he/she is accountable and for the keeping of proper records. These are set out in Chapter 3 of "Managing Public Money", and in the publication "Regularity, Propriety and Value for Money" (HM Treasury, July 2007). The Chief Executive is also responsible for observing any general guidance issued by the Treasury and Cabinet Office and for implementing the recommendations of the Committee for Public Accounts or other Parliamentary Committees if they are accepted by Government. The Chief Executive's financial powers are delegated to him/her by an appropriately authorised official of the Department through a formal delegation letter as amended from time to time.

### **The Committee for Public Accounts and Select Committees**

3.11 The Chief Executive may be summoned to give evidence to the Committee for Public Accounts (PAC) on the discharge of those responsibilities which have been allocated to him/her. The PAC may decide to take evidence from both the Chief Executive and the Principal Accounting Officer on their respective responsibilities for the NMO.

3.12 At Select Committee hearings Ministers will normally ask the Chief Executive to represent or accompany them if the Committee is concerned with the day-to-day operations of the NMO.

### **Accountability to Parliament**

3.13 The Secretary of State is accountable to Parliament on all matters relating to the NMO.

3.14 Ministers encourage Members of Parliament (including the European Parliament) to write direct to the Chief Executive on those operational matters for which he/she is responsible, but Members are entitled to raise with Ministers any policy issues or issues arising from replies they may have received from the Chief Executive on operational matters.

The Chief Executive will refer to Ministers without delay any matter on which it is proper for a Minister to provide the initial reply.

3.15 The Chief Executive will provide Ministers with any information needed to answer Parliamentary Questions or deal with any other Parliamentary business. Ministers will decide the appropriate way to respond to Parliamentary Questions about the NMO and will normally ask the Chief Executive to write to the MP asking the question about any matter delegated to the NMO. Such letters from the Chief Executive will be published in Hansard.

3.16 The activities of the NMO fall within the jurisdiction of the Parliamentary Commissioner for Administration.

### **Devolved Administrations**

3.17 The NMO will comply with the requirements of the Memorandum of Understanding and overarching Concordats between the Government and the devolved administrations (as published in Command Paper Cm4444 and subsequent revisions).

### **Relationships with other Bodies**

3.18 The NMO represents the UK at the General Conference on Weights and Measures (GCPM), the policy making body with respect to the international system of measurement under the Metre Convention. NMO are active members of WELMEC (European Cooperation in legal Metrology) and OIML (International Organisation of Legal Metrology), whose main objective is to achieve international harmonisation for legal metrology. Policy and decision making is based on frequent contact and consultation with wider Government and its agencies, businesses, academic institutions and consumer and enforcement representative organisations.

### **Customers**

3.19 The NMO has a responsibility to all its customers and will endeavour to provide them with high quality services which represent value for money and are courteously and efficiently delivered. All feedback received is considered and responded to throughout each year.

3.20 The NMO operates in accordance with a published complaints procedure that is clear and accessible to all users. The procedure can be viewed on the NMO's website.

### **Review**

3.21 The NMO was previously subject to independent quinquennial reviews of its status, operations and performance. The last such review took place in 2000/01.

3.22 As recommended in the Agency Policy Review which reported in July 2002, quinquennial reviews of individual organisations have been replaced by end-to-end reviews of the effectiveness of the business processes involved in achieving specific Departmental outcomes. Future reviews of the NMO's own high-level objectives, structures and processes will therefore be integrated into these wider ranging Departmental reviews.



## **4.The Steering Board**

### **The NMO Steering Board**

4.1 Membership of the NMO Steering Board is made up of:

- Four independent members with relevant experience from industry or commerce enabling them to provide an external perspective and challenge. Members are appointed in line with best practice guidance issued by the Office of the Commissioner for Public Appointments,
- The Director of Innovation or his/her designated Deputy with responsibility for the NMO within the Department,
- The Chief Executive of the NMO.

4.2 The Board normally meets four times a year.

4.3 The Steering Board has no executive functions. Its role is to advise the Ministers, through the Departmental Sponsor, on the strategies to be adopted by the NMO as set out in its Corporate Plan, the targets to be set for quality of operation, service and financial performance (and monitoring and advising on performance against these) and the resources needed to meet those targets. The Board is also responsible for providing:

- Advice and guidance from a commercial standpoint to the Chief Executive and his/her senior team on the NMO's performance, operation and development,
- Advice and guidance on the management of risk,
- Oversight of the management of the Teddington site and its development,
- Oversight of the management of contracts and arrangements that the NMO have to provide services to organisations outside of the NMO,
- Monitoring the balance of activity between in-house and contracted work .

4.4 The terms of reference for the Steering Board are at Annex A.

## **5. Corporate Planning and Performance Targets**

### **Corporate Plan**

5.1 The Chief Executive is required to prepare a Corporate Plan which is reviewed by the Steering Board before being submitted to the responsible Minister for approval. The Corporate Plan considers the strategic direction of the NMO over a one to four year period (depending on the Spending Review cycle) and provides the framework for monitoring progress against longer-term objectives and targets. It provides the focus for the National Measurement Office's strategic planning on finance, marketing, risk, business development, personnel, resources, information and management systems.

5.2 The plans are prepared in accordance with a suggested timetable agreed with the Department taking account the Department's business planning cycle.

5.3 Once approved the Corporate Plan is made available on the NMO's website or on request from *info@nmo.gov.uk*

## **Reporting**

5.4 The Chief Executive is required to produce an Annual Report and Accounts each year. These should be produced as a single document and be prepared in accordance with the Cabinet Office guidance "Next Steps Agencies, Trading Funds and Non-Departmental Public Bodies - Guidance on Annual Reports" (Machinery of Government Secretariat, January 2003) and the Treasury's Accounts Direction.

5.5 The Annual Report & Accounts contains:

- Details of performance against targets for the year,
- Details of progress towards the Corporate Plan objectives,
- A summary of the Agency's activities during the year,
- A forward look for the coming year,
- Financial information.

5.6 The Annual Report and Accounts will be laid before both Houses of Parliament before the summer recess after the financial year end. It will be made available on the NMO's website, and hard copies will be made available on request.

5.7 The Chief Executive is responsible for commissioning internal audit services required to ensure proper conduct of NMO's affairs and to allow him/her to discharge his/her responsibilities as Accounting Officer. Internal Audit will be carried out in accordance with the objectives and Standards laid down in the Government Internal Audit Manual.

## **Internal Control and Risk Management**

5.8 The Chief Executive is required to develop and maintain a sound system of internal control that supports the achievement of NMO's policies, aims and objectives. Included are procedures for identifying and prioritising the principal risks faced by NMO as a whole – these involve the maintenance of risk registers, their monitoring and review.

5.9 The NMO Audit Committee is a sub-committee of the Steering Board established to advise the Accounting Officer on risk management and internal control. Included are procedures for identifying, prioritising and managing the principal risks facing the NMO as a whole, including drawing up and maintaining comprehensive risk registers. These are reviewed by the Audit Committee with a report to the Steering Board. The Audit Committee is chaired by an independent member of the Steering Board. Its terms of reference are at Annex B.

## **6. Financial Framework**

### **Financial Regime**

6.1 The NMO operates under net cost control. As such it is expected to partly finance its expenditure from receipts (through fees and charges) from its customers.

6.2 The NMO comes within the Department's Request for Resources (RfR) as voted by Parliament.

6.3 The NMO's budgets are set on a three year basis and are determined in the context of the Spending Review (to which NMO contributes fully) with annual adjustments as necessary agreed between NMO and the Department as part of the annual business planning rounds. NMO shall provide such information on its financial position as necessary and agreed with the Department.

6.4 The NMO sets its fees in accordance with the HM Treasury "Managing Public Money" to achieve full cost recovery. NMO seeks approval by the Department, HM Treasury and Parliament as necessary for changes to fees and charges.

### **Financial Delegations**

6.5 The Chief Executive has delegated authority to commit and certify expenditure and to authorise payments, and to accept receipts, against any budgets for which he/she is responsible for administering and managing, or against any allocations made to him/her from other budgets for the primary purpose of delivering NMO or the Department's objectives. The authority is subject to the terms of HM Treasury's delegated authority to the Department, and to the observance of any relevant guidance issued by HM Treasury or the Department. The Chief Executive's full financial delegation is set out in a letter to the Chief Executive.

### **Commercial Policy**

6.6 In support of its statutory role and regulatory functions, NMO maintains a range of testing and calibration facilities. To make better use of these assets and improve the return on capital, NMO will seek repayment work additional to the statutory services provided under the Weights and Measures and European Communities Acts in accordance with HM Treasury's guidelines Selling into Wider Markets PF091(1), September 1991. The Department will work closely with NMO to provide the financial flexibility where possible to support its work to maximise its return on its assets.

6.7 Fees will be calculated in accordance with HM Treasury's 'Managing Public Money'. NMO will seek approval from HM Treasury and Parliament as necessary for fees and charges in respect of work performed under the Weights and Measures and European Communities Acts.

### **Capital**

6.8 Capital investment is funded from within the framework of an approved investment programme in NMO's Corporate Plan. Individual projects will be evaluated using standard Government investment appraisal criteria.

6.9 An asset register is maintained of all the capital assets forming part of the business. This also forms the basis for related interest and depreciation charges, for inclusion in the full economic cost to be recovered from fees and charges for NMO's services

## **7.Accounts and Audit**

### **Accounts**

7.1 As an Executive Agency NMO shall prepare accounts on a commercial accounting basis and in accordance with the direction given by HM Treasury, which is issued annually. The Chief Executive, as the Accounting Officer, shall produce and sign audited annual accounts (see also paragraphs 5.4 to 5.7). The accounts will be consolidated into the Department's accounts at the end of each financial year.

7.2 The annual accounts are subject to external audit by the Comptroller and Auditor General (C&AG) who is required to give an audit opinion as part of his/her Certificate and Report to Houses of Parliament on NMO. The accounts should be submitted to the C&AG within an agreed timetable for the purposes of external audit.

### **Audit**

7.3 The audited Annual Report and Accounts shall be laid before both Houses of Parliament, by the C&AG, before the start of the summer recess after the financial year end.

7.4 The Department's Internal Audit Service (has a right of access to NMO, after consultation with the Chief Executive and the Chair of the Audit Committee, to perform any work necessary to provide independent assurance to the Principal Accounting Officer as to the quality and integrity of NMO's internal audit processes. The cost of any such examinations will be borne by the Department.

## **8. Management of Resources**

### **Staff - Conditions of Service**

8.1 NMO staff are civil servants within the Department and are employed subject to the Civil Service Management Code and in accordance with rules and guidance issued by the Cabinet Office, the Office of the Civil Service Commissioners and HM Treasury covering the Civil Service as a whole. NMO complies with relevant national or departmental agreements affecting the terms and conditions on which staff are employed, except where local arrangements apply.

### **Personnel Policies and Procedures**

8.2 The Chief Executive determines the management structure and organisation of NMO, including staffing levels. He/she has responsibility for all aspects of human resource management of NMO staff (excluding members of the Senior Civil Service) subject to HM Treasury and Cabinet Office rules. Personnel functions delegated to the Chief Executive are set out in at Annex C.

8.3 The Chief Executive may create posts at any grade up to and including Grade 6 in accordance with NMO's approved grading structure.

8.4 NMO staff are eligible to apply for advertised posts elsewhere in the Department, other agencies and the wider Civil Service. Similarly certain advertised posts occurring within NMO are open to application from suitably qualified staff from other parts of the Department, Agencies, and the wider Civil Service.

8.5 The Chief Executive is responsible for establishing a training and development strategy to ensure that staff acquire and maintain the skills and competencies needed to realise their potential, to carry out operations efficiently and to achieve published standards of service.

8.6 The NMO is an equal opportunities employer. The aim is to be fair to everyone; to ensure that no eligible job applicant, or employee, receives less favourable treatment on the grounds of age, disability, gender, marital status, sexual orientation, gender reassignment, race, colour, nationality, ethnic or national origins, religion or religious affiliation or because they work part time, or is disadvantaged by conditions or requirements which cannot be shown to be justifiable. NMO is committed to policies consistent with those of the Department.

### **Staff Relations**

8.7 Good staff relations are essential to the success of NMO and the Chief Executive is responsible for ensuring that staff and their trade union representatives are kept informed about matters which affect their terms and conditions of employment.

8.8 The Chief Executive will chair an Agency Whitley Committee to deal with issues specific to NMO. Every effort will be made to resolve such issues within NMO. Issues not so resolved may be pursued within the usual procedure through the Departmental Whitley Council.

8.9 NMO will apply Departmental agreements which NMO and the NMO Trade Union Side may seek to modify to reflect NMO's needs and conditions. Local agreements, or Departmental agreements modified locally, are not intended to have implications for other parts of the Department or other agencies.

8.10 Members of the Senior Civil Service within the NMO will have the status, pay and other conditions of service common to the Senior Civil Service. Issues affecting posts within the Senior Civil service must be approved by the Department's Permanent Secretary.

## **9. Other Delegated Responsibilities of the Chief Executive**

9.1 The NMO acquires all necessary support services on the basis of best value for money, including considerations of quality, timeliness and risk, as well as cost. NMO will keep the value for money achieved from its support services under review. In particular it will decide on new, or renewed, services or contracts after consulting with the appropriate Departmental central services providers and considering how common services might meet NMO business needs and deliver value for money. The Chief Executive has delegated authority for:

- The development, operation and procurement of information technology (IT) systems in line with NMO's IT strategy, which is approved by the Secretary of State in the context of NMO's corporate plan, its Information Security policy and in accordance with the agreement between DTI HQ and NWML of 17 June 2003 on information sharing on e-Services Development,
- Compliance with the provisions of the Data Protection Act 1998 and the Freedom of Information Act 2000 in respect of all the relevant data held by NMO,
- Compliance with the requirements of the Public Records Acts 1958 and 1967 in respect of records management by NMO,

- Health, safety, security, fire, first aid, environment and welfare matters including the discharge of duties under the Health and Safety at Work Act 1974 (and associated regulations), all fire associated regulations and under any Crown Notices issued by the Health and Safety Executive,
- Procurement issues for NMO relating to both goods and services on the basis of obtaining the best overall value for money. Except as otherwise agreed, individual services may be provided in-house, commissioned from the Department or another agency on a repayment basis, or contracted out,
- Establishment of a comprehensive risk management plan,
- Negotiations with all parties on matters relating to the Teddington estate.

## **10. Review, Amendment and Publication of the Framework Document**

### **Review**

10.1 This Framework Document is effective from 1 April 2010. It will be informally reviewed on an annual basis and fully reviewed no later than December 2012 in consultation with the parent Department and relevant Minister.

### **Amendments**

10.2 The Secretary of State and the Chief Executive may agree to amend the Framework Document at any time, following consultation with the Trade Union Side and with the agreement of HM Treasury as necessary. Minor amendments that do not require such formal approval will, however, be made as the need arises, through agreement between NMO and Departmental officials.

### **Publication**

10.3 Copies of the Framework Document and of any subsequent revisions will be placed in the libraries of both Houses of Parliament.

10.4 Additional copies can be obtained from the NMO as follows:

#### **The National Measurement Office**

Stanton Avenue  
Teddington  
TW11 0JZ

Website: <http://www.nmo.bis.gov.uk>  
General Enquiry Line: 020 8943 7272  
Fax: 020 8943 7270  
E-mail: [infor@nmo.gov.uk](mailto:infor@nmo.gov.uk)

10.5 An electronic version is available from the NMO website [www.nmo.bis.gov.uk](http://www.nmo.bis.gov.uk).

## NATIONAL MEASUREMENT OFFICE STEERING BOARD

### TERMS OF REFERENCE

#### INTRODUCTION

The Steering Board has no executive functions. Its role is to advise Ministers, generally through the Departmental Sponsor, on the strategies to be adopted by NMO as set out in its Corporate Plan, the targets to be set for quality of service and financial performance (and monitoring and advising on performance against these) and the resources needed to meet those targets. The Board also provides advice and guidance from a commercial standpoint to the Chief Executive and his/her senior team on the NMO's performance, operation and development, including its management of risk.

#### OBJECTIVES & DUTIES OF THE BOARD

- To advise on strategic direction and provide the context for the corporate plan and overall targets,
- To provide strategic challenge on the corporate plan and endorse the annual report and accounts for submission by the Accounting Officer,
- To advise on exposure to risks to the Agency and its management,
- To advise on and monitor performance including the setting of targets, particularly in ensuring fit with Departmental and wider government aims and performance against them, as well as providing an independent assessment of the targets and the underlying processes,
  - To advise on the scope and outcome of Agency reviews,
  - To advise on major business developments which imply a significant change in the Agency's role and activities,
  - To oversee the management of the Teddington site and its development
  - To oversee the management of contracts and arrangements that NMO have to provide services to organisations outside of the NMO,
  - To monitor the balance of activity between in-house and contracted work.

#### MEMBERSHIP

Membership of the NMO Steering board is made up of:

- Three independent members with relevant experience from industry or commerce enabling them to provide an external perspective and challenge. (An additional member may be appointed to provide necessary specialist skills, if required.) Members are appointed in line with best practice guidance issued by the Office of the Commissioner for Public Appointments,

- The BIS Director of Innovation or his/her designated Deputy with responsibility for NMO within the Department,
- The Chief Executive of NMO.

## **QUORUM**

The Board will be properly constituted when three or more of the members are in attendance. Of these, there must be a non-executive member, a representative from the Department and the Chief Executive or, in his/her absence, an authorised deputy.

## **FREQUENCY AND LOCATION OF MEETINGS**

The Board meets four times a year and occasionally at other times according to need. The meetings are generally held in Teddington with the occasional meeting in London.

## **REMUNERATION**

Independent members of the Steering Board other than the Chair are also independent members of the Audit Committee. All Steering Board Members receive a flat-rate honorarium of £7,500 per annum plus reimbursement of all reasonable expenses in relation to the appointments.



## **NMO AUDIT COMMITTEE**

### **TERMS OF REFERENCE**

#### **INTRODUCTION**

The role of the Audit Committee, which is established as a sub-committee of the Steering Board, is to support the Chief Executive, as Accounting Officer, and the Steering Board in their responsibilities for issues of risk control and governance by reviewing the comprehensiveness of assurances in meeting the Steering Board's and the Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances.

#### **RESPONSIBILITIES**

The Audit Committee will advise the Steering Board and the Chief Executive, as Accounting Officer, on:

- The strategic processes for risk, control and Governance and the Statement on Internal Control,
- The Agency's accounting policies, its accounts and its annual report, including the process for review of the accounts prior to submission for audit, levels of error identified and management's letter of representation to the external auditor,
- The planned activity and results both of internal and external audit,
- Adequacy of management response to issues identified by audit activity, including the external auditor's management letter,
- Assurances relating to the corporate governance requirements of the Agency,
- Proposals for tendering for Internal Audit or External Audit services or for purchase of non-audit services from contractors who provide audit services,
- Anti-fraud policies, whistle-blowing processes, and arrangements for special investigations,
- The Agency's quality management processes.

The Audit Committee will also periodically review its own effectiveness and report the results of that review to the Steering Board.

#### **MEMBERSHIP**

Membership of the Audit Committee is made up of three independent members of the Agency's Steering Board, one of whom shall be designated as Chairman. The Chair of the Steering Board is not a member of the Audit Committee but may act as an alternate at meetings where this is necessary to achieve a quorum.

A representative of the Sponsor Department will be invited to attend meetings of Audit Committee. The representative is not however a member of the committee.

The Audit Committee will be provided with secretariat support from within the Agency's Corporate Services Directorate.

## **QUORUM**

The Audit Committee will be properly constituted when at least two of its members are in attendance. If only one Committee member is able to be present, the Chair of the Steering Board may attend as his or her alternate such as to then make the Audit Committee quorate.

## **RIGHTS**

The Audit Committee may procure specialist ad-hoc advice at the expense of the Agency, subject to budgets agreed by the Chief Executive.

## **ACCESS**

Representatives of Internal Audit and the external auditor will have free and confidential access to the Chair of the Audit Committee.

## **MEETINGS**

The Audit Committee will meet at least three times a year. The Chair of the Audit Committee may convene additional meetings as he or she deems necessary. The Steering Board or the Accounting Officer may ask the Audit Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.

Audit Committee meetings will normally be attended by the Chief Executive, the Director of Finance, a representative from Internal Audit and a representative of the external auditor. The Agency's Risk Champion will normally attend for items concerning risk management.

The Committee may ask any other staff of the Agency to attend to assist it with its discussions on any particular matter.

The Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

## **REPORTING**

The Audit Committee will report formally to the Steering Board after each meeting.

The Audit Committee will provide the Steering Board and the Accounting Officer with an Annual Report, timed to support finalisation of the accounts and the Statement of Internal Control, summarising its conclusions from the work it has done during the year.

## **PERSONNEL DELEGATIONS**

Authority for the personnel matters listed below will be delegated in accordance with the central department guidelines to the Chief Executive in respect of staff in all disciplines who are outside the Senior Civil Service (SCS) except where qualified below. Where the functions are not taken over by the Agency, service level agreements will be reached with BIS. Appropriate consultation of, and negotiation with, recognised Union officials will be undertaken on personnel issues.

### **Posts**

Creation, re-grading and reduction in numbers of posts, subject to the right of the Permanent Secretary to agree any decision in respect of posts in the SCS.

### **Recruitment**

Permanent, temporary, casual and fixed period appointments; also reinstatement, re-employment and consultancies. Includes:

- direct external recruitment will be conducted under the rules of the Office of the Civil Service Commissioners (OCSC),
- Internal vacancies will be advertised on both BIS and CS on-line Recruitment websites,
- Selection process,
- Appointments (including, where appropriate, conversion to permanent appointments),
- Probation decisions.

Recruitment will be carried out in accordance with Cabinet Office Guidance and the OCSC. The Permanent Secretary retains the right to agree any decision in respect of appointments to posts in the SCS.

### **Assignment**

Assignments and promotions to posts within the Agency. Includes:

- Posting of staff recruited through trawls.
- Arrangements for loans and secondments.

The Permanent Secretary retains the right to agree any decision in respect of appointments to posts in the SCS.

### **Retirement**

Decisions on retirements. Includes:

- Early retirement/severance on grounds such as inefficiency, ill-health or structural change.

- Application of appropriate retirement/severance scheme compensation.

### **Inefficiency and Discipline**

Decisions on disciplinary matters. Includes:

- Suspension (with or without pay),
- Downgrading,
- Dismissal.

### **Termination**

Decisions on termination of service, other than retirement and dismissal

Includes:

- Acceptance of resignations,
- Cancellation of fixed term appointments.

### **Pay**

Authorisation of pay and pay variations. Includes:

- Starting pay,
- Responsibility, shift allowances and market related pay,
- Overtime pay,
- Performance pay and bonus payments within existing central and Departmental arrangements.

### **Appraisal**

Management of staff appraisal system. Includes:

- Initiation and completion of reports,
- Disclosure and follow up,
- Career development.

### **Training**

Provision and purchase of training, except central development training for staff in formal development schemes.

### **Leave**

Authorisation of annual leave, special leave and special unpaid leave.

**Hours**

Variation of hours of attendance, within contracted or conditioned hours, including job-sharing, part-time working and other flexible working arrangements.

**Appeals**

Hearing of first appeals against decisions taken under delegated authority.



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