



Department  
for Transport



Maritime &  
Coastguard  
Agency

# **FRAMEWORK DOCUMENT FOR THE MARITIME AND COASTGUARD AGENCY (MCA)**

**June 2014**

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## **THE AGENCY**

1. The Maritime and Coastguard Agency (MCA, or “the Agency”) was established on 1 April 1998. It is an Executive Agency within the Department for Transport (DfT, or “the Department”).

### **Main activities/responsibilities**

2. The MCA promotes economic growth, facilitates the safety of shipping and seafarers, saves lives and protects the maritime environment.
3. The Agency provides a 24-hour maritime search and rescue service; enforces ship safety; prevents pollution; promotes seafarer health; safety and welfare standards by survey and inspection; registers and certificates ships and seafarers; and manages pollution prevention and response.
4. The Agency has responsibility for the implementation of the technical aspects of relevant maritime conventions, the most important of which are:-
  - Safety of Life at Sea (SOLAS) Convention 1974;
  - Convention on the International Regulations for Preventing Collisions at Sea, 1972 (COLREGs);
  - International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW), 1978, as amended;
  - International Convention on Maritime Search and Rescue, 1979;
  - International Convention for the Prevention of Pollution from Ships 1973, as modified by the Protocol of 1978 (MARPOL);
  - International Convention on Load Lines 1966, and Protocol of 1988; and
  - Maritime Labour Convention 2006 (MLC 2006).

### **Location**

5. The Agency's headquarters are in Southampton, with a network of Coastguard Centres and Marine Offices at other locations in the UK.

## **ROLES, RESPONSIBILITIES AND ACCOUNTABILITY**

### **The Secretary of State**

6. The Secretary of State, or another Minister designated by the Secretary of State, is responsible for the policy framework in which the Agency operates and for agreeing its strategic objectives.
7. Those responsibilities are exercised by;

- approving this Framework Document and any revisions to it;
  - approving the Agency's business plans; and
  - approving any specific proposals from the Agency for changes to the Agency's strategic objectives (such changes having been agreed by the MCA Advisory Board).
8. The Minister will be supported in the discharge of these functions by the MCA Advisory Board (see paragraphs 29-31) chaired by a Director General in the DfT who acts as the Agency Owner (see paragraphs 15-17).
  9. The Secretary of State appoints the Chief Executive, on the advice of the Permanent Secretary, for a fixed term, following an open competition, with the possibility of extension subject to satisfactory performance.
  10. The Secretary of State is accountable to Parliament on all matters concerning the Agency, but will not normally become involved in day-to-day operational matters.
  11. The Minister with responsibility for the MCA will decide the appropriate way to respond to Parliamentary Questions about the Agency. The Chief Executive will provide Ministers with any information needed to respond to Parliamentary business concerning the Agency. Ministers may also agree that MPs should be encouraged to write direct to the Chief Executive on matters assigned to the Agency under the terms of this Framework Document.

### **The Permanent Secretary**

12. The Permanent Secretary, as the Department's Principal Accounting Officer, is responsible for the overall organisation, management and staffing of the Department and for ensuring there is a high standard of financial and other resource management in the Department as a whole. The Permanent Secretary needs to be satisfied that the Agency has adequate financial systems and procedures in place to promote the efficient and economic conduct of its business, and to safeguard financial regularity.
13. The Agency is subject to the jurisdiction of the Parliamentary Commissioner for Administration. The Permanent Secretary remains the principal officer for that purpose, but delegates to the Chief Executive responsibility for the preparation of replies on any matter concerning the operation of the Agency and in most cases will regard the Chief Executive as best placed to reply.
14. The Permanent Secretary is also responsible for advising the Secretary of State on the exercise of the responsibilities as set out in paragraphs 6-11 exercising the duties and responsibilities as the Principal Accounting Officer for the Department as set out in paragraphs 12 and 13; and exercising those Departmental financial, contractual and Human Resource Management responsibilities which have not been delegated to the Chief Executive.

## **Agency Owner**

15. The Department for Transport's Director General with responsibility for the International, Security and Environment Group will act as the Agency Owner on behalf of the Minister with responsibility for the Agency. The Agency budget will form part of the Director General's Group Budget and the Agency Owner will act as reporting officer for the Chief Executive.
16. The Agency Owner will be responsible for:
  - allocating the Agency's resources as part of the Department's Business Planning Process and for setting its detailed objectives within the strategic parameters agreed by Ministers; and
  - monitoring the Agency's performance against its objectives.
17. The Agency Owner will be supported in these functions by the Agency's Policy and Financial Sponsors, and by the MCA Advisory Board (see paragraphs 29-31).

## **Chief Executive**

18. The Chief Executive is appointed by the Secretary of State, the post having been advertised under the terms of fair and open competition. Remuneration is agreed between the DfT and the appointee in line with Civil Service pay rules.
19. The Chief Executive is appointed by the Permanent Secretary as the Agency's Accounting Officer, and is required to appoint and oversee an Executive Board (see paragraph 22).
20. The Chief Executive is responsible to the Agency Owner and through them to Ministers, within the terms of this Framework Document, for the Agency's performance; and has direct access to the Minister with responsibility for the Agency on all matters within the Agency's sphere of responsibility. The Chief Executive has delegated powers to intervene after a marine accident (Annex A) in accordance with Section 137 of the Merchant Shipping Act 1995 as amended by the Merchant Shipping and Maritime Security Act 1997; and is responsible to the Secretary of State for the exercise of these powers by the Agency and for the public interest to be taken into account when an accident to a ship might require salvage or other emergency action. The Agency, through the Chief Executive, is the source of professional, technical and expert advice to the Secretary of State on all matters within the scope of its remit.
21. The Chief Executive is responsible for ensuring that proper procedures are followed for securing the regularity and propriety of the use of public funds allocated to the Agency. As the Agency accounting officer, the Chief Executive is also responsible for:

- ensuring that the requirements of *Managing Public Money* are met and that the Agency observes any general guidance issued by the Treasury, the Cabinet Office and other units reporting directly to the Prime Minister;
- putting into effect any relevant recommendations, accepted by Government, from the Public Accounts Committee, other Parliamentary Select Committees or other Parliamentary authority;
- ensuring that effective procedures for handling complaints about the Agency are established and published;
- providing timely forecasts and monitoring information on performance and finance to the Department;
- promoting the efficient and effective use of staff and other resources; and
- notifying the Department promptly if overspends or underspends are likely, and proposing corrective action.

### **MCA Executive Board**

22. The Agency's Chief Executive is supported by the Executive Board. The Board meets regularly to discuss strategic issues affecting the Agency. The Board is comprised of the Chief Executive, Executive and Non-Executive Directors. The Non-Executive Directors challenge and support the Board to ensure that it operates in the best possible interests of the Agency and its stakeholders. They are not employees of the Agency and are not affiliated to the Agency in any way other than their work for the Executive Board. Non-Executive Directors are permanent members of the Audit Committee.

### **Secretary of State's Representative (SOSREP)**

23. The Secretary of State's Representative (SOSREP) is accountable to the Secretaries of State for the oversight, control and if necessary, intervention, and the exercise of "ultimate command and control", acting in the overriding interest of the UK in salvage operations within UK waters involving vessels or fixed platforms where there is significant risk of pollution. The SOSREP is supported by a deputy and other Agency resources to provide 24/7 coverage and capacity for concurrent interventions. When exercising Powers of Intervention on behalf of the Secretary of State, SOSREP acts as a non-Departmental Officer of the Crown. At other times the SOSREP is considered to be an MCA employee.

## **Receiver of Wreck**

24. The Receiver of Wreck (MCA) administers the Merchant Shipping Act 1995 as it relates to matters of wreck and salvage. This is UK-wide and includes wreck recovered within UK territorial waters, and wreck brought within UK territorial waters. The Receiver ensures that the interests of both salvor and owner are taken into consideration and administers the Crown's right to unclaimed wreck. This encompasses all wreck, regardless of age, size or apparent value. The Receiver of Wreck's powers and obligations are set out in Part IX of the Merchant Shipping Act 1995. The majority of powers are assigned directly to the Receiver of Wreck, rather than the Secretary of State. These powers and obligations relate to dealing with wreck, dealing with vessels in distress and offences in respect of wreck. The Receiver of Wreck also administers aspects of section 2 of the Protection of Wrecks Act 1973 (dangerous wrecks) and the Royal Prerogative for Fishes Royal.

## **Sponsor Divisions**

25. The DfT's Director of Maritime within the International, Security and Environment Group is the Agency's Policy Sponsor. The Director is responsible to the Secretary of State for the overall policy for shipping, including marine safety, search and rescue and counter pollution response and for oversight of all work on changes to the regulatory framework for shipping, including negotiations within international forums. The Policy Sponsor and their supporting team will work in partnership with the Agency to manage the negotiation, preparation and implementation of any necessary maritime legislation with agreed lead responsibilities for each element of work, clearly defined negotiating parameters, and defined timescales. The Policy Sponsor and the Agency's Chief Executive will agree on practical arrangements, as required, to ensure clarity over responsibilities for different elements of work through the negotiating and legislative processes. They will actively promote a "One Team" approach to the use of resources so as to avoid duplication of effort.
26. The Senior Business Partner is nominated as the Financial Sponsor within the Department. They are responsible for the oversight of the Agency's finances, monitoring the Agency's in-year spending, scrutinising the Agency's long term spending plan and advising the Agency Owner on any issues to do with in-year financial management and associated business planning. They will also advise the Permanent Secretary on any issues to do with the MCA's accounts.
27. The Policy and Financial Sponsors will provide support to the Chief Executive when appropriate and will actively develop working relationships at all levels in line with the "One Team" approach to efficient working.

## **Maritime Administration Board**

28. The Maritime Administration Board (MAB) comprises representatives of the UK Maritime Administration including the MCA, Marine Accident Investigation Branch (MAIB) and other maritime interests in the Department. It is chaired by the Director General of the International, Security and Environment Group within the DfT. The MAB takes a strategic overview of all policy development and its implementation (through regulation or other means) for all maritime matters for which the Department or its Non Departmental Public Bodies (NDPBs) have responsibility; provides any necessary policy direction to delivery bodies within the umbrella of the Administration Board; and acts as a focal point for engagement with other Government Departments, NDPBs, the devolved administrations and maritime stakeholders on policies affecting UK maritime interests.

## **MCA Advisory Board**

29. The performance of the MCA will be overseen by the MCA Advisory Board, chaired by the Director General acting as the Agency Owner. Other members of the MCA Advisory Board include the Agency Chief Executive, the Agency's Executive Directors, its Policy and Financial Sponsors within the Department, and one or more external members.

30. The MCA Advisory Board advises the Agency Owner, and through them the Minister with responsibility for the Agency, on its performance against objectives and the performance of the Chief Executive. Where the performance of the Chief Executive is under discussion, the Agency Owner may exclude the Chief Executive and others from that part of a Board meeting, convene separate meetings, or otherwise handle the matter with other Board members.

31. The Chief Executive reports on the performance of the Agency to the MCA Advisory Board. The MCA Advisory Board provides the Chief Executive with advice, support and assistance.

## **Marine Accident Investigation Branch (MAIB)**

32. The investigation of marine accidents is the responsibility of the MAIB, which is not part of the Agency. It reports direct to the Secretary of State on its investigations. The Agency has an operating agreement with the MAIB. The MAIB has the primary function of identifying and sharing lessons to be learned to improve maritime safety. The Agency may also investigate maritime accidents but will focus its investigation on any significant breaches of legislation.

## **Other Bodies**

33. The MCA works together with many other Government Departments to deliver its responsibilities, including the Department for Environment and Rural Affairs, the Department of Energy and Climate Change, the Foreign and Commonwealth Office, the Home Office, and the Ministry of Defence. It also works in close partnership with the other emergency services to provide its search and rescue services.
34. The Agency's relationships with the Health and Safety Executive (HSE) and the Marine Management Organisation (MMO) are set out in separate Memoranda of Understanding, which are kept under review.
35. The Agency's relationships with the devolved administrations of Scotland, Wales and Northern Ireland follow the principles set out in the Memorandum of Understanding between the Westminster Parliament and those administrations, and relevant Concordats which are in force.

## **FINANCIAL REGIME**

36. The Agency is funded through a DfT Request for Resource (RfR) with its budget forming part of the International, Security and Environment Group's budget. The financial and contractual arrangements under which the Agency operates are set out in the memorandum at Annex B (including HM Treasury and Cabinet Office expenditure control frameworks). The Agency is subject to normal Government accounting and procurement procedures. It is also subject to central Cabinet Office expenditure controls on consulting, ICT, recruitment, marketing and property.

## **BUSINESS PLANNING**

37. The Chief Executive prepares and agrees with the Agency Owner and the MCA Advisory Board a fully-costed business plan which is submitted to Ministers. Once approved, the Chief Executive is responsible for implementing the business plan.

## **MONITORING AND REPORTING**

### **MCA Performance Measures**

38. The Agency's Key Performance Measures (KPMs) will be agreed with DfT Ministers and will invariably cover core functions, safety initiatives and organisational efficiency.

39. These KPMs will be published annually in a Business Plan, the availability of which will be formally notified to Parliament.

## **AUDIT AND ACCOUNTING**

### **Accounting procedures**

40. As Agency Accounting Officer, the Chief Executive will ensure that proper financial procedures are followed, and that appropriate accounting records are maintained to satisfy internal management reporting and external audit requirements.

### **Annual Report and Accounts**

41. The Chief Executive prepares and publishes the Annual Report and Accounts each year. The accounts shall be prepared in compliance with the accounting principles and disclosure requirements of HM Treasury's Financial Resource Accounting Manual (FReM) in accordance with the Accounts Direction set by HM Treasury.
42. The Annual Report and Accounts review the operations of the Agency in the year to which they relate, and provide details of its financial performance and its performance against non-financial objectives. The accounts are audited by the Comptroller and Auditor General, and are published and laid before Parliament before the summer recess each year.

### **Audit Arrangements**

43. The Chief Executive will maintain a proportionate internal audit service for the Agency, provided in accordance with the standard required by Public Sector Internal Audit Standards. Details of audit arrangements are set out in the Financial Memorandum at Annex B.
44. The Chief Executive will ensure that an Audit Committee is established to oversee the corporate governance requirements of the Agency, in accordance with latest HM Treasury guidance.
45. The Chief Executive will ensure that the Audit Committee and Senior Management are aware of the HM Treasury Internal Audit Customer Handbook (published July 2013) to ensure they have adequate knowledge of internal audit services, particularly in government bodies.
46. The Head of Internal Audit shall have direct access to the Chief Executive and the Chair of the Audit Committee regarding matters of concern, risk or control through open dialogue and regular meetings.

## **STAFF, PAY, AND RECRUITMENT**

### **General**

47. The Chief Executive is responsible for the Human Resource Management of all Agency's staff, other than those within the Senior Civil Service, except for those pensions and security matters where delegated authority has not been granted by the Cabinet Office.

### **Status of Staff and Conditions of Service**

48. The Agency's staff are Crown employees working within the Agency, subject to the Civil Service Management Code. Staff remain in, and new recruits will join, one of the Principal Civil Service Pension Schemes unless they opt out. They are eligible to transfer and be promoted elsewhere within the Department or to other Government Departments where opportunities exist.

49. Existing terms and conditions of service continue to apply to the Agency's staff unless changes are made by the Chief Executive in the light of the development of the Agency, after prior consultation with staff and their Trade Unions, and with the Department and the Cabinet Office.

50. Coastguard Rescue Officers are volunteers. The Agency has provided the Coastguard Rescue Service injury compensation scheme to cover in the event of an injury incurred during their response to a callout.

### **Pay and Reward**

51. The Secretary of State has responsibility for the pay and reward arrangements within the Agency, except for members of the Senior Civil Service. The Chief Executive exercises that responsibility in line with the Government's public sector pay policy and within any limits set by the Secretary of State. The Agency conducts its own pay negotiations with those Trade Unions recognised by the Agency for the purpose, and will implement changes resulting from those negotiations.

### **Senior Civil Service**

52. The Permanent Secretary has responsibility for management of the Senior Civil Service, within the broad framework determined by the Cabinet Office. In exercising those responsibilities, the Permanent Secretary consults the Chief Executive where appropriate and may also delegate certain responsibilities, by agreement to the Chief Executive.

## **Recruitment and Promotion**

53. Subject to wider Government and Departmental policies, the Chief Executive may recruit and promote to any post in the Agency, except Senior Civil Service posts, in accordance with the rules and procedures promulgated by the Civil Service Commissioners and in accordance with the Civil Service Management Code. Recruitment and promotion are on merit.

## **Training and Development**

54. The Chief Executive is responsible for identifying and meeting the training and development needs of all Agency Staff.

## **Employee Relations**

55. The Chief Executive is responsible for employee relations within the Agency and attaches importance to consultation with staff and their representatives. The Chief Executive also:

- recognises Trade Unions where they are representative and is committed to developing an effective relationship with them;
- attaches importance to the need to make full use of the skills and talents of staff and to provide them with an opportunity to contribute to decisions affecting their jobs; and
- ensures appropriate consultative arrangements exist and consults staff and recognised Trade Unions on any proposed changes to the arrangements.

## **Health and Safety**

56. The Chief Executive is bound by the Department's Health and Safety Policy Statement and all relevant Health and Safety legislation. The Agency has a duty to ensure that health and safety policy and legal requirements are met fully.

## **Inclusion and Diversity**

57. The Agency has a responsibility for complying with its legal obligations and for the active promotion of the principles of inclusion.

## **PARLIAMENTARY SELECT COMMITTEES**

58. The Secretary of State decides which officials should represent them at hearings of Parliamentary Committees, and will normally ask the Chief Executive to attend and give evidence when operational matters concerning the Agency are discussed. The Chief Executive may also be invited to give evidence in their own right to Parliamentary Committees.

## **RISK MANAGEMENT**

59. The Chief Executive is responsible for developing and maintaining a risk management system, and for its effective use throughout the Agency. The Agency's approach and documentation will be broadly compatible with those of the Department. The risk management process provides the Executive Board with regular assessments of threats to, and opportunities for, the Agency's business. The Chief Executive reviews this system at least annually and reports its effectiveness via the Annual Report and Accounts in the Governance Statement. The risk management system is additionally examined by the Audit Committee and the National Audit Office.

## **REVISING THE FRAMEWORK DOCUMENT**

### **Review**

60. The Framework Document will be reviewed by the MCA Advisory Board regularly and at least once every three years.

## **A ANNEX A - DECLARATION**

A.1.1 My intervention powers as Secretary of State for Transport, as defined in the Merchant Shipping Act 1995 as amended by the Merchant Shipping and Maritime Security Act 1997, may be exercised by officers holding the following positions in the Maritime and Coastguard Agency:

The Secretary of State's Representative (SOSREP) and his Deputy  
The Chief Executive  
Director of Maritime Operations  
The Chief Coastguard

A.1.2 And, exceptionally as delegated by name by one of the above for a specific incident in writing, Counter Pollution and Salvage Officers and the Head of Counter Pollution and Response.

## **B ANNEX B - FINANCIAL MEMORANDUM**

### **Financial Regime**

B.1.1 The Agency is subject to public expenditure controls, including Request for Resource (RfR) and relevant Government spending review arrangements, including central Cabinet Office expenditure controls on consulting, ICT, recruitment, marketing and property . The Agency is controlled on a gross running costs basis (receipts generated by the Agency do not offset its administration costs).

### **Accounting Arrangements**

B.1.2 The Chief Executive is responsible for ensuring that the Agency's management information and accounting systems allow for detailed and effective control over its use of resources. The accounting system will permit verification of the accounts by the Comptroller and Auditor General. The departmental finance directorate retains ultimate responsibility for the Agency in regard to RfR accounting and will obtain such summarised information from the Agency as is necessary for that purpose.

### **External audit**

B.1.3 The Comptroller & Auditor General (C&AG) audits the Agency's annual accounts, which must be laid in Parliament alongside a report. The C&AG:

- will consult the Department and Agency on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG;
- has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from the Agency;
- will share with the Sponsor Department information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the Department's responsibilities in relation to financial systems within the Agency; and
- will, where asked, provide Departments and other relevant bodies with Regulatory Compliance Reports and other similar reports which Departments may request at the commencement of the audit and which are compatible with the independent auditor's role.

B.1.4 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the Agency has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, the Agency shall provide, in conditions to grants and contracts, for the C&AG 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 C&AG to any other documents required by the C&AG which are held by other bodies.

## Financial Delegations

B.1.5 The Agency's expenditure forms part of the Department's DEL and AME control totals and the Chief Executive is delegated each year a budget as part of the 'Delegations of Responsibilities letter'. The Chief Executive is expected to manage his resource and capital expenditure within those delegated limits. The Chief Executive has delegated financial authority to commit expenditure and authorise payments as follows:

- **Administration and programme costs:** Unlimited within budget, except for certain types of losses, claims waived or abandoned, and special payments where the relevant delegation from the Treasury to the Department applies.
- **Unbudgeted emergency:** Unlimited, but the Policy and Financial Sponsors must be notified and kept informed of pollution incidents and the level of expenditure (given the possible need for the Department to find offsetting savings from elsewhere in its allocations and/or to seek a claim on the HM Treasury Reserve).

B.1.6 The Chief Executive has the discretion to authorise financial delegations to staff within the Agency. Such delegations will always be made in writing, with appropriate separation of duties, to ensure the rules governing regularity and propriety are observed and proper accountability maintained.

B.1.7 Within agreed budgets and subject to the above financial delegations, the Agency has authority to re-deploy resources according to HM Treasury rules.

B.1.8 Proposals to invest in capital projects which exceed the Departmental and/or relevant RfR limits set by HM Treasury must be referred to DfT's Maritime Directorate, who will consult as appropriate prior to seeking HM Treasury approval. The Maritime Directorate will keep the Agency informed of the limits in force.

## Contractual Delegations

B.1.9 Subject to any overriding control arrangements at the time, The Chief Executive has unlimited delegated authority for competitive and single tender procurement within Departmental guidelines. The Chief Executive should authorise contractual delegations to staff. Such delegations will always be made in writing to ensure that proper accountability is maintained.

B.1.10 Contractual Authority is delegated by the Principal Accounting Officer to the Chief Executive. The Chief Executive may sub-delegate authority in writing to

other staff within MCA, provided this is to named individuals in specific posts who have confirmed in writing that they have accepted the Contractual Authority conditions.

- B.1.11 Contractual Authority is subject always to the availability of funds and the necessary financial and business case approval. Contractual Authority may not be exercised by any individual in cases where they are also responsible for giving financial approval.
- B.1.12 Contractual Authority carries an absolute requirement for accountability, together with an exposure to audit. In particular, Contractual Authority implies that the delegated holder is confirming:
- Fairness (demonstrated by competition);
  - Legality (compliance with the EU and UK Government Procurement Directives);
  - Contractual risk (that the formal terms and conditions will protect MCA against key contractual risks);
  - Value for money (that value for money has been achieved by optimising the combination of whole-life cost and quality); and
  - Governance (procurement procedures have been adhered to).

### **Revision of Delegations**

- B.1.13 Delegations are subject to periodic review and any changes agreed between the Chief Executive and the Department. Agreed changes are confirmed by letter from the Department's Principal Finance Officer to the Chief Executive.

### **Insurance**

- B.1.14 The Agency's risks, including public and employer liability, are carried in line with Government policy on insurance. The Agency will consult their Policy and Financial Sponsors within the Department before incurring any liabilities outside the Agency's normal course of business or requiring specific guarantees or letters of comfort. The Chief Executive will keep the Department informed of the level of contingent liability on a regular basis.

### **Wider Markets**

- B.1.15 In accordance with HM Treasury guidance on selling services to the wider market, the Agency is encouraged to make the most of its assets by either acting more commercially or by exploring wider market opportunities where appropriate.

### **Audit Arrangements**

- B.1.16 The Chief Executive will maintain and direct the Agency's internal audit work. That will be supported by an Audit Committee which, inter alia, will approve the internal audit programme of work and consider the main issues arising

from the auditors' work. All reports and other audit outputs are performed on behalf of the Chief Executive as Accounting Officer, and will not be passed to the Department without agreement.

- B.1.17 If the Agency's internal audit service is provided by the Department it shall be subject to a service level agreement. If it is not provided by the Department, the service provider will be subject to periodic checks by the Department's internal audit services to confirm that it is meeting the standards set out in the Public Sector Internal Audit Standards.
- B.1.18 The Agency is subject to external audit and value for money scrutinies by the Comptroller and Auditor General.

### **Fees and Charges**

- B.1.19 The Chief Executive is responsible for reviewing and making proposals for fee levels to Ministers, subject to consultation with industry and with the prior agreement of the Policy Sponsor. Statutory fees and charges should be set at levels which aim to recover the full economic cost of work undertaken, in accordance with HM Treasury guidance on fees and charges (chapter 6 of *Managing Public Money* guidance). Non-statutory charges are set at levels which at least recover the direct costs, unless there is HM Treasury agreement to the contrary.

### **Financial Relationships**

- B.1.20 The designated Business Partner team in DfT Group Finance is responsible for the management of the day to day financial relationship between the Department and the Agency.
- B.1.21 The Departmental Group Finance Director has the ultimate responsibility for satisfying the Principal Accounting Officer that the Department and the Agency have effective financial management systems and procedures, and that the operation of those systems and procedures is consistent with the requirements of regularity, propriety and the economic and efficient conduct of business.

### **Gifts, losses and special payments**

- B.1.22 The Agency must keep a register of gifts, write-offs, losses and other special payments. These include losses due to fraud, extra-contractual (including negotiated severance deals), ex-gratia and compensation payments as defined in *Managing Public Money*. All such transactions that exceed the financial delegated authority levels to the Agency must be referred to the Department for review and HM Treasury for approval, where appropriate.

## **Disposal of fixed assets**

- B.1.23 The Agency must maintain an accurate and up-to-date register of its fixed assets.
- B.1.24 The Agency must dispose of assets which are surplus to its requirements save that it may not dispose of land without the consent of the Department. Assets must be sold for best price, taking into account any costs of sale. High-value assets must be sold by auction or competitive tender, unless otherwise agreed by the Department, and in accordance with *Managing Public Money*, Chapter 4.10.

## **Lending and borrowing**

- B.1.25 No grant or grant-in-aid can be paid into any reserve held by the Agency. Funds in any reserve may be a factor for consideration when grant-in-aid is determined.
- B.1.26 No money can be borrowed by the Agency, other than that reasonably required for efficient day-to-day management and operation of the Company's duties (such as corporate credit cards etc.).