QA Framework

Process Control Objectives Toolkit

Contents

Introduction

Introduction

This toolkit forms part of the response to an Independent Report "Practical Steps to Improve Government MI" produced by Dr Martin Read CBE and commissioned by the Minister for the Cabinet Office and Chief Secretary to the Treasury. The report recognised that a major improvement in the quality of management information was essential to achieve the government's objectives in relation to improving the efficiency and operational effectiveness of common processes that generate MI across government. It was agreed at PEX(ER) on 6 July 2012 to implement these recommendations and to establish a framework for the Quality Assurance of Management Information.

Driving improvements in MI

Dr Read's report indicates that a critical factor in enabling high quality MI is the quality of the process level controls within the business processes from which the MI is derived. Currently there is no single recognised cross-government standard in this area, however this framework will establish a clear, common standard to evaluate the quality of controls over business processes, and respond to the risks arising from poor MI. These risks include ill-informed decision making, inadequate management of budgets and the lack of accountability to parliament and the public.

This framework is intended as a tool for civil service managers and assurers. The framework will provide a common cross-government benchmark to evaluate the coverage and focus of existing controls in a consistent way, and will allow departments to assess the level of latent risk in the systems used to manage their operations.

Cabinet Office

Purpose and Scope

Purpose

This toolkit provides a set of strong minimum standards for the operational processes that generate management information. It is aimed at all those who operate, are accountable for, provide assurance on and govern process level controls. It can be used by:

- Operational managers – To provide assurance that performance is being monitored, risks identified and addressed, and that objectives are being achieved.

- Senior managers – To gain comfort that the processes are being carried out as intended through compliance assessments and that reviews are being carried out to determine that policy or quality arrangements are being met.

- Internal Audit – To provide audit committees and ultimately Accounting Officers the assurance that organisational internal controls are operating effectively.

- National Audit Office – To provide assurance to parliament and the taxpayer that processes across Government's 'back office' are operating efficiently, effectively and in the most economic way.

It has been developed through consultation with Government Policy Heads, Finance leadership teams across central government departments, as well as with representatives from Internal Audit and the National Audit Office (NAO).

Scope

This framework of process level control objectives has been developed for the key operational processes that generate MI. It is intended that this will provide departments with a clear benchmark against which to evaluate the quality of controls in these processes.

The focus of this framework is those processes that are common to all organisations and relate to key 'back-office' functions. It is principle based and therefore not system or process specific It is designed to be high level enough so that it can be applied across government but also with enough detail for it to be applied practically.
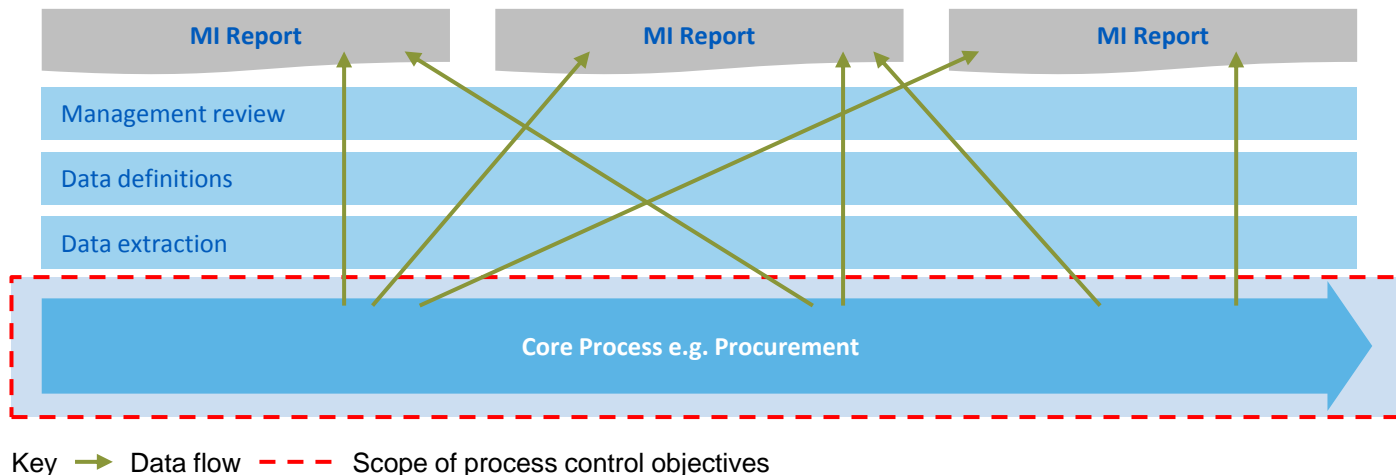
Context

The link to MI

The following diagram sets out the relationship between the process control objectives defined in this toolkit and the management information reporting processes currently in place within departments and across government.

- The bottom layer of the diagram represents the core underlying process. This involves both manual and automated activities that are required for departments' day to day operations. This framework covers nine such processes.

- The green arrows demonstrate how management information is generated from those underlying processes. Prior to being reported, this will pass through a number of stages, including; (i) extraction of data; (ii) application of data definitions / reporting guidance and; (iii) management review and sign-off.

The diagram demonstrates that the data collated at the same point of an underlying process may be reported in a number of formats/to a number of audiences and in these cases the application of data definitions may differ. However, through establishing a common standard of control we can help to ensure a sound basis for reporting MI is established.

Context

Quality Assurance stakeholders and reporting

The diagram below sets out the role of the process level control objectives defined in this toolkit within the broader quality assurance agenda. This outlines the key flows of management information originating from within a department, and the levels of assurance provided by the '4 lines of defence' over the internal control framework that support it, in line with HMT guidance on Assurance Frameworks. A critical first step is for department management to establish clear process ownership and accountability for good controls, which provides a foundation of good governance and can be supported by the additional 3 layers of assurance.
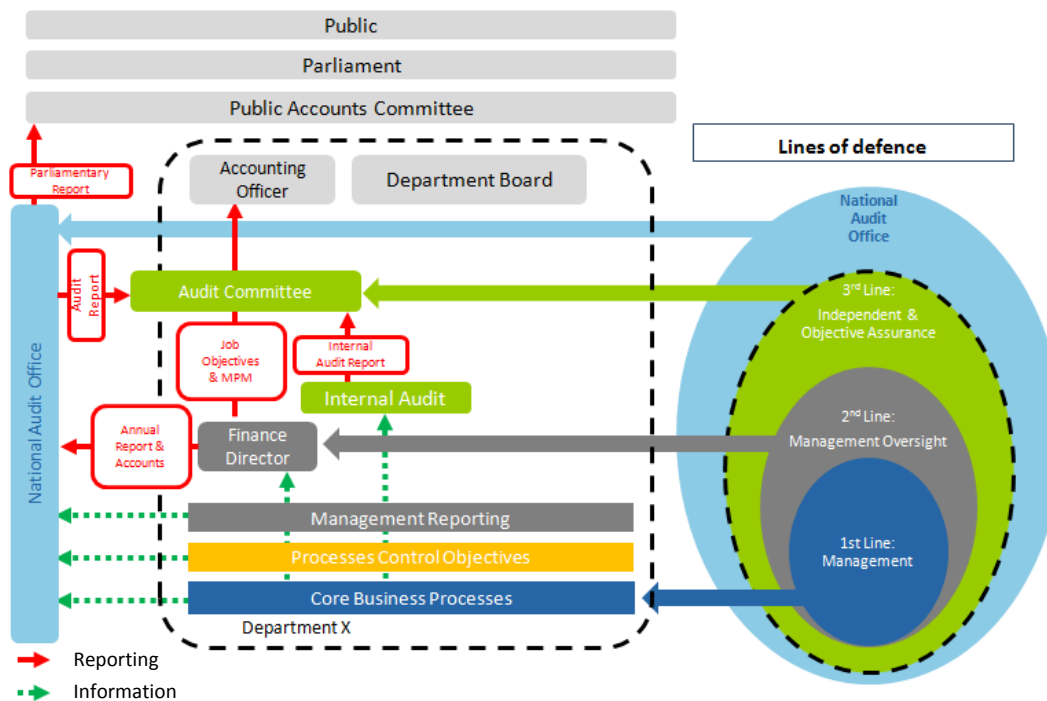
Existing Guidance and Assumptions

Existing guidance

During the development of these control objectives we have referenced existing CO and HMT guidance and cross-government frameworks, for example; Managing the Risk of Financial Loss (MROFL), and Managing Public Money (MPM). Where there are synergies in the areas of processes covered, we have designed this framework to support this. We have also worked with Government Policy Leads in order to ensure the contents of this framework are aligned with key messages from the centre of government.

Risk

This framework assumes an existing methodology is in place within departments and ALBs to allocate clear process ownership and then to define and assess process level risk. Controls implemented to address the objectives defined in this framework should be proportionate to the associated risks identified. The starting point for any process risk, control and assurance framework should be an assessment of the key risks presented by each core business process, followed by an assessment of the adequacy, effectiveness and proportionality of the controls of these risks in relation to their severity. When considering the assurance framework regarding these risks and controls, appropriate and proportionate use should be made of each of the four lines of defence (as defined in the Context section above) in line with HM Treasury guidance on Assurance Frameworks. Consideration should also be given as to whether the risk and control issues identified are being addressed in other activities, for example, Managing the Risk of Financial Loss.

Information processing objectives (CAVR)

Information processing objectives provide a useful framework to help evaluate the design effectiveness of transaction level controls which in turn lead to better input, processing, and recording of data. The completeness (C), accuracy (A), validity (V) and restricted access (R) objectives are mapped to each control objective defined in this framework. Further detail on how each of the four information processing objectives have been defined is set out in Annex 1.q

Process Overview

The processes covered by this framework are set out in the diagram below. Though control objectives from each process can be read in isolation, it should be noted that objectives from another process may also be relevant when they are applied to real-world processes, and an overarching view will need to be taken e.g. procurement control objectives are also relevant to procurement activities that take place as part of a project.

Reporting Management Information
A process embedded in all operational processes that generate MI, which provides information used to analyze and facilitate strategic and operational activities in a department.

People	**Procurement**	**Grant Expenditure**
Incorporates key elements of the HR and Payroll processes that drive MI reporting across government.	The process that generates management information on significant spends from acquisition of goods or services.	Cover key processes relating to distribution of grant, from approval, payment to monitoring and closure.
Accounts Receivable	**Budget Management**	**Projects**
Focus on back office accounts receivables, not including receivables raised from policy delivery.	Incorporates the process from development to monitoring annual budget of a department as key part of MI reporting.	Process relating to project management, from planning to monitoring, which drive key elements of MI including cost, timeline, quality and benefit.
Estates	**IT Costs**	**Fraud and Error**
Process of gathering and reporting estate related MI – size, occupation, cost, efficient.	Process of gathering and reporting IT costs related MI – cost and number of users.	Process of identifying, investigation, reporting and estimation of fraud and error, covering both detected and prevented ones.

How to use this toolkit

The framework has been designed to be used by departmental staff with strategic, management or operational responsibility for management information. Guidance on how to navigate through the toolkit are set out below.

Click on the process name on page 11 for process control objectives relating to that process.

The Section Overview provides an introduction to the control objectives defined for each process.

Further explanation and context is provided for each sub process.

Framework Navigator

Click on the boxes below for process control objectives relating to each process. The arrow buttons at the bottom of each page can be used to navigate through the framework.

Reporting Management Information

People	Procurement	Grant Expenditure
Budget Management	Accounts Receivable	Projects
Estates	IT Costs	Fraud and Error

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Reporting Management Information

Section Overview

This section defines a set of minimum standards for the reporting of MI both within a department and externally. The control objectives set out below are principles-based, and can be applied in a variety of scenarios where information is being reported to departmental management. This process is broken-down into the following sub processes:

- MI Strategy
- Defining MI reporting requirements
- Report generation
- Review prior to submission

Reporting Management Information					
Sub-process	Control objectives	C	A	V	R
A.1 MI Strategy	MI Strategy in this context refers to the departmental processes for defining MI requirements in the context of the organisation's strategic aims and objectives including the processes that are in place to meet these needs.				
	A.1.a MI Strategy – Content A departmental MI strategy is in place that sets out: • Principles for data ownership • Common data standards • Use of common data sources (single source of the truth) • Finance officer accountability for management information • Principles for reporting management information (internally and externally) • Quality assurance processes over MI • Approach to building awareness of the strategy itself as well as promoting the importance of good quality MI • Ensuring consistency and co-ordination of data across all aspects of MI	x	x	x	
	F.1.b MI Strategy – Sign-off The department MI strategy is signed-off by a sufficiently senior group of stakeholders and communicated appropriately across the department.	x	x	x	

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Navigate through the toolkit using arrows on each page.

Information processing objectives are indicated for each control objective. Refer to Annex 1.

Control Objective Framework Interactive Toolkit

Framework Navigator

Click on the boxes below for process control objectives relating to each process. The arrow buttons at the bottom of each page can be used to navigate through the framework.

Reporting Management Information

People	Procurement	Grant Expenditure
Budget Management	Accounts Receivable	Projects
Estates	IT Costs	Fraud and Error

Reporting Management Information

Section Overview

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- Defining MI reporting requirements
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Reporting Management Information					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
A.1 MI Strategy	MI Strategy in this context refers to the departmental processes for defining MI requirements in the context of the organisation's strategic aims and objectives including the processes that are in place to meet these needs.				
	A.1.a MI Strategy – Content A departmental MI strategy is in place that sets out; • Principles for data ownership • Common data standards • Use of common data sources (single source of the truth) • Finance officer accountability for management information • Principles for reporting management information (internally and externally) • Quality assurance processes over MI • Approach to building awareness of the strategy itself as well as promoting the importance of good quality MI • Ensuring consistency and co-ordination of data across all aspects of MI	X	X	X	
	F.1.b MI Strategy – Sign-off The department MI strategy is signed-off by a sufficiently senior group of stakeholders and communicated appropriately across the department.	X	X	X	

Reporting Management Information

Reporting Management Information					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
A.2 Defining MI reporting requirements	MI reporting requirements in this context refers to the process in place to ensure that teams are aware of, and fully understand, the data required by both departmental management and the centre of government.				
	A.2.a Reporting schedule Teams within the department maintain a schedule of key management reports required including the applicable data definitions, the frequency of reporting, to whom, and for which period.	X	X	X	
	A.2.b Data requests Where data is required from ALBs and other organisations within the department's remit, the data request is clearly defined and includes: • Period for which data is required • Clear data definitions (referencing central government standards where appropriate) • Accounting basis on which data is to be presented A process should be in place to assess MI requirements against the availability of resources to respond to the request and to consolidate data requests where appropriate.	X	X	X	
A.3 Report generation	The report generation process sets out key objectives and considerations that are applicable when extracting data for management reports.				
	A.3.a Reporting accuracy Information is reported accurately, completely and for the appropriate period, and is supported by appropriate explanations and comparatives e.g. prior period in order to facilitate effective analysis.	X	X		
	A.3.b Reported MI is supported by underlying data Reported information is traceable to source data and supported by appropriate annotation as appropriate.		X	X	
	A.3.c Accounting treatment Consolidated financial information or financial data compared within reports is prepared on the same accounting basis across the department or adjusted appropriately.		X		
	A.3.d Consolidation sign off Consolidation entries and adjustments for consolidated reporting are approved by an appropriate level of management.		X	X	

Reporting Management Information

Reporting Management Information					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
A.4 Review prior to submission	In this context 'review prior to submission' refers to the process in place to review all information reported within the department or externally. This review process will contribute to the quality and consistency of reported data.				
	A.4.a Review process A process is in place to review and challenge reported information prior to submission including an appropriate level of analysis over outliers against expectations. This includes all information reported within the department or externally to ensure that information is reported consistently across different reports.		X	X	

People

Section Overview

This section defines a set of minimum standard control objectives relating to HR and payroll processes and is intended to set out good practice and key principles of control in relation to departmental spending on people and across areas that support the generation of management information. This includes:

- HR Policy
- Staff numbers
- Payroll costs
- Staff absence
- Staff expenses
- HR/payroll data
- Segregation of duties

People					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
B.1 HR policy	HR policy in this context refers to the collection of departmental policies and process guidance which cover the classification and ownership of workforce data to support effective management reporting.				
	B.1.a HR policy – Legal and regulatory requirements HR policies are in place to cover all UK and EU legal and regulatory requirements, and reflect central government policy in relation to dismissal and recruitment (including the required security clearances).			X	
	B.1.b HR policy – Operations HR policies are in place to set out how the department will operate, including the processes under the remit of departmental HR, roles and responsibilities of individuals, and the management of relationships with third parties.			X	
	B.1.c HR policy – Financial sanction HR policies stipulate the levels of financial sanction required over HR decisions in line with departmental delegations of authority.			X	

People

People					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
B.1 HR policy	**B.1.d HR policy – Workforce classification** HR policies set out workforce classification requirements for permanent and non-permanent workers. The classification requirements are in line with central government guidance and facilitate a standard, repeatable process for the calculation of staff numbers.		X		
	B.1.e HR policy – Staff absence HR policies define the types/categories of absence and the requirements for recording and monitoring them, including roles and responsibilities for accurate, complete and timely reporting.	X	X		
	B.1.f HR policy – Expenses The expenses policy sets out detailed requirements in relation to incurring and claiming expenses. The policy states: • What can and cannot be claimed • Rates and limits for all categories of expenses claimed • Supporting evidence required e.g. receipts • Approval process including delegation of authority Expense submission process e.g. format of claim.			X	
	B.1.g HR policy – Data ownership HR policies set out roles and responsibilities in relation to the management of HR data so that individuals are accountable for ensuring HR data is maintained accurately, completely and securely on a timely basis and can be reported as required.	X	X		X
	B.1.h HR policy – Communication A mechanism is in place to ensure that HR policies are appropriately communicated throughout the department.	X	X		

People

People					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
B.2 Staff numbers	Staff numbers refers to the number of people working in and on the behalf of the department and will include employees and other classes of the workforce. The objectives defined below set out the key requirements that must be met to ensure an accurate, complete and consistent approach to reporting staff numbers.				
	B.2.a Categorisation – Team/Cost centres A framework for workforce classification is in place and consistent with central government guidance to ensure that staff numbers can be reported at an appropriately granular level. This should ensure that all staff can be assigned to a specific team, location, and/or cost centre.	X	X		
	B.2.b Categorisation – Employment status Department staff are accurately categorised according to employment status and contract terms e.g. full/part-time and permanent/fixed-term employees and casual employees (this may include non-payroll staff).		X		
	B.2.c Recording workforce numbers A process is in place to ensure that accurate and complete records are maintained in relation to 'joiners 'and 'leavers' by workforce category, location and cost centre.	X	X		
	B.2.d Reporting workforce numbers When reporting workforce numbers, appropriate adjustments into accounts are accurate and complete, e.g. with reference to: • Secondments (inbound and outbound) • Maternity leave • Study leave • Long term sickness	X	X	X	

People

People					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
B.3 Recruitment	The recruitment process in this context covers the key aspects of the financial commitment relating to the employment of new staff.				
	B.3.a Recruitment – in line with need Contractual commitments relating to employment offers for all full-time, part-time, and temporary staff are in line with need and the organisation's strategy and objectives.			X	
	B.3.b Recruitment– Financial sanction Contractual commitments relating to employment offers for all full-time, part-time, and temporary staff have an appropriate level of financial sanction that corresponds to departmental delegations of authority.			X	
	B.3.c Recruitment– Value for money sanction Contractual commitments relating to employment offers for all full-time, part-time, and temporary staff are evaluated on a value for money basis prior to a commitment being established to ensure that the best mix of quality and cost is obtained in line with the principles set out in the department's HR policy.			X	
	B.3.d Recruitment – Legal propriety Contractual commitments relating to employment offers for all full-time, part-time, and temporary staff are established in line with legal obligations including UK and EU legislation.			X	
B.4 Payroll costs	Payroll employee costs covers key control objectives within the payroll process which are vital in ensuring that workforce payments made via the Payroll process are complete and accurate. Where payments to the departmental workforce are made via the Accounts Payable process, the control objectives for Accounts Payable will be applicable.				
	B.4.a Base Payroll costs Employee base pay (prior to any payroll adjustments) is accurately recorded on the HR/payroll system and in line with contractual obligations. Base pay is in line with underlying master data and is appropriately adjusted to take account of the following in line with department policy: • Part-time • Long term sickness • Maternity/Paternity leave • Unpaid leave	X	X		

People

People					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
B.4 Payroll costs	**B.4.b Payroll deductions** Payroll deductions are processed accurately, completely and on a timely basis. This includes: • PAYE • National insurance contributions • Pension contributions – Employers/Employee • Other deductions, for example GAYE	X	X	X	
	B.4.c Overtime Where payments are made to staff for overtime, this is reviewed by an appropriate level of management prior to payments being made. There is a mechanism in place to ensure that staff members do not work unnecessary paid overtime.	X	X	X	
	B.4.d Additional payments Ad-hoc payments made to staff via the payroll process are complete and accurate. This includes: • Bonuses • Overtime payments • Exit payments • Pensionable allowances • Other "exceptional" payments, for example tribunal awards	X	X		
	B.4.e Timesheet review Where staff members are paid an hourly rate, there is a mechanism in place to ensure a complete and accurate recording of time. This includes submissions by third party contractors and staff working under flexi-time arrangements.	X	X		
	B.4.f Payroll cash disbursements Payroll cash disbursements are complete, accurate and in line with the underlying payroll calculations. Where applicable, payments reflect hours worked by staff as per submitted timesheets.	X	X	X	
	B.4.g Consistency of HR and finance data Payroll costs recorded in the department GL are consistent with the underlying payroll calculation. Costs are reflected in the appropriate sub-ledger account in order to facilitate cost analysis and budgetary review.	X	X		

Back to Framework Navigator

People

People					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
B.5 Staff absence	Staff absence refers to the processes in place to record absences completely and accurately and the processes that enable effective monitoring and reporting across the department.				
	B.5.a Staff absence – Recording A process is in place to communicate departmental requirements in relation to the recording staff absences, including a clear definition of staff absence, roles and responsibilities for recorded absence and ensuring that absence has been recorded.	X	X		
	B.5.b Staff absence – Monitoring A process is in place to ensure that all staff absences are supported by the appropriate documentation e.g. self certification or doctors' note, as defined in the departmental sickness and absence policy. Absences are reviewed by management on a periodic bases and the appropriate follow-up action taken.			X	
	B.5.c Staff absence – Reporting A standard, repeatable process is in place to report on 'days lost' to staff absence for both short-term and long-term illness. This includes a mechanism to close and record the closure of absence periods.	X	X	X	
B.6 Staff expenses	'Staff expenses' in this context refers to all out of pocket expenses that are incurred by staff in order to be able to carry out their job responsibilities and that are reimbursable by the department.				
	B.6.b Expenses approval – Financial sanction Staff expenses are subject to an appropriate level of financial sanction that corresponds to departmental delegations of authority.			X	
	B.6.c Expenses approval – Regulatory propriety Staff expenses are approved in line with regulatory requirements e.g. department policies governing the classification of expenses.			X	
	B.6.d Expense claims – Accounting accuracy A process is in place to ensure that expense claims, and evidence of related appropriate approvals are accurately and completely recorded in compliance with the department's expense policy.	X	X	X	

People

People					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
B.7 HR/payroll data	HR/payroll data refers to the processes in place to manage HR/payroll data and to ensure that this remains complete and accurate. HR/payroll master data includes payroll employees, salary details by grade and tax/NI rates.				
	B.7.a Data ownership A process is in place to ensure that management have control over the ownership and access to HR/payroll data with clear lines of accountability.	X	X		X
	B.7.b Security Standard All data held on the department's system is classified appropriately in line with government security and privacy standards.				X
	B.7.c Master data – Accuracy and completeness A process is in place to ensure that HR/payroll master data is accurate, complete and updated on a timely basis including a process over starters, leavers and changes in employment status e.g. there is a periodic reconciliation of staff on the department payroll to the department HR records.	X	X		
	B.7.d Master data – Approval A process is in place to ensure that key master data has been appropriately approved before uploading to the HR system.	X	X	X	
	B.7.e Master data – Supports reporting objectives A process is in place to ensure that HR/payroll master data supports management information reporting objectives e.g. employment categories.	X	X	X	
B.8 Segregation of duties	'Segregation of duties' refers to the segregation within business roles and access to system functionality that is necessary to support effective process level controls.				
	B.8.a Roles and responsibilities All roles and responsibilities are clearly defined in relation to the Payroll process including specific skill requirements.				X
	B.8.b Segregation of duties A process is in place to identify the required segregation of duties across the grants approval and payment process to reduce the risk of management override of controls and/or the potential for employee or supplier fraud. Segregations are appropriately reflected in the system's access and the department's job responsibilities (internal to the department and within shared services functions).				X

Procurement

Section Overview

This section defines a set of minimum standard control objectives relating to procurement processes and is intended to set out good practice and key principles of control in relation to departmental procurement spending and across areas that support the generation of management information. This includes:

- Procurement policy and guidance
- Purchase Requisition approval
- Recording goods and services received
- Payment processing
- Procurement data
- Segregation of duties

Procurement					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
C.1 Procurement policy and guidance	Procurement policy in this context refers to the collection of departmental policies and process guidance covering key aspects of procurement and the classification and ownership of procurement data to support effective management information.				
	C.1.a Procurement policy details legal requirements The department procurement policy reflects and references the applicable EU and UK legislation and applicable central government procurement policy, buying standards and Cabinet Office standards.			X	
	C.1.b Procurement policy details value for money objectives The department procurement policy set out requirements in relation to the consideration of value for money during the procurement process.			X	
	C.1.c Procurement policy sets our approval rules The department procurement policy sets out clear rules in relation to both the approvals process and delegated authorisation limits.			X	

Procurement

Procurement					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
C.1 Procurement policy and guidance	**C.1.d Procurement policy defines accounting requirements** There is a mechanism in place for recording the split between spending on Capital (CDEL) vs. Revenue (RDEL) to enable complete and accurate reporting of management information in each of these areas.		X		
	C.1.e Procurement policy details required procurement categories The department procurement policy requires recording of procurement spending against a set of categories that are sufficiently granular to meet management information reporting needs e.g. Consultancy and contingent labour, construction, marketing and media etc).		X		
	C.1.f Procurement policy defines requirement to distinguish GPS spend The department procurement policy requires identification of spending that takes place through the Government Procurement Service to enable complete and accurate reporting of management information in each of these areas.		X		
	C.1.g Procurement policy defines requirement to record supplier type The department procurement policy requires identification of procurement spend with SME and VCS suppliers to enable complete and accurate reporting of management information in each of these areas		X		
	C.1.h Procurement policy defines data ownership and management Procurement policy clearly sets out responsibilities in relation to the ownership of procurement data.		X		
	C.1.i Procurement policy is communicated The department procurement policy is communicated to all staff involved in the procurement process.		X	X	

Procurement

Procurement					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
C.2 Purchase Requisition approval	The Purchase Requisition approval process sets out the key factors to be considered during the raising and approval of purchase orders for all goods and services (revenue and capital expenditure) so that procurements are carried out in line with departmental policies and process guidance.				
	C.2.a Purchases are required The need for goods or services to be procured is clearly documented in line with the organisation's strategy and objectives, prior to a commitment being established.			X	
	C.2.b Purchases are approved – Financial sanction Purchasing commitments have an appropriate level of financial sanction that corresponds to departmental delegations of authority. This includes capital expenditure. Approvals are documented and retained.			X	
	C.2.c Purchases are approved – Value for money sanction Goods and services to be procured are evaluated on a value for money basis prior to a commitment being established to ensure that the best mix of quality and cost is obtained in line with the principles set out in the department's procurement policy.			X	
	C.2.d Purchases are approved – Classification Purchasing commitments are established in line with regulatory requirements e.g. department or government policies governing (i) the classification of goods or services, and (ii) the type of supplier.		X	X	
	C.2.e Commitments are recorded – Accounting accuracy A process is in place to ensure that purchasing commitments are reflected accurately, completely and on a timely basis in the appropriate ledger accounts, including those relating to agreements with other bodies within the department's family.	X	X		
	C.2.f Changes to purchase orders or procurement contracts A process is in place to ensure that all changes to existing purchase orders and procurement contracts are appropriately approved in line with departmental delegations of authority.			X	

Procurement

Procurement					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
C.3 Recording goods and services received	Recording goods and services is this context refers to the processes in place for recording the receipt of goods and services by the department. The complete, accurate and timely recording is necessary to support an accurate valuation of department liabilities and for the efficient and effective operation of the payments' process.				
	C.3.a Goods and services received – Recording A process is in place to ensure the value and quantity of goods and services received is recorded accurately, completely and in the correct accounting period. The process requires receipts to be reconciled to the original purchase order or contract and an appropriate level of materiality to be applied in the matching process.	X	X	X	
	C.3.b Goods and services received – Accounting accuracy A process is in place to ensure the value and quantity of goods and services received is appropriately reflected in the organisation's Statement of Financial Position e.g. Accruals and consequences of non-current asset acquisition are recorded at an appropriate value and within the correct accounting period.		X		
	C.3.c POs closed when goods are not received A process is in place to ensure that unfulfilled POs, or POs where goods or services to the full value of the PO, are not taken are closed after a pre-defined time period.		X		
	C.3.d Clearly defined obligations Supplier service levels, performance criteria and obligations of the organisation in relation to agreements with third party suppliers are clearly defined and reflected in underlying processes.		X	X	
	C.3.e SLA monitoring A process is in place to monitor the performance of service levels on a periodic basis, allowing the department to accurately monitor delivery of a contract and take appropriate action against SLAs for underperformance.		X	X	

Procurement

Procurement					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
C.4 Payment processing	Payment processing refers to the process for managing payments made by the organisation to ensure that only valid invoices are paid accurately and on time.				
	C.4.a Payment approval Payments to suppliers are approved prior to remittance in line with department delegations of authority. Approval is with reference to valid invoices for goods and services received.			X	
	C.4.b Making payment Payments are made promptly and in line with service delivery/payment schedule as per contract.	X	X		
	C.4.c Payments recording – Accounting accuracy Payments to suppliers are reflected in the appropriate ledger accounts accurately, completely and in the correct accounting period.	X	X		

Procurement

Procurement					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
C.5 Procurement data	Procurement data refers to the processes in place to manage procurement data and to ensure that this remains complete and accurate.				
	C.5.a Data ownership A process is in place to ensure that management have control over the ownership of procurement data with clear lines of accountability.	X	X		
	C.5.b Security Standard All data held on the department's system is classified appropriately in line with government security and privacy standards.				X
	C.5.c Master data – Accuracy and completeness A process is in place to ensure that procurement master data is accurate, complete and updated on a timely basis. Procurement master data includes the supplier master list, payee details and procurement categories.	X	X		
	C.5.d Master data – Approval A process is in place to ensure that the supplier master file contains only approved suppliers consistent with the department's procurement policy and objectives.		X	X	
	C.5.e Master data – Supports reporting objectives A process is in place to ensure that procurement master data supports management information reporting objectives e.g. procurement categories (Consultancy & contingent labour, construction marketing and media etc).		X		

Procurement

Procurement					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
C.6 Segregation of duties	'Segregation of duties' refers to the segregation within business roles and access to system functionality that is necessary to support effective process level controls.				
	C.6.a Roles and Responsibilities All roles and responsibilities are clearly defined in relation to the procurement process including specific skill requirements.				X
	C.6.b Segregation of duties A process is in place to identify the required segregation of duties across the grants approval and payment process to reduce the risk of management override of controls and/or the potential for employee or supplier fraud. Segregations are appropriately reflected in the system's access and the department's job responsibilities (internal to the department and within shared services functions).				X

Grant Expenditure

Section Overview

This section defines a set of minimum standard control objectives intended to set out good practice and key principles of control in relation to departmental spending on grants. This includes control objectives covering departmental policy and guidance relating to grants as well as the key aspects of grants expenditure that support the generation of management information. Control objectives are defined for the following sub processes:

- Grants policy and guidance
- Grant expenditure approval
- Grant payment
- Grant monitoring
- Changes to existing grants arrangement

Grant Expenditure					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
D.1 Grants policy and guidance	In this context grants policy and guidance refer to departmental documentation that defines the key principles for managing, controlling and logging the department's grant expenditure.				
	D.1.a Grants policy reflects government guidance and departmental strategy The department's grants policy is reviewed on a periodic basis to ensure it remains current and reflects central government guidance and the department's strategy and objectives. The policy covers: • Assessing and approving grants • Issuing grant funding • Monitoring arrangements after grants have been issued • Investigation of allegations of malpractice or fraud • Changes to existing grants • Grant closure and evaluation		X	X	

Grant Expenditure

Grant Expenditure					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
D.1 Grants policy and guidance	**D.1.b Grants policy details legal requirements** The department grants policy reflects the applicable EU and UK legislation and Cabinet Office standards.			X	
	D.1.c Grants policy considers alternative funding methods The department grant policy requires grants to be considered in the context of alternative funding methods. Department should consider on a case by case basis whether a contract (with tighter controls) would be more appropriate.			X	
	D.1.d Grants policy details value for money objectives The department grants policy requires value for money to be considered during the grant assessment and awarding process. Legal and regulatory requirements are appropriately referenced.			X	
	D.1.e Grants policy defines accounting and budgeting standards The department grants policy sets out the accounting and budgeting requirements in relation to grants, including the process requirement to distinguish between capital spending (CDEL) vs. revenue spending (RDEL).		X	X	
	D.1.f Grants policy defines requirement to record recipient sector The department grants policy requires grants expenditure to be recorded against the recipient sector (e.g. central government, local government, public corporations, voluntary sector and private sector).		X		
	D.1.g Grants policy is in line with financial delegation of authority The grants policy is consistent with the most up to date financial delegation of authority. Expenditure relating to grants is subject to the same level of review and scrutiny as procurement expenditure		X	X	
	D.1.h Grants policy defines data ownership and management The department's grants policy requires the identification of data ownership in relation to the grants process.	X	X		
	D.1.i Grants policy is communicated The grants policy is effectively communicated to all staff involved in the grants process after revisions are made.		X		

Grant Expenditure

Grant Expenditure					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
D.2 Grant expenditure approval	Grant expenditure approval refers to the process in place to approve all spending on grants to ensure that grants issued are consistent with the department's strategy and objectives, as well as in line with legal and regulatory requirements and central government guidance.				
	D.2.a Grant expenditure is in line with the organisation's strategy and objectives Expenditure for grant schemes are assessed in line with the organisation's strategy and objectives and the assessment is clearly documented prior to opportunities for funding being advertised.			X	
	D.2.b Grant expenditure is approved – Financial sanction Grant expenditure has an appropriate level of financial sanction that corresponds to departmental delegations of authority.			X	
	D.2.c Grant expenditure is approved – Value for money sanction Grant expenditure is evaluated on a value for money basis prior to opportunities for funding being advertised to ensure that the best mix of quality and cost is obtained in line with the department's grants policy.			X	
	D.2.d Grant expenditure is approved – Classification Grant commitments are established in line with regulatory requirements e.g. department or government policies governing the classification of grant recipients.		X	X	
	D.2.e Grant expenditure is approved – Fraud and risk assessment Fraud and risk assessment must be undertaken prior to grants being approved. As a minimum, the assessment should include ID check and a verification of economic viability.			X	
	D.2.f Commitments are recorded – Accounting accuracy Grant commitments are reflected accurately, completely and in the appropriate ledger accounts in the correct accounting period.		X		

Grant Expenditure

Grant Expenditure				
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
D.2 Grant expenditure approval	**D.2.g Communication of grant details to recipient** Grant details are clearly communicated to the recipient at the point of approval. This includes: • Objectives of the grant funding • Amounts to be awarded • Conditions attached to the award or allocation of grants and the procedure for applying any related sanctions • Performance assessment process • How grants will be administered • Payment arrangements • For VCS grants, the split between restricted and unrestricted funds All details are in line with the departmental grant policy.		X	X	
D.3 Grant payment	Grant payments in this context cover the processes in place that ensure grant payments are valid, accurate and on time as well as accounted for appropriately.				
	D.3.a Grant payment approval Grant payments are approved prior to remittance in line with department delegations of authority. Approval is with reference to valid invoices.			X	
	D.3.b Payment schedule Grant payments are in line with agreed arrangement between the department and grant recipients.	X	X	X	
	D.3.c Conditional grant payment Conditional grants are not paid until compliance with grant conditions have been verified and signed off by an appropriate level of management.			X	
	D.3.d Payments recording – Accounting accuracy Grant payments are reflected in the appropriate ledger accounts accurately, completely and in the correct accounting period.		X		

Grant Expenditure

Grant Expenditure					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
D.4 Grant monitoring	Grant monitoring refers to the process in place to ensure that grant recipients are held accountable for meeting the terms and conditions of the grant, giving greater assurance grant funding awards are providing value for money.				
	D.4.a Compliance monitoring Compliance with grant terms and conditions are monitored on a periodic basis, according to a defined process.		X	X	
	D.4.b Non-compliance Appropriate action is taken by the department for non-compliance with grant terms and conditions – including where appropriate stopping future grant payments and clawing back funds.			X	
D.5 Changes to existing grants arrangement	In this context 'changes to existing grants arrangements' refer to the process in place to manage changes to the terms and conditions of the grants. This includes both changes initiated by the department and those requested by the grant recipient.				
	D.5.a Escalation of issues Allegations of malpractice or fraud in relation to grants are escalated to an appropriate level of management and investigated in line with the department's grants policy.		X	X	
	D.5.b Dispute resolution Issues are resolved on a timely basis in line with the department's grant policy.		X	X	
	D.5.c Changes to existing grants All requests for changes to existing grants are evaluated and approved in line with the department's grant policy and appropriately reflected in the terms and conditions of the grant.		X	X	
	D.5.d Communication of changes All changes to existing grant arrangements are formally communicated to grant recipients in a timely manner, by means of a deed or variation or revised terms and condition.			X	
	D.5.e Claw back of funds Any claw back of funds either due to non-compliance with grant terms or material under spending are authorised by an appropriate level of management and requested in line with the department's grants policy.		X	X	

Grant Expenditure

Grant Expenditure					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
D.6 Closure and evaluation	The 'closure and evaluation' process covers the activities that take place to ensure that departmental records are accurate and up-to-date after grant agreements have expired, as well as ensuring lessons are learnt from grant funding arrangements.				
	D.6.a Grant closure At the end of grant period, the grant account is closed in line with organisation's grants policy.	X	X	X	
	D.6.b Grant evaluation Evaluation is carried out after grant accounts are closed. The evaluation aims to measure the effectiveness of the grant funding and whether it achieved value for money. . Findings are used to refine the grants application assessment process.			X	
D.7 Grants data	Grants data refers to the processes in place to manage grants data and to ensure that this remains complete and accurate				
	D.7.a Accuracy and completeness A process is in place to ensure that grants data is accurate, complete and updated as required on a timely basis. Grants data includes supplier payee details and recipient categories.	X	X		
	D.7.b Supports reporting objectives A process is in place to ensure that grants data supports management information reporting objectives e.g. VCS expenditure and SME expenditure. This creates a UK wide picture of what is being spent on grant funding for FOI type requests.	X	X	X	
D.8 Segregation of duties	'Segregation of duties' refers to the segregation within business roles and access to system functionality that is necessary to support effective process level controls.				
	D.8.a Roles and responsibilities All roles and responsibilities are clearly defined in relation to the grants processes including specific skill requirements in relation to the assessment and approval of grants.				X
	D.8.b Segregation of duties A process is in place to identify the required segregation of duties across the grants approval and payment process to reduce the risk of management override of controls and/or the potential for employee or supplier fraud. Segregations are appropriately reflected in the system's access and the department's job responsibilities (internal to the department and within shared services functions).				X

Budget Management

Section Overview

This section defines a set of minimum standard control objectives intended to set out good practice and key principles of control in relation to management of departments' annual budget. This includes key controls over the annual budget planning process as well as the key aspects of budget management that support the generation of management information. Control objectives are defined for the following sub processes:

- Budget management strategic plan and guidance
- Budget development
- Budget approval
- Budget monitoring and forecasting
- Budget virement and supplementary estimate
- Budget reporting
- Segregation of duties

Budget Management					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
E.1 Budget management strategic plan and guidance	For the purposes of this document, the term 'budget management strategic plan and guidance' refers to the collection of departmental policies and process guidance covering key principles for managing the department's annual budget including development, approval, monitoring, forecasting and reporting. Budgets can refer to the highest level of budget set at an overall DEL /AME level, as well as budgets for major programs and projects and those managed by individual teams.				

Budget Management

Budget Management					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
E.1 Budget management strategic plan and guidance	**E.1.a Budget management strategic plan adequately summarises process** The budget management strategic plan includes the following and is aligned to the department budget management policy and process guidance: • Ownership and accountability of budget development, monitoring, forecasting and reporting, including issuing accountability letters setting out the authority to spend. • An appropriate classification for budget • Minimum skills required for budget management related roles • The process for development and approval of the budget • The process for monitoring and forecasting budgets including frequency • Accounting basis on which expenditure is reported • Defining a schedule of budget reporting that sets out what to report, to whom and the frequency of reports • Defining budget monitoring criteria including tolerance levels	X	X	X	
	E.1.b Budget management strategic plan – Communication A mechanism is in place to ensure that budget management strategic plan is appropriately communicated to all staff involved in the budget management process throughout the department.	X	X		
	E.1.c Exchange arrangement between the department and HMT A standard repeatable process is in place relating to the approval recording and accounting for budget exchange arrangements between the department and HMT.	X	X	X	
E.2 Budget development	The term 'budget development' refers to the process of developing departmental annual DEL and AME budget. The objectives defined below set out key requirements that must be met to enable the department to develop a budget which meets the requirement of treasury guidance and suits its own needs to manage the business.				
	E.2.a Budgets are set in line with department objectives Department budgets are defined for all areas of spend, and are developed in line with strategic and operational objectives.	X	X		
	E.2.b Controllable and uncontrollable factors are identified Controllable and uncontrollable factors are identified and appropriately considered in the analysis of budget performance. Performance is evaluated based on controllable factors only.		X		

Budget Management

Budget Management					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
E.2 Budget development	**E.2.c Budget assumptions are documented and approved** Underlying assumptions embedded in the budgeting process are clearly documented and approved by the departmental board to ensure the reasonableness and robustness of the department budget			X	
	E.2.d Transparency of budget allocation Effective liaisons are in place between department and Treasury spend team to help the department understand the transparency of budget allocation from Treasury.			X	
	E.2.e Departmental budget allocation process A standard repeatable process is place for budget allocation and issuing accountability letters setting out the authority to spend.			X	
	E.2.f Budgets are appropriately categorised Department budgets are defined for capital and revenue against appropriate categories to be in line with HMT reporting requirements. For example, budget categories split between, DEL vs AME and near cash vs non cash.		X		
	E.2.g DEL budgets should stay within Control Totals limits A process is in place to monitor DEL budgets against the limits defined in Control Totals.			X	
	E.2.h Budgets incorporate business activity level estimates and external data Budgets incorporate estimates on the level of business activity and external data (e.g. economic situation) to ensure they are realistic and workable.		X		
	E.2.i Granularity of budgets Budgets are sufficiently granular to enable effective monitoring and reporting with evidence that they are aligned to Department's objectives and accountability framework. Department accounting processes are designed to meet the requirement of reporting into HMT as well as being suitable for internal department management.		X		
E.3 Budget approval	The term 'budget approval' refers to the approval process within the department prior to submission to HMT.				
	E.3.a Budget sign off Budgets are approved in line with the department's budget management policy by appropriate level of management.			X	

Budget Management

Budget Management					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
E.4 Budget monitoring and forecasting	The term 'budget monitoring and forecasting' refers to the process of managing the budget by monitoring actual spending and producing ongoing forecasts towards the end of year.				
	E.4.a Budgets monitoring The department's actual spend is monitored against budget on a periodic basis. Any breach of budget tolerance levels are flagged for further investigation in line with the department's budget management strategic plan. Under-spends against budget should be notified and surrendered to meet wider departmental objectives.	X	X	X	
	E.4.b Single financial truth Financial system is integrated and the use of local spreadsheet is minimised to ensure there is a single source of financial data within the department that information can be easily validated.		X		
	E.4.c Generating forecasts There is a standardised and repeatable process of generating forecasts. Forecasts are generated on a periodic basis and adjusted according to the actual outcome of last period.	X	X		
	E.4.d Forecasts approval Forecasts, including in-year adjustments to forecasts, are approved by appropriate level of departmental management.			X	
	E.4.e Trend analysis Trend analysis is performed over forecasting accuracy in order to improve the effectiveness of forecasting.		X		
E.5 Budget virement and supplementary estimate	The term 'budget virement and supplementary estimate' refers to the process of budget allocation movement within the department and requesting additional budget or other budget related approval from Treasury.				
	E.5.a Budget virement – Approval A process is in place to ensure virements of budget are justified and approved by appropriate delegation of authority.			X	
	E.5.b Budget virement – Recording Records of budget virement are held within the department for audit trail		X		
	E.5.c Supplementary estimate – Timeliness A process is in place to ensure the department performs the interim review of budget allocation for preparing the supplementary estimate in time to avoid missing the submission window.			X	

Budget Management

Budget Management					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
E.5 Budget virement and supplementary estimate	**E.5.d Supplementary estimate – Content** A supplementary estimate includes any or all of the following budget related issues. • Request of additional budget for the rest of current financial year • Request of approval for certain level of budget virement within the department • Request of carrying forward the estimated under-spend at year end to next financial year			X	
	E.5.e Supplementary estimate – Approval The supplementary estimate should be appropriately approved prior to submission to Treasury.			X	
	E.5.f Supplementary estimate – Recording Records of supplementary estimate are held within the department for audit trail	X	X		
E.6 Budget reporting	The term 'budget reporting' refers to the process of reporting management information on the annual department budget including actual, forecast and variance data to facilitate efficient management of limited resource.				
	E.6.a Reporting Departmental performance against budgets and forecasts are reported on a timely basis according to the reporting schedule identified above and in line with reporting ownership and accountability.	X	X		
E.7 Segregation of duties	'Segregation of duties' refers to the segregation within business roles and access to system functionality that is necessary to support effective process level controls.				
	E.7.a Roles and responsibilities All roles and responsibilities are clearly defined in relation to the budget management process including specific skill requirements.			X	X
	E.7.b Segregation of duties A process is in place to identify the required segregation of duties across the grants approval and payment process to reduce the risk of management override of controls and/or the potential for employee or supplier fraud. Segregations are appropriately reflected in the system's access and the department's job responsibilities (internal to the department and within shared services functions).				X

Accounts Receivable

Section Overview

This section defines a set of minimum standard control objectives relating to the departmental back office accounts receivable process and do not include processes relating to managing receivables related to policy delivery. These control objectives are intended to set out good practice and key principles of control in relation to recovering monies due and across areas that support the generation of management information. This includes:

- Customer debt policy and guidance
- Service delivery
- AR Invoicing
- Debt ageing and write-off
- Cash receipts
- Debt collection
- Customer data
- Segregation of duties

Accounts Receivable					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
F.1 Customer debt policy and guidance	For the purposes of this document, the term 'AR and debt management policy and guidance' refers to the collection of departmental policies and process guidance covering key principles for managing the department's expected inward receipts				
	F.1.a AR and debt management policy – Legal and government standards The department procurement policy reflects and references the applicable EU and UK legislation and Cabinet Office standards in relation to 'service delivery' and AR invoicing.		X	X	
	F.1.b AR and debt management policy – AR ageing The department AR and debt management policy requires recording of AR against a pre-defined set of categories/department KPIs. It also defines the distinction between AR and Debt (or overdue AR).		X		

Accounts Receivable

Accounts Receivable					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
F.1 Customer debt policy and guidance	**F.1.c AR and debt management policy – Cash allocation** The department AR and debt management policy sets out the principles for cash receipt allocation / matching and the process for dealing with unallocated cash receipts.		X		
	F.1.d AR and debt management policy – Debt write off The department AR and debt management policy sets out the principles for cash debt write-off, including any exceptions to the standard process.		X	X	
	F.1.e AR and debt management policy – Debt collection The department AR and debt management policy sets out the principles to calculate the cost of debt collection (including both in-house and external contracts).	X	X		
	F.1.f AR and debt management policy – Data ownership The department AR and debt management policy clearly sets out responsibilities in relation to the ownership of procurement data.		X		X
	F.1.g AR and debt management policy is communicated The department AR and debt management policy is communicated to all relevant individuals within the department.		X	X	
F.2 Service delivery	The term 'service delivery' refers to the process of a department's provision of service to recipient which gives rise to expected income to the department. Objectives defined below set out the key requirements that cover financial sanction, legal and regulatory propriety and accounting treatment.				
	F.2.a Provision of services – Financial sanction A process is in place to ensure that the provision of services approved have an appropriate level of financial sanction that corresponds to department's delegations of authority.			X	
	F.2.b Provision of services – Legal propriety Where laws are in place governing the provision of services by the department, there is a process in place to ensure that these are adhered to.			X	
	F.2.c Provision of services – Regulatory propriety Where external regulations are applicable to governing the provision of services/charging of fees by the department, there is a process in place to ensure that these are adhered to.			X	

Accounts Receivable

Accounts Receivable					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
F.2 Service delivery	**F.2.d Service delivery – Payment terms** A process is in place to communicate and agree payment terms on a timely basis for services provided in line with the department's AR and debt management policy. Credit checks are performed as applicable.		X		
	F.2.e Service delivery recording Services delivered are recorded accurately, completely, and in the correct accounting period and are in line with the department's AR and debt management policy.	X	X		
F.3 AR Invoicing	The term 'AR invoicing' refers to the process of raising the invoice for service provided and the accounting treatment of invoicing.				
	F.3.a Raising Invoices Invoices are raised accurately, completely, on a timely basis and reflect services delivered as well as the department's AR and debt management policy.	X	X		
	F.3.b Changes to invoices or AR contracts A process is in place to ensure that all changes to existing invoices and contracts giving rise to accounts receivable are appropriately approved in line with departmental delegations of authority.				
	F.3.c Receivable recording – Accounting accuracy Accounts Receivable is recorded accurately, completely and in the correct accounting period in the appropriate ledger accounts.		X		

Accounts Receivable

Accounts Receivable					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
F.4 Debt ageing and write-off	The term 'debt ageing and write-off' refers to the process of monitoring the aging of debt, assessing the collectability of outstanding debt and writing off bad debt. The objectives defined below set out key requirements that must be met to identify potential bad debt and take appropriate action, which helps to minimise the risk of inappropriate write-off.				
	F.4.a Debt ageing Ageing of expected inward receipts is monitored in line with AR and debt management policy against a pre-defined set of categories/department KPIs. Actions to follow-up on outstanding amounts are carried out in line with department policy and guidance.		X	X	
	F.4.b Blocked service provision A process is in place to prevent the provision of services to customers with overdue AR (or with failed credit checks where applicable).			X	
	F.4.c Calculating provisions Provisions in line with department policy and guidance are made based on unrecoverable debts in line with the AR and debt management policy.		X	X	
	F.4.d Debt write-off Bad debt is identified in line with the department's policy and write-off is approved in line with the department's delegation of authority.		X	X	

Accounts Receivable

Accounts Receivable					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
F.5 Cash receipts	The term 'cash receipts' refers to the process of recording and allocation received debt payment, which enable the department to report good quality data on inwards receipts and outstanding accounts receivable balance.				
	F.5.a Cash receipts are recorded on a timely basis Inward cash receipts are recorded accurately, completely, and in the correct accounting period.	X	X		
	F.5.b Cash receipt allocation – Debtor accounts Cash receipts are allocated appropriately and against the appropriate 'sales order' and debtor accounts		X		
	F.5.c Cash receipt allocation – Cost centres/account codes Cash receipts are allocated appropriately and against appropriate cost centres and relevant account codes e.g. in-house costs (staff costs, overheads, stationary etc) and external contracts (debt collectors, bailiffs etc).		X		
F.6 Debt collection	The term 'debt collection' refers to the process of executing and monitoring the debt collection including cost calculation and effectiveness analysis, which helps to report accurate cost of debt collection and improve the effectiveness on debt collection.				
	F.6.a Debt collection – Legal propriety Standard processes are in place for debt collection within the department and are in line with legal and regulatory requirements set out in the AR and debt management policy.			X	
	F.6.b Cost of debt collection A standard repeatable process is defined to calculate the cost of debt collection across the department.		X	X	
	F.6.c Monitoring debt collection A standard repeatable process is in place to monitor the effectiveness of the debt collection process (e.g. performing trend analysis).	X	X		

Accounts Receivable

Accounts Receivable					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
F.7 Customer data	The term 'customer data' refers to records of accounts receivable data as well as customer master data. . The objectives defined below set out key requirements that must be met to facilitate the department to collect due receipts from customer more effectively.				
	F.7.a Data ownership A process is in place to ensure that management have control over the ownership of customer data with clear lines of accountability.	X	X		
	F.7.b Security Standard All data held on the department's system are classified appropriately in line with government security and privacy standards as applicable.				X
	F.7.c Master data – Accuracy and completeness A process is in place to ensure that where customer master data is accurate, complete and updated as required on a timely basis. Customer master data includes customer payment arrangement and service categories.	X	X		
	F.7.d Master data – Supports reporting objectives A process is in place to ensure that customer master data supports management information reporting objectives.	X	X	X	
F.8 Segregation of duties	'Segregation of duties' refers to the segregation within business roles and access to system functionality that is necessary to support effective process level controls.				
	F.8.a Roles and Responsibilities All roles and responsibilities are clearly defined in relation to the accounts receivable process including specific skill requirements.			X	X
	F.8.b Segregation of duties A process is in place to identify the required segregation of duties across the grants approval and payment process to reduce the risk of management override of controls and/or the potential for employee or supplier fraud. Segregations are appropriately reflected in the system's access and the department's job responsibilities (internal to the department and within shared services functions).				X

Projects

Section Overview

This section defines a set of minimum standard control objectives relating to managing departmental projects and is intended to set out good practice and key principles of control in relation to project governance. Good PM enables organisations to manage their change project portfolios to help ensure that the "right" projects are undertaken and their return on investment is achieved. The control objectives below are applicable to a wide range of different project types and methodologies, includes the traditional waterfall development model used in structured physical environments, and iterative 'agile' methodologies which may be in use within software development and IT projects. Control objectives have been defined for the following sub processes:

- Project governance
- Project planning
- Projects monitoring/evaluation

Projects						
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**	
G.1 Project governance	For the purposes of this document, the term 'project governance' refers to the collection of departmental policies and process guidance covering key aspects of managing the projects and the responsibility of the project owner/management team.					
	G.1.a Project management methodology The project management methodology sets our requirements in relation to the following areas: • Identifying how aims of a project linked to objectives of the overall programme (where appropriate) • Classification of projects (e.g. defining major projects) • Accountability for (areas of) project delivery • Recording output and tracking delivery • Recording costs and benefits versus budget • Responding to changes in key personnel • Progress tracking and including time, cost, quality and analysis of benefits. • Project communication that sets out what to report, to whom and how often • Escalation procedure (reference to KPIs where applicable). • Data ownership and security • Project assurance framework		X	X		

Projects

Projects					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
G.1 Project governance	**G.1.b Project governance structure** A project governance structure is in place that reflects the project management methodology and defines responsibilities in relation to the following: • Making key decisions on scope, delivery methods and budget management in line with the department's strategy and objectives. • Ensuring the appropriate channels of communication are in place for project decision making and the reporting, monitoring and escalation of issues. • Providing oversight of project functions (though the responsibility of day to day decisions will be delegated to specific individuals within the project team who will be accountable to the project project owner/ management team). • Consultation, reporting and formal disclosure activities.	X	X	X	
G.2 Project planning	The term 'project planning' refers to activities that need to take place prior to the commencement of project delivery. This includes establishing a business case, defining the desired outcomes or scope, and the expected benefits. Roles and responsibilities are clearly set out and the project delivery methodology is chosen. A budget is developed that reflects resource requirements and the project business cases. The process of managing risks and issues, stakeholder communication and the project assurance framework should also be considered at this stage.				
	G.2.a Scope and objectives The desired outcomes or scope of the project are clearly defined and documented in line with broad programme objectives (where appropriate) and approved by an appropriate level of management prior to the commencement of the project. Where appropriate/required approval is obtained by the MPA.	X	X	X	
	G.2.b Business case sign off The business case or other project initiation document is prepared describing the detailed costs and expected benefits of the project as well as critical success factors. This document is signed off by an appropriate level of management prior to the commencement of the project and in line with the department delegation of authority matrix.			X	

Projects

Projects					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
G.2 Project planning	**G.2.c Roles and responsibilities** Roles and responsibilities are defined and clearly set out in line with broad programme objectives (where appropriate) in a project initiation document or project business case. Decision making responsibilities are assigned based on the skills and experience required for each project role. Accountability for project delivery should be established through inclusion of project responsibilities in an individual's performance objectives.			X	
	G.2.d Project planning Project planning sets out all key tasks/activities, and delivery milestones as well as internal and external dependencies. The plan is aligned to the chosen project methodology and is baselined following sign-offs by the project owner / management team. The project plan communicated as appropriate to the project team and all relevant stakeholders.	X	X		
	G.2.e Change management A change management process is in place to communicate and agree changes to the project scope that are in line with broad programme objectives (where appropriate). Where an Agile development methodology is being used, this refers to changes or additional user requirements that represent a significant change from those communicated at the outset of the project.	X		X	
	G.2.f Budget development A budget is defined for each project which should include the includes consideration of costs at a level of granularity that enables effective measurement. e.g. • People (internal and external) • Materials and supplies i.e. physical materials required to complete the programme • Facilities i.e. physical space required by the team to conduct project-related work • IT infrastructure i.e. required IT equipment and software required by the project team • Training e.g. training required by the project team or by other individuals in the organisation as a result of changes to business as usual activities resulting from the delivery of the project. • Travel e.g. required travel for internal and external project staff, including transportation and expenses. • Administration – other costs relating to the project operation. • Split between RDEL and CDEL (where appropriate).	X	X		

Projects

Projects					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
G.2 Project planning	**G.2.g Risk management** A risk management process is in place that addresses the identification, prioritisation, mitigation, monitoring and reporting of project risks. At a minimum, for every risk there is an owner and there is a record of the action that is being taken by the owner to manage the risk.	X	X	X	
	G.2.h Issue management An issue management process is in place that identifies dependency and tolerance limits of key elements, addresses the prioritisation, resolving, monitoring and reporting of issues raised from some specific risks. There is a record of who is responsible for the issue, what action has been taken as well as the outcome.	X	X	X	
	G.2.i Project assurance framework An assurance framework is defined to monitor project risk and to provide an independent perspective on project progress. The assurance framework in place will be in line with the overall departmental/organisational assurance framework and broader programme objectives (where applicable) and proportional to project risk. For agile development methodologies, the project assurance approach should be considered at the outset of the project and embedded in on-going project activities. For Major Projects an Integrated Assurance and Approvals Plan (IAAP) must be agreed with MPA and HMT at the outset.	X	X	X	X
	G.2.j Stakeholder communication A process is in place to manage communication with project stakeholders in line with project and programme objectives. Individual responsibilities are defined in terms of those who are; • Responsible for areas of project delivery (Those who do the work to achieve a particular task); • Accountable (Those who provided sign off in relation to the work performed by those responsible); • Consulted (Those whose opinions are sought, typically subject matter experts), and; • Informed (Those who are kept up-to-date on progress, and with whom there is just one-way communication)			X	

Projects

Projects					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
G.3 Projects – management oversight	The term 'project performance monitoring/evaluation' refers to the process of monitoring, forecasting and reporting on projects performance. And the monitoring process should cover key elements of a project including time, cost, quality and benefits.				
	G.3.a Project monitoring – Time A process is in place to monitor project progress and completion of tasks or activities against the project plan. Variances against the plan are investigated, escalated to an appropriate level of management.	X	X		
	G.3.b Project monitoring – Cost A process is in place to monitor project costs against budget on a periodic basis. Overruns are escalated to an appropriate level of management.	X	X		
	G.3.c Project monitoring – Quality A process is in place to monitor the quality of outputs delivered by the project against the expected standards on a periodic basis. Where concerns in relation to quality are noted, these are investigated, escalated to an appropriate level of management.	X	X		
	G.3.d Project monitoring – Benefits A process is in place to monitor the benefits delivered by projects against the expected benefits defined in the project initiation document or project business case on a periodic basis. Where benefits are monetised or expressed in terms of NPV, these are calculated on a standard repeatable basis. Concerns in relation to realisation of benefits are to be noted, investigated, and escalated to an appropriate level of management and recorded in issue log in a timely manner according to the issue management process.		X		
	G.3.e Forecasting Periodic cost forecasts are performed to ensure that expected costs are accurately projected. Forecasts and re-forecasts are approved by the project management team.		X		
	G.3.f Reporting Key management information of a project is reported on a timely basis according to the reporting schedule identified above and in line with roles and responsibilities, issue management processes and stakeholder communication plans.	X	X		

Estates

Section Overview

This section set out good practice and key principles of control in relation to departmental estates management processes with a focus on those aspects that support the generation of management information. Control objectives are defined for the following sub processes:

- Estates policy
- Estates strategy and planning
- Property acquisition
- Depreciation
- Property disposal
- Property revaluation
- Estates costs
- Estates size and occupation
- Estates data

Estates					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
H.1 Estates policy	For the purposes of this document, the term 'estates policy' refers to the collection of departmental policies and process guidance covering key aspects of reporting estates data.				

Estates

Estates					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
H.1 Estates policy	**H.1.a Estates policy** The estates policy includes the following key areas: • Requirements in relation to recording a department's estate (including size, use and occupancy status) • Categories that estates costs should be assigned to • Approval of acquisition and disposal of properties (Leasehold, PFI and Freehold properties) • Capitalising of new acquisition • Contract management in relation to property held under PFI agreements • Calculation of useful life, revaluation and depreciation rates of different categories estates (Freehold properties only) • Requirements in relation to the use of common systems as defined by the Government Property Unit (GPU) such as the e-PIMS system and content and frequency of data updates • Identification of data ownership, management and classification		X	X	X
H.2 Estates strategy and planning	Estates Strategy refers to the forward planning over the size and use of the department estate in line with Cabinet Office property controls and targets.				
	H.2.a Property Asset Management (PAM) plan A Property Asset Management plan is defined based on a documented analysis of the following key elements: • Estates demand – the future space requirement required to support the department's activities both in terms of front line services and administrative support. • Current and projected estates supply – this makes reference to contractual obligations, known leasehold events and cross-department agreements (in relation to shared space) • Property management – plans to optimise the estate location size and cost by matching demand and supply, improving workspace KPIs, and efficient procurement of FM services • The PAM plan is defined with reference to Cabinet Office Property Controls and targets.	X	X	X	

Estates

Estates					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
H.3 Property acquisition	The term 'property acquisition' intends to cover the process of acquiring a new property including approval procedure, and recording.				
	H.3.a Purchases are required The need for new acquisitions of property is clearly assessed and documented in line with the department's strategy and objectives, prior to a commitment being established.			X	
	H.3.b Property acquisitions are approved – Financial sanction New acquisitions of property is approved by appropriate delegation of authorities in line the department's estates policy and with reference to Cabinet Office guidelines. This applies to the acquisition of freehold property, property acquisitions made through a Public Finance Initiative provider, new build developments, signing of new property leases and the renewal of existing leases as well as the non-exercise of lease break options.			X	
	H.3.c Property acquisitions are approved – Value for money sanction New acquisition of property are evaluated on a value for money basis prior to a commitment being established to ensure that the best mix of quality and cost is obtained in line with the principles set out in the department's estates policy.			X	
	H.3.d Recording acquisition The cost of acquisition is recorded accurately, completely and on a timely basis. All documents (e.g. contracts, leases, invoices, purchase agreements, titles and construction contracts) that support the property additions or subsequent costs are kept appropriately for audit trial.	X	X	X	
	H.3.e Capitalising (Freehold properties only) Appropriate cost of the new acquired property is capitalised in line with the department's estates policy.		X		
H.4 Depreciation	The term 'depreciation' refers to the calculation and recording procedures of depreciation charge of freehold properties.				
	H.4.a Depreciation calculation Depreciation expenses of freehold properties are calculated accurately based on the useful life and verified carrying value at the beginning of current financial year in line with the department's estates policy.		X		
	H.4.b Recording depreciation Depreciation is recorded accurately, completely and on a timely basis in line with the estates and accounting policies.	X	X		

Estates

Estates					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
H.5 Property disposal	The term 'property disposal' intends to cover the process for disposal of a property including approval procedure and accounting treatment of the disposal.				
	H.5.a Disposals are required The need for to dispose of property is clearly assessed and documented in line with the department's strategy and objectives, prior to a commitment being established.			X	
	H.5.b Disposals are approved – Financial sanction Disposal of property is approved by appropriate delegation of authorities in line the department's estates policy and with reference to Cabinet Office guidelines. This includes sale and leaseback, and any freehold sales as part of national property controls.			X	
	H.5.c Disposals are recorded – Accounting accuracy A process is in place to ensure that the disposal of properties are accurately reflect in Balance Sheet accounts. Any gain or loss on disposal is recorded accurately and on a timely basis.	X	X		
H.6 Property revaluation	The term 'property revaluation' intends to cover the process of regular revaluation of properties to ensure the carrying value on the accounts reflect fair value of the properties. It covers the requirement of regular revaluation, a standard fair value measurement procedure and accounting treatment of the revaluation result.				
	H.6.a Fair value measurement (Freehold properties) A standard repeatable procedure is defined for determining the fair value of properties and is carried out on a periodic basis. The valuation model, the significant assumptions and underlying data must be justified and documented. Where possible, the estimate should be performed by independent third party with appropriate expertise.		X	X	
	H.6.b Accounting treatment Any difference between fair value and carrying value of properties should be reflected in all related accounts appropriately and in a timely manner.	X	X		

Estates

Estates					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
H.7 Estates costs	Estates costs in this context refers to the costs incurred in running the department estate, excluding those included in sections H.3-H.6				
	H.7.a Estates running cost A standard repeatable process is defined for the monitoring, reporting and analysis of the whole life estates running cost including the categories set out in central government guidance and data definitions e.g. service charge, internal repair & maintenance cost, damages, security cost, cleaning costs etc. And where applicable associated with the underlying contract/public sector comparator.		X		
	H.7.b Estates efficiency A standard repeatable process is defined for the calculation of estates efficiency is consistent with central government guidance and data definitions according to reporting requirements e.g. FTE per m², Cost per m².		X	X	
	H.7.c Facilities contracts All new facilities management contracts and contract extensions must be appropriately approved in line with the department's estates policy and with reference to Cabinet Office guidelines. Refer to section C of this toolkit for detailed control objectives relating to procurement.		X		

Estates

Estates					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
H.8. Estates size and occupation	The term 'reporting' refers to the reporting process of estates related management information, including calculation of size and occupation				
	H.8.a Estates size calculation The estate size in m² reported by the department is based on a standard repeatable process. The size of buildings occupied by departments in m² is defined in relation to a clear set of categories e.g. Net Internal Area (NIA) = Building Occupied NIA + Vacant NIA.		X		
	H.8.b Estates occupation A standard repeatable process is in place for calculating estates occupancy consistently with the estates policy provided and are based on central government guidance and data definitions according to reporting requirements.		X		
	H.8.c Workstation count A standard repeatable process is defined to report available workstations across the estate.		X		
H.9 Estates data	The term 'estates data' refers to records of estates size, occupation, cost and efficiency as well as estates master data. . The objectives defined below set out key requirements that must be met to facilitate the department to report good quality estates data.				
	H.9.a Data ownership A process is in place to ensure that management have control over the ownership of estates data with clear lines of accountability.	X	X		
	H.9.b Security Standard All data held on the department's system are classified appropriately in line with government security and privacy standards as applicable.				X
	H.9.c Estates master data is accurate and complete Estates master data is accurate, complete and updated on a timely basis. This includes a mapping between management units/teams within the department and physical locations maintained by the department.	X	X		

IT Costs

Section Overview

This section defines a set of minimum standard control objectives intended to set out good practice and key principles of control in relation to departmental spending on IT with a focus on those aspects that support the generation of management information. Control objectives are defined for the following sub processes:

- Cost of running IT
- IT Project Management
- IT Estate
- IT Costs reporting
- IT Data

IT Costs					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
I.1 Cost of running IT	The costs of running IT includes hardware and software costs and providing support for business as usual functions in addition to costs associated with department projects and programmes (this includes specific IT projects as well as the IT infrastructure required for projects in other areas). IT costs should also include services and support managed and delivered in-house as well as those delivered by third parties.				
	I.1.a IT costs – Procurement classification A process is in place to classify IT costs at a level which supports effective decision making in relation to IT spending through the procurement process. The classification should be aligned with the department MI strategy and reporting requirements and is applied to IT costs associated with department projects and programmes as well as business as usual functions (including system maintenance and associated support contracts).		X		
	I.1.b IT costs – Workforce classification A process is in place to classify IT costs at a level which supports effective decision making in relation to IT spending on people via the payroll process (this assumes that people costs relating to IT support activities that do not go through the payroll process are captured via the procurement process). The process makes appropriate reference to specialist skills required to deliver the department IT strategy.	X	X		

IT Costs

IT Costs					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
I.1 Cost of running IT	**I.1.c IT costs – Accounting basis** The process for reporting IT costs is aligned with the department accounting policy. IT costs associated with department projects and programmes as well as business as usual functions are recorded on a timely basis in order to facilitate accurate reporting.	X	X		
I.2 IT Project Management	IT projects in this context refers to all projects that seek to deliver additional capability in relation to IT as an independent project or programme, or IT projects that support the delivery of a broader programme objective.				
	I.2.a IT project management IT Projects are subject to an appropriate level of control in line with project management control objectives defined in section G of this framework.	X	X	X	
I.3 IT Costs reporting	The objectives set out below set out key requirements to facilitate the complete, accurate and timely reporting of IT costs.				
	I.3.a IT support costs A standard, repeatable process is in place to calculate the cost of the IT support function on a per-user basis. This will requires a process to identify the total number of users of users for IT infrastructure components supported by the organisation's IT functions and third party suppliers. The ability to identify the total number of users, in addition to an appropriate breakdown of IT costs (procurement and workforce costs, including system maintenance and the cost of associated support contracts) set out in I.1 above will facilitate accurate, complete and timely reporting.	X	X	X	
	I.3.b Costs of outages A standard, repeatable process is in place to identify and record the cost of outages. This includes both the cost of putting things right and the downtime incurred by outages.	X	X		
	I.3.c IT costs – Reporting A process is in place to report on and appropriately analyse spending, e.g. cost per transaction /per user basis as appropriate. IT cost classification is developed in line with the definitions required for reporting.	X	X	X	

IT Costs

IT Costs					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
I.4 IT Data	IT Data refers to all records for the components of the IT Estate. This will include: component description; compliance (licensing); cost; utilisation; location (physical or virtual); quantity etc. To ensure good quality data is held or the management of the estate.				
	I.4.a Data ownership A process is in place to ensure that management have control over the ownership of IT data with clear lines of accountability.	X	X		
	I.4.b Security Standard All data held on the department's system are classified appropriately in line with government security and privacy standards.				X
	I.4.c IT master data IT master data is accurate, complete and updated on a timely basis. This includes a mapping between management units/teams within the department and physical locations maintained by the department.	X	X		

Fraud and Error

Section Overview

This section defines a set of minimum standard control objectives intended to set out good practice and key principles of control in relation to departmental processes relating to fraud and error, including establishing and communicating clear policies and guidelines aimed at preventing fraud and establishing anti-fraud awareness, and processes relating to the reporting of fraud and error. Control objectives are defined for the following sub processes:

- Fraud policy
- Fraud deterrence/ prevention
- Detection of fraud and error
- Handling of identified fraud and error
- Fraud and error estimates
- Fraud and error data

Fraud and Error					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
J.1 Fraud policy	For the purposes of this document, the term 'fraud and error policy' intends to cover policy documents governing how loss due to fraud and error is minimised and reported on. These may cover legal, regulatory and operational requirements in relation to fraud and error. The control objectives defined in this document cover all processes related to fraud and error including those instances (and potential instances) resulting from back office processing and departmental policy delivery.				
	J.1.a Fraud policy A policy is in place that sets out the department's objectives in relation to fraud. This includes: • Standard definitions of fraud, prevented fraud and the distinction between fraud and error consistent with the Treasury/Cabinet Office's guidance and legislation • A statement of zero tolerance for incidents of fraud • The process for reporting suspected fraud /whistle-blowing procedures • Principles for investigating suspected fraud • Roles and responsibilities in relation to reporting fraud and error including individual accountability • A link to process guidance for reporting fraud and error to department management	X	X	X	

Fraud and Error

Fraud and Error					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
J.1 Fraud policy	**J.1.b Fraud policy is communicated** A mechanism is in place to ensure that the department fraud policy is appropriately communicated throughout the department as well as ALBs		X		
J.2 Fraud deterrence/ prevention	Whilst not directly related to reporting, a strong culture of deterrence and prevention is inherently linked to an organisation's ability to detect and report on fraud and error. For example, a strong internal audit function will provide commentary on the overall anti-fraud culture of a department, provide effective feedback in order to strengthen process controls and identify instances of fraud through data analysis or continuous auditing.				
	J.2.a Fraud deterrence Measures to encourage a strong anti-fraud culture are in place. These include: • Clear and safe escalation routes to enable staff to raise concerns • Communication of fraud and error policies and procedures to all staff • Documented sanctions for instances of proven fraud are in place and clearly communicated to all staff • Fraud awareness training takes place on a regular basis			X	
	J.2.b Fraud prevention Measures needed to prevent fraud occurring are in place. These include: • The identification and management of fraud risks through a formal fraud risk assessment • The implementation of new systems and procedures are assessed for risk of fraud by appropriately qualified individuals • Fraud risks are proactively addressed in the annual internal audit plan			X	

Fraud and Error

Fraud and Error					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
J.3 Detection of fraud and error	In this context the detection of fraud and error refers to the process and controls in place to detect financial irregularities that might represent instances of fraud and error and quantify these in value terms. Where there is recognition that not all fraud and error will be detected, departments should ensure a robust process is in place for reliable estimates.				
	J.3.a Fraud and error detection Measures to detect instances of fraud and error that are in place. These include: • Appropriate and proportionate use of data analytics tools • Identification and communication of common fraud indicators • High risk areas are subject to continuous auditing programmes • A single point of contact for fraud and error reporting, and an anonymous whistle-blowing procedure	X	X		
	J.3.b Fraud and error reporting A standard repeatable process is in place to quantify and report on the level of fraud and error. This includes a process to estimate undetected fraud and error as appropriate. Figures are supported by appropriate annotation, are traceable to source data, and are reviewed by an appropriate level of management.	X	X	X	
J.4 Handling of suspected fraud and error	Handling of suspected fraud and error refers to the process in place in order to establish the nature of incident. Where cash is earmarked for recovery as a result of an investigation, the objective seeks to define what the associated procedure should include with respect of reporting only.				
	J.4.a Fraud and error investigations Fraud investigation principles are set out in an approved investigations manual. This sets out: • How fraud and error are defined, including the point at which the fraud has been 'proven' and hence is classified as such • Key legislation on both the offences and the way in which they should be investigated • Departmental specific legislation and contractual powers (commercial and staff) which permit the in-house investigation of fraud and corruption • The criteria used to decide which allegations to investigate • The process to be followed when investigating fraud and corruption • The timescales for investigations • Action to be taken at the end of an investigation • Clear procedures for a referral to law enforcement or the civil courts	X	X		

Fraud and Error

Fraud and Error					
Sub-process	**Control objectives**	**C**	**A**	**V**	**R**
J.4 Handling of suspected fraud and error	**J.4.b Loss management** A clear procedure is in place for recovering and reporting on losses due to fraud and error. This includes: • Quantification of losses • The authorisation needed for the write off of losses • The reporting of losses in the financial statements and the Annual Governance Statement	X	X	X	
J.5 Fraud and error data	While these objectives do not seek to define technical data security standards in detail, they recognise that formal assignment of ownership and compliance with central government classifications is a minimum standard to provide confidence the underlying data used for management reporting.				
	J.5.a Data ownership Ownership of fraud and error data is formally assigned to a specific individual or team.	X	X		
	J.5.b Security Standard All data held on the department's system is classified appropriately in line with government security and privacy standards as applicable.				X
	J.5.c Supports reporting objectives A process is in place to ensure that fraud and error data supports management information reporting objectives.	X	X	X	

Annex 1: Information Processing Objectives (IPOs)

Information Processing Objectives (IPOs)

Within each business process and related transaction flows, it is of fundamental importance that control activities are designed and implemented to verify that authorised transactions are recorded in a complete and accurate manner, and control activities also protect against unauthorised amendment once recorded. These information processing objectives are summarised below:

Information Processing Objective	Description
Completeness (C)	All transactions that occur are entered and accepted for processing once and only once and in the proper period. For example, duplicate entries are identified and rejected; all exceptions/rejections are addressed and resolved.
Accuracy (A)	Transactions are recorded at the correct amount in the appropriate account and proper period (the date input was correct). This includes accuracy of key data elements and standing data used in transaction processing.
Validity (V)	Only authorised transactions that actually occurred and are related to the organisation are recorded.
Restricted access (R)	Data is protected against unauthorised amendments and access to confidential data and physical assets is appropriately restricted to authorised personnel. It can be difficult to achieve the other three information processing objectives (Completeness, Accuracy, and Validity), when the restricted access objective is not met.