

Audit and Risk Assurance Committee (ARAC) Government Functional Standards

**Audit and Risk Assurance Committee (ARAC)**

**Date:** 8 June 2023 **Paper reference:** AUD 26/23 **Agenda item:** 14

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# Government Functional Standards (GFS)

## Purpose of paper

1. To provide assurance to ARAC on the HTA’s compliance with the GFS, on a proportionate basis.

## Action required

1. ARAC is asked to note the summary report at Annex A, which sets out each functional standard and the HTA’s level of compliance.

## Decision making to date

1. On 11 August 2022, a paper was submitted to SMT that outlined the full list of the GFS along with an initial assessment of the relevant actions for the HTA to undertake.
2. SMT noted the summary assessment and agreed the proposed actions and actions holders.
3. On 6 October 2022, a paper was presented to ARAC to bring awareness to the GFS and to highlight the work the HTA was undertaking to ensure that the guidance and governance processes aligned with the relevant functional standards for 2022/23.
4. At that meeting ARAC noted the paper and agreed to the proportional approach as set out in the paper recommendations.

## Background

1. The GFS exist to create and promote consistent and coherent ways of working across government, and provides a stable basis for assurance, risk management and capability improvement.
2. Standards have been issued and updated since 2021 and are mandated for use across Government and Arms Length Bodies (ALBs). All bodies are expected to have ensured guidance and governance processes align with the relevant functional standard during 2022/23 and, where relevant, undertaken an assessment against the continuous improvement framework.
3. All central government departments and their ALBs should have a plan in place to comply with each relevant functional standard in a proportionate way that meets its business plans and priorities.
4. Use of the standards should be embedded into each organisation’s business plans for 2022/23 onwards.

# Assessments

1. There are currently 14 published functional standards, and these were initially assessed for relevance to the HTA.
2. Of the 14 standards, 3 (Human Resources – exemption provided by the Department of Health and Social Care (DHSC), Property and Grants) are known not to be applicable to the HTA. A further 2 were felt to have limited or very limited relevance to the HTA, which left 9 standards that the HTA reviewed existing policies and approaches for levels of compliance.
3. The self-assessment process requires consideration of an organisation’s compliance with levels of maturity against each standard, these are:

**Good** – meets all mandatory elements and key advisory elements **Better** – building on the above, the majority of advisory elements are met **Best** – meets all the mandatory and advisory elements of the standard

1. An organisation not meeting all mandatory elements would be assessed as “Developing”. Each organisation sets its own level of ambition to be good, better or best, based on the relevance of the standard of the business need.
2. Mandatory elements in functional standards reflect consensus about what is essential, including existing requirements about spending or regularity.
3. Assessments are there to ensure that the function’s interests are reflected in, and aligned to, the organisation’s strategies, plans and documentations.
4. Whilst the whole of the standard needs to be complied with, those recommendations or advisory elements which are not applicable maybe be discounted, where appropriate and justified.
5. This was the first year the HTA assessed its compliance with the GFS. The assessments were carried out in Q4 by the appropriately identified Functional Leads (FL).
6. Assessments were tailored to the size and complexity of the HTA’s functional work and was proportionate to the level of prevailing risk.
7. Compliance was assessed proportionately based on the relevance of the standard to the HTA’s business needs.
8. The assessment findings confirmed our expectations that complete compliance with each functional standard cannot be achieved at this stage or as an ambition based on the proportionate approach.
9. There is an acceptance and assumption of a certain level of risk in not being fully compliant. Where we can, we will provide evidence to support this position.
10. The detailed assessment spreadsheet can be found at Annex B to this paper.

## Next steps

1. An Internal Audit on the GFS is planned for 2024/25. The Performance and Corporate Governance team will work with FLs to collate the evidence in preparation for the audit.
2. These standards will also need to be considered in the Annual Governance Statement within the Annual Report and Accounts, which is signed by the Accounting Officer on the approval of ARAC.
3. A rolling annual review of the GFS is planned to start Q3 2023/24 and will form part of the HTA’s ongoing compliance and assurance monitoring going forward.

**Annex A. Summary report**

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| **Standard** | **Standard summary** | **Applicable to the HTA** | **Current Maturity****Level** | **Current assessment** | **Ambitions** | **Position Status** |
| GovS 001:Government Functions | Sets out the role of the Accounting Officer in ensuring functional standards are embedded in Governance and management of functions | Yes | Developing | Additional work needs to be developed in the areas of a governance and management framework, driving continuous improvement for each relevant functional standard and continuous improvement assessments. | Partially Met | Partially Met |
|  |  |  |  | This will form part of the HTA’songoing compliance and assurance monitoring going forward. |  |  |

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| **Standard** | **Standard summary** | **Applicable to the HTA** | **Current Maturity Level** | **Current assessment** | **Ambitions** | **Position Status** |
| GovS 002:Project Delivery | Sets expectations for the direction and management of portfolios, programmes, and projects | Yes - limited | Developing | We are complying with much of the requirements but are not fully compliant because we are implementing elements of the standard in a proportionate way relevant to the size and scale and the complexity of the HTA’s work. | Partially Met | Partially Met. |
| GovS 003:Human Resources | Leadership and management of human resources across government | No | N/A | N/A | N/A | N/A |

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| **Standard** | **Standard summary** | **Applicable to the HTA** | **Current Maturity Level** | **Current assessment** | **Ambitions** | **Position Status** |
| GovS 004:Property | Sets expectations for the management of government property | No | N/A | N/A | N/A | N/A |
| GovS 005:Digital, Data and Technology | Sets out how all digital, data and technology work and activities should be conducted across government. | Yes | Developing | Formalised structure and arrangements for the standards are supported by the appropriate resources.Most standards have been included within the business plan and where they have not, there is a dependency with the IT Shared Services project. | Partially Met | Partially Met. |
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| **Standard** | **Standard summary** | **Applicable to the HTA** | **Current Maturity Level** | **Current assessment** | **Ambitions** | **Position Status** |
| GovS 006:Finance | Sets the expectations for the effective management and use of public funds | Yes | Developing | We follow Managing Public Money therefore we have in place a Framework Agreement betweenDHSC and the HTA. | Partially Met | Partially Met |
| GovS 007:Security | Set expectations for protecting government’s assets (people, property, and information), visitors to government propertyand citizen data | Yes |  | Assessment pending |  |  |
| GovS 008:Commercial and Continuous Improvement Assessment Framework | Purpose is to set expectations and drive consistency in the planning and management of buying goods, works and services | Yes | Developing | The HTA does not procure and does not have the expertise. A feed into the DHSCcommercial team enables us to partially meet thisstandard. | Partially Met | Partially Met. |

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| GovS 009:Internal Audit | Expectations for internal audit activity to enhance the effectiveness and efficiency of governance, risk management and control in government organisations | Yes | Developing | The majority of each standard has been met.Where it has not been met, an action plan is in place to meet the requirements of the functionalstandard. | Partially Met | Partially Met |
| GovS 010:Analysis | Set expectations for the planning and undertaking of analysis to support well informed decision making to deliver better outcomes | Very limited | N/A | No assessment has been completed as the HTA does not undertake planning andanalysis | N/A | N/A |

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| **Standard** | **Standard summary** | **Applicable to the HTA** | **Current Maturity Level** | **Current assessment** | **Ambitions** | **Position Status** |
|  |  |  |  | activities as outlined in the standard. |  |  |
| GovS 011:Communication | Set expectations for the management and practice of government communication in order to deliver responsive and informative public service communication that supports the effective delivery of HM Government policy and priorities and assists with the effective operation of public services. | Yes | Better | This assessment builds on the mandatory elements in the standard and the majority of the advisory elements.The elements within the standard are appropriate tothe approach. | Partially Met | Partially Met |
| GovS 013:Counter Fraud | Expectations for the management of counter fraud, bribery, and corruption activity in governmentorganisations | Yes | Better | Standard has been partially met in an appropriateway that is | Partially Met | Partially Met |

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| **Standard** | **Standard summary** | **Applicable to the HTA** | **Current Maturity Level** | **Current assessment** | **Ambitions** | **Position Status** |
|  |  |  |  | proportionate to the HTA. Areas of improvement have been identified. |  |  |
| GovS 014: Debt | Sets expectations for themanagement of debt owed to government departments and their arm’s lengthbodies | Yes | Good | Meets some of the standard.Areas of improvement have beenidentified. | Partially Met | Partially Met |
| GovS 015:Grants | Sets expectations for the management of grant schemes and award | No | N/A | N/A | N/A | N/A |

HTA Government Functional Standards

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| **Government Functional Standard (GovS)** | **GovS Summary** | **Functional Lead (SMT Lead)** | **Support** | **Applicable to the HTA** | **Action** | **Timeline for action** | **Note** |
| GovS 001: Government Functions | sets expectations for the direction and management of functions across government, including management of functional standards - Sets out the role of the Accounting Officer in ensuring functional standards are embedded in Governance and management of functions | Chief Executive Officer (CS) | Deputy Dir. Performance & Corporate Governance (JM) | Yes | HTA Accounting Officer and Executive to read and note | Q4 22/23 | Reference for application of all Functional Standards |
| GovS 002: Project Delivery | the approved reference for all government departments and arm’s length bodies, and is designed to be applicable to all types of government projects, programmes and portfolios - Sets expectations for the direction and management of portfolios, programmes, and projects | Chief Executive Officer (CS) | Deputy Dir. Performance & Corporate Governance (JM) | Yes - limited | DD Performance and CS to review | Q4 22/23 | Focus is on "Major" programmes and projects, but we should ensure HTA documentation reflects responsibilities and terminology on next review. |
| GovS 003: Human Resources | set expectations for the leadership and management of human resources across-government, ensuring people are recruited, developed and deployed to meet the government’s needs | N/A | N/A | N/A | Good practice for Head of HR to be aware. |  | DHSC HR advised this was not proportionate for organisations such as HTA. |
| Govs 004: Property | sets expectations for the management of all government property, and is mandatory for central government organisations with property responsibilities. Other public sector organisations might find it useful for assessing themselves against the same framework | N/A | N/A | N/A |  |  | HTA do not own or manage Government property or property leases directly. Will take lead from DHSC Estates |
| GovS 005: Digital, Data and Technology | forms part of a suite of operational standards that set expectations for management within government. The standard includes both mandatory and advisory elements - Sets out how all digital, data and technology work and activities should be conducted across government. | Dir. Data, Technology and Development (LD) | ? | Yes | Director DDAT to consider requirements in line with any future changes to service delivery model. | Q4 22/23 | This standard is to be considered alongside Government’ DDAT Framework and should be considered as reference material for HTA's DDAT approach. |
| GovS 006: Finance | set expectations for the effective management and use of public funds | Dir. of Resources (RS) | Head of Finance and Governance (MA) | Yes | Director Finance & Resources to ensure key points are referenced on next refresh of Finance and associated policies | Q4 22/23 | Applies to ALBs in the same way as HMT Managing Public Money and makes reference to agreed Framework agreements between sponsor and ALB. |
| GovS 007: Security | part of a suite of functional standards designed to promote consistent and coherent working within government organisations and across organisational boundaries - Set expectations for protecting government’s assets (people, property, and information), visitors to government property and citizen data | N/A | N/A | Yes | Physical security is provided by FM management at 2 Redman Place, more pertinent is the need to keep Citizen Data secure |  | Physical security is provided by FM management at 2 Redman Place, more pertinent is the need to keep Citizen Data secure |
| GovS 008: Commercial and Commercial Continuous Improvement Assessment Framework | designed to help drive continuous improvement in commercial practices across the public sector - Purpose is to set expectations and drive consistency in the planning and management of buying goods, works and services | Dir. of Resources (RS) | Head of Finance and Governance (MA) | Yes | Director Finance & Resources to review and ensure HTA commercial and contract guidance is updated and refers to this suite of guidancewhere required | Q4 22/23 | Primarily focussed on larger procurement and contract activity than the HTA undertakes, but no explicit exceptions for scale in the standard. |

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| **Government Functional Standard (GovS)** | **GovS Summary** | **Functional Lead (SMT Lead)** | **Support** | **Applicable to the HTA** | **Action** | **Timeline for action** | **Note** |
| GovS 009: Internal Audit | sets the expectations for internal audit activity to enhance the effectiveness and efficiency of governance, risk management and control in government organisations. | Dir. of Resources (RS) | Head of Finance and Governance (MA) | Yes | Director of Finance & Resources to circulate pertinent sections to ARAC and wider organisation | Q4 22/23 | Although this has a particular focus on providers of IA services there is content for both Accounting Officers. Audit Committees and Audit actionowners to note. |
| GovS 010: Analysis | set expectations for the planning and undertaking of analysis to support well-informed decision making - Set expectations for the planning and undertaking of analysis to support well informed decision making to deliver better outcomes |  |  | Yes - limited | To note |  | Although no specific exclusions not assessed as having particular relevance to HTA as we are not a routine provider of analysis or statistics to Government or thepublic. |
| GovS 011: Communication | part of a suite of functional standards designed to promote consistent and coherent working within government organisations and across organisational boundaries - To set expectations for the management and practice of government communication - Communication, in the context of this functional standard, includes announcements, media management, coordinated communication activities (including social media, branded campaigns, external affairs and stakeholder management) aimed to support the organisation’s policy and priority objectives. This includes external and internal audiences. | Dir. Data, Technology and Development (LD) | Head of Communications (JS) | Yes | Head of Communications to review and where necessary consult with Departmental colleagues on expectations of alignment in practice | Q4 22/23 | No explicit exemptions for small organisations. |
| GovS 013: Counter Fraud | sets the expectations for the management of fraud, bribery and corruption risk in government organisations. | Dir. of Resources (RS) | Head of Finance and Governance (MA) | Yes | Head of Finance to ensure appropriate reference to Functional Standard on next refresh of Anti-Fraud policies | Q4 22/23 | Establishes requirement in line with extant Cabinet Office guidance and expectations. |
| GovS 014: Debt | sets the expectations for the management of debt owed to government departments and their ALBs | Dir. of Resources (RS) | Head of Finance and Governance (MA) | Yes | Director Finance & Resources to review existing approach and prepare paper for ARAC on compliance and proposals relating to this standard |  | Focussed primarily on taxes, fines, and overpayments there are no exemptions. Guidance on establishing Debt strategy, Board member and a Senior Officer accountable for debt in an organisation |
| GovS 015: Grants | sets expectations for the management of grant schemes and award | N/A | N/A | N/A |  |  | HTA does not award Grants |