

QUALIFICATIONS WALES

Framework Document

Overview

This framework document has been drawn up by the Education and Public Services Group in consultation with the Qualifications Wales Shadow Board. It sets out the broad framework within which Qualifications Wales operates, and details the terms and conditions under which the Welsh Ministers provide grant-in-aid to Qualifications Wales to perform its statutory duties.

Action required

No further action required

Further information

Enquiries about this document should be directed to:

Bethan Cradock

Qualifications Wales Sponsor Unit

Welsh Government

Cathay Park

Cardiff Cf10 3NQ

Tel: 02920 823708

Email: QualificationsWalesSponsorshipUnit@wales.gsi.gov.uk

Additional copies

This document can be accessed from the Welsh Government's website at

<http://gov.wales/topics/educationandskills/qualificationsinwales/?lang=en>

Related documents

Qualifications Wales grant allocation letter 2015-16

Qualifications Wales Framework Document

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A comprehensive overview of public financial management arrangements in Wales is provided by '[Managing Welsh Public Money](#)'. This framework document shall be reviewed periodically by the Welsh Government and Qualifications Wales jointly, but at no less than five-yearly intervals. It is proposed that the first review should take place before the end of a two-year probationary period, as with all new Welsh Government Sponsored Bodies (WGSB).

The terms of this framework document were approved by the Minister for Communities and Tackling Poverty on behalf of the Minister for Education and Skills on 3 August 2015, and were agreed between:

Signature



Name

Jo-Anne Daniels

Title

Director, ICQLS Directorate, Education and Public Services Group

Date

6 August 2015

And



Signature

Name

Ann Evans

Title

Chair, Qualifications Wales

Date

6th August 2015

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1 INTRODUCTION

Qualifications Wales' legal powers and duties

1. In 2011, the Welsh Government commissioned the [Review of Qualifications for 14 to 19-year-olds in Wales](#) to examine issues affecting the qualification system in Wales. The Review concluded that Wales needed to take greater ownership of qualifications offered in Wales and to provide Welsh learners and employers with a qualification system that could be confidently and reliably designed to meet their needs. It recommended that Wales should have an independent qualifications authority, at arm's length from government.
2. The Qualifications Wales Act 2015 established Qualifications Wales as an independent regulator for Wales. The organisation's principal aims and its statutory functions are set out in the Qualifications Wales Act. The principal aims are:
 - to ensure that qualifications, and the Welsh qualification system, are effective for meeting the reasonable needs of learners in Wales; and
 - to promote public confidence in qualifications and in the Welsh qualification system.
3. The Act also sets out a series of key matters to which Qualifications Wales must have regard in addressing its principal aims and gives Qualifications Wales a range of functions in relation to the qualification system – including powers to regulate awarding bodies, to set approval criteria for qualifications, to restrict and commission qualifications where it chooses to do so and to approve and monitor qualifications delivered in Wales by recognised awarding bodies.
4. Welsh Ministers have responsibilities in relation to the curriculum (including pedagogy and assessment) for schools under the Education Act 2002 and other Acts provide them with further responsibilities for education and skills policy in Wales in relation to, for example, the structure and funding of the education and qualification system, including schools, further and higher education establishments, Qualifications Wales itself and work-based learning. As such, Welsh Ministers retain overall responsibility for qualifications policy in Wales. They are reliant, in this, on the advice and expertise provided by Qualifications Wales as the expert authority in Wales on qualifications.
5. The Welsh Ministers' rationale for creating Qualifications Wales was to strengthen and simplify the qualifications system in Wales. Qualifications Wales has operational and regulatory independence and will therefore take regulatory and policy decisions relating to its principal aims and in line with its statutory functions. So, for example, Qualifications Wales will make its own decisions on the setting of standard and specific criteria for (and conditions of) recognition and approval. These criteria and conditions may relate to the content of qualifications as well as to their assessment methods. Welsh Ministers have no responsibilities in relation to the majority of operational and regulatory decisions taken by Qualifications Wales (although exceptions to this are provided for in

the Act and are summarised below). Qualifications Wales is the authoritative expert on qualifications in Wales, functioning with operational and regulatory independence from Ministers.

6. The legislation enables Qualifications Wales to operate at arm's length from the Welsh Government, reporting to Welsh Government in respect of its financial performance, and to the National Assembly for Wales, annually, in respect of its statutory responsibilities.
7. However, given the interdependency of qualifications and the curriculum it will be essential that Welsh Government and Qualifications Wales work together to shape the national qualifications system for Wales. One of the ways in which this is articulated in the Qualifications Wales Act is through the requirement that both parties (Welsh Ministers and Qualifications Wales) jointly publish the Priority Qualifications List. This is the means by which Qualifications Wales determines which qualifications or qualifications types it will focus its approval process on at any given time¹. Qualifications Wales will need to work with the Welsh Ministers to prioritise qualifications for approval in terms of their significance for learners and employers². In this way, the Welsh Government would continue to have a role in determining, at a strategic level, qualifications priorities in Wales, while separating regulatory decision making from government.
8. In addition, because some qualifications will always need to be coherent with what is taught in schools (and determined through the curriculum), it will be essential for Welsh Government and Qualifications Wales to work closely on the timing of the introduction of changes to qualifications in response to changes in the curriculum. This will facilitate the development of qualifications that are more relevant and responsive to Wales' needs. Qualifications Wales will always need to be cognisant of the context of the Welsh Government's strategic aims and may be directed, under section 53 of the Act, to pay regard to Welsh Government policy.

Powers of the Welsh Ministers

9. In addition to the overall responsibilities described above, Welsh Ministers also have a number of specific duties and powers in relation to Qualifications Wales. The main four are:

i) A duty to jointly (with Qualifications Wales) prepare the Priority Qualifications List (section 13).

The list will signal the qualifications that Qualifications Wales will focus on for approval. There is therefore an opportunity for Ministers to ensure that Qualifications Wales' activity in relation to the approval of qualifications is

¹ It is intended that the Priority Qualifications List will comprise of qualifications in a variety of stages of development and approval.

² The protocol for the development of the Priority Qualifications List, and its composition, will be agreed between Welsh Government and Qualifications Wales.

aligned with activity to change, for example, the curriculum that is implemented in schools.

ii) A power to specify the minimum requirements of qualifications through regulations (section 21) (these are subject to the affirmative procedure).

This power is intended to enable Ministers to insist that certain aspects of knowledge, skills or understanding must be demonstrated for specific qualifications. This is a precautionary power, and it is not envisaged that this power will be used frequently. The regulations can only be made if Ministers are satisfied that they are necessary “in order to ensure that the curriculum pursued by persons taking a course leading to the qualification is appropriate for the reasonable needs of those persons”. Ministers must consult Qualifications Wales and other appropriate persons before making such regulations. Once regulations are made, Qualifications Wales may not approve qualifications of the specified type, if those qualifications do not meet the minimum requirements.

iii) A power to direct (section 53), through a published direction, Qualifications Wales to have regard to aspects of government policy (and to other such matters).

This is a broad power which may relate to any aspects of government policy (most likely to be, but not exclusively, in the area of education and skills). Qualifications Wales is not bound to implement government policy but it has a duty to have regard to it if directed to do so. Any action that Qualifications Wales takes which is in conflict with government policy to which it has been directed to have regard, it will have to be prepared to justify in the courts and/or to the National Assembly for Wales.

It is important to note, here, that Welsh Ministers have no powers in relation under section 53 in relation to regulatory decisions taken by Qualifications Wales.

iv) A power to exempt a publicly funded course leading to a qualification, for learners up to the age of 19, from the requirement to use a qualification that has been approved or designated by Qualifications Wales.

This allows Ministers discretion over whether to let ‘other’ qualifications be used on specific courses – either generally or upon request. It is a precautionary power.

Qualifications Wales has no decision-making role in the allocation of funding of courses.

In exercising these powers, Ministers will seek advice from Qualifications Wales before determining whether or not a publicly funded qualification should be exempt from approval or designation.

10. Other aspects of qualifications related policy that remain with Welsh Ministers include:

The ability to determine what courses to fund. Although courses for learners under the age of 19, leading to approved and designated qualifications, will be *eligible* for public funding, Ministers retain the discretion whether or not to fund such courses.

Qualifications Wales has no decision-making role in the allocation of funding for courses.

The ability to determine the use of qualifications to measure anything other than the performance of a learner.

The ability to collect and review statistics on the achievements of learners in Wales on qualifications.

Parties and relationships

Relationships between Qualifications Wales and the National Assembly for Wales

11. Qualifications Wales will report annually to the National Assembly for Wales by whom, on behalf of the people of Wales, it will be held to account for its operational and strategic activity, and the exercise of its regulatory functions.
12. In addition to participating in a debate on its annual report, Qualifications Wales may be called upon to provide expertise and advice to the National Assembly for Wales, or to one of its Committees or associated undertakings. Qualifications Wales is free to independently approach the National Assembly for Wales with its own advice in relation to its statutory functions.
13. The roles and responsibilities in the relationship between Qualifications Wales and the National Assembly for Wales are set out in Chapter 2 of this document.

Relationships between Qualifications Wales and Welsh Government

14. The parties involved in the relationships between Welsh Government and Qualifications Wales are:
 - The Minister for Education and Skills
 - The Chair and Board of Qualifications Wales
 - Officers of Qualifications Wales
 - Civil servants in the Welsh Government Education and Public Services Group.

15. Welsh Government officials will perform its sponsorship activity on behalf of the Minister for Education and Skills.
16. The relationship between the Welsh Government and Qualifications Wales should be based on trust and mutual respect, with a proportionate and agreed approach to financial risk.
17. The Welsh Government will ensure that sponsorship functions perform effectively and meet the expectations set out in the governing principles at Annex 2.
18. Qualifications Wales and the Welsh Government undertake to maintain a consistent, respectful and collegiate approach to dealing with each other in public and in private. All parties undertake to strive for effective communication, to be as open as possible, to share information and to manage contentious matters through collaborative dialogue.
19. Communication on both sides should be based on the 'no surprises' principle, in that it should be open, honest, constructive and consistent. Communication protocols should be agreed and should involve significant senior engagement to ensure good strategic direction, and to reflect commitment to the relationship. There should be a clear structure for formal communication (particularly in respect of data which is of mutual benefit), formal reporting (including of reportable events) and monitoring arrangements, and providing advice and information to both parties.
20. Clear roles and expectations for Welsh Ministers, Chairs, Boards, Accounting Officers, the Sponsor Unit and Auditors are set out in Chapter 2 of this framework document. There should be good knowledge of these amongst all parties.
21. The Qualifications Wales Sponsor Unit will be Qualifications Wales' principal access point to the Welsh Government, although communication may take place directly between other Welsh Government officials, Welsh Ministers and Qualifications Wales.
22. Direct communications between the Qualifications Wales Board and the Minister shall, in the normal course of business, be conducted through the Chair or CEO.
23. The sponsorship role should focus on accounting for the expenditure of public funding as described in Qualifications Wales' Grant Allocation Letter, and the management of relationships between Qualifications Wales and the Welsh Government. Expectations for the role of the Qualifications Wales Sponsor Unit are set out in Annex 2 of this framework document.
24. Qualifications Wales will act as a source of authoritative advice on qualifications policy for Welsh Government and Welsh Ministers.

25. Relationships and communication in relation to the roles and obligations concerning the financial probity of the organisation should be clearly understood. These are set out in Chapter 3 of this framework document.
26. Staff in Qualifications Wales will necessarily have open and collaborative working relationships with civil servants in the Welsh Government, in particular in relation to financial, curriculum, communications, Welsh language, skills, and fraud and malpractice matters; and with other Welsh Government groups
27. In certain areas, the Sponsor Unit will lead on the development of agreed practises (for example, quarterly meetings), protocols or sharing agreements that need to be set up to more formally in relation to particular matters or procedures, in order to provide clarity on how to proceed. Examples of these are:
 - A data sharing agreement;
 - A communications and advice protocol covering a variety of situations;
 - A protocol for the management of complaints and the suspicion of fraud or malpractice; and
 - Managing reportable events.

2 GOVERNANCE, RESPONSIBILITY AND ACCOUNTABILITY

The National Assembly for Wales

28. Each year after 31 August, Qualifications Wales will prepare a report of its activities to permit the National Assembly, stakeholders and the public to judge its success in meeting its principal aims. The precise format of the published annual report will be for Qualifications Wales to determine, although the following must be included in the report as a minimum, as set out in the Qualifications Wales Act 2015 at Schedule 1, paragraph 28:
- How Qualifications Wales has exercised its functions during the period (including by reference to its principal aims). This should include details of:
 - the conclusions of any assessment carried out by Qualifications Wales during the reporting period of the impact of the exercise of its functions on the Welsh qualification system, learners, employers and higher education institutions;
 - how Qualifications Wales has involved stakeholders in the exercise of its functions during the reporting period; and
 - any conclusions reached, during the reporting period, as a result of any research carried out by or on behalf of Qualifications Wales.
 - Qualifications Wales' proposed activities and priorities for the next reporting period.
29. The annual report may include any other information Qualifications Wales deems appropriate.
30. Qualifications Wales will separately publish its financial report each year to 31 March.
31. Qualifications Wales must lay a copy of the annual report before the National Assembly, and make it publicly available.
32. The National Assembly for Wales (or one of its Committees) will scrutinise and debate the annual report, and call the Chair and Chief Executive to provide substantiation of the contents of its report or further evidence. It may make recommendations to Qualifications Wales as a result of its scrutiny and debate.
33. The National Assembly for Wales' Public Accounts Committee may also call Qualifications Wales' senior staff to answer enquiries as to the organisation's conduct.

The Minister for Education and Skills

34. The Minister for Education and Skills exercises the functions of the Welsh Ministers in relation to education and skills in Wales. The Minister will meet at least once a year with the Chair of the Board to discuss and evaluate the financial performance of Qualifications Wales, its contribution to Wales and to Welsh Government's education and skills policy.
35. The Minister for Education and Skills will appoint Board Members and the first CEO, and will determine the terms and conditions of their appointment. The Minister will also assess the performance of the Chair of Qualifications Wales. In addition, the Minister will approve the terms and conditions of employment of staff of Qualifications Wales, as proposed by Qualifications Wales³.
36. The Minister for Education and Skills will agree and allocate funding to Qualifications Wales in accordance with the agreed grant allocation.
37. The Minister will jointly agree with Qualifications Wales its list of priority qualifications as required under the Qualifications Wales Act. It is envisaged that Qualifications Wales will initiate the development of the list and propose a list to the Minister who will review its proposals. However, the Minister may, from time to time, suggest revisions to the list of priority qualifications for joint consideration and agreement.

The Welsh Government's Principal Accounting Officer

38. The principal accounting officer (PAO) for the Welsh Ministers is the Permanent Secretary to the Welsh Government. He/she has responsibilities specified by HM Treasury and is accountable to the National Assembly for Wales (through the National Assembly's Public Accounts Committee) and to the UK Parliament (through the House of Commons Committee on Public Accounts) for:
 - the regularity and propriety of the Welsh Government's finances;
 - the keeping of proper accounts of the Welsh Ministers; and
 - the effective and efficient use of resources including the grant-in-aid voted to Qualifications Wales under the Welsh Government's Annual Budget Motion.
39. The PAO is also responsible for ensuring that the financial and other management controls applied across the Welsh Government are appropriate and sufficient to safeguard public funds. He/she is assisted in these duties by the Deputy Permanent Secretary for Education and Public Services whom he/she has designated as an Additional Accounting Officer (AAO), and to whom he/she has delegated responsibility for Qualifications Wales.

³ In practice, this function will mostly be performed by Sponsor Unit. See Schedule of Delegation at Annex 4.

The Welsh Government's Additional Accounting Officer

40. The sponsoring group for Qualifications Wales is the Education and Public Services Group.
41. The Deputy Permanent Secretary for Education and Public Services is the sponsor group's AAO. He or she is responsible to the Minister and the National Assembly for ensuring that financial and other management controls applied by the Qualifications Wales conform to the requirements of both propriety and good financial management. Accordingly, the AAO is responsible for ensuring that an adequate statement of the financial relationship between the Welsh Ministers and Qualifications Wales is in place and is reviewed regularly, and for the effectiveness of the Welsh Government's relationship with Qualifications Wales
42. The AAO is accountable to the National Assembly for the grant-in-aid awarded to Qualifications Wales and for advising the Minister on an appropriate budget for Qualifications Wales in the light of the sponsoring department's overall spending priorities.
43. The AAO is also responsible for ensuring that arrangements are in place to:
 - monitor Qualifications Wales' financial activities and financial position through regular meetings and returns;
 - address any identified significant financial problems within Qualifications Wales, making such interventions as are judged necessary;
 - periodically carry out an assessment of the risks both to the department and to the exercise of Qualifications Wales' statutory responsibilities;
 - inform Qualifications Wales of relevant government policy in a timely manner;
 - bring to the attention of Qualifications Wales' Board any concerns about the activities of Qualifications Wales that require explanation and assurances that remedial action will be taken; and
 - designate the Chief Executive of Qualifications Wales as its Accounting Officer.
44. The AAO may delegate responsibility for the day-to-day management of relations with Qualifications Wales to the Director of the Infrastructure, Curriculum, Qualifications and Learner Support (ICQLS) Directorate or another Director within the Group.

The Qualifications Wales Sponsor Unit

45. The Sponsor Unit for Qualifications Wales is located in the Curriculum Division of the Education and Public Services Group, and is the key contact for Welsh Government and Qualifications Wales in relation to Qualifications Wales' financial performance. The unit is the main source of advice to the Minister on the discharge of his responsibilities in respect of Qualifications Wales, which

includes the preparation and agreement of the Priority Qualifications List. The unit also supports the sponsoring group's AAO in the delivery of his responsibilities towards Qualifications Wales, and will lead the process to reach an agreement on grant-in-aid allocations each year

46. The Sponsor Unit officials will liaise regularly with Qualifications Wales' staff to review the organisation's financial performance against its budget. The Sponsor Unit will ensure that it is up-to-date with all relevant Welsh Government policy developments, and bring them to Qualifications Wales' attention where they might impact on its business.
47. The Sponsor Unit will also act as the main contact and/or source of advice for Qualifications Wales in relation to:
 - Any agreements between the two organisations in relation to Qualifications Wales' statutory duties, for example, data sharing agreements.
 - Any protocols established between the Welsh Ministers and Qualifications Wales
 - Any agreements established between Qualifications Wales and Welsh Government, whether or not with the Education and Public Services Group. (See paragraph 21 above.)
 - Ministerial clearances required by statute, for example Ministerial approval of charging schemes devised by Qualifications Wales.
48. Where any group of the Welsh Government would wish to commission Qualifications Wales to perform additional duties to those set out by the Qualifications Wales Act, the Sponsor Unit will perform the function of contract intermediary; ensuring that terms are agreed and set out in the Grant Allocation Letter.
49. The Sponsor Unit will be the main point of contact within Welsh Government for officials conducting a periodic programme of review of Welsh Government Sponsored Bodies.
50. The Sponsor Unit will be responsible for monitoring the propriety of Qualifications Wales' activities. It will do this by observing relevant Board meetings and relevant Audit and Risk Assurance Committee meetings, in order to provide the Minister for Education and Skills with appropriate advice, whilst recognising that there will be some items for discussion at which it may not be appropriate for Sponsor Unit officials to be present. Qualifications Wales may invite Sponsor Unit to these meetings, and will share the agendas for these meetings, in order to allow Sponsor Unit colleagues the opportunity to express an interest in observing a relevant meeting, where they have not been invited.
51. Where the Sponsor Unit has evidence causing concern as to the propriety of Qualifications Wales' financial conduct, it will provide that advice the Minister on an appropriate course of action. This may lead to:
 - Re-examination of the funding arrangements.

- A performance management meeting between the Chair of Qualifications Wales and the Minister for Education and Skills.
- The removal of the Chair and/or ordinary member(s) of the Board.

Qualifications Wales' Accounting Officer

52. As Accounting Officer, the Chief Executive is personally responsible for:

- the proper stewardship of the public funds for which the Chief Executive has charge;
- day-to-day operations and management of Qualifications Wales; and
- ensuring compliance with the requirements of 'Managing Welsh Public Money'.

53. The Chief Executive may be assisted in the exercise of his or her role by employees of Qualifications Wales. The Chief Executive may also delegate the day-to-day administration of these responsibilities to those employees but cannot delegate accountability.

54. The specific responsibilities of a WGSB accounting officer are set out in the Welsh Government's memorandum '[The Responsibilities of a Welsh Government Sponsored Body \(WGSB\) Accounting Officer](#)'.

Responsibilities of Qualifications Wales' Accounting Officer in respect of the Qualifications Wales Board

55. The Qualifications Wales Accounting Officer is also responsible for:

- advising the Board on the discharge of its responsibilities as set out in this document, the Minister's annual grant allocation letter or other communication, and any other guidance that may issue from time to time;
- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that suitable financial appraisal techniques are followed;
- ensuring that a system of risk management is maintained to inform decisions on financial planning;
- ensuring that robust internal management and financial controls are introduced, maintained and reviewed regularly; including measures to protect against fraud and theft (such measures are to incorporate a comprehensive system of internal delegated authorities);
- establishing procedures for handling complaints about Qualifications Wales;
- developing and maintaining appropriate personnel management policies, all of which shall be readily available to staff; and

- taking action as appropriate in accordance with the terms of the memorandum '[Responsibilities of a Welsh Government Sponsored Body Accounting Officer](#)', if the Board or its Chair appears to be contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, or, efficiency or effectiveness, has questionable feasibility or is unethical.

The Chief Executive's role as consolidation officer

56. The Chief Executive is designated by HM Treasury as the Qualifications Wales Consolidation Officer for the purposes of Whole of Government Accounts and must comply with the requirements of the Consolidation Officer Memorandum.

The Chief Executive's role as Principal Officer for Ombudsman Cases

57. The Chief Executive is also the Principal Officer for handling cases involving the Public Service Ombudsman for Wales.

Accountability of Qualifications Wales' Accounting Officer to the sponsoring Groups (EPS) Additional Accounting Officer

58. The Qualifications Wales Accounting Officer is accountable to the sponsoring group's (EPS) Accounting Officer for the following:

- ensuring that timely financial forecasts and monitoring information are provided to the Sponsor Unit, that the Sponsor Unit is notified promptly if overspends or under spends are likely and that corrective action is taken;
- ensuring that significant problems relating to the financial regularity of Qualifications Wales are notified to the Sponsor Unit as quickly as possible⁴; and
- providing the Sponsor Unit with such information about Qualifications Wales' expenditure as the Sponsor Unit may reasonably require.

59. Qualifications Wales will provide a copy of their annual operational plan for the next financial year to a timetable agreed with the Sponsor Unit, to support their budget forecasts. The plan will form the basis of financial discussions through the period between the Sponsor Unit and Qualifications Wales. The plan will be informed by the principal aims of Qualifications Wales, and set out how these will be achieved in the coming year.

Accountability of Qualifications Wales' Accounting Officer to the National Assembly for Wales

⁴ The Sponsor Unit will develop and agree with Qualifications Wales a protocol for the communication of reportable events to cover both issues of financial regularity, and regulation.

60. Qualifications Wales' Accounting Officer is accountable to the National Assembly for Wales for the following:
- signing the organisation's accounts and ensuring that proper records are kept relating to the accounts;
 - ensuring that the accounts are prepared and presented in accordance with any directions issued from the Welsh Ministers;
 - signing a statement of Accounting Officer's responsibilities for inclusion in the annual report and accounts;
 - signing the Governance Statement for inclusion in the Annual Report and Accounts;
 - giving evidence, including attending hearings, on matters relating to Qualifications Wales that arise before the National Assembly's Public Accounts Committee, other committees of the National Assembly, the House of Commons Committee on Public Accounts or other Parliamentary Committees, to account for Qualifications Wales stewardship of public resources; and
 - responding to any recommendations of those committees.

The Board of Qualifications Wales

61. The Chair and Board members are to be appointed for terms between two and three years by the Minister for Education and Skills. Appointments of the Chair are to be made in accordance with the Public Appointments Commissioners' code of practice:

<https://www.publicappointmentscommissioner.org/web-app/plugins/spaw2/uploads/files/Code%20of%20Practice%20August%202005.pdf>

Collective responsibilities

62. The role of the Board is to:
- provide effective leadership for Qualifications Wales; defining and developing strategic direction, and setting objectives;
 - provide effective leadership for the operation of the organisation; holding the Chief Executive to account for ensuring that Qualifications Wales' activities are conducted efficiently and effectively;
 - monitor performance to ensure that Qualifications Wales fully meets its aims, objectives and performance targets; and

- promote high standards of public finance; upholding the principles of regularity, propriety and value for money.
63. In order to do this, the Board must ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control. It must establish an Audit and Risk Assurance Committee chaired by a non-executive member (but not the Chair) to provide it with independent advice on these matters.
64. The Board is expected to assure itself of the effectiveness of the internal control and risk management systems.
65. The personal responsibility of the Chief Executive as Accounting Officer to ensure regularity, propriety and value for money does not detract from the responsibility of individual Board members, who each have a duty to act in a way that promotes high standards of public finance, and for ensuring that Qualifications Wales' activities are conducted in an efficient and effective manner.
66. The Board must not give the Chief Executive instructions that conflict with his duties as Qualifications Wales' Accounting Officer.
67. In particular the Board is responsible for:
- establishing and taking forward the strategic aims and objectives of Qualifications Wales consistent with its overall purpose and within the financial framework determined by the Minister;
 - ensuring that the Minister is kept informed fully of any changes that are likely to impact on the Welsh Government and/or delivery of the principal aims of Qualifications Wales;
 - ensuring compliance with any statutory or administrative requirements in respect of the use of public funds; that Qualifications Wales operates, financially, within the limits of its statutory authority and any delegated authority agreed with the sponsoring department, and in accordance with any other conditions relating to the use of public funds, and that, in reaching financial decisions, it takes into account guidance issued by the Welsh Government;
 - ensuring that: it regularly receives and reviews financial information concerning the management of Qualifications Wales, it is informed in a timely manner about any concerns as to the activities of Qualifications Wales and, where applicable, it provides positive assurance to the Minister via the Sponsor Unit that appropriate remedial action has been taken to address any such concerns;
 - demonstrating high standards of corporate governance at all times, including by using the Audit and Risk Assurance Committee to help the board to address key financial and other risks; and

- appointing second and subsequent Chief Executive officers to the organisation.
68. The Board may, to the extent permitted by the Qualifications Wales Act 2015, delegate to staff the responsibility for the administration of day-to-day management issues. However, it will remain ultimately responsible and accountable for all those matters.
69. Qualifications Wales should maintain a list of matters which are reserved for decision by its Board as well as a scheme of delegation approved by the Board.

The Chair of the Qualifications Wales Board

70. The Chair answers to the National Assembly for Wales for the activity and conduct of Qualifications Wales, and the exercise of its statutory functions as set out in the Qualifications Wales Act 2015.
71. The Chair shall ensure that Board members are kept informed of relevant communications with Welsh Ministers and the National Assembly for Wales and that formal communications are published. The Chair is responsible for ensuring that the Board's policies and actions have regard to the Welsh Government's wider strategic policies and that its affairs are conducted with probity. Where appropriate, these policies and actions must be communicated and disseminated throughout Qualifications Wales.
72. The Chair has a particular leadership responsibility regarding:
- formulating the Board's strategies;
 - ensuring that the Board, in reaching decisions, takes proper account of statutory and financial management requirements and Qualifications Wales' principal aims and statutory functions;
 - promoting the economic, efficient and effective use of staff and other resources;
 - ensuring high standards of regularity and propriety; and
 - representing the views of the Board to the public and to the Minister for Education and Skills.
73. The Chair must also:
- ensure that all Board members are briefed fully on the terms of their appointment and on their duties, rights and responsibilities;
 - ensure that, together with other Board members, he/she receives appropriate training, including on the financial management and reporting

requirements of public sector bodies, and on the differences that might exist between private and public sector practice;

- ensure that the Board has a balance of skills appropriate to directing Qualifications Wales business, and advise the Minister, in instances where appointments are to be made by him or her, on the needs of Qualifications Wales when board vacancies arise;
- assess the performance of individual Board members; and
- ensure that a Code of Conduct for Board Members is in place consistent with the Cabinet Office Code of Conduct for Board members of Public Bodies.

Personal responsibilities of individual Board members

74. In undertaking their duties and responsibilities, Board members shall:

- comply at all times with Qualifications Wales' Code of Conduct for Board members, and with the rules relating to the use of public funds and conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or political profit, nor seek to use the opportunity of public service to promote their private interests or those of persons or organisations with whom they have a relationship;
- comply with Qualifications Wales' rules on the acceptance of gifts and hospitality, and of business appointments; and
- act always in good faith and in the best interests of Qualifications Wales.

Annual Reporting

75. Qualifications Wales will prepare two annual reports:

- An annual report to the National Assembly for Wales of its activities to 31 August each year to the National Assembly for Wales, and
-
- A set of annual accounts to 31 March each year. These are described more fully in Chapter 3.

3 MANAGEMENT ARRANGEMENTS

Qualifications Wales Staff

The recruitment, retention and management of staff

76. Within the arrangements approved by the Minister for Education and Skills, Qualifications Wales is responsible for the recruitment, retention and motivation of its staff.
77. In the recruitment, management and advancement of staff, Qualifications Wales will follow the principles and behaviours set out in Chapter 4 of 'Managing Welsh Public Money', and should take into account the Welsh Government's ['Working together - A Strategic Framework for the Public Sector Workforce in Wales.'](#)

Pay, and terms and conditions of employment

78. All staff shall be subject to overall levels of remuneration and terms and conditions of service (including superannuation) as have been approved by the Minister for Education and Skills. Any changes to those overall terms and conditions, including levels of remuneration must be approved by the Minister.
79. Qualifications Wales has no delegated powers to amend its overall terms and conditions of employment. However, Qualifications Wales may vary individual contracts of employment without the prior agreement of the Minister provided that any changes are within the overall framework of the terms and conditions approved by the Minister. In cases of doubt, Qualifications Wales should approach the Sponsor Unit.
80. Qualifications Wales will provide copies of its staff terms and conditions to the Sponsor Unit and inform it of any subsequent amendments sought.

Pay remits

81. Qualifications Wales shall present to the Sponsor Unit a detailed case for its annual pay remit for pay negotiations. The pay remit shall be in the format specified annually by the Welsh Government and must reflect Qualifications Wales' need for changes in pay, grading and other terms and conditions of service. The proposals must be fully costed and shown to be affordable for the year in question and subsequent years. Qualifications Wales is expected to operate a system of pay that provides all staff with equal opportunity for pay progression.
82. The Sponsor Unit must be satisfied that all pay arrangements have been subject to an equal pay audit and, in addition, will require evidence from time to time that independent quality assurance arrangements that meet this requirement have been carried out.

83. Qualifications Wales will need to take account of the HM Treasury publication of May 2012, “Review of the Tax Arrangements of Public Sector Employees”. This Guidance confirms the need for all staff to be paid through payroll arrangements. Other arrangements where staff (and, in particular, senior staff earning in excess of £58,200 per annum) are paid through intermediaries including agencies, employment businesses and personal service companies are not acceptable. Qualifications Wales will need to make sufficient enquiries to assure itself that secondees are on the payroll of the seconding organisation rather than using an intermediary arrangement.

Staff benefits and non-pay rewards

84. In considering whether to provide gifts or non-pay rewards to staff or Board members, Qualifications Wales must take a view on whether such a course of action represents an appropriate use of public money. In devising staff benefits or non-pay reward schemes, Qualifications Wales must take notice of HM Treasury guidance ‘[Regularity, Propriety and Value for Money](#)’ and ‘[Managing Welsh Public Money](#)’.

Pensions and PAYE

85. Eligible Qualifications Wales staff will be enrolled automatically onto its approved occupational pension scheme in accordance with the workplace pension reforms set out in the Pensions Act 2008 and the Occupational and Personal Pension Schemes (Automatic Enrolment) (Amendment) Regulations 2012. Details as to the number of staff opting out of the occupational pension scheme after being automatically enrolled may be required from time to time by the Sponsor Unit.
86. Since April 2013, employers have been legally required to report PAYE in real time. Qualifications Wales will inform HM Revenue and Customs (HMRC) about tax, national insurance contributions and other deductions when or before the payments are made, instead of waiting until after the end of the financial year.

Redundancy, severance and compensation

87. Any redundancy payments or payments of other compensation for loss of office must be made in accordance with a scheme approved by the Sponsor Unit. Any proposal to make payments outside of an approved scheme will require prior written approval from the Sponsor Unit.
88. Proposals on severance must comply with the rules set out in Chapter 4 of ‘[Managing Welsh Public Money](#).’ Any re-employment of staff following redundancy or severance compensation must be agreed by the Sponsor Unit prior to any discussion with the person concerned. The overriding principle is that a member of staff compensated for loss of office/employment will not be re-employed by Qualifications Wales during the notional period to which the end payment relates.

Planning arrangements

Budget planning

89. The Welsh Government's budget planning arrangements are governed by the requirements of the Government of Wales Act 2006 and the Standing Orders of the National Assembly.
90. Qualifications Wales shall co-operate with the Sponsor Unit in providing the necessary information to the Welsh Government to take forward its budget planning decisions. This will include any annual efficiency savings and any activities that may not be completed should funding be constrained.

Grant allocation letter

91. The Minister shall, by the end of the November before the financial year which it relates, discuss with Qualifications Wales a draft grant allocation letter setting out the Welsh Government's terms for grant-in-aid funding. The final grant allocation letter will be issued as soon as possible and normally no later than one month after the National Assembly for Wales has approved the final budget. It will include the voted grant-in-aid figure and related budgetary control totals. Qualifications Wales will be notified in writing of any variations to the budget allocation during the year, giving appropriate advance notice, wherever possible.

Risk management

92. Qualifications Wales will develop a risk management strategy to ensure that any risks it assumes are dealt with in accordance with the relevant aspects of guidance on best practice in corporate governance.
93. Qualifications Wales must adopt and implement policies and practices to safeguard itself against fraud and theft.
94. Qualifications Wales shall take reasonable steps to appraise the financial standing of a business or other body with which it intends to enter into a contract or give grant or grant in-aid, depending upon the particular circumstances of the procurement or grant scheme.

Economy, efficiency and effectiveness monitoring

95. In order to ensure value for money, Qualifications Wales must have in place appropriate systems and the capacity to ensure that its policies and programmes are evidence-based in relation to their development, implementation and evaluation. It shall review its services and activities on a regular basis and shall set out in its Annual Accounts the measures being put in place to drive through and maximise efficiencies. Qualifications Wales must also ensure that its approach to carrying out appraisals and evaluations is fully consistent with the principles set out in guidance.

4 FINANCIAL ACCOUNTING AND AUDIT ARRANGEMENTS

Qualifications Wales' financial responsibilities

96. Unless otherwise agreed in writing with the Sponsor Unit, Qualifications Wales will at all times follow the principles, rules, guidance and advice in '[Managing Welsh Public Money](#)' and this Framework Document, referring any difficulties or potential bids for exceptions to the Sponsor Unit in the first instance. A list of the guidance and instructions with which Qualifications Wales must comply is at Annex 3.
97. Qualifications Wales shall operate management information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the targets set out in the corporate and operational plans. It shall inform the Sponsor Unit of any changes that make the achievement of objectives more or less difficult.

General reporting

98. Each quarter, Qualifications Wales shall provide a report to the Sponsor Unit which sets out actual expenditure for the year to date against the approved budgets together with forecast expenditure figures for the year and explanations of any significant differences and issues. Wherever possible the reporting format will be consistent with the Qualifications Wales' arrangements for reporting to its Board.
99. Qualifications Wales and the Sponsor Unit shall meet once a quarter to discuss reports. The CEO will also meet the Minister once a year to discuss activities and expenditure.

Exception reporting

100. Qualifications Wales must notify the Sponsor Unit as soon as it becomes apparent either that the full-year expenditure is likely to exceed its approved budget or that Qualifications Wales is likely to under-spend by more than the equivalent of 3 per cent of its total grant-in-aid.
101. It shall also provide:
 - an annual report of losses written-off and special payments made or sanctioned during the previous twelve months; and
 - an annual report outlining all cases of fraud and theft to which it has been exposed.

Statutory accounts

102. Each financial year Qualifications Wales must prepare accounts in accordance with the Accounts Direction issued by the Welsh Ministers, the relevant statutes and [Financial Reporting Manual](#) [FReM]. As soon as the audit of the accounts is complete, Qualifications Wales will submit to the Auditor General for Wales (AGW) the signed accounts together with a letter of representation. Qualifications Wales will also forward two copies of the signed accounts to the sponsor department. The AGW shall lay the audited accounts before the National Assembly as required by the Government of Wales Act 1998 and the Qualifications Wales Act 2015.

Income

Public funds

103. All the streams of income mentioned in the following paragraphs ('Income from exchequer sources' and 'Income from non-exchequer sources'), shall be treated as public funds, and the requirements of this document shall apply equally to them.

Income from Exchequer sources (grant-in-aid)

104. The Welsh Ministers shall make payments to Qualifications Wales of grant-in-aid. Grant-in-aid shall be paid in monthly instalments, on the basis of an application to the sponsorship unit. This must be provided in the form of a financial statement as set out in the grant-in-aid drawn-down form and submitted by a person notified to the sponsor unit as authorised to make the application. Qualifications Wales may not draw down grant-in-aid in advance of need.
105. Proceeds of £1 million or more from the disposal of an Exchequer financed asset must normally be surrendered to the Welsh Government, unless agreed otherwise.
106. Proceeds of less than £1 million derived from the sale of other Exchequer financed assets may be retained, provided that they are used to finance other capital spending – this being expenditure on new construction, land, extensions or alterations to existing buildings and the purchase of any other discrete asset or collection of assets (e.g. machinery and plant), including vehicles, having an expected working life of more than one year – and provided that total receipts in the financial year do not exceed the limit set out in the budget/remit letter.

Income from non-Exchequer sources

107. Qualifications Wales must, where this is consistent with its functions, seek as far as possible to maximise any receipts from sources other than the Exchequer. It may retain receipts up to the level set out in the budget/grant allocation letter that are derived from, for example, proceeds from the sale of land and buildings and other assets, grants given by the EU, grants given

through lottery funds, any proceeds from Qualifications Wales' commercial activities and those resulting from the sale of services into wider markets. Such activity must be undertaken in accordance with the terms of '[Managing Welsh Public Money](#)' and this document.

108. Proceeds derived from the sale of other assets may be retained provided that they are used to finance other capital spending – this being expenditure on new construction, land, extensions or alterations to existing buildings and the purchase of any other discrete asset or collection of assets (e.g. machinery and plant), including vehicles, having an expected working life of more than one year – and provided that total receipts in the financial year do not exceed the limit set out in the budget/remit letter.

Private funds

109. Donations, grants for research from non-public organisations, or bequests given to Qualifications Wales are deemed to be private funds and are not covered by the terms of this document. Funds received directly from the Welsh Government, other Government departments, agencies and other public organisations or those funded primarily by the tax payer, and any proceeds from Qualifications Wales' commercial interests or activities do not count as private funds.

Fees and charges

110. Subject to any relevant statutory provisions, fees and charges for services provided by Qualifications Wales must be determined in accordance with the [HM Treasury Fees and Charges Guide](#) and any other guidance or determinations issued by the Welsh Government or the Treasury. The Welsh Ministers must also approve any charging scheme before it is introduced.

Expenditure

111. Subject to any restrictions imposed by the Qualifications Wales Act 2015 or by this document, Qualifications Wales may, as soon as its budget has been confirmed by the Minister, incur expenditure on the programme approved in its annual budget without further reference to the Sponsor Unit subject to the following conditions:
- Qualifications Wales will comply with the delegations set out in Annex 4. These delegations must not be modified or breached without the written agreement in advance of the Sponsor Unit.
112. Qualifications Wales must obtain written approval before proceeding with a proposal that would require significant additional financial resources.
- a proposal which could be considered to be novel, contentious or repercussive,
 - a change of policy or practice which has wide financial implications,

- anything that might affect the future level of resources required, or
 - a significant change in the operation or funding of any initiative or particular scheme approved by the Sponsor Unit.
113. Qualifications Wales shall follow the policy framework set out in '[Managing Welsh Public Money](#)' in relation to the procurement of goods and services.
114. Qualifications Wales shall resist requests for payment in advance except in exceptional cases where it is considered that some payment may be necessary. In such cases, the principles set out in 'Managing Welsh Public Money' must be observed.
115. Qualifications Wales shall consult the Sponsor Unit before entering into any property lease agreement if it is above delegated limits. The Sponsor Unit must also approve in advance any proposals to relocate or move to new accommodation.
116. Qualifications Wales must be open and transparent in its approach to gifts and have clear policies on disclosing information about, and the procedures adopted for making and receiving any gifts.

Borrowing, guarantees and investments

117. Qualifications Wales shall not, without the prior written consent of the Minister, arrange temporary borrowing facilities in the form of a loan to bridge any gaps between long-term borrowing arrangements, charge any asset or security, give any guarantee indemnities, letters of comfort, or incur knowingly any other contingent liability (as described in Managing Welsh Public Money) whether or not in a legally binding form. All financial guarantees and indemnities given by Qualifications Wales must be covered adequately against un-drawn Assembly Public Expenditure Resources.
118. Nor shall Qualifications Wales make any investments without securing the prior written approval of the Minister except in respect of short-term deposits of cash surpluses.
119. With the agreement of the Sponsor Unit, Qualifications Wales will be able to arrange temporary borrowing facilities to manage short-term cashflow-related requirements, up to a value limit of monthly staff costs, where necessary.

Grants and lending

120. All grants must comply with the terms of '[Managing Welsh Public Money](#)', and be made subject to appropriate terms and conditions which provide adequate protection for the public purse. Terms and conditions must, for example, allow for phased payments, reinforce rights of access for Welsh Government officials and the Auditor General for Wales, ensure that Welsh Government's financial

interests are adequately protected, and allow for claw back in certain circumstances, e.g. if grant monies are used other than for approved purposes.

121. Any loan schemes must be managed under similar arrangements, and require the Minister's approval.

Cash management

In-year grant-in-aid cash balances

122. Cash balances accumulated during the course of the financial year from grant-in-aid or other Exchequer funds must be kept at the minimum level consistent with Qualifications Wales' efficient operation. Qualifications Wales must seek to avoid holding a working balance in excess of the equivalent of 4 per cent of its total annual gross budget when it receives each month's instalment of grant-in-aid. Any funds held as a working balance at the end of each funding period shall be taken into account in determining the amount of grant-in-aid to be paid in the following period.

End-of-year grant-in-aid cash balances

123. Qualifications Wales shall be permitted to carry-over from one financial year to the next any drawn but unspent cash balances of up to 2 per cent of its agreed total annual grant-in-aid budget. Any proposal to carry-over sums in excess of this amount must be agreed in writing in advance with the Sponsor Unit on a case-by-case basis. Any sum carried-over in excess of the agreed amount shall be taken into account in the subsequent year's grant-in aid.

Managing receipts

124. If receipts realised or expected to be realised in the financial year are less than estimated, Qualifications Wales must ensure a corresponding reduction in its gross payments so that its authorised provision is not exceeded.
125. If receipts realised or expected to be realised in the financial year are more than estimated, Qualifications Wales may apply to the Sponsor Unit to retain such excess income for specified additional expenditure.

Virement

126. Where the Minister identifies specific budgets in the grant allocation letter, Qualifications Wales may reallocate funds between those budgets without the Sponsor Unit's prior written agreement. Exceptions to this are where:
- sums relate to ring-fenced provisions set out in the grant allocation letter;
 - the reallocation is between capital, near cash or non-cash budget lines; and
 - Qualifications Wales' net payments exceed the total approved budget.

127. Notwithstanding the above, the overall budget may not be increased without the Sponsor Unit's prior written agreement.

Interest Earned on Cash and Bank Balances

128. All interest, net of any bank charges, earned by Qualifications Wales on its cash and bank balances, which arise as a result of funding from the Welsh Government, is to be declared each month on Qualifications Wales' grant-in-aid drawdown request form, and shall be surrendered to HM Treasury via the Welsh Consolidated Fund.

Audit arrangements and subsequent reporting

Audit and risk assurance committee

129. Qualifications Wales must establish an Audit and Risk Assurance Committee to advise its Accounting Officer on the adequacy of arrangements within Qualifications Wales for internal audit, external audit and corporate governance matters. Qualifications Wales may share with their Sponsor Unit copies of the minutes of their Audit and Risk Committee meetings. The Sponsor Unit may also attend meetings of the Board or of the Audit and Risk Committee, as observers, if circumstances require it.

Internal audit

130. Qualifications Wales must:

- establish and maintain arrangements for internal audit in accordance with the objectives, standards and practices described in HM Treasury's Public Sector Internal Audit Standards;
- if the function is provided in-house, ensure that arrangements are made for external quality reviews of its internal audit at least once every five years, and in accordance with Public Sector Internal Audit Standards. The Welsh Government shall consider whether it can rely on these reviews to provide assurance on the quality of Qualifications Wales internal audit;
- each year, following approval by Qualifications Wales' Accounting Officer and its Audit and Risk Assurance Committee, submit to the Sponsor Unit the audit strategy, periodic audit plans and annual audit report, including the Corporate Governance Manager's opinion (informed by Internal Audit activities) on risk management, control and governance; and
- notify the Sponsor Unit as soon as possible of any changes to the terms of reference of its Internal Audit arrangements and/or its Audit and Risk Assurance Committee.

131. The Sponsor Unit shall:

- assess the effectiveness of Qualifications Wales' internal audit arrangements by scrutiny of their plans for the future;

- assess the effectiveness of Qualifications Wales' internal audit activity, reports on past activity and its annual assurance report (as prepared by the Corporate Governance Manager); and
- have a right of access to all documents prepared by the Qualifications Wales' internal auditor, including where the service is contracted out.

External audit

132. The Auditor General for Wales (AGW) is Qualifications Wales statutory external auditor, and must examine, certify and report on Qualifications Wales' statements of account.
133. In the light of new provisions contained in the Companies Act 2006 concerning the audit of public sector entities, arrangements for the audit of any subsidiary companies established by WGSBs are currently under review.
134. The AGW will send a copy of its final Additional Assurance Report and Management letter to the Additional Accounting Officer of the sponsoring department. Under section 145 of the Government of Wales Act 1998 the AGW may carry out examinations into the economy, efficiency and effectiveness with which Qualifications Wales has used its resources in discharging its functions. Under section 145A, the AGW may undertake studies designed to enable him or her to make recommendations for improving economy, efficiency and effectiveness in the discharge of functions of bodies. For the purposes of these examinations, as well as the statutory financial audit, the AGW has a statutory right of access to documents.
135. The Comptroller and Auditor General shall also have [rights](#) of access to any relevant documentation by virtue of section 136 of the Government of Wales Act 2006. In addition, Qualifications Wales shall provide, in conditions to grants and contracts, for the AGW to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations, and shall use its best endeavours to secure access for the AGW to any other documents required by the AGW which are held by other bodies.

The sponsoring department's right of access

136. Should the need arise, the Sponsor Unit has a right of access to Qualifications Wales' financial records and personnel for monitoring purposes including, for example, sponsorship audits.

Subsidiary companies and joint ventures

137. Qualifications Wales shall not establish subsidiary companies or joint ventures which involve setting up special purpose vehicles – such as company partnerships or any other structure with legal identity and liability – without securing the prior, written approval of the Minister.

138. Any subsidiary company or joint venture controlled or owned by Qualifications Wales shall be consolidated with it, as required by accounting standards and, unless agreed otherwise by the Sponsor Unit, shall be subject to the controls and requirements set out in this document, and to any such other further provisions set out in pertinent guidance and instructions.

ANNEX 1 GOVERNING PRINCIPLES

Qualifications Wales' independence

Qualifications Wales is financially dependent on government funding and accountable to Ministers for that expenditure.

However, it has independence in operational procedures. This ensures that it is immune from any political influence, and instils public confidence in the work of Qualifications Wales.

Governance of Qualifications Wales

Governance and the internal control regime should be a matter primarily for the Qualifications Wales Board.

WGSBs play a key role in the governance of Wales and meeting the aspirations of Welsh citizens. The relationship between the National Assembly for Wales and Qualifications Wales is conducted through arrangements managed by the Assembly Commission.

Qualifications Wales must ensure that, in carrying out its functions, it does so in a way that is consistent with the [Seven Principles of Public Life](#) set out by the Committee on Standards in Public Life (the Nolan Committee).

The focus on the learner

Both the Sponsor Unit and Qualifications Wales will act to seek to safeguard and benefit the learners of Wales as an outcome for all collaborative activity.

The purpose of sponsorship

The aims of sponsorship are to:

- build and maintain a positive relationship between the sponsored body and the Welsh Government which is based on mutual trust and respect and open and honest communication;
- provide the sponsored body with the support and guidance it requires, or may request, to achieve its objectives;
- Ensure that the principal aims and objectives of a sponsored body are met; and
- encourage and promote high standards of corporate governance and financial accountability within the organisation to ensure its efficient and effective operation.

A communicative relationship

Qualifications Wales and the Sponsor unit will meet at least quarterly to discuss progress. However, communication will be ongoing; on a collaborative and transparent basis.

Regular, informal meetings will be held between Qualifications Wales' CEO and the Deputy Permanent Secretary for Education and Public Services or Director of ICQALS.

ANNEX 2

ESSENTIALS OF EFFECTIVE SPONSORSHIP

The principles that define the working relationship between a sponsoring department and its sponsored body are set out in Annex 1 of this Framework Document.

The aims of sponsorship are to:

- Foster a relationship with the sponsored body which is based on mutual trust and respect and open and honest communication.
- Ensure that the principal aims and objectives of a sponsored body are met.
- Provide the sponsored body with the support and guidance it requires or may request to achieve its objectives.
- Encourage and promote high standards of corporate governance and financial accountability within the organisation to ensure its efficient and effective operation.

The following paragraphs attempt to summarise the more important requirements of sponsorship that will help to ensure that the role can be performed as effectively as possible.

- **Clear understanding of:**
 - **the corporate governance framework within which the WGSB operates:** a good knowledge of how the operational and business planning and annual grant-in-aid setting process works. Ensuring that the WGSB understands the financial monitoring process and what is expected of them.⁵
 - **the financial accountability framework within which both the Sponsor Unit and the WGSB operates:** a clear knowledge of the respective roles and obligations set out in the framework document, the relevance and importance of the audit process including management letters and additional assurance reports, the sensitivity of Audit and Risk Assurance Committee recommendations and their implementation.
 - **the operational role and structure of the WGSB,** together with an appreciation of the problems it faces or perceives it faces, and clear roles, responsibilities and accountabilities between the Sponsor Unit and the WGSB.

⁵ In the case of Qualifications Wales, because of its independence, the organisation will not be required to understand the monitoring process outside of financial performance monitoring. However, it will be suitable for Sponsor Unit to have knowledge of the organisation's business plan, in order to be able to fully understand the context of the expenditure of Qualifications Wales' grant-in-aid.

- **A clear and ongoing assessment of the risks involved in the sponsorship relationship and a strategy for dealing with them:** for instance, risks, specific or generic, arising from the nature of the WGSB's role (e.g. differing risks associated with different bodies). Also, specific risks relating to financial management identified in management letters, a pattern of failure in meeting strategic targets, or identifiable 'blind spots' in terms of communication, which, in exceptional circumstances, may require the Sponsor Unit to take a more hands-on role in the oversight of the WGSB.
- **Effective communication provides and is provided by:**
 - **A clear structure for formal communication:** in respect of data which is of mutual benefit, regular operational and business planning and the formal reporting and monitoring arrangements that fall out of these. This may include sponsorship meetings and meetings between the Chief Executive and members of the sponsor team or Deputy Permanent Secretary, as appropriate, to review performance and discuss cross cutting or arising issues.
 - **A culture of frequent but not intrusive informal communication:** is important in helping to build confidence and trust, which in turn can engender openness and a willingness to share and resolve problems at an early stage. This should include informal communication between the Chief Executive and members of the Sponsor Unit or Deputy Permanent Secretary in addition to dialogue between officers. Annual information sharing/networking events should be considered, giving opportunities for policy and delivery colleagues to meet, share best practice and develop working relationships.
 - **Good senior level involvement:** to ensure good strategic direction, and to reflect commitment to the relationship.
 - **Effective internal communication:** knowing who to contact within the Welsh Government for advice on issues such as budgeting; propriety; procurement and personnel issues: and a willingness to do so.
 - **Inclusive policy development:** an appropriate level of involvement in any policy development⁶ should be secured for the WGSB, with regular dialogue and communication continuing throughout the process.
- **Establish an authoritative presence, providing:**
 - **the principal access point to the Welsh Government** for the WGSB and act as a source of authoritative advice (even if that advice is acquired from elsewhere). A willingness to take ownership of such advice in communication with the WGSB is vital. Understand the communications you are passing on and be prepared to give advice.

⁶ Responsibility for policy development to be further defined as, *regulatory policy* being the responsibility of Qualifications Wales and *qualifications policy* being the responsibility of Qualifications Wales at an operational level and the Welsh Government at a strategic level.

- **challenge and scrutiny:** make clear that properly structured and robust questioning of the WGSB is an essential part of the role, in support of public accountability, but this should be at a strategic rather than operational level, to maintain Qualifications Wales' independence and avoid micro-management. Analyse proposals, where appropriate and make informed recommendations to third parties (e.g. Accounting Officers and Ministers).
- **a link with Ministers:** establish agreement with Ministers on what the WGSB is meant to achieve then advocate its position firmly and with integrity.
- **Skills**
 - **Effective Training:** Effective reciprocal induction training and specific effective sponsorship training (jointly with WGSB personnel where possible).
 - Consideration of the appropriateness of: desk training; short-term acclimatisation job-swaps, secondments or work shadowing, to aid understanding of roles and challenges.

ANNEX 3

LIST OF GOVERNMENT-WIDE CORPORATE GUIDANCE AND INSTRUCTIONS FOR QUALIFICATIONS WALES

Government-wide corporate guidance

- Welsh Government's [‘Managing Welsh Public Money’](#)
- The Welsh Government memorandum [‘Responsibilities of a Welsh Government Sponsored Body \(WGSB\) Accounting Officer’](#)
- HM Treasury's Consolidation Officer Memorandum
- Qualifications Wales' accounts direction
- [Corporate Governance in Central Government Departments: Code of Good Practice](#)
- HM Treasury's Public Sector Internal Audit Standards
- Treasury's 'Managing the Risk of Fraud'
- HM Treasury's 'Executive NDPBs - Annual Reports and Accounts Guidance'
- HM Treasury's 'Banking and Managing Cash' (issued as Annex 5.6 of [‘Managing Public Money’](#))
- HM Treasury's [‘Regularity, Propriety and Value for Money’](#)
- HM Treasury's [‘Green Book – Appraisal and Evaluation in Central Government’](#)
- HM Treasury's [‘Audit and Risk Assurance Committee Handbook’](#)
- HM Treasury's [‘Magenta Book – Guidance for Evaluation’](#)
- Cabinet Office's [‘Code of Conduct for Board Members of Public Bodies’](#)
- The UK Evaluation Society's [‘Guidelines for Good Practice in Evaluation’](#)
- UK Statistics Authority's [‘Code of Practice for Official Statistics’](#)
- Health and Safety Commission Strategy [‘Common Sense Common Safety’](#)

Guidance in relation, specifically, to Qualifications Wales:

- This document
- The Minister's annual grant allocation letter to Qualifications Wales

- extant 'Dear Chief Executive Officer' letters
- extant 'Dear Accounting Officer' letters
- extant 'Dear Consolidation Officer' letters
- Management letters from external auditors
- other relevant instructions and guidance issued by the Welsh Ministers
- Those recommendations of the National Assembly's Public Accounts Committee, other Committees of the National Assembly, the House of Commons Committee on Public Accounts, other Parliamentary Committees or Parliamentary authority that have been accepted by the Welsh Government, and which are relevant to Qualifications Wales.

General conduct of a public body in Wales

In addition, in the conduct of its business, Qualifications Wales shall ensure, inter alia, that:

- it conforms with the terms of the Welsh Language Scheme, and ahead of being required to do so by law, works towards meeting the Welsh Language Measures,
- its functions are exercised in a manner compatible with the Welsh Ministers' duty to promote and facilitate the use of the Welsh language as set out in the Welsh Government's strategy, as published from time to time,
- its functions are exercised with due regard to the principle that there should be equality of opportunity for all people,
- it adopts and maintains a scheme, approved by the Information Commissioner, for the publication of information as required by the Freedom of Information Act,
- its functions are exercised in a manner compatible with the Welsh Ministers 'duty to promote sustainable development and its guiding principle of promoting social inclusion', and ahead of being required by law to do so, works towards meeting the requirements of the Fairer Futures Act.
- its functions are exercised with due regard to the Equalities Act. ,
- it follows the approach to openness set out in the Welsh Government's Code of Practice on Access to Information,
- it has due regard to the Commissioner for Public Appointment's ['Code of Practice for Ministerial Appointments to Public Bodies'](#), and
- its procurements are effected with due regard to the principles set out in the Welsh Government's Wales Procurement Policy Statement and the guidance available via the [Value Wales Procurement Route Planner](#).

Where practicable and appropriate, Qualifications Wales will publish summary reports or minutes of its meetings.

Qualifications Wales must comply with all relevant statutory duties and UK Government policy in respect of health, safety and welfare as they relate to its functions, projects, programmes and activities. In addition, Qualifications Wales will require organisations that it funds, and any contractors and sub-contractors to those organisations, to comply similarly.

ANNEX 4

SUMMARY OF WELSH GOVERNMENT APPROVAL REQUIREMENTS AND DELEGATION LIMITS

Subject	Delegation Limit
Appointment of Chief Executive	Terms and conditions of appointment require Ministerial approval
Staff remuneration and terms and conditions	Amendments to overall terms and conditions require Ministerial approval
Pension arrangements and payment of redundancy or compensation	Ministerial approval
Corporate and Operational Plan	Submitted for information purposes to support Qualifications Wales' budget forecasts.
Subsidiary companies and joint ventures	Ministerial approval for each instance
Virement outside of specified limits	Approval of Sponsor Unit for each instance
Novel, contentious or repercussive proposals	Approval of Sponsor Unit for each instance
Borrowing	Above the value of the monthly salary bill, Ministerial approval
Lending	Ministerial approval
Guarantees, indemnities or investment	Ministerial approval
Capital projects	£50,000 per project
IT projects	£100,000 per project
Consultancy contracts	<i>Per Qualifications Wales' processes</i>
Single tender departures	<i>Per Qualifications Wales' processes</i>
Gifts, hospitality, prizes etc	<i>Per Qualifications Wales' processes</i>
Sponsorship	Above £10,000 per annum, approval of Sponsor Unit
Losses and special payments	Above £50,000 per annum, approval of Sponsor Unit
Retention of receipts over and above limit set out in grant allocation letter	Approval of sponsor unit for each instance
Carry-over	In-year – 4% of total annual gross budget

	End-of-year – 2% of total annual gross budget
Grants	Above £550,000 , approval of Sponsor Unit
General Expenditure	As per limitations on expenditure described within the body of the Framework Document.

In practice, Sponsor Unit will perform many of the approval functions on behalf of the Minister according to a scheme of delegation agreed within the sponsoring division.