



Government  
Finance  
Function

# Government Function: Finance

## Continuous Improvement Assessment Framework

This document supports the **Government Functional Standard for Finance** which sets expectations for the leadership and management of Finance across government, ensuring effective management and use of public funds.

Functional standards cross-refer to each other where needed, so can be confidently used together.

The suite of functional standards, and associated guidance, can be found at **GOV.UK government functional standards** [1].

This assessment framework should be read in conjunction with the government functional standard [2]. The meaning of words is as defined in the Shorter Oxford English Dictionary, except where defined in the Glossary in Annex B.

For more information, please contact [govfinance@hmtreasury.gov.uk](mailto:govfinance@hmtreasury.gov.uk).

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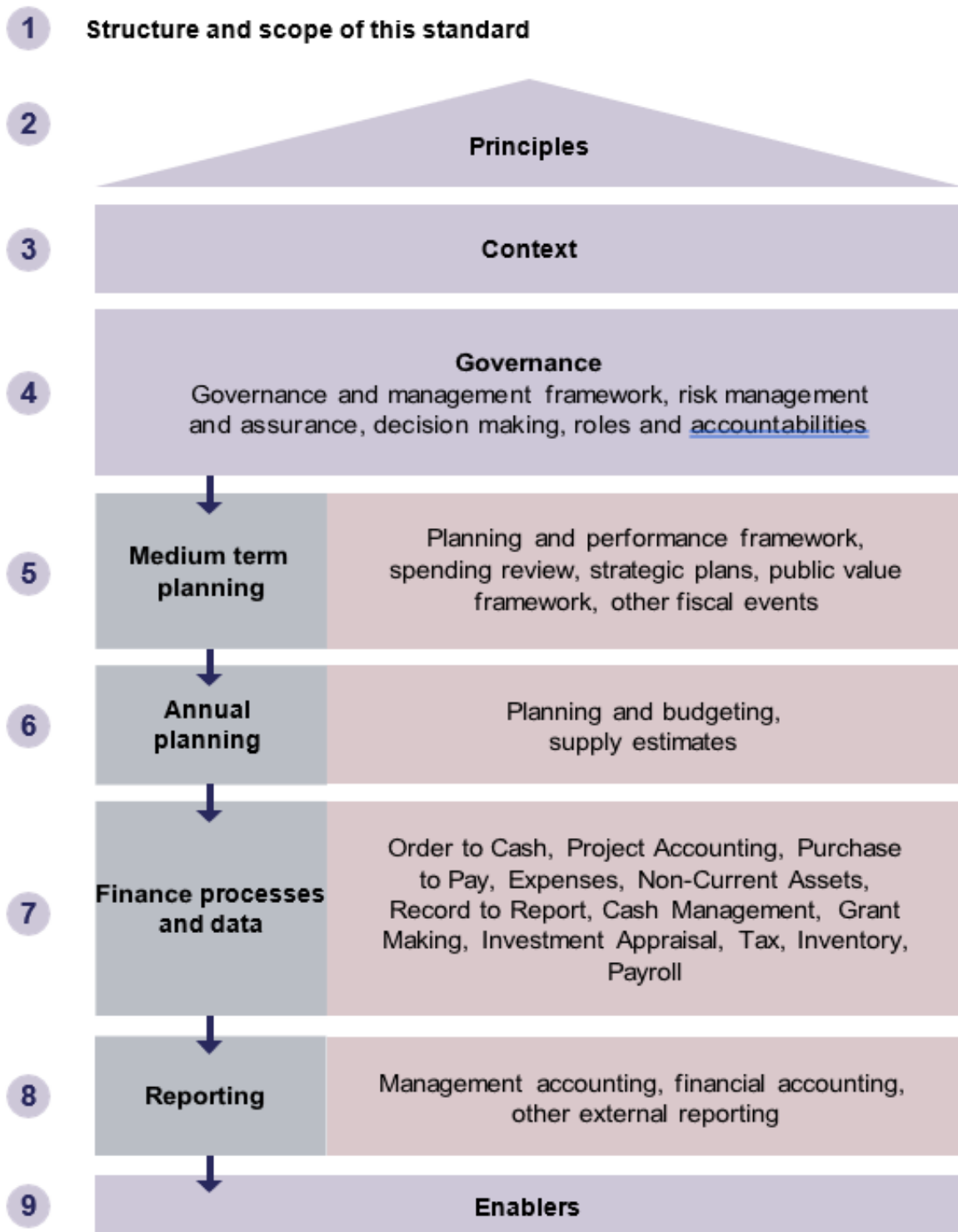
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**Figure 1** The structure and scope of functional standard  
GovS 006: Finance version 3.1

# 1. Purpose and scope of the Finance Continuous Improvement Assessment Framework

## 1.1 Purpose of this Continuous Improvement Assessment Framework

This assessment framework is designed to help drive continuous improvement within and across government, by helping government organisations to assess their adherence to, and practical application of the Finance functional standard [2]. This assessment framework is consistent with assessment frameworks for other functions, so that senior leaders can take a coherent view of performance across all functions in their organisation.

This assessment framework draws on, but does not replace, the Finance functional standard [2], which should be complied with, and the assessment framework should be read in conjunction with that functional standard.

This assessment framework is designed for people undertaking assessments of their organisations and for people taking organisational improvement actions as a result of the completed assessment.

## 1.2 Scope of this Continuous Improvement Assessment Framework

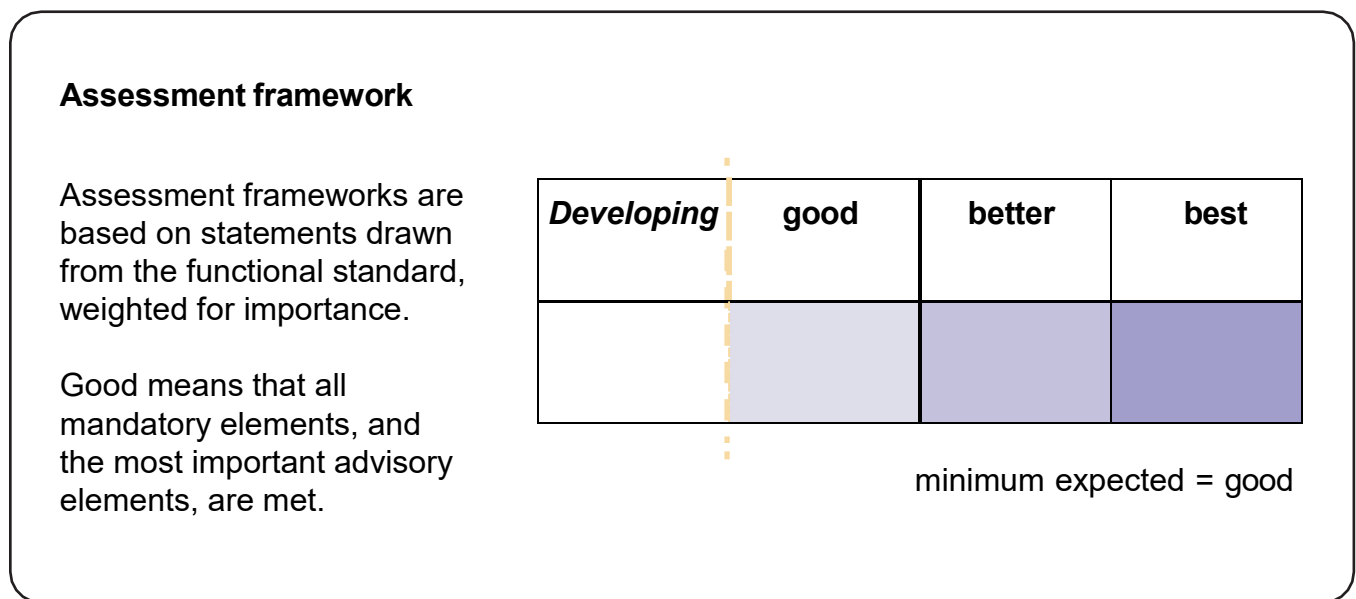
This assessment framework applies to how government organisations manage Finance, as defined in the Finance functional standard [2]. It can be used as a tool for organisational performance improvement in all departments and arm's length bodies. The structure and scope of the functional standard is shown in Figure 1.

## 2. Using the Finance Standard Continuous Improvement Assessment Framework

### 2.1 How the framework relates to the Finance Functional Standard

This continuous improvement assessment framework draws on its related functional standard and includes a set of statements indicating different levels of organisational capability against aspects of the standard, ranging from non-compliance or adopting ('developing'), through 'meeting the minimum' ('good'), to better and best, as shown in Figure 2.

The framework draws attention to how the requirements of the functional standard can be implemented in organisations of different maturities, so that the organisation's leaders can plan improvement initiatives where needed. Not every organisation, or part of every organisation, needs to operate at the 'best' capability level. Good means that all mandatory elements are met.



**Figure 2** Assessment framework

## 2.2 Structure of the Continuous Improvement Assessment Framework

The structure of the assessment framework is designed to give an indicative picture of how well an organisation is doing. It covers:

**Theme:** the overall topic being addressed

**Practice area:** what is being assessed

**Criteria:** the statements to be met

- **Themes.** A theme is the overall topic being addressed in that section of the assessment framework. The context and more information about the themes addressed can be found in the Finance functional standard [2].
- **Practice areas.** Each theme comprises practice areas. Each practice area has an overall statement about what is expected. A practice area might relate to one or more clauses in the Finance functional standard [2].
- **Assessment criteria.** Each practice area is supported by several criteria. Criteria help to define what is happening in an organisation (observable in practice, backed up by evidence). Criteria denote 'good', 'better' or 'best' performance. Refer to the Finance functional standard [2] for context and detail. For example, the content of a 'management framework' is described in the governance section of the standard.

## 2.3 Assessing an organisation

### 2.3.1 Defining organisational scope

Before starting an assessment, the boundaries of the organisation being assessed need to be defined. A whole government department or arm's length body can be covered, or the assessment can be limited to a defined part. Dividing a large organisation (where performance across the organisation varies) into its major groups can help pin-point where improvements are needed.

To avoid overload in organisations, assessments should be undertaken as part of routine assurance and to suit the organisation, rather than an additional process for accounting officers to engage with.

### 2.3.2 Positioning of the assessment in an organisation

This assessment framework is a tool to support organisational improvement, and the assessment will add no value unless there is honesty in response to the criteria. The assessment should be concerned with identifying opportunities to improve the way the organisation operates.

Business leaders should set ambitions for their organisation based on business need, as set out in their strategies and/or plans. For some organisations 'good' might be sufficient. For other organisations, their area of business might dictate that meeting 'best' is necessary.

Most functional standards rely on other functional standards (as listed in clause 1.3 of every functional standard). This interdependency means that for an organisation to be operating effectively it needs to consider such dependencies carefully and their impact on the organisation's operations. Further guidance on assessment frameworks can be found in the Guide to continuous improvement against functional standards [1].

### 2.3.3 Advice for those leading assessments

Those leading assessments should:

- encourage peer review and comparison within and between organisations
- reassure people that assessment is a continuous improvement initiative, not a threat, and is focused on facilitating honest self-appraisal and improvement action
- balance the need to evidence metrics against the effort required to collect such metrics
- keep track of the trajectory of the organisation in terms of meeting the mandatory and advisory elements of each standard over time
- acknowledge that some people won't have enough experience to recognise their organisation's limitations.

## 2.4 Characteristics of ‘good’, ‘better’ and ‘best’

This continuous improvement assessment framework sets out different levels of maturity against the most important aspects of the Finance functional standard [2] - from the minimum expected (good), to better and best, as shown in Figure 2.

- **Good:** all mandatory elements are met. Each finance activity has a defined way for managing its work in conformance with the Finance functional standard. Lessons are learned and applied locally.

Note: ‘good’ includes the requirements (‘shall’ statements) from the functional standard.

- **Better:** the organisation has a defined and established way of authorising work to proceed and undertaking finance activities, which can be tailored to be appropriate and proportionate to the work being undertaken. Lessons are reviewed and recorded, performance improvement is embedded in the organisation’s practices through updates to the parts of its management framework, learning and development offerings and by communications. More advanced ways of undertaking some practices are evident. The organisation is capable of managing significant transformational change.
- **Best:** the governance and direction of Finance is fully integrated with the governance and direction of the organisation. Performance improvement is based on quantitative measures and evidence taken from across the organisation. The organisation is capable of managing strategic transformational change. Technology is used to make the undertaking of some practices more reliable, effective and efficient. Learning from experience and organisational improvement is continuous.

Note: In order to be ‘good’, ‘better’ or ‘best’, an organisation needs to meet all the criteria for that level across all the themes. By default an organisation is ‘developing’ if it doesn’t meet at least ‘good’ for all the criteria. For this reason, continuous improvement assessment frameworks do not include criteria for ‘developing’.

An organisation needs to meet all the criteria of any lower level in order to comply with the higher level. For example, an organisation cannot be ‘better’ if it doesn’t meet all the criteria for ‘good’.

Business leaders should set ambitions for their organisation based on business needs, as set out in their strategies and/or plans. For some organisations ‘good’ might be sufficient. For other organisations, their area of business might dictate that meeting ‘best’ is necessary.

## 2.5 Using the outputs of an assessment

Completed assessments can be used to help identify and share good practices, address perceived weaknesses in the performance of the organisation and provide input to continuous improvement activity.

The completed Continuous Improvement Assessment Framework is for internal government management, designed to facilitate frank and open discussion around performance. Completed assessments are not intended for publication.

## 2.6 The structure of this assessment framework

The table below sets out the structure of the assessment framework, listing the practice areas addressed in each theme.

<b>Theme 1: Governance</b>	
Practice area 1.1	Governance and management framework
Practice area 1.2	Risk management and assurance
Practice area 1.3	Decision making
Practice area 1.4	Roles and accountabilities
<b>Theme 2: Mid-term planning</b>	
Practice area 2.1	Strategic Plans
<b>Theme 3: Annual Planning</b>	
Practice area 3.1	Planning and budgeting
Practice area 3.2	Supply Estimates
<b>Theme 4: Finance processes and data</b>	
Practice area 4.1	Overview, process flows & data standards
Practice area 4.2	L1 Finance processes
<b>Theme 5: Reporting</b>	
Practice area 5.1	Introduction and Common Chart of Accounts
Practice area 5.2	Management Accounting
Practice area 5.3	Financial Accounting
Practice area 5.4	Other external reporting
<b>Theme 6: Enablers</b>	
Practice area 6.1	Management information, analytics and reporting
Practice area 6.2	Centres of excellence & People and Capability

## 3. Assessment Framework

### 3.1 Theme 1: Governance

The purpose of governance is to authorise, direct, empower and oversee management to ensure the objectives of the organisation are met within the defined constraints.

#### Practice area 1.1 Governance and management framework

**Appropriate and proportionate governance and management of Finance is defined, established and integrated with the organisation’s overall governance framework.**

<b>Good</b> Criteria denoting good performance	<b>Better</b> Criteria denoting better performance	<b>Best</b> Criteria denoting best performance
<p>a) A governance framework is defined and established in your organisation which complies with government, HM Treasury and organisational policies and directives and with this standard and is referenced in the respective Accounting Officer System Statement</p> <p>b) Your organisation operates within the rules set by HM Treasury (see 3.2), particularly the key requirements of public spending set out in Managing Public Money: regularity, propriety, value for money and feasibility</p> <p>c) Alternative choices of policies, programmes and projects in your organisation are agreed against defined criteria and in consultation with stakeholders and subject matter experts in line with the</p>	<p>l) Each accounting officer in your organisation acts according to their ministers’ instructions, and is supported by their boards, to control and account for the department’s business</p> <p>m) Financial decisions are made, and approvals given in a timely manner in accordance with your organisations financial governance and management framework, financial management controls (including delegations of authority), government policy, and your organisations strategy and strategic plan (see 5.3 of Govs 006: Finance)</p> <p>n) Your department is led by a departmental board, chaired by your senior minister</p> <p>o) Where part of the business of your department is conducted with and through arm’s length bodies,</p>	<p>q) Your organisation has appropriate delegation of responsibilities and effective mechanisms for internal reporting to ensure that performance can be tracked</p> <p>r) Governance of financial management within your organisation is an integrated part of overall governance</p> <p>s) Your departmental board supports ministers and senior officials in directing the business of the department in as effective and efficient a way as possible, with a view to the long-term health and success of the department</p> <p>t) Your departmental board supports the accounting officer in the discharge of obligations set out in Managing Public Money for the proper conduct of business and maintenance of ethical standards</p>

- 
- requirements of the Green Book
- d) Your organisation's governance arrangements are appropriate to its business, scale and culture
- e) Your organisation's governance framework combines efficient decision making with accountability and transparency
- f) Your organisation is guided by the Corporate Governance in Central Government Departments: Code of Good Practice
- g) Your organisation has clear leadership, provided by a board (see 4.1.2 of Govs 006: Finance)
- h) Your organisation has adequate delegations, controls and reporting arrangements, and provides timely and prompt management information to enable plans to be adjusted as necessary
- i) Your organisation has Audit and Risk committee(s) responsible for reviewing the comprehensiveness of assurances and integrity of financial statements
- j) Your organisation has nominations and governance committee(s) which ensure satisfactory systems are in place for identifying and developing leadership and high potential,
- assurance is provided to the department's board that there are robust governance arrangements within each arm's length body's board
- p) These arrangements set out the terms of your relationship with your arm's length body and explain how they are put in place to promote high performance and safeguard propriety and regularity
-

scrutinising the incentive structure and succession planning for the board and the senior leadership of the department, and scrutinising governance arrangements

- k) For joint ventures, GovS 004, Property and GovS 008, Commercial are followed
-

## Practice area 1.2 Risk management and assurance

### Appropriate and proportionate risk management and assurance is in place in relation to all financial activities

<b>Good</b> Criteria denoting good performance	<b>Better</b> Criteria denoting better performance	<b>Best</b> Criteria denoting best performance
<ul style="list-style-type: none"> <li>a) For Internal Audit, your organisation operates in line with the Public Sector Internal Audit Standards</li> <li>b) The board of your organisation actively seeks to recognise risks and direct the response to them</li> <li>c) Your organisation follows GovS 013, Counter Fraud, when managing the risk of fraud, bribery and corruption</li> </ul>	<ul style="list-style-type: none"> <li>d) The requirements of the Orange Book: Management of Risks – Principles and Concepts, are met</li> </ul>	<ul style="list-style-type: none"> <li>e) The board and accounting officer are supported by an Audit and Risk Assurance Committee, which provides proactive support in advising on, and scrutinising, the management of key risks and the operation of internal controls</li> <li>f) The Audit and Risk Assurance Committee supports the accounting officer in drawing up the governance statement(s) which is published in your organisation's Annual Report and Accounts (see 8.3.4 of Govs 006: Finance)</li> <li>g) Your organisation has a defined and consistent approach to assurance as part of its risk management framework, which includes giving sufficient, continuous and reliable assurance on financial stewardship, evaluating the management of major risks to organisational success, and the delivery of improved, cost-effective public services</li> <li>h) Assurance entails at least three separate and defined levels (or lines of defence) are applied that are proportionate to the risk and value of the</li> </ul>

- activity (see 4.2.1 of Govs 006: Finance)
- i) The work of internal and external assurance providers is planned to minimise disruption to other work, avoiding overlaps with other assurance activities and duplication of effort, while remaining rigorous and meeting the needs of stakeholders
  - j) Where assurance includes formal review activity, the customer for the review is clearly identified
  - k) A climate risk assessment is carried out where projects, policies or programmes meet the criteria set out in the document, Accounting for the Effects of Climate Change
-

### Practice area 1.3 Decision making

#### Decisions are made in line with HMT and wider government guidance, including HMT and CO Spending Controls

<b>Good</b> Criteria denoting good performance	<b>Better</b> Criteria denoting better performance	<b>Best</b> Criteria denoting best performance
<p>a) Your organisation ensures it obtains HM Treasury consent before undertaking expenditure or making commitments which could lead to expenditure</p> <p>b) The arm’s length bodies of your organisation adhere to these controls as part of your wider approvals approach set out in Managing Public Money</p> <p>c) Your organisation correctly categorises transactions against the latest version of the Consolidated Budgeting Guidance</p> <p>d) Those persons in your organisation who are accountable for the management and reporting of public finances comply with the most current version of the following documents:</p> <ul style="list-style-type: none"> <li>• Managing Public Money</li> <li>• Supply Estimates Guidance Manual</li> <li>• Consolidated Budgeting Guidance</li> <li>• Government Financial Reporting Manual</li> <li>• Sustainability Reporting Guidance</li> </ul>	<p>e) Your department and ALBs work together to ensure a timely and nonduplicative process for managing approvals in line with the Treasury Approvals Process guidance, including early engagement on the scope and objectives for spending proposals that are outside Delegated Authority Limits set by HM Treasury</p> <p>f) Your department has defined and agreed with each of your arm’s length bodies a similar set of delegations appropriate to the business</p> <p>g) Your department engages with HM Treasury, Infrastructure and Projects Authority and Cabinet Office in a timely manner where a proposal is subject to the Treasury Approvals Process, particularly through early agreement of an Integrated Assurance and Approval Plan</p> <p>h) Your organisation takes advice from relevant functions in advance of planned expenditure, and complies with Cabinet Office spend controls</p>	<p>j) Your organisation has established a common understanding with the relevant HMT spending team on the planned levels, and risks of variance to plans of resource AME and capital AME</p>

- Greening Government Commitments
    - i) Your organisation splits its expenditure by Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME)
-

### Practice area 1.4 Roles and accountabilities

**Roles and accountabilities for those contributing to finance activities are clearly defined and managed at all levels, and in line with the GFF Career Framework**

<b>Good</b> Criteria denoting good performance	<b>Better</b> Criteria denoting better performance	<b>Best</b> Criteria denoting best performance
<p>a) Roles and accountabilities for those contributing to finance activities are defined in the organisation's governance and management framework and assigned to people with appropriate seniority, skills and experience</p> <p>b) Your organisation has an accounting officer, who has personal responsibility for the propriety and regularity of spending</p> <p>c) Your accounting officer assures Parliament and the public of probity in the use of resources</p> <p>d) Your accounting officer manages and controls the resources used in their organisation</p> <p>e) Your accounting officer signs that the accounts, annual report and governance statement have been properly prepared to reflect the business of the organisation</p> <p>f) Your accounting officer personally approves the voted budget limits and the associated Estimates Memorandum (see 6.2)</p> <p>g) If confidentiality is deemed necessary, the process set out in MPM 3.6.6 is followed</p>	<p>r) Your accounting officer personally approves, in advance, all significant initiatives, policies, programmes and projects (taking account of any internal delegated authorities)</p> <p>s) The senior officer responsible for finance within your organisation ensures that the information on which decisions about the use of resources are based is reliable</p> <p>t) The senior officer responsible for finance in your organisation: <ul style="list-style-type: none"> <li>• has board status equivalent to other board members</li> <li>• reports directly to the permanent head of the organisation</li> <li>• is a member of the senior leadership team, the management board and the executive committee (and/or equivalent bodies)</li> <li>• signs off accounting officer assessments prior to their submission to the accounting officer</li> <li>• maintains strong and effective policies to control and manage use of resources in the</li> </ul> </p>	<p>x) The accounting officer assessment follows the structure and guidance as set out in the Accounting Officer Assessments guidance</p> <p>y) Finance business partners use their technical expertise and experience to provide useful insights on business activity, challenging key decisions where appropriate</p> <p>z) Accounting officers and the senior officer responsible for finance within your organisation promote a culture where budget holders and decision makers consult their finance business partners in key strategic decisions that carry a financial impact</p>

- h) Your accounting officer asks for a formal written direction to proceed if a minister decides to continue with a course that the accounting officer has advised against
- i) A formal written direction is published on GOV.UK as soon as possible, unless there is a broader public interest in keeping it confidential
- j) Unless otherwise directed, your accounting officer ensures that the actions of the public organisation they lead meet the four accounting officer standards of regularity, propriety, value for money and feasibility, as set out in Managing Public Money
- k) An accounting officer assessment is always produced for projects or programmes which form part of the Government's Major Projects Portfolio, as specified in MPM
- l) The accounting officer only signs off these assessments if the senior officer responsible for finance within the organisation has already signed them
- m) The senior officer responsible for finance in your organisation is professionally qualified
- n) Finance business partners in your organisation engage and work directly with the business, collaborating and supporting budget holders within their organisation's activities – this includes improving the financial literacy of budget holders in the organisation
- u) Senior officers responsible for finance within ministerial departments attend Finance Leadership Group and work collectively to raise the standards of financial management across government.
- v) Senior officers responsible for finance within ministerial departments also support the government finance community, through the delivery of the Government Finance Function Strategy
- w) Finance Business Partners build trusted relationships with key stakeholders within their business area, and translate potentially complex financial issues for their stakeholders, consulting expert finance and other corporate professionals on behalf of the business where necessary

business area enabling financial management, planning, processes and budget setting activities to ensure value for money, putting finance at the heart of decision making

- o) The accounting officer, supported by the senior officer responsible for finance within your organisation, ensures that staff delegated responsibility for budgetary allocations:
- are sufficiently trained and/or experienced
  - are clearly informed of the expectations placed on them to effectively manage that budget and are made aware that they will be held to account for its performance where appropriate
  - receive relevant, timely and accessible reports, to enable budget holders to monitor the financial position of their assigned budget(s)
- p) Budget holders ensure they comply with the expectations set by the accounting officer (often included in a delegation letter) and the senior officer responsible for finance within the organisation
- q) Budget holders engage their finance business partner on key financial management, planning, processes and budget setting activities.
-

### 3.2 Theme 2: Medium-term planning

Medium-term planning ensure value for money for the Exchequer as a whole in the short and long term.

**Practice area 2.1 Strategic Plans**

**Sets out the organisations plans and objectives for the duration of Parliament, and maintains a focus on priority outcomes and delivery, maximising the value derived from public spending**

<b>Good</b> Criteria denoting good performance	<b>Better</b> Criteria denoting better performance	<b>Best</b> Criteria denoting best performance
<p>a) Your department regularly reports to the centre on performance against your ODP and priority as well as setting out how you are performing through your Annual Reports and Accounts</p> <p>b) Your department ensures that this reporting is reflected in your board pack, ensuring that there is senior oversight of the impact of public money</p>	<p>c) SMART objectives in the business case for a spending proposal align with the government’s priority outcomes</p> <p>d) Your organisation uses the Public Value Framework as a practical tool for maximising the value delivered from public spending and improving outcomes for citizens</p>	<p>e) Your organisation's strategic plan:</p> <ul style="list-style-type: none"> <li>• is a live document and is revised annually, in line with your department’s internal planning framework, to reflect new priorities or changes in responsibilities</li> <li>• integrates all aspects of planning. GovS 002, Project Delivery, GovS 003, Human Resources, GovS 004, Property and GovS 008, Commercial are followed</li> <li>• is informed by, and is linked to, the spending review and the Budget processes, as part of the planning and performance framework</li> <li>• includes indicators to monitor how your department is performing on each objective during the year</li> </ul>

### 3.3 Theme 3: Annual Planning

Setting out the legal authority of government for spending and retention of income and determining an organisations funding and how it plans to allocate its budgets

#### Practice area 3.1 Planning and budgeting

##### How an organisation plans to allocate its budget across the financial year

<b>Good</b> Criteria denoting good performance	<b>Better</b> Criteria denoting better performance	<b>Best</b> Criteria denoting best performance
<p>a) Resources allocated to your department are managed in-year using the Budgeting Framework set out in the Consolidated Budgeting Guidance, which sets the requirements that departments shall follow to ensure financial and spending control</p> <p>b) Your department reports, in a note to the Annual Report and Accounts, the outturn against Estimate</p>	<p>c) Medium-term planning provides the starting point for each annual plan</p> <p>d) Resources allocated to your department are managed in-year using the Budgeting Framework set out in the Consolidated Budgeting Guidance</p> <p>e) Your department: <ul style="list-style-type: none"> <li>• publishes budgetary information in departmental reports</li> <li>• publishes reconciliations to budgets in their supply estimates</li> </ul> </p>	<p>f) Your organisation manages spending to provide high quality public goods and services that demonstrate value for money</p>

**Practice area 3.2 Supply Estimates**

**All resources committed and expenditure incurred is in line with the Supply Estimates process, and HMT approval**

<p><b>Good</b> Criteria denoting good performance</p>	<p><b>Better</b> Criteria denoting better performance</p>	<p><b>Best</b> Criteria denoting best performance</p>
<p>a) No resources are properly committed, or expenditure incurred, by your department without the prior approval of HM Treasury (see also Managing Public Money</p> <p>b) Supply Estimates are fully consistent with HM Treasury budgetary controls</p> <p>c) To be legal, spending is in accordance with the ambit</p> <p>d) When estimates are placed before Parliament, your department presents an estimates memorandum to the relevant select committee</p> <p>e) Apart from in a small number of exceptional cases, departments manage new pressures within their existing budgets. Your department follows CBG guidance on allocating contingency from your DEL budgets</p> <p>f) Your organisation requests approval for any overspends; overspends are required to be regularised by Parliament</p>	<p>g) Supply estimates:</p> <ul style="list-style-type: none"> <li>• are prepared by your department, reflecting the annual budget settlement with HM Treasury</li> <li>• include all expenditure within departmental budgets (including spending by core departments and any arm’s length bodies controlled by the department and included within its accounts), though not all would need to be voted by Parliament</li> </ul> <p>h) The following expenditure is voted through Parliament:</p> <ul style="list-style-type: none"> <li>• the voted limit on departmental spending, in line with budgetary controls as relevant, covering resource and capital departmental expenditure limits and resource and capital annually managed expenditure</li> <li>• the voted limit on any non-budget expenditure</li> <li>• the amount of cash to be issued from (or</li> </ul>	<p>j) Your department has a robust approach to contingency and identifies around 5 percent of your allocated DEL that could be reprioritised to fund unforeseen pressures</p>

required to be surrendered to) the Consolidated Fund in respect of the net cash requirement for the estimate

- a description (known as an ambit) of the services or purposes to which expenditure and income is to be put in respect of each of the relevant control limits (voted DEL, voted AME, voted non-budget)
- i) The estimates memorandum provides the select committee with sufficient information to enable scrutiny of the estimate
-

### 3.4 Theme 4: Finance processes and data

Ensuring consistency of financial management across government and facilitating greater sharing of expertise and systems.

#### Practice area 4.1 Overview, Process flows & Data Standards

##### Overview, Process flows & Data Standards

<b>Good</b> Criteria denoting good performance	<b>Better</b> Criteria denoting better performance	<b>Best</b> Criteria denoting best performance
<p>a) Those engaged in the management of the Finance Function:</p> <ul style="list-style-type: none"> <li>adopt and follow the L1 Function Processes and align or 'map to' the Function Process Taxonomy, as set out in Annex A</li> <li>benchmark finance process flows against the organisation agnostic L4 process flow maps hosted in the NOVA Functional Reference Model</li> <li>where requested upload Finance process flows to the government business process modelling tool – NOVA - using BPMN 2.0 (Business Process Modelling Notation 2.0) framework, and maintain it, on at least, an annual basis through agreed change control process</li> </ul> <p>b) Those engaged in the management of the Finance Function:</p> <ul style="list-style-type: none"> <li>adopt and use the Finance Data Standards including defined data field values, to name and define all their data fields, and report on data quality metrics</li> </ul>	<p>c) The senior officer responsible for finance maintains policies and processes to control and manage use of resources in the organisation's activities</p> <p>d) Similarly, they ensure that there are similar disciplines in the organisation's arm's length bodies (see 4.1.3 of Govs 006: Finance)</p> <p>e) The finance processes, defined in the NOVA Functional Reference Model (2024), are adopted and followed by your organisation</p> <p>f) Finance processes, data and related systems in your organisation are designed in accordance with the NOVA Functional Reference Model (2024) and measured against the relevant metrics</p> <p>g) Those engaged in the management of the Finance Function standardise and converge on single Function Process Flows, as part of systems design and configuration, and particularly, if part of a shared service cluster with other organisations, for example, when:</p>	<p>j) Your organisation contributes to the development and evolution of Process Flows, either by providing enhancement to existing Process Flows, or by introducing through the Finance Function a new Finance Process for all Departments to align and benefit from</p> <p>k) Your organisation contributes to the development and evolution of the Finance Data Standards, either by providing enhancement to existing Finance Data Standards, or by introducing through the Finance Function a new Finance Data Standard for all Departments to align and benefit from</p>

- for assurance purposes as required
- adopt and use the Finance Standards Business Glossaries as integrated into the Finance Data Standard
  - adopt and use the standardised definitions and calculations for Finance Performance Metrics [key performance indicators (KPIs) and process performance indicators (PPIs)], and report on a defined subset of cross-government metrics, as required
- moving to a new enterprise resource planning (ERP) system or commercial sourcing system
  - reviewing functional processes and making process improvements
  - identifying where a process needs amending to improve overall performance
- h) Your organisation adheres to the following Core Finance Data Groups and associated Data Standards:
- 1) Cash Management
  - 2) Payables
  - 3) Receivables
  - 4) Assets
  - 5) General Ledger
  - 6) Tax
  - 7) Expenses
  - 8) Procurement
  - 9) Organisation
  - 10) Project
- i) Your organisation implements and adheres to the following Common Chart of Accounts (CCoA) Data Groups and associated Data Standards:
- 1) CCoA - Account
  - 2) CCoA - Analysis
  - 3) CCoA - Cost Centre
  - 4) CCoA - Entity
  - 5) CCoA - Intercompany
  - 6) CCoA - Objective
  - 7) CCoA - Project

## Practice area 4.2 L1 Finance processes

### L1 Finance processes

<b>Good</b> Criteria denoting good performance	<b>Better</b> Criteria denoting better performance	<b>Best</b> Criteria denoting best performance
<p>a) For debt management, 'GovS 014, Debt' is followed</p> <p>b) Major project finance matters follow 'GovS 002, Project Delivery'</p> <p>c) The purchase to pay process is designed and operated to underpin the commercial practices in GovS 008, Commercial (including sub-processes from sourcing and negotiating terms, ordering, receipting and payment, through to contract and relationship management) in order to increase control and visibility, save costs and generate automation efficiency</p> <p>d) Grants are processed in accordance with 'GovS 015, Grants'</p> <p>e) Investment appraisal options follow 'GovS 008, Commercial' and 'GovS 010, Analysis'</p> <p>f) The Green Book is used alongside other HM Treasury guidance</p> <p>g) Green Book guidance is applied to proposals that concern public spending, taxation, changes to regulations, and changes to the use of existing public assets and resources</p> <p>h) Investment appraisal options are considered</p>	<p>m) Order to cash practices are designed and operated to ensure the efficient, accurate and timely invoicing and receipting of cash (including debt) due to public bodies, in both sterling and foreign currencies</p> <p>n) The expenses process is designed and operated to ensure employees are reimbursed in a timely manner for their personal spend in relation to legitimate business</p> <p>o) The non-current assets process is designed and operated to enable the organisation to know, at any point in time, the extent and value of its non-current assets</p> <p>p) The specific activities and goals involved differ among different kinds of assets, but the use of best practice methods for planning, accounting, deployment, usage, and maintenance is applied to all of them</p> <p>q) Government guidance on how best to manage these assets is utilised by all public sector organisations with an accounting officer</p>	<p>aa) Your organisation's project accounting process is designed and operated to ensure consistency in the capturing of data relating to project related time, costs, billing and forecasting</p> <p>bb) Knowledge assets are also considered in this process</p> <p>cc) Cross-cutting impacts are considered to ensure good value for the Exchequer as a whole</p> <p>dd) Investment assurance and approval processes for projects following an agile delivery approach are developed in accordance with HM Treasury's supplementary guidance on the development of business cases for agile digital and IT projects</p> <p>ee) The Tax Centre of Excellence is consulted and informed on the tax implications of complex purchase contracts, projects, policy and legislation changes</p>

- in accordance with 'GovS 010, Analysis'
- i) Your organisation's tax process is designed and operated to ensure that government bodies account for tax in accordance with their legal status
  - j) The accounting of inventory is aligned to the International Financial Reporting Standards (IFRS)
  - k) Inventory is measured using IAS 2 as interpreted for public sector – inventories in line with the Government Financial Reporting Manual
  - l) Payroll is processed in accordance with 'GovS 003, Human Resources'
- r) Your organisation's cash management process is designed and operated to ensure the necessary controls are in place to safeguard cash and ensure your organisation remains solvent
  - s) Your organisation holds the minimum number of bank accounts required to run the organisation effectively. These are raised through the Government Banking contract
  - t) Your organisation's grant administration process is designed and operated in line with the principles set out by the Grants Centre of Excellence which focus on grant giving to third parties
  - u) The investment appraisal process is designed and operated to ensure each investment is justified, affordable and that the risks are understood and acceptable
  - v) The Tax Centre of Excellence is involved at the start of the idea pipeline, engaged early in policy development and business cases, and has continuing involvement as necessary as the process develops
  - w) All authorisations, concessions, approvals and/or exemptions from HMRC are managed, approved, held and recorded on a log by the relevant organisation:
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- payroll and expenses – processes are in place within your organisation to capture and report to HMRC taxable transactions, for example, dual workplace expenses, loans, benefits
- asset management – tax implications of assets when procuring, transferring, moving/returning or selling between countries are checked centrally. A process is in place to ensure the most tax efficient and compliant customs procedure is used
- assurance – a risk-based testing programme is in place to ensure controls are operating effectively, regularly testing the quality and accuracy of data underpinning taxation transactions, statutory returns and submissions
- exception reporting, compliance and errors – processes are in place to support the correction of errors, compliance with tax suspension conditions, capturing losses, reporting tax implications and recovering excise overpayments
- tax-related information and statutory tax returns are system generated with minimal manual

intervention. VAT treatment should be determined at the point of procurement and automated wherever possible

- x) The inventory control process in your organisation is designed and operated to efficiently manage the availability of stock for production, sales and delivery, and for the services of an organisation, to maximise the use of funds and ensure overall value for money
  - y) Inventory principles as set out in IFRS are implemented in discussion with warehouse operators.
  - z) Your organisation's payroll management process is designed and operated to ensure employees are remunerated in accordance with their contract and that legitimate deductions are made
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### 3.5 Theme 5: Reporting

Ensuring external and internal financial reporting is a true and accurate representation of the financial position of the organisation, and providing up to date analysis on budgeting and forecasting information.

#### Practice area 5.1 Introduction and Common Chart of Accounts

##### Common design principles and business rules govern an organisations chart of accounts

<b>Good</b> Criteria denoting good performance	<b>Better</b> Criteria denoting better performance	<b>Best</b> Criteria denoting best performance
a) The Common Chart of Accounts is a single set of business rules and design principles that is used across your department for financial reporting and management  b) Your organisations chart of accounts is clearly mapped to the OSCAR chart of account for central reporting purposes, where applicable	c) The financial reporting processes in your organisation are designed and operated to enable performance monitoring	d) Your organisation actively seeks, and feeds back to the centre, on improvements that can be implemented locally and globally to benefit all users of the Common Chart of Accounts

**Practice area 5.2 Management Accounting**

**Accurate forecasting and management information provided in a timely manner**

<p><b>Good</b> Criteria denoting good performance</p>	<p><b>Better</b> Criteria denoting better performance</p>	<p><b>Best</b> Criteria denoting best performance</p>
<p>a) Your department submits data on a monthly basis which, together with spending teams, enables a common understanding of progress against budgets</p> <p>b) Proceeds arising from the sale of investments and non-current assets are accounted for as non-operating income</p>	<p>c) Forecasting is an honest assessment, given the best information available, of the future financial position of the organisation and its activities</p> <p>d) Once the actual costs have been recorded for each period (usually a month), a process of in-year outturn monitoring takes place</p> <p>e) If actual organisational expenditure and income differ from Budget (Plans) then the reason for this is established to determine what steps could be taken to bring actual expenditure and income back into line</p> <p>f) Expenditure in respect of grants or subsidy claims is recognised in financial statements as closely as possible to the time of the underlying event or activity that gives rise to a liability</p>	<p>g) Aggregate forecasts on OSCAR align with departmental board reporting and Management Information to ensure consistency</p> <p>h) Finance teams are responsible for capturing the finance activities and they work with budget holders to understand the financial position</p> <p>i) The departmental boards and their committees make use of reports to support their responsibilities and activities (see 4.1.2 of Govs 006: Finance)</p>

### Practice area 5.3 Financial Accounting

#### Accurate records maintained, representing organisational financial position, and laid before Parliament in a timely manner.

<b>Good</b> Criteria denoting good performance	<b>Better</b> Criteria denoting better performance	<b>Best</b> Criteria denoting best performance
<p>a) The accountability report includes a reconciliation of how the department has spent the resources allocated to you by Parliament through the supply estimates process (see 6.2 of Govs 006: Finance)</p> <p>b) Your department provides the key reconciliation notes to the Statement of Parliamentary Supply, which is the primary parliamentary accountability statement</p> <p>c) All organisations covered in the Supply Estimates (see 6.2) process prepare Annual Report and Accounts</p> <p>d) Your organisation prepares an Annual Report and Accounts at the end of each financial year to report their financial results to Parliament</p> <p>e) The Annual Report and Accounts of reporting entities (as defined in the Government Financial Reporting Manual) comprises:</p> <ul style="list-style-type: none"> <li>• the performance report which provides information on the entity, its main objectives and strategies and the</li> </ul>	<p>g) Your organisation lays its Annual Reports and Accounts in a timely manner, complying with the administrative deadline set by HM Treasury</p>	<p>h) Your organisation actively seeks ways to improve the quality of its financial reporting, adopting continuous improvement to ensure Annual Reports and Accounts are laid in a timely fashion for maximum transparency</p>

principal risks that it faces

- the accountability report which demonstrates how the entity meets key accountability requirements to Parliament and which has three sections: a corporate governance report, a staff and remuneration report, and a Parliamentary accountability and audit report
- the financial statements which should set out the (Consolidated) statement of comprehensive net expenditure, the (Consolidated) statement of financial position, the (Consolidated) statement of changes in taxpayers' equity and the (Consolidated) statement of cash flows, together with the relevant notes

f) The audit report on the Annual Report and Accounts shall be included in the document

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## Practice area 5.4 Other external reporting

### Transparency, sustainability, PQs, FOIs, and official statistical releases

<b>Good</b> Criteria denoting good performance	<b>Better</b> Criteria denoting better performance	<b>Best</b> Criteria denoting best performance
<p>a) Your organisations Annual Reports and Accounts include sustainability-related information which complies with the minimum requirements set out in the Sustainability Reporting Guidance</p> <ul style="list-style-type: none"> <li>• Your Annual Reports and Accounts meet the minimum requirements for climate-related information, complying with the Task Force on Climate-related Financial Disclosures (TCFD) - aligned application guidance. This includes: <ul style="list-style-type: none"> <li>○ a TCFD Compliance Statement</li> <li>○ Recommended disclosures for the Governance pillar</li> </ul> </li> <li>• Greenhouse gas emissions information - aligning with the minimum requirements set out in the Sustainability Reporting Guidance</li> </ul> <p>b) Further official statistics and public data on performance, public spending, government major projects and workforce that the government uses to monitor performance are</p>	<p>e) Sustainability reporting information highlights both good and bad performance, along with aims and plans to improve areas where targets are not being met</p>	<p>f) Transparency data is published by your department, including for all spending over £25,000, monthly payment card data over £500, information on contracts over £10,000 and gender pay gap information</p>

routinely released into the public domain when they become available

- c) Your department follows GovS 002, Project Delivery and publishes data on the progress of projects currently in the Government Major Projects Portfolio (GMPP), which is updated annually
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## 3.6 Theme 6: Enablers

### Practice area 6.1 Management information, analytics and reporting

#### Accurate, appropriate and timely reporting

<b>Good</b> Criteria denoting good performance	<b>Better</b> Criteria denoting better performance	<b>Best</b> Criteria denoting best performance
<p>a) To support effective decision making, the organisation produces finance dashboards or reports for your boards which are fed by data from your financial system</p> <p>b) Your organisation ensures it reports the key metrics to your board; these include:</p> <ul style="list-style-type: none"> <li>• resource review – current position of income and expenditure against the forecast position</li> <li>• forecast accuracy – how much the forecast varies over time</li> <li>• risks and opportunities – the risks and opportunities that exist outside of the forecast</li> <li>• committed spend – how much of the forecast is committed already, leaving the difference to budget as ability to flex to pressures or new expenditure areas</li> </ul>	<p>c) Management information is provided in an accurate, complete and timely manner to ensure those using the output of finance processes can undertake their roles effectively</p> <p>d) Reporting requirements shared by multiple customers on the same platform are delivered using the same report definition and are automatically generated on behalf of customers</p> <p>e) Appropriate data is retained in accordance with the organisation's data retention policy and The General Data Protection Regulation</p> <p>f) Subsidiary metrics fall outside the normal reporting cycle and may hold more relevance to certain departments than others for ensuring effective financial management. These are therefore included in the board pack where appropriate and include:</p> <ul style="list-style-type: none"> <li>• balance sheet</li> <li>• operational efficiency</li> <li>• ERP vs OSCAR alignment</li> </ul> <p>g) The organisation has embedded within its own</p>	<p>h) System workflows and real-time dashboards are used to ensure processes and transactions are progressing</p> <p>i) Standard, consistent reports are available directly from the management information system to support internal and external activity and reporting</p> <p>j) Appropriate self-service tools are available to provide finance business partners and budget holders with spend analytics and advanced reporting, including insight</p> <p>k) The six key lenses identified are used to enhance the organisation's finance board pack. These are:</p> <ul style="list-style-type: none"> <li>• targeting – board packs are developed to meet users' needs and to guide and influence decision making</li> <li>• positioning – board packs provide context by aligning spend with planning and performance, and quantifying risks and opportunities</li> </ul>

systems, or maintains a mapping to, the Budgeting Data Model which is built into the OSCAR system.

- consistency – board packs retain the same relevance, style and contents across time and are consistent with other organisational and cross government reports
- standardising – board packs provide clear definitions of key terms underpinned by trustworthy data
- visualising – board packs are easy to navigate and provide engaging visual presentation, enhancing accessibility for all users
- narrating – board packs provide clear, simple narrative with actionable insight

## Practice area 6.2 Centres of excellence and People and Capability

### Cross government centres of excellence

<b>Good</b> Criteria denoting good performance	<b>Better</b> Criteria denoting better performance	<b>Best</b> Criteria denoting best performance
<p>a) Grants are managed in accordance with GovS 015, Grants</p> <p>b) For major project finance matters, including all complex and high risk projects and their financing and assurance, the Infrastructure and Projects Authority is engaged in accordance with GovS 002, Project Delivery</p> <p>c) Debt is considered in accordance with GovS 014, Debt.</p> <p>d) Government banking and managing cash follows GovS 014, Debt</p>	<p>e) Grants are not confused with contracts</p> <p>f) For major corporate finance matters, including all major UK government financial interventions into corporate structures and on major UK government corporate finance negotiations, the UK Government Investments centre of excellence in corporate finance and corporate governance are engaged</p> <p>g) Independent analysts are consulted on the methodology used in financial analysis, where appropriate</p> <p>h) Uncertainty in modelling and financial analysis is communicated, with a range of plausible outcomes presented</p>	<p>i) The organisation runs their cash management processes to provide good value for the Exchequer as a whole</p> <p>j) Any use of non-standard techniques is kept within defined bounds and controlled effectively</p> <p>k) Financial analysis and modelling, where appropriate, follows: <ul style="list-style-type: none"> <li>Govs 010: Analysis, which provides an overview of analytical principles.</li> </ul> <p>Specifically:</p> <ul style="list-style-type: none"> <li>The Aqua Book, which covers in greater depth issues such as quality assurance, risk and uncertainty</li> <li>The Green Book, which covers appraisal and evaluation</li> </ul> </p>
		<p>l) Your organisation adopts and implements the Career Framework.</p>



## A. References

ID	Description
<b>Government references</b>	
1	Cabinet Office, <b>Government functional standards and associated guidance</b> (Collection) Note: this collection includes the common glossary for functional standards and guidance on conducting continuous improvement assessments
2	HM Government, <i>GovS006: Finance</i> , Version 3.1 (2024)

## B. Glossary

Term	Definition
accounting officer	A person appointed by HM Treasury or designated by a department to be accountable for the operations of an organisation and the preparation of its accounts. The appointee is the head of a department or other organisation or the chief executive of a non-departmental public body or other arm's length body. Source: Managing Public Money.
accounts direction	A direction issued setting out the accounts which a body should prepare, and the form and content of those accounts. Source: Managing Public Money.
ambit	A description of the services or purposes to which expenditure and income is to be put in respect of each of the relevant control limits (voted DEL, voted AME, voted non-budget). Source: Supply Estimates: a guidance manual.
annually managed expenditure (AME)	Spending included in Total Managed Expenditure, which does not fall within DEL. Expenditure in AME is generally less predictable and controllable than expenditure in DEL. Source: Managing Public Money.
arm's length body	Central government bodies that carry out discrete functions on behalf of departments, but which are controlled or owned by them. They include executive agencies, non-departmental public bodies and government-owned companies. Source: Managing Public Money.
assurance	A general term for the confidence that can be derived from objective information over the successful conduct of activities, the efficient and effective design and operation of internal control, compliance with internal and external requirements, and the production of insightful and credible information to support decision making. Confidence diminishes when there are uncertainties around the integrity of information or of underlying processes. Source: The Orange Book.
Barnett formula	The Barnett formula is a mechanism used by HM Treasury in the United Kingdom to automatically adjust the amounts of public expenditure allocated to Northern Ireland, Scotland and Wales to reflect changes in spending levels allocated to public services in England, England and Wales or Great Britain, as appropriate.

Term	Definition
capital spending/ investment	Spending on the purchase of assets (including buildings, equipment and land), above a certain threshold (set by the body concerned), which are expected to be used for a period of at least one year. Items valued below it are not counted as capital assets, even where they have a productive life of more than one year. Source: Managing Public Money.
committee of Public Accounts	A committee of the House of Commons which examines the accounting for, and the regularity and propriety of, government expenditure. It also examines the economy, efficiency and effectiveness, and feasibility of expenditure. Commonly known as the Public Accounts Committee. Source: Managing Public Money.
comptroller and auditor general (C&AG)	The chief executive of the National Audit Office, appointed by the Crown, and an Officer of the House of Commons. As Comptroller, the C&AG's duties are to authorise the issue by HM Treasury of public funds from the Consolidated Fund and the National Loans Fund to government departments and others: As Auditor General, the C&AG certifies the accounts of all government departments and some other public bodies, and carries out value for money examinations. Source: Managing Public Money.
Consolidated Fund, CF	The Consolidated Fund, operated by HM Treasury, is central government's current account into which most revenue from taxation, fines and penalties and certain departmental income is paid. Payments made out of this account are in respect of general government expenditure, which includes funding for departments' budgetary Supply Estimates approved by Parliament and settlement of specific liabilities that legislation charges directly on the Consolidated Fund.
Dear Accounting Officer (DAO) letters	'Dear Accounting Officer' (DAO) letters are used to provide specific advice on issues of accountability, regularity and propriety and annual accounting exercises. They supplement guidance published in Managing Public Money.
defined (way of working)	In the context of standards, 'defined' denotes a documented way of working which people are expected to use. This can apply to any aspect of a governance or management framework, for example processes, codes of practice, methods, templates, tools and guides.
delegated authority and delegation letter	<p>A standing authorisation by HM Treasury under which a body may commit resources or incur expenditure from money voted by Parliament without specific prior approval from HM Treasury.</p> <p>Delegated authorities may also authorise commitments to spend (including the acceptance of contingent liabilities) and to deal with special transactions (such as write-offs) without prior approval. Source: Managing Public Money.</p>

Term	Definition
departmental expenditure limit (DEL)	DEL limits are set in the spending review. Departments may not exceed the limits that they have been set. Source: Consolidated Budgeting Guidance.
depreciation	A measure of the wearing out, consumption or other reduction in the useful life of a fixed asset whether arising from use, passage of time or obsolescence through technological or market changes. Source: Managing Public Money.
established (way of working)	In the context of standards, 'established' denotes a way of working that is implemented and used throughout the organisation. This can apply to any aspect of a governance or management framework, for example processes, codes of practice, methods, templates, tools and guides.
estimates memorandum	An explanation of how provision sought in the estimate is intended to be used and the relationship with other spending controls. Primarily provided for the departmental select committee but made freely available online. Source: Managing Public Money.
excess vote	The means by which excess expenditure, or otherwise unauthorised expenditure, of cash, capital or resources, is regularised through an additional vote by Parliament. Source: Managing Public Money.
feasibility	The principle that proposals with public expenditure implications should be implemented accurately, sustainably and to the intended timetable. Source: Managing Public Money.
financial privilege	The House of Commons has financial primacy in Parliament. Only the Commons may decide on public taxes and public spending, and it may overrule any House of Lords proposal with cost implications.
fiscal targets	Targets for economic performance and public finance management.
governance	Governance defines relationships and the distribution of rights and responsibilities among those who work with and in the organisation. It determines the rules and procedures through which the organisational objectives are set, and provides the means of attaining those objectives and monitoring performance. Importantly, it defines where accountability lies throughout the organisation.
governance and management framework	A governance and management framework sets out the authority limits, decision-making roles and rules, degrees of autonomy, assurance needs, reporting structure, accountabilities and roles, together with the appropriate management practices and associated documentation needed to meet this standard.

Term	Definition
governance statement	A key feature of the organisation's annual report and accounts, which manifests how the accounting officer has carried out their responsibilities to manage and control the resources used in his or her organisation. Source: Managing Public Money.
grants-in-aid	Regular payments by departments to outside bodies to finance their operating expenditure. Source: Managing Public Money.
impairment	<p>Where the carrying amount of an asset exceeds its recoverable amount departments should recognise an impairment loss.</p> <p>Departments need to establish whether any of the impairment loss is as a result of either:</p> <ul style="list-style-type: none"> <li>• consumption of economic benefit or reduction in service potential</li> <li>• a change in market price</li> </ul> <p>Examples of impairments resulting from a consumption of economic benefit or service potential include losses as a result of loss or damage, abandonment of projects, gold plating and use of the asset for a lower specification purpose. Source: Financial Reporting Manual.</p>
national accounts	Accounts produced by the Office for National Statistics in accordance with the European System of Accounts 1995, which promotes standardisation in the way in which public sector income and expenditure is measured. Source: Managing Public Money.
organisation	An organisation, in the context of government functional standards, is the generic term used to describe a government department, arm's length body, or any other entity that is identified as being within scope of a functional standard.
OSCAR	<p>Online System for Central Accounting and Reporting (OSCAR) supplies information for a wide range of users and uses:</p> <ul style="list-style-type: none"> <li>• HM Treasury's planning and control of public spending</li> <li>• HM Treasury's monitoring and forecasting of spending against the fiscal framework</li> <li>• HM Treasury publications, such as Public Expenditure Statistical Analyses</li> <li>• operational publications, such as Main and Supplementary Estimates</li> <li>• departmental publications, such as the common core tables in departmental reports</li> <li>• ONS publications based on the National Accounts, including Public Sector Finances which contains information for the fiscal aggregates</li> <li>• the input side of ONS's measures of public sector productivity</li> </ul> <p>Source: Consolidated Budgeting Guidance</p>

Term	Definition
plan	A plan ensures that desired outputs and outcomes are likely to be delivered within defined constraints, to meet an agreed strategy.
propriety	The principles that patterns of resource consumption should meet high standards of public conduct, and robust governance, and re-spect Parliament’s intentions, conventions and control procedures, including any laid down by the Public Accounts Committee. Source: Managing Public Money.
regularity	Compliant with the relevant legislation and wider legal principles such as subsidy control and procurement law, delegated authorities and following the guidance in Managing Public Money. Source: Managing Public Money.
resource	Current expenditure such as pay or procurement and including depreciation, which is the current cost associated with the ownership of asset. Source: Consolidated Budgeting Guidance.
risk	<p>The effect of uncertainty on objectives. Risk is usually expressed in terms of causes, potential events, and their consequences:</p> <ul style="list-style-type: none"> <li>• a cause is an element which alone or in combination has the potential to give rise to risk</li> <li>• an event is an occurrence or change of a set of circumstances and can be something that is expected which does not happen or</li> <li>• something that is not expected which does happen. Events can have multiple causes and consequences and can affect multiple objectives</li> <li>• the consequences should the event happen – consequences are the outcome of an event affecting objectives, which can be certain or uncertain, can have positive or negative direct or indirect effects on objectives, can be expressed qualitatively or quantitatively, and can escalate through cascading and cumulative effects</li> </ul> <p>Source: The Orange Book.</p>
spending teams	HM Treasury spending teams are the first point of contact for departments and are best placed to compare estimates with agreed priorities and spending limits. Spending teams are responsible for checking their departments’ supply estimates in detail in accordance with the set timetable. Source: Estimates Manual.
statement of excesses	A formal statement detailing departments’ overspends and irregular spending as identified by the Comptroller and Auditor General as a result of undertaking annual audits. Source: Estimates Manual.

Term	Definition
strategy	A strategy sets objectives and desired delivery outputs and outcomes, to inform future decisions and choices about how objectives are delivered.
supply estimates	Estimates are the mechanism by which Parliament authorises departmental spending. Estimates require Parliament to vote limits for resource DEL, resource AME, capital DEL and capital AME, as well as any voted spending outside of budgets and the department's net cash requirement. These voted limits may differ from the figures in departmental budgets and estimates, as elements of the department's budgets may fall within non-voted spending. Source Consolidated Budgeting Guidance.
value for money	The process under which organisation's procurements, projects and processes are systematically evaluated and assessed to provide confidence about suitability, effectiveness, prudence, quality, value and avoidance of error and other waste, judged for the Exchequer as a whole. Source: Managing Public Money.
whole of government accounts	Consolidates all central and local government organisations' accounts and comparisons of outturn with budgets. Source: Managing Public Money.

