

**QUALIFICATIONS WALES AND THE WELSH
GOVERNMENT**

Framework Document

2019 - 2024

Signed.....Ann Evans, Chair of Qualifications Wales

Dated.....

The Welsh Government and Qualifications Wales have agreed the following principles to govern relations between them:

Governing principles defining relations between Qualifications Wales and the Welsh Government

Joint mission and purpose

Delivering for Wales - Welsh Government Sponsored Bodies including Qualifications Wales play a key role in the governance of Wales and meeting the aspirations of Welsh citizens. From the perspective of the Welsh Government, the primary role of Qualifications Wales is to fulfil its statutory responsibilities using funds voted by the National Assembly of Wales. This relationship is conducted through a sponsorship arrangement managed on behalf of Ministers by the Education Department within the Welsh Government. WGSBs have diverse organisational forms, including charities and quasi-judicial bodies. Whilst respecting this diversity, Ministers look to Qualifications Wales primarily to deliver important functions and services for the people of Wales on their behalf. Qualifications Wales should have regard to the Well-being goals set out in the Well-being and Future Generations (Wales) Act 2015.

Qualifications Wales must ensure that, in carrying out its functions, it does so in a way that is consistent with the Welsh Government's Citizen-Centred Governance Principles (incorporating the Seven Principles of Public Life set out by the Committee on Standards in Public Life (the Nolan Committee)):

- putting the Citizen First;
- knowing Who does What and Why;
- engaging with Others;

- living Public Service Values;
- fostering Innovative Delivery;
- being a Learning Organisation; and
- achieving Value for Money.

Qualifications Wales must also ensure that, in carrying out functions on behalf of the Welsh Government, it does so in a way that is consistent with the sustainable development principles and the five principles of working set out in the Well-being of Future Generations (Wales) Act 2015 (as set out in Annex 4).

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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 ("The Act" established Qualifications Wales as an independent regulator for Wales. The organisation's principal aims and its statutory functions are set out in The 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 which 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, the 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 then 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 therefore takes 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 the 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 qualification 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

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) of the 2015 Act.

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

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.

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 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.

9. 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

10. 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.
11. 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.
12. The roles and responsibilities in the relationship between Qualifications Wales and the National Assembly for Wales are set out in section 2 of this document.

Relationships between Qualifications Wales and Welsh Government

13. The parties involved in the relationships between Welsh Government and Qualifications Wales are:
 - The Minister for Education
 - The Chair and Board of Qualifications Wales
 - Officers of Qualifications Wales
 - Civil servants in the Welsh Government Education and Public Services Group.
14. Welsh Government officials will perform its sponsorship activity on behalf of the Minister for Education.
15. 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.

16. The Welsh Government will ensure that sponsorship functions perform effectively and meet the expectations set out in the governing principles at Annex 1.
17. 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.
18. 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.
19. Clear roles and expectations for Welsh Ministers, the Chair, the Board, the Accounting Officer, the Sponsor team and Auditors are set out in section 2 of this framework document. There should be good knowledge of these amongst all parties.
20. The Qualifications Wales Sponsor team 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.
21. Direct communications between the Qualifications Wales Board and the Minister shall, in the normal course of business, be conducted through the Chair.
22. 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 team are set out in Annex 3 of this framework document.
23. Qualifications Wales will act as a source of authoritative advice on qualifications policy for Welsh Government and Welsh Ministers.
24. 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 section 3 of this framework document.

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, fraud and malpractice matters; and with other Welsh Government groups.

25. In certain areas, the Sponsor team will lead on the development of agreed practices (for example, quarterly meetings), protocols or sharing agreements that need to be set up 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;
 - Managing reportable events.
 - Others as agreed.

2. Governance, responsibility and accountability

The National Assembly for Wales – Qualifications Wales annual reporting

26. Each year after 31 August, Qualifications Wales will prepare a report of its activities to permit the National Assembly for Wales, 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.
27. The annual report may include any other information Qualifications Wales deems appropriate.
 28. Qualifications Wales will separately publish its financial report each year to 31 March.
 29. Qualifications Wales must lay a copy of the annual report before the National Assembly for Wales, and make it publicly available.
 30. 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.
 31. 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

32. The Minister for Education 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 the Welsh Government's education and skills policy.
33. The Minister for Education will determine the terms and conditions of the appointment of Board Members. The Minister will also assess the performance of the Chair of Qualifications Wales through an annual performance meeting. In addition, the Minister will approve the terms and

conditions of employment of all staff of Qualifications Wales, as proposed by Qualifications Wales³.

34. The Minister will agree and allocate funding to Qualifications Wales in accordance with the agreed grant allocation.
35. 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

36. 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 voted to Qualifications Wales under the Welsh Government's Annual Budget Motion.
37. 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 Director General 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.

The Welsh Government's Additional Accounting Officer

38. The sponsoring group for Qualifications Wales is the Education and Public Services Group.
39. The Director General for the Education and Public Services Group 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 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.

³ In practice, this function will mostly be performed by Sponsor Unit. See Schedule of Delegation at Annex 5.

40. The AAO is accountable to the National Assembly for Wales for the grant allocation awarded to Qualifications Wales and for advising the Minister on an appropriate budget for Qualifications Wales in the light of the sponsor department's overall spending priorities. Qualifications Wales will have regard to the Welsh Government's overall strategic objectives when setting its own objectives.
41. 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 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' full 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 (or another relevant officer of Qualifications Wales) as its Accounting Officer.
42. The AAO may delegate responsibility for the day-to-day management of relations with Qualifications Wales to the Director of the EPS Group or another Director within the Group.

The Qualifications Wales Sponsor Team

43. The Sponsor team for Qualifications Wales is located in the Curriculum and Assessment 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 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/her responsibilities towards Qualifications Wales, and will lead the process to reach an agreement on grant allocations each year.
44. 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. The sponsor team will also take the opportunity to inform and explain wider policy development that may impact on Qualifications Wales.

45. The Sponsor team 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.
 - Ministerial clearances required by statute, for example Ministerial approval of charging schemes devised by Qualifications Wales.
46. Where any group of the Welsh Government would wish to request Qualifications Wales to perform additional duties to those set out by the Qualifications Wales Act, the Sponsor team will perform the function of contract intermediary; ensuring that terms are agreed and set out in the Grant Allocation Letter.
47. The Sponsor team will be the main point of contact within Welsh Government for officials conducting a periodic programme of review of Welsh Government Sponsored Bodies.
48. The Sponsor team will be responsible for monitoring the propriety of Qualifications Wales' activities. It will do this by attending relevant Board meetings and relevant Audit Committee meetings, in order to provide the Minister with appropriate advice, whilst recognising that there will be some items for discussion at which it may not be appropriate for Sponsor team officials to be present. Qualifications Wales may invite the Sponsor team to these meetings, and will share the agendas for these meetings, in order to allow Sponsor team colleagues the opportunity to express an interest in observing a relevant meeting, where they have not been invited.
49. Where the Sponsor team 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.
 - The removal of the Chair and/or ordinary member(s) of the Board.

Accountabilities and responsibilities of the Qualifications Wales' Accounting Officer

50. The Qualifications Wales Accounting Officer is designated by the Welsh Government Director General for Education and Public Services. This may or may not be the Chief Executive of Qualifications Wales. The Accounting Officer is 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'.
51. The Chief Executive (who is currently the designated Accounting Officer) 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.
52. The specific responsibilities of a Welsh Government Sponsored Body 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 Board

53. 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 and operational planning and to assist in achieving objectives and targets;
 - ensuring that robust internal management and financial controls are 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 Accounting Officer 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 Principal Officer for Ombudsman cases

54. 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 department

55. 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 team, that the Sponsor team is notified promptly if overspends or underspends 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 team as quickly as possible⁴; and
- providing the Sponsor team with such information about Qualifications Wales' expenditure as the Sponsor team may reasonably require.

56. Qualifications Wales will provide a copy of their annual Business plan for the next financial year to a timetable agreed with the Sponsor team, to support their budget forecasts. The plan will form the basis of financial discussions through the period between the Sponsor team 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

57. 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

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 (is this financial regulation or the regulatory powers?)

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

58. The Chair and Board members are to be appointed by the Minister for Education for terms of up to three years and may serve a maximum of two terms or six years. Appointments are to be made in accordance with the [Public Appointments Commissioners' code of practice](#):

<https://publicappointmentscommissioner.independent.gov.uk/regulating-appointments/governance-code/>

Collective responsibilities

59. The role of the Board is to:

- provide effective leadership for Qualifications Wales; defining and developing strategic direction, and setting challenging objectives;
- provide effective leadership for the operation of the organisation; holding the Chief Executive to account
- ensure that Qualifications Wales' activities are conducted efficiently and effectively and in a manner consistent with the Well-being of Future Generations (Wales) Act 2015 and the five principles of working and any statutory guidance
- 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.

60. 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 Committee chaired by a non-executive member (but not the Chair or Treasurer (should Qualifications Wales at any time appoint a Treasurer he/she may not hold that role)) to provide it with independent advice on these matters.

61. The Board is expected to assure itself of the effectiveness of the internal control and risk management systems.

62. The personal responsibility of the Accounting Officer (currently the Chief Executive) to ensure regularity, propriety and value for money does not detract in any way 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.

63. The Board must not give the recognised Accounting Officer instructions that conflict with his/her duties as Qualifications Wales' Accounting Officer.

64. In particular the Board is responsible for:

- establishing and taking forward the strategic aims and objectives of Qualifications Wales consistent with its overall purpose, the Well-being goals and within the financial framework determined by the Minister for Education;
- ensuring that the Minister is kept informed fully of any changes that are likely to impact on Qualifications Wales and/or on the attainability of its principal aims and of steps needed to deal with such changes
- 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 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 team 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 Committee to help the board to address key financial and other risks; and
- appointing the Chief Executive Officer to the organisation
- monitoring Qualifications Wales' plans against its principal aims ensuring these are met
- ensuring that Qualifications Wales' controls, regulation and monitoring of its activities provide value for money within a framework of best practice and propriety
- ensuring that Qualifications Wales gives specific consideration to the impact of equality of opportunity (as in the Equality Act 2010) when developing policies and making decisions; and

- formulating rules regarding the management of information, which shall accord with current best practice including the General Data Protection Regulations and any other standards which may apply in this area.
65. 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.
66. 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

67. The Chair is accountable to the Minister for Education and ultimately 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. Communications between the Qualifications Wales Board and the Minister shall, in the normal course of business be conducted through the Chair.
68. The Chair shall ensure that Board members are kept informed of all such 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 Minister'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.
69. 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, Qualifications Wales' principal aims and statutory functions; and pays regard to all relevant guidance including guidance provided by the Welsh Ministers;
 - 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.
70. The Chair must also:
- ensure 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 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;
- ensure that a Code of Conduct for Board Members is in place consistent with the Welsh Government model code of conduct for Board Members of Public Bodies in Wales
- along with the Chief Executive, meet with the appropriate Minister at least once a year to discuss the performance of Qualifications Wales.

Personal responsibilities of individual Board members

71. 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, including the proactive management and reporting of any potential or actual conflict of interest.

Annual reporting

72. Qualifications Wales will prepare two annual reports:

- An annual report to the National Assembly for Wales of its activities to 31 August each year and
- A set of annual accounts to 31 March each year. These are described more fully in Section 3. Qualifications Wales must liaise with the Auditor General for Wales and comply with the Welsh Government accounts direction.

. As soon as possible after the end of each academic year, Qualifications Wales shall publish a report of its activities to permit the National Assembly for Wales and the public to judge its success in undertaking its functions.

The annual report must

- Report on Qualifications Wales' main activities during the previous academic year;
- Undertake the functions stated within the Qualifications Wales Act 2015.

3. Management arrangements

General

73. Unless otherwise agreed in writing by the sponsor team, Qualifications Wales shall at all times follow the principles, rules, guidance and advice in *Managing Welsh Public Money* and this document, referring any difficulties or potential bids for exceptions to the sponsor team in the first instance. A list of the guidance and instructions with which Qualifications Wales must comply is at Appendix 4.
74. In pursuit of its aims Qualifications Wales shall, where appropriate, work closely with other organisations in Wales including the private sector, local authorities and the voluntary sector reflecting the commitments in the Welsh Ministers' partnership agreements with the voluntary, business and local government sectors.

Qualifications Wales staff

Recruitment, retention and management of staff

75. Within the arrangements approved by the Minister for Education, Qualifications Wales is responsible for the recruitment, retention and motivation of staff subject to the following general requirements:
- in the recruitment, management and progression of staff Qualifications Wales will follow the principles of regularity and propriety in expending resources as set out in "Managing Welsh Public Money", in particular Chapter 4 which deals with internal management and government structures;
 - Qualifications Wales may determine its own structure with the exception of:
 - any proposal to create a new post at, or to re-grade a post to, a level which is not already represented in the staff structure;
 - Qualifications Wales may vary the total number of staff employed to reflect changes in the scale of its operations or functions.
 - Qualifications Wales must ensure that the creation of any additional posts does not incur forward commitments which shall exceed its ability to fund them within the given year;
 - staff management and development policies will be in place which include arrangements for staff appraisal and performance management including training and development to encourage staff to obtain relevant professional, managerial and any other skills and behaviours necessary to carry out their roles;
 - Qualifications Wales will have in place an organisational development policy, appropriate grievance and disciplinary procedures and appropriate

arrangements to handle any staff concerns there may be regarding impropriety;

- proper consultation with staff will be undertaken on organisational development and other significant matters which affect them.

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 where relevant will 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

76. 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. Any significant changes to those overall terms and conditions, including levels of remuneration must be authorised by the Minister apart from any nationally negotiated Civil Service pay rise if Qualifications Wales staff salaries are analogued to those of the Civil Service (Wales). The decision to analogue to the Welsh Government and Civil Service pay increases is a decision for Qualifications Wales.
77. 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 team.
78. Qualifications Wales will provide copies of its staff terms and conditions to the Sponsor team and inform it of any subsequent amendments sought.

Pay remits

79. Qualifications Wales shall present to the Sponsor team a detailed case for its proposed annual remit for pay negotiations. The pay remit shall be in the format specified by the Welsh Government. It will need to reflect the latest Welsh Government pay guidance and 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 in the period covered by the pay remit and subsequent years. Qualifications Wales is expected to operate a system that provides all staff with equal opportunity for progression. HM Treasury has overall responsibility for public sector pay policy and for ensuring pay awards are consistent with the UK Government's overall objectives. Where the only changes are likely to be annual pay rises or increments applicable to the Civil Service as a whole and negotiated for Wales; these would not need to be approved by the Minister.
80. The Sponsor team must be satisfied that all pay arrangements have been subject to an equal pay audit and, in addition, may require evidence from time to time that independent quality assurance arrangements that meet this requirement have been carried out.

81. 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

82. In considering 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

83. 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 team.
84. From 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

85. Any redundancy payments or payments of other compensation for loss of office must be made in accordance with a scheme approved by the Sponsor team. Any proposal to make payments outside of an approved scheme will require prior written approval from the Sponsor team.
86. 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 team 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

87. 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 for Wales.
88. Qualifications Wales shall co-operate with the Sponsor team in providing necessary assistance and 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.
89. The Minister for Education will confirm the amount of funding to be provided to Qualifications Wales and any other relevant budgets as soon as possible, and normally no later than one month, after the final budget has been agreed by the National Assembly for Wales.

Business planning

Grant allocation letters

90. The Minister shall, by the end of the November before the financial year to which it relates, discuss with Qualifications Wales a draft grant allocation letter. 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 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.

Corporate plans

91. Qualifications Wales will produce a corporate plan which will have regard to the Welsh Government's strategic agenda and the Well-being of Future Generations (Wales) Act 2015.

Performance management

92. 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, incorporating Well-being goals and ways of working, as appropriate.

Risk management

93. 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.
94. Qualifications Wales must adopt and implement policies and practices to safeguard itself against fraud and theft. 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, depending upon the particular circumstances of the procurement or grant scheme.

4. Financial accounting and audit arrangements

Qualifications Wales' financial responsibilities

95. Unless otherwise agreed in writing with the Sponsor team, 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 team in the first instance. A list of the guidance and instructions with which Qualifications Wales must comply is at Appendix 4.

General reporting

96. Each quarter, Qualifications Wales shall provide a report to the Sponsor team 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.
97. Qualifications Wales and the Sponsor team 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

98. Qualifications Wales must notify the Sponsor team as soon as it becomes apparent either that the full-year expenditure is likely to exceed its approved provision or that Qualifications Wales is likely to under-spend by more than the equivalent of 3 per cent of its total grant.
- 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.

Periodic review

99. The Sponsor team may decide to undertake a formal governance review, with the agreement of Qualifications Wales in circumstances where a particular concern arises.

Statutory accounts

100. 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 for Wales as required by the Government of Wales Act 1998 and the Qualifications Wales Act 2015.

Income

Public funds

101. 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)

102. The Welsh Ministers shall make payments to Qualifications Wales of grant. Grant shall be paid in monthly instalments, on the basis of an application to the sponsorship team. This must be provided in the form of a financial statement as set out in the grant drawn-down form and submitted by a person notified to the Sponsor team as authorised to make the application. Qualifications Wales may not draw down grant in advance of need. Proceeds from the disposal of an Exchequer financed asset worth £1 million or more must, however, normally be surrendered to the Welsh Government, unless agreed otherwise.

103. Proceeds 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

104. 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. Where Qualifications Wales is earning income from external sources it is able to retain a maximum of 1% of total revenue (excluding any re-charges for staff secondments) without impact to its grant allocation.

105. Proceeds derived from the sale of land, buildings and 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

106. 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

107. Subject to any relevant statutory provisions, fees and charges for services provided by Qualifications Wales must be determined in accordance with guidance or determinations issued by the Welsh Government or the Treasury. The Welsh Ministers must also approve any charging scheme before it is introduced in accordance with the Qualifications Wales Act 2015.

Expenditure

108. 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 team subject to the following conditions:

- Qualifications Wales will comply with the delegations set out in Appendix 5. These delegations must not be modified or breached without the written agreement in advance of the Sponsor team.

109. Qualifications Wales must obtain written approval before proceeding with

- a proposal outside the normal remit of Qualifications Wales and which has wider implications for the education system 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 team and department.

110. Qualifications Wales shall follow the policy framework set out in [Managing Welsh Public Money](#) in relation to the procurement of goods and services.

111. 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

112. Qualifications Wales shall consult the Sponsor team before entering into any property lease agreement if it is above delegated limits. The Sponsor team

must also approve in advance any proposals to relocate or move to new accommodation.

113. 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, lending, guarantees and investments

114. Qualifications Wales shall not, without the Sponsor team's prior written consent borrow, (including temporary borrowing facilities in the form of a pre-arranged overdraft facility to bridge any gaps between long-term borrowing arrangements), lend, charge any asset or security, give any guarantee or 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.
115. Nor shall Qualifications Wales make any investments without securing the prior written approval of the Sponsor team except in respect of short-term deposits of cash surpluses.

Grants and loans

116. 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.
117. All loan schemes must be managed under similar arrangements.

Cash balances

In-year

118. Cash balances accumulated during the course of the financial year from grant 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. Any funds exceeding that amount held by Qualifications Wales as a working balance at the end of each funding period shall be taken into account in determining the amount of grant to be paid in the following period.

End-of-year

119. 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 (i.e. as set out in the grant allocation letter and being exclusive of income derived from external sources). Any proposal to carry-over sums in excess of this amount must be agreed in writing in advance

with the Sponsor team 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.

Managing receipts

120. 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.
121. If receipts realised or expected to be realised in the financial year are more than estimated, Qualifications Wales may apply to the Sponsor team to retain such excess income for specified additional expenditure.

Virement

122. Qualifications Wales may not re-allocate funds between any near cash, non-cash or capital budgets, as notified by the Minister in the Grant Allocation letter, without the Sponsor team's prior written agreement.
123. Notwithstanding the above, the overall budget may not be increased without the Sponsor team's prior written agreement.

Interest earned on cash and bank balances

124. 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 drawdown request form, and shall be surrendered to HM Treasury via the Welsh Consolidated Fund.

Audit arrangements and subsequent reporting

Audit committee

125. Qualifications Wales must establish an Audit 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 shall share with the Sponsor team copies of the minutes of the Audit Committee meetings. The Sponsor team also has a right to attend any meeting of the Board or of the Audit Committee as observers if circumstances require it.

Internal audit

126. 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 Committee, submit to the Sponsor team the audit strategy, periodic audit plans and annual audit report, including the Head of the Internal Audit Service's opinion on risk management, control and governance; and
- notify the Sponsor team as soon as possible of any changes to the terms of reference of its Internal Audit arrangements and/or its Audit Committee.

The Sponsor team shall:

- assess the effectiveness of Qualifications Wales' annual assurance report (as prepared by its Internal Audit function); 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

127. The Auditor General for Wales (AGW) is Qualifications Wales' statutory external auditor appointed by agreement under the Government of Wales Act 2006.
128. 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 and other studies relating to the provision of services. For the purposes of these examinations, as well as the statutory financial audit, the AGW has a statutory right of access to documents.
129. 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

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

Subsidiary companies and joint ventures

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

Economy, efficiency and effectiveness – appraisal, research and evaluation

133. 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.
134. It shall review its services and activities on a regular basis. Qualifications Wales must also ensure that its approach to carrying out appraisals and evaluations shall be fully consistent with the principles set out in guidance.
135. Qualifications Wales would of course be expected to take responsibility for its decisions and would ordinarily be expected to cover legal costs associated with challenges to its decisions including Judicial Review. However in the event of a Judicial Review of a Qualifications Wales decision, the Welsh Government would work with Qualifications Wales to consider any substantial funding shortfall.

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 team 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 team will meet at least quarterly to discuss financial progress. However, communication will be ongoing; on a collaborative and transparent basis.

Regular, informal meetings will be held between Qualifications Wales' CEO and the Director General for Education and Public Services.

Annex 2: Essentials of effective sponsorship

The principles which define the working relationship between a sponsoring team and its sponsored body are set out in the introduction to 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 strategic aims and objectives of a sponsored body have regard to the wider strategic objectives of the Welsh Government and also the goals and principles set out in the Well-being of Future Generations Act.
- 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 functions of Welsh Government Sponsored Bodies that underpin these principle aims are set out in this Framework Document, which defines the relationship between the sponsor team and Qualifications Wales for which it has responsibility.

Sponsor teams need to strike a balance between control, and allowing the Sponsored body to operate independently on a day-to-day basis, as was the intention in setting up the bodies as arms length organisations. They need to ensure that the relationship is an effective one, with each partner enabling and supporting the other in the achievement of objectives. Sponsor teams and Sponsored bodies also need to make sure that they share information and best practice in a relevant and timely way, and seek out opportunities to work together more effectively.

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

Clear understanding

Of the corporate governance framework within which Sponsored bodies operate: a good knowledge of how the operational and business planning and annual remit setting process works and links with the Welsh Government's strategic aims and objectives (reflected in Prosperity for All: The National Strategy); and group/divisional and branch planning. Ensuring that the sponsored body understands the monitoring process and what is expected of them.

Of the financial accountability framework within which both the sponsor team and the Sponsored body operate: 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 Committee recommendations and their implementation;

The operational role and structure of the Sponsored body together with an appreciation of the problems it faces or perceives it faces and clear roles, responsibilities and accountabilities between the sponsor team and the Sponsored body.

Assessment of risk

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 Sponsored body's role (eg *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 may or may not require the sponsor team to take a more proactive role in the oversight of the Sponsored body.

Effective communication

A clear structure for formal communication: in respect of data which is of mutual benefit and 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 Director General, 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 team or Director General 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.

There is 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 development should be secured for the Sponsored body, with regular dialogue and communication continuing throughout the process.

Establishing an authoritative presence

The sponsorship team should act as the principal access point to the Welsh Government for the Sponsored body 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 Sponsored body is vital. Understand the communications you are passing on and be prepared to give advice.

Challenge and Scrutiny: make clear that properly structured and robust questioning of the Sponsored body is an essential part of the role, in support of public accountability, but this should be at a strategic rather than operational level, to avoid micro-management. Analyse proposals and make informed recommendations to third parties (eg Accounting Officers and Ministers).

Link with Ministers: establish agreement with Ministers on what the Sponsored body is meant to achieve then advocate its position firmly and with integrity.

Effective Training: Effective reciprocal induction training and specific effective sponsorship training (jointly with Sponsored body 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: Sponsor function set out in model framework document

- submission of advice to relevant Welsh Ministers and provide briefing for relevant Assembly Committees on Qualifications Wales matters;
- receive and act on information provided by Qualifications Wales under the framework document;
- check claims for, and if satisfied, authorise payment of grant-in-aid (GIA);
- communicate the Welsh Government's policy to Qualifications Wales and advise on the interpretation of policy;
- advise Ministers on expenditure priorities and appropriate levels of grant;
- monitor Qualifications Wales' financial position against plans through regular meetings with and returns from Qualifications Wales; and reporting to Ministers and appropriate Assembly Committees;
- issue guidance to Qualifications Wales if and when appropriate.

Annex 4: List of government-wide corporate guidance and instructions

- this document;
- the Minister's annual Grant Allocation Letter to Qualifications Wales;
- Managing Welsh Public Money;
- the Welsh Government Memorandum "Responsibilities of a Welsh Government Sponsored Body (AGSB) Accounting Officer";
- Qualifications Wales' Accounts Direction;
- Corporate Governance in Central Government Departments: Code of Good Practice;
- HM Treasury's "Government Internal Audit Standards";
- HM Treasury's "Managing the Risk of Fraud";
https://webarchive.nationalarchives.gov.uk/20120906143131/http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf
- HM Treasury's "Executive NDPBs - Annual Reports and Accounts Guidance";
- HM Treasury's "Departmental Banking: A Manual for Government Departments" (issued as Annex 5.7 of "Managing Public Money");
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/742189/Managing_Public_Money_MPM_with_annexes_2018.pdf
- HM Treasury's "Regularity, Propriety and Value for Money"
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/742188/Managing_Public_Money_MPM_2018.pdf
- HM Treasury's "Green Book – Appraisal and Evaluation in Central Government";
<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>
- HM Treasury's Audit Committee Handbook;
<https://www.gov.uk/government/publications/audit-committee-handbook>
- Cabinet Office's "Magenta Book – Guidance Notes on Policy Evaluation";
<https://www.gov.uk/government/publications/the-magenta-book>
- Cabinet Office's Code of Practice for Public Bodies;
<https://www.gov.uk/government/publications/board-members-of-public-bodies-code-of-conduct>
- the UK Evaluation Society's "Guidelines for Good Practice in Evaluation";
<https://www.evaluation.org.uk/index.php/news-resources/ukes-publications/46-ukes-guidelines-for-good-practice-in-evaluation>

- UK Statistics Authority’s “Code of Practice for Official Statistics” and its associated protocols;
<http://www.statisticsauthority.gov.uk/assessment/code-of-practice/code-of-practice-for-official-statistics.pdf>
- Health and Safety Commission/Department for the Environment and the Regions’ “Revitalising Health and Safety”;
<http://www.hse.gov.uk/strategy/>
- [Well-being of Future Generation \(Wales\) Act 2015](#)
- extant “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 which are relevant to Qualifications Wales.

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

- it conforms with any Welsh Language Standards imposed upon it by the Welsh Language Commissioner under the Welsh Language (Wales) Measure 2011, or, where a Welsh Government Sponsored Body is not liable to comply with Standards, in terms of its Welsh Language Scheme where the Sponsored Body has a Welsh Language Scheme. Where no such Scheme exists, the Sponsored body should have regard to the terms of the Welsh Language Standards specified in the compliance notices imposed on Welsh Ministers by the Welsh Language Commissioner and work to the spirit of the compliance note. A copy of the latest version can be seen on the Welsh Language Commissioner’s website;
- 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;
- 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 support the goals and principles as set out in the Well-being of Future Generations (Wales) Act 2015, which are:

Well-being Goals
A prosperous Wales
A resilient Wales
A healthier Wales
A more equal Wales
A Wales of cohesive communities
A Wales of vibrant culture and thriving Welsh language
A globally responsible Wales

Five Principles of Working	
Long-Term	The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs.
Prevention	How acting to prevent problems occurring or getting worse may help public bodies meet their objectives.
Integration	Considering how the public body's well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.
Collaboration	Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives.
Involvement	The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.

- 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;
- its procurements are affected with due regard to the principles set out in the Welsh Government's Value Wales Procurement Route Planner.

- As regards openness, where practicable and appropriate, Qualifications Wales shall be expected to hold its meetings in public. At least one meeting per year should be an open meeting. Where practicable and appropriate, Qualifications Wales shall release summary reports or make minutes of its meetings publicly available.

As regards health, safety and welfare, Qualifications Wales must:

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

Annex 5: Summary of 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. (Any annual pay rises part of Civil Service Wales national negotiated pay agreement would not need separate 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 (specified limits are in the Framework Document)	Approval of sponsor team
Novel, contentious or repercussive proposals	Approval of sponsor team if beyond normal remit of Qualifications Wales
Any borrowing, lending, guarantees, indemnities or investment	Ministerial approval (unless advances to staff for season tickets etc)
Capital projects	£50,000 per project
IT projects	£135,000 including VAT
Consultancy contracts	Per Qualifications Wales' processes
Single tender departures	Per Qualifications Wales' processes
Gifts, hospitality, prizes etc	Per Qualifications Wales' processes
Sponsorship	Above £20,000 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 team for each instance
Carry-over	In-year – 4% of total annual gross budget End-of-year – 2% of total annual gross budget, excluding income derived from external sources.
Grants	Above £550,000, approval of Sponsor team

General Expenditure	As per limitations on expenditure described within the body of the Framework document
Income	Up to 1% of total revenue can be retained by QW

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