



Department
of Energy &
Climate Change

**Department of Energy & Climate
Change**

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www.gov.uk/decc

Your ref:
Our ref: **13/1387**

October 2013

RE: Freedom of Information

Thank you for your e-mail of 4th October 2013 asking about experience, training and qualifications of Department of Energy and Climate Change (DECC) staff authorised to sign-off expenditure on behalf of the Department.

Specifically you asked:

- 1) The level of training required for civil servants involved in signing off on spending of up to £500,000.
- 2) The level of training required for civil servants involved in signing off on spending of up to £1 million.
- 3) The level of training required for civil servants involved in signing off on spending of up to £10 million.
- 4) The level of training required for civil servants involved in signing off on spending above £10 million.
- 5) The qualifications required for civil servants involved in signing off on spending of £500,000
- 6) The qualifications required for civil servants involved in signing off on spending of up to £1 million.
- 7) The qualifications required for civil servants involved in signing off on spending of up to £10 million.
- 8) The qualifications required for civil servants involved in signing off on spending above £10 million.
- 9) The experience required for civil servants involved in signing off on spending of £500,000
- 10) The experience required for civil servants involved in signing off on spending of up to £1 million.
- 11) The experience required for civil servants involved in signing off on spending of up to £10 million.
- 12) The experience required for civil servants involved in signing off on spending above £10 million.

- 13) The level of training required for civil servants involved in the procurement process of projects up to £500,000.
- 14) The level of training required for civil servants involved in the procurement process of projects up to £1 million.
- 15) The level of training required for civil servants involved in the procurement process of projects up to £10 million.
- 16) The level of training required for civil servants involved in the procurement process of projects above £10 million.
- 17) The qualifications required for civil servants involved in the procurement process of projects up to £500,000.
- 18) The qualifications required for civil servants involved in the procurement process of projects up to £1 million.
- 19) The qualifications required for civil servants involved in the procurement process of projects up to £10 million.
- 20) The qualifications required for civil servants involved in the procurement process of projects above £10 million.
- 21) The experience required for civil servants involved in the procurement process of projects up to £500,000.
- 22) The experience required for civil servants involved in the procurement process of projects up to £1 million.
- 23) The experience required for civil servants involved in the procurement process of projects up to £10 million.
- 24) The experience required for civil servants involved in the procurement process of projects above £10 million.

In common with all modern finance systems, the act of signing off individual items of expenditure in DECC sits within a wider system of financial control designed to ensure that expenditure is properly incurred and represents value for money. The main features of this system of control are:

- Professional finance and procurement functions exist to oversee the system of internal financial control. Procurement is devolved within DECC, but the central procurement team supports high risk, high value procurements. The people in this team are all Members of the Chartered Institute of Purchasing and Supply.
- There is separation of duties between officials involved in different stage of the approval and payment process to mitigate the risk of fraudulent activity.
- All new expenditure proposals (including extensions or expansions of previously approved arrangements) must have a business case approved before they can commence. Business cases are prepared in a standard format depending on the amount of expenditure concerned and follow the standard "five case model" promulgated by the HMT Treasury Green Book. Business cases have to be

signed off by relevant specialists (e.g. Finance, economists, commercial experts, HR, procurement).

- DECC has a governance structure in place to scrutinise expenditure proposals. Business Cases for proposals in excess of £100m, or £20m for IT projects, or any proposals considered to be high risk, must be approved by an Investment Committee of senior personnel, chaired by a Director General. Lower value business cases are considered by relevant programme or project boards.
- DECC has a comprehensive budgeting and forecasting process in place. High level departmental spending objectives are agreed as part of the Spending Review settlement which is followed by a detailed budgeting exercise which sets operational targets to be delivered with budgets. This is approved by Ministers and the Executive Committee. Detailed budgets are prepared at lower levels. Director Generals receive budget delegation letters from the Permanent Secretary setting out their roles and responsibilities. Budgets are then sub delegation to officials with operational responsibility for specific business areas.
- Monthly performance data is prepared and disseminated across the organisation. Summary information is considered by DECC's Finance Committee, Executive Committee and Ministerial Departmental Board. As part of this monthly data pack, detailed forecasts are prepared by business units and explanations sought for variances. Transaction level detail is provided to budget holders so that they can confirm that their budgets have been charged correctly with expenditure incurred on their behalf.
- Effective financial management is central to the core competencies set for all civil servants (i.e. "achieving commercial outcomes" and "delivering value for money" competencies). Accordingly the objectives and performance appraisals of budget holders in DECC should include financial management responsibilities.
- All budget holders are strongly encouraged to undertake training to ensure that they understand the public sector budgeting framework and their responsibilities as budget holders to ensure that all expenditure represents value for money, is in accordance with Parliament's intentions and is proper. DECC runs an extensive programme of training covering all aspects of DECC's finance, budgeting and procurement arrangements. Training courses are also available to all civil servants through Civil Service Learning which includes an online "Finance Skills for All" programme.
- Departmental expenditure is subject to audit each year by the National Audit Office. As part of their procedures, the NAO assess the system of internal financial control, undertake analytical procedures to establish the reason for expenditure trends and scrutinise a sample of expenditure transactions. In addition specific systems are reviewed periodically by Internal Audit. These reviews are presented to the Audit and Risk Committee, which includes non-Executive appointees

Within this framework of checks and balances, individual transactions are initiated via a Purchase Order which is raised on the accounting system by a **requisitioner**, who is an official below the grade of Higher Executive Officer (HEO). Once a Purchase Order

is raised it requires approval by a second person (the **approver**). This is an electronic approval.

There are levels within the accounting system which determine who signs off the expenditure. All expenditure over £500,000 has to be approved by a member of the Senior Civil Service with lower level grades from HEO upwards having lower limits. The electronic approval process determines to whom the requisition is sent by reference to the business area that requisitions the Purchase Order and the amount of the expenditure. The approver is confirming that budget is available to cover the expenditure and checking that the expenditure has been correctly classified and is charged to the right budget.

There are no specific requirements for training, qualification or experience to perform the approver function, though the approval hierarchy has been set up to align with delegated budgets. For certain categories of expenditure (such IT, communications or marketing, estates, consultancy or grants) there is an additional approval required by a "specialist approver" who has expertise in the area and an oversight of all such expenditure across the organisation. Once goods and services are received, the budget holder instructs the requisitioner to "receipt" the Purchase Order.

DECC employs a shared services provider to process its payments to suppliers. When invoices are received by the shared services provider they are paid only if there is a three way match between the Purchase Order, the receipt and the invoice. Discrepancies result in an invoice being put "on hold" and require the Finance team to resolve matters with the relevant business area.

Appeal Procedure

If you are dissatisfied with the handling of your request, you have the right to ask for an internal review. Internal review requests should be submitted within two months of the date of receipt of the response to your original letter and should be addressed to the Information Rights Unit at:

Information Rights Unit (DECC Shared Service)
Department for Business, Innovation & Skills
1 Victoria Street
London, SW1H 0ET (✉: foi@decc.gsi.gov.uk.)

Please remember to quote the reference number above in any future communications.

If you are not content with the outcome of the internal review, you have the right to apply directly to the Information Commissioner for a decision. The Information Commissioner can be contacted at: Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF.