

# 1 Audit and Risk Committee – for assurance

Meeting agenda title: Government Functional Standards

Meeting date: 19 June 2023

Time required: 10 minutes

Presenter: Louise Byers

Approved by: Louise Byers

## 1. Objective and recommendation

- 1.1. This report gives the Committee assurance on our achievement of compliance with the Government Functional Standards (GFS). The Committee is recommended to note the report.

## 2. History and dependencies

- 2.1. A report was previously submitted to Audit and Risk Committee in January 2022 informing the Committee of the purpose of the GFS and our aims for compliance with them.

## 3. Developing a common understanding

- 3.1. The GFS exist to create a coherent, effective and mutually understood way of doing business within government organisations and across organisational boundaries, and to provide a stable basis for assurance, risk management and capability improvement. They support value for money for the taxpayer, and continuity of implementation. These standards are mandated for use across central government, and may also be adopted by other public sector organisations. There are 14 GFS, which are available at [this link](#).
- 3.2. In 2021/22, Treasury stated that all government departments and their arms-length bodies should ensure that they have achieved each of the GFS by the end of March 2023. Compliance with the GFS is one of four levels: developing, good, better, or best. The requirement from Treasury is to achieve good in each applicable standard.
- 3.3. One challenge with assessing our compliance with the functional standards has been that Treasury has only issued formal assessment tools for three of the standards. However, we were able to use these to develop our own assessment tools which

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followed the principles of the official assessment tools. The assessment was as follows:

- All matters that the standards referred to as "must": Good
- All matters that the standards referred to as "should": Better
- All matters that the standards referred to as "could": Best

3.4. In order to achieve any of the assessment levels above developing, the requirement was to achieve all parts of the GFS assessed at that level. So to achieve "Good", it was necessary to achieve all of the parts which the GFS referred to as "must". If we achieved all of the "must" criteria, all but one of the "should" criteria, and all of the "could" criteria, this would still give a rating of "Good" in this GFS. This broadly aligns to the approach in the official assessment tools. This is a risk averse approach, which aligns to our risk appetite in the area of compliance.

3.5. The exception to the above is Gov 008: Commercial. This was one of the GFS where an official assessment tool was issued, and this assessment tool did not necessarily require achievement of all parts of one level to achieve the next level.

## 4. Matters to consider to achieve objective

4.1. The table below sets out our performance for each of the GFS, along with our target level.

<b>GFS</b>	<b>Owner</b>	<b>Current level</b>	<b>Target level</b>
GovS001: Government Functions	Louise Byers	Good	Good
GovS002: Project Delivery	Emma Deen	Good	Good
GovS003: Human Resources	Sarah Lal	Good	Good
GovS004: Property	Angela Donaldson	Good	Good
GovS005: Digital, Data and Technology	Mike Fitzgerald	Good	Good
GovS006: Finance	Angela Donaldson	Good	Good
GovS007: Security	Mike Fitzgerald	Good	Good
GovS008: Commercial	Angela Donaldson	Better	Best
GovS009: Internal Audit	Louise Byers	Good	Good

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<b>GFS</b>	<b>Owner</b>	<b>Current level</b>	<b>Target level</b>
GovS010: Analysis	Tom Reynolds	Good	Good
GovS011: Communications	Ange Balakrishnan	Good	Good
GovS013: Counter Fraud	Louise Byers	Good	Good
GovS014: Debt	Angela Donaldson	Good	Good
GovS015: Grants	N/A	N/A	N/A

- 4.2. We have assessed the Grants GFS as not applicable as we do not currently have any grants schemes which are actively making awards.
- 4.3. We can provide further information on our assessments for any of the GFS as requested by the Committee. In the main, our compliance with the GFS is through our various strategies, policies and procedures, many of which have been updated to ensure that they align to the requirements of the GFS. Our compliance is also supported through our directorate business plans or target operating models, our corporate and directorate risk registers, and reporting into our various internal committees and groups. The timing of the implementation of the Workday Enterprise Resource Planning (ERP) system has also been helpful in this work, as we have been able to ensure that how we set up Workday aligns to the GFS where relevant. In addition, many of the functional standards align to areas that are regularly audited (e.g. finance, cyber security, human resources) and the assurance from these audits supports our compliance.
- 4.4. We have also factored the review of the GFS into lines of defence for our overall compliance arrangements. Our alignment to the GFS has given us additional assurance that we are achieving our statutory obligations. Further information of this is set out in the report on our compliance arrangements elsewhere on the agenda.
- 4.5. The report on counter-fraud elsewhere in the agenda gives specific information of that GFS, how we have aligned to it, and what further work we have planned in this area. This is fairly indicative of the alignment to other standards, in terms of how we have assessed compliance, the documents and activities which support this compliance, and our future work for further development in this area.

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- 4.6. As the table above demonstrates, we have achieved "Good" in each GFS, and "Better" in GovS008: Commercial (where there is an official assessment tool). Had we applied the same principles in the assessment tool for that GFS to all of the other GFS, we may have been able to achieve "Better" in some other GFS, particularly GovS005: Digital, Data and Technology. However, it is difficult to accurately assess this, as the assessment tool for GovS008: Commercial is extremely complex.
- 4.7. At this point, we are only specifically aiming to achieve a target level higher than "Good" in GovS008: Commercial. This standard covers procurement activity, and given the internal audit findings and continued development of our procurement team, we think it is appropriate to aim for "Best" in this area. We hope to achieve this by the end of 2024/25. To achieve this, we need to achieve 90% of all of the requirements of this GFS. At present, we have achieved 82% of the requirements. The areas requiring most work to achieve "Best" are in further development of our procurement strategy, framework and pipeline, as well development of market strategies and supplier relationship building.
- 4.8. To ensure we take a proportionate approach to compliance, we have set ourselves the target of 'good' in all other areas. However, the GFS have been used by each of the relevant Directorates as a blueprint for continuous improvement of their services. This blueprint has then been factored into development of current business plans, which span from 2023/24 to 2025/26. We will review our assessment against each GFS during January to March each year, and at that point will consider whether we have achieved a higher level or should target achieving a higher level in future years. We will report the outcomes of this to Audit and Risk Committee each April.

## 5. Areas for challenge

- 5.1. Are the assessed levels of compliance with GFS in line with expectations? Is the approach to further developing our maturity and alignment to higher levels of GFS appropriate?

## 6. Communications considerations

- 6.1. There are no communication considerations for this report.

## 7. Next steps

- 7.1. The next steps for this work are:

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- Conduct our next annual assessment against the higher levels of GFS in early 2024.

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**Publication decision:** This report can be published internally and externally without redaction.

**Outcome reached:**