

SSRO

Single Source
Regulations Office

Corporate Governance Framework

April 2024

Contents

Part 1 – Statutory framework, aims and functions	2
Part 2 – Board roles and responsibilities	3
The role of the Chair	3
Non-executive Board members (NEBMs)	4
Independent persons	5
The Chief Executive	5
Committees	5
Complaints	6
Review of the Board’s effectiveness	6
The SSRO as an employer	6
Part 3 – Planning, budget and control	8
Corporate plan and business plan	8
Internal audit	8
The Annual Report and Accounts	9
External audit and value for money examinations	9
Part 4 – The SSRO’s business and delegated powers	11
Table of Delegations	12
Appendix 1 – Standing Orders	19
Appendix 2 – Terms of Reference for the Board	26
Appendix 3 - Terms of Reference for the Audit and Risk Assurance Committee	29
Appendix 4 – Terms of Reference for the Regulatory Committee	31
Appendix 5 – Terms of Reference for Referral Committees	33
Appendix 6 – Terms of Reference for the People Committee	35

Foreword

Good corporate governance is fundamental to any effective organisation, and the corporate governance arrangements of the Single Source Regulations Office (SSRO) are critical in helping us to achieve our principal statutory duties.

This document sets out the responsibilities and procedures that we use to make sure we govern our organisation to a high standard.

It lays down the key responsibilities of the Board of the SSRO; the conduct expected of its members and staff; the Board's powers of delegation; and the proceedings of the Board. It reflects the principles set out in *Corporate governance in central government departments: code of good practice*.

The Corporate Governance Framework is informed by relevant legislation and other Government guidance, including the [Defence Reform Act 2014](#), the [Single Source Regulations Office Framework Agreement 2022](#), [Managing Public Money](#), and the [Cabinet Office Code of Conduct for Board Members of Public Bodies](#), and should be read in conjunction with these documents.

The SSRO reviews its governance arrangements regularly to ensure that they remain fit for purpose, and continue to reflect its duties, functions and values. The Corporate Governance Framework is published on the SSRO's website as part of our commitment to transparency

John Russell
Chief Executive

April 2024

Part 1 – Statutory framework, aims and functions

1. The SSRO is a Non-Departmental Public Body, constituted under the Defence Reform Act (DRA) 2014 (the Act). It is sponsored by the Secretary of State for Defence. The SSRO operates independently at arm's-length from the Ministry of Defence (the Department), enabling it to appropriately fulfil its statutory functions as set out in Part 2 of the Act and the Single Source Contract Regulations 2014 (SSCR). The respective roles of the Department and the SSRO are described in the [Framework Document](#) agreed between the two organisations, last reviewed and updated in May 2022.
2. The aims of the SSRO, as laid down in the Act, are to ensure when undertaking its statutory functions:
 - that good value for money is obtained in government expenditure on qualifying defence contracts; and
 - that persons (other than the Secretary of State for Defence) who are parties to qualifying defence contracts are paid a fair and reasonable price under those contracts.
3. The SSRO has regulatory functions which the legislation requires us to carry out. These include:
 - Keeping an up-to-date record of qualifying contracts and receiving statutory reports from defence contractors under the regulatory framework.
 - Recommending the appropriate baseline profit rate, capital servicing rates and SSRO funding adjustment for use in calculating contract profit rates.
 - Publishing guidance on allowable costs, contract profit rate steps, reporting and penalties.
 - Keeping the operation of the regulatory framework under review and making recommendations for changes to the Secretary of State.
 - Giving opinions and making determinations on matters referred to the SSRO concerning the regulatory framework.
 - Keeping under review the extent to which reporting requirements are being complied with.
 - Analysing reported data on request for the Secretary of State.
4. The Act states that the SSRO may do 'anything which is calculated to facilitate the carrying out of its functions or which is incidental to or conducive to the carrying out of those functions' subject to 14(2) which states 'the SSRO may not borrow money, other than temporarily by way of overdraft up to a limit approved by the Secretary of State'.
5. The SSRO demonstrates its accountability for performing these functions by:
 - laying its Annual Report and Accounts before Parliament and publishing the document on its website;
 - in line with Managing Public Money Annex 3.1, providing an account of corporate governance in its annual governance statement;
 - being appropriately transparent about its business, its finance and its governance;
 - the external audit of its accounts by the National Audit Office, and internal audit operating to public sector internal audit standards (PSIAS);
 - reviews overseen by the MOD and Cabinet Office;
 - providing the Department with information regularly that will enable it to satisfactorily monitor its performance; and
 - publishing a clear complaints process.

Part 2 – Board roles and responsibilities

6. The SSRO Board comprises: a Chair¹, at least two other non-executive Board members², the Chief Executive (who is also Accounting Officer), and other executive members appointed by the non-executive Board members of the Board. The Board must include a majority of non-executive Board members.
7. The SSRO's Board exercises strategic oversight of: the delivery of the SSRO's objectives; their statutory, regulatory, common law duties; and their responsibilities under the [Framework Document](#).
8. The MOD Sponsor, on behalf of the Responsible Minister, appoints a MOD representative from the MOD Sponsor team as an observer to the SSRO Board.
9. The detailed responsibilities of the Board are set out in the [Framework Document](#) and its terms of reference at Appendix 2.
10. The SSRO may set its own procedures, subject to arrangements concerning the discharge of its referral functions specified in legislation, including that those are exercised by three- person committees as further described below under the heading of Referral Committees.

The role of the Chair

11. The Chair is responsible for leading the Board and ensuring its overall effectiveness. The Chair will be ultimately accountable for the decisions taken by the Board in carrying out its functions. The detail of the role of the Chair is set out in the [Framework Document](#).
12. The main components of the Chair's role are:
 - Leadership - formulating the Board's strategy and the implementation of the SSRO's Corporate Plan.
 - External Communications - representing the views of the Board to the general public, as well as to Government and industry stakeholders.
 - Assurance to the Department - ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Responsible Minister or the Department.
 - Corporate Governance - delivering high standards of regularity and propriety, and ensuring that a Board Operating Framework (this Corporate Governance Framework) and a code of practice for Board members is in place.
 - Board effectiveness – ensuring the Board and SSRO has the identified balance of skills and expertise appropriate to direct and carry out its statutory functions, whilst taking account of MOD's policy and objectives. Ensuring the work of the Board and its members are reviewed and are working effectively, including ongoing assessment of the performance of individual Board members with a formal annual evaluation and more in-depth assessments of the performance of individual Board members when being considered for reappointment.
 - Management of the Chief Executive - acting as a sounding board for the Chief Executive, providing effective management on behalf of the Board. This includes agreeing the Chief Executive's objectives and undertaking annual appraisals, following consultation with other non-executive Board members.
 - Value for money - promoting the efficient and effective use of staff and other resources.
13. Communications between the Board and the Department will normally be through the Chair, except where the Board has agreed that an individual member should act on its behalf. Nevertheless, an individual member has the right of access to Ministers on any matter that he or she believes raises important issues relating to his or her duties as a member of the Board. In such cases the agreement of the rest of the Board should normally be sought.

¹ appointed by the responsible Minister under paragraph 1(1)(a) of Schedule 4 of the Act;

² appointed by the responsible Minister under paragraph 1(1)(a) of Schedule 4 of the Act;

Non-executive Board members (NEBMs)

14. The Chair and NEBM appointments are subject to the Public Appointments Order in Council and as such must comply with the Governance Code on Public Appointments. Executive members are appointed by the non-executive members, although a person may not be appointed as an executive member without the consent of the Secretary of State. This structure is designed to ensure that executive members are supported and constructively challenged in their role and to support the ongoing impartiality of the Board.
15. The Secretary of State will decide the length of tenure an appointed person is to serve in accordance with paragraphs 3(1) and 3(2) of Schedule 4 of the Act. It is envisaged that an individual shall not serve more than two terms, or serve in post for more than 10 years. In exceptional cases, the Secretary of State may decide that such restrictions shall not apply where the skills and expertise an individual possesses warrant such a decision.
16. Non-executive members act collectively through the Board and its committees; they do not have individual executive authority, although the Board may delegate a function to a Board member as set out in paragraph 31 below.
17. Individual members should at all times comply with the [Cabinet Office Code of Conduct for Board Members of Public Bodies](#), which covers conduct in the role and includes adherence to the Nolan Principles of Public Life, as well as rules relating to the use of public funds and to conflicts of interest. They should adhere to the 12 Principles of Governance for all Public Body Non-Executive Directors and ensure they are familiar with any applicable guidance on the role of Public Sector non-executive directors and Boards that may be issued from time to time by the Cabinet Office, HM Treasury or wider government.
18. Members must not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations. They should not disclose information or documents obtained through their position as member without speaking first to the Chief Executive. This should not prevent members who hold other public offices from referring to holding a non-executive position at the SSRO in the course of their other public work, however they should not disclose information which is not already within the public domain.
19. All members should comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments. They should ensure that they are familiar with the SSRO's rules and practices on declarations, and avoidance of conflicts of interest. The SSRO will have rules and procedures in place for managing conflicts of interest. This will include a current and publicly available Register of Interest for members and senior staff. Details of the SSRO's rules on gifts and hospitality are at Standing Order 11.3 and 11.4 and in the SSRO's gifts and hospitality policy.
20. In accordance with Schedule 4 of the Act, the Secretary of State may suspend a person from office as a non-executive member if it appears to the Secretary of State that there are or may be grounds to remove the person on account of incapacity; misconduct (which may include breach of a term or condition of the member's appointment); or failure to carry out his or her duties.
21. Although any legal proceedings initiated by a third party are more likely to be brought against the SSRO, in exceptional cases proceedings (civil or criminal) may be brought against the Chair or other individual members. For example a member may be liable if he or she makes a fraudulent or negligent statement, which results in loss to a third party. A member who misuses information gained by virtue of his or her position may be liable for breach of confidence, or may commit a criminal offence under insider dealing legislation.
22. However, an individual member who acts honestly and in good faith should not normally incur any civil liability in an individual capacity, unless he or she has acted recklessly. The SSRO indemnifies members who have acted honestly and in good faith against any action taken or threatened against them (see Standing Order 12). The Chair and Chief Executive will ensure that legal advice is provided to any members who want further clarification of their statutory position.

Independent persons

23. The SSRO will identify independent persons who are neither members nor employees of the SSRO and who may be appointed to Referral Committees. Such independent persons should comply with the standards of behaviour detailed in paragraphs 18 to 20 above.

The Chief Executive

24. The Chief Executive as Accounting Officer is personally responsible for safeguarding the public funds for which they have charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of the SSRO. In addition, they should ensure that the SSRO as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management, that are set out in Box 3.1 of Managing Public Money. These responsibilities are set in the Accounting Officer appointment letter issued by the Principal Accounting Officer of the Sponsor Department.
25. The Chief Executive has executive responsibility to the Board for the work of the SSRO and for its staff. They ensure that the Chair and Board have timely, accurate and clear information, as required, to carry out their responsibilities.
26. The Board delegates to the Chief Executive authority for the day-to-day management of the SSRO, with responsibility for the overall organisation, management and staffing and for its procedures in financial and other matters, including conduct and discipline. Where a matter is not specifically reserved to the Board, the Chief Executive has authority to act. In addition, the Board authorises the Chief Executive to appoint another appropriate SSRO staff member to act on his or her behalf. The SSRO's Delegated Powers are set out in Part 4.
27. The Chief Executive appoints and leads the Executive Committee, whose structure is agreed by the Board on the recommendation of the Chief Executive. Neither the Executive Committee, nor the Senior Leadership Team (comprising the Executive Committee and Heads of) are sub-committees of the Board. The Senior Leadership Team provides advice and support to the Chief Executive and its members report to the Chief Executive and are responsible for the day-to-day management of the SSRO.
28. The Chief Executive's specific responsibilities to Parliament and the public; to the Ministry of Defence; and to the Board are set out in detail in the [Framework Document](#).

Committees

29. The Act states that the SSRO may appoint committees and determine their procedures. A committee may include persons who are not members or employees of the SSRO.
30. Committees exercise functions delegated to them, provide more detailed consideration of specific work areas and advise the Board accordingly, and promote more effective communication between the SSRO and particular stakeholders. Members of committees will be appointed by the Chair or another non-executive Board member authorised (generally or specifically) for that purpose.
31. The Board may delegate any of the SSRO's functions to the Chair, another Board member, a committee or a sub-committee. While the Board may make use of committees to assist its consideration of appointments, succession, audit, risk and remuneration, it retains responsibility for and endorses final decisions in all of these areas.
32. The Chair should ensure that sufficient time is allowed at the Board for committees to report on the nature and content of discussion, on recommendations, and on actions to be taken. Where there is disagreement between the relevant committee and the Board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreement cannot be resolved, the committee concerned should have the right to report the issue to the Sponsor team, Principal Accounting Officer and Responsible Minister.
33. The SSRO may pay remuneration and allowances to any person who is a member of a committee, but is not an employee of the SSRO, whether or not that person is a non-executive Board member of the SSRO.

34. The Terms of Reference for the SSRO's committees are set out in the appendices, and details of their delegated authorities are set out in Part 4 of this framework.
35. As set out in the Act, several of the SSRO's functions, listed in paragraph 10(3) of Schedule 4, will be exercised by a committee consisting of three persons appointed by the Chair or any other member who has been authorised (generally or specifically) for that purpose. The SSRO will appoint a three-person Referral Committee to deal with each referred matter.
36. There will from time to time be a non-executive Board member authorised to appoint persons to Referral Committees and designated the Lead Member for Referrals. The Lead Member for Referrals need not be a member of each Referral Committee, but should be a member of the Regulatory Committee.

Complaints

37. The Board approves, publishes and maintains a Complaints Procedure.
38. The Chief Executive reports annually to the Board about the nature and number of complaints and about the SSRO's handling of complaints.
39. The Chair is responsible for responses to complaints against members.
40. In the event of a complaint against the Chair personally, the Chair of the Audit & Risk Assurance Committee shall consider whether there is a sufficiently serious prima facie case, and if so, shall send it to the Permanent Secretary at the Department for consideration.

Review of the Board's effectiveness

41. The Chair is responsible for ensuring that the work of the Board and its members are reviewed and are working effectively, including ongoing assessment of the performance of individual Board members with a formal annual evaluation and more in-depth assessments of the performance of individual Board members when being considered for reappointment.
42. The Chair will provide for formal reviews of the Board's effectiveness, with independent input at least once every three years.
43. A review would include consideration of the Board as a whole, the operation of any committees and advisory groups, the contributions of individual members, and whether a quorum of Board and committee meetings has been achieved.
44. A review would also take account of the Audit & Risk Assurance Committee's annual report.

The SSRO as an employer

45. The SSRO has responsibility for the recruitment, retention and motivation of its staff, who will be appointed on such terms and conditions as the SSRO may determine, within HM Treasury's controls. The SSRO will ensure that it employs suitably qualified staff who will discharge their responsibilities in accordance with the high standards expected of those employed by the SSRO.
46. The SSRO will seek to set an example of best practice as an employer and is committed to offering all staff equality of opportunity. The broad responsibilities towards staff are to ensure that:
 - The rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit: there is no discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age.
 - The level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness.
 - The performance of its staff at all levels is satisfactorily appraised and the SSRO performance measurement systems are reviewed from time to time.
 - Staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the SSRO's objectives.

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- Proper consultation with staff takes place on key issues affecting them.
 - Adequate grievance and disciplinary procedures are in place.
 - Whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place.
 - A code of conduct for staff is in place based on the Cabinet Office's Model Code for Staff of Executive Non-departmental Public Bodies.
47. All staff will be made aware of the Corporate Plan and objectives, and all relevant internal management and control systems relating to their field of work.
48. The staff of the SSRO will work to the highest personal and professional standards. They will promote the values of the SSRO and of good governance through their conduct and behaviour.

Part 3 – Planning, budget and control

Corporate plan and business plan

49. The Board oversees and approves the publication of a Corporate Plan, prepared by the Chief Executive, which will set out the strategic direction of the SSRO for a three-year period. The Board reviews and revises the Corporate Plan annually, in particular the targets, in order to monitor the SSRO's performance.
50. By April each year the SSRO shall submit to the Sponsor Department a draft of the corporate plan covering three years ahead for agreement. The SSRO shall agree with the Department the issues to be addressed in the plan and the timetable for its preparation. The plan shall reflect the SSRO's statutory and/or other duties and, within those duties, the priorities set from time to time by the Sponsor on behalf of the Responsible Minister, set out in the annual Chair's letter (including decisions taken on policy and resources in the light of wider public expenditure decisions). The plan shall demonstrate how the SSRO contributes to the achievement of the MOD's medium-term plan and priorities and aligned performance metrics and milestones.
51. The first year of the corporate plan, amplified as necessary, shall form the business plan. The business plan shall be updated annually to include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the Department. Subject to any commercial considerations, a digest of the corporate and business plans should be published by the SSRO on its website and separately be made available to staff.
52. The Corporate Plan shall reflect the SSRO's statutory functions and, within those functions, the priorities set from time to time by the responsible Minister. The plan shall demonstrate how the SSRO contributes to the achievement of these matters. It will include:
- a vision statement with key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives;
 - key non-financial performance targets;
 - a review of performance in the preceding financial year, together with comparable outturns for the previous 3 years, and an estimate of performance in the current year;
 - alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast; and
 - other matters as agreed between the Department and the SSRO.
53. Subject to any commercial considerations, the corporate and business plans should be published by the SSRO on its website and separately be made available to staff.

Internal audit

54. The SSRO shall:
- maintain arrangements for internal audit;
 - ensure that any arrangements for internal audit are in accordance with the Public Sector Internal Audit Standards (PSIAS) as adopted by HM Treasury;
 - ensure the Sponsor Department is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with PSIAS;
 - ensure the Audit and Risk Assurance Committee is in accordance with the Code of Good Practice for Corporate Governance and the Audit and Risk Assurance Committee Handbook, or be represented on the Ministry of Defence's Audit Committee;
 - forward the audit strategy, periodic audit plans and annual audit report, including the SSRO Head of Internal Audit opinion on risk management, control and governance as soon as possible to the Sponsor Department;

- keep records of and prepare and forward to the Department an annual report on fraud and theft suffered by the SSRO and notify the Sponsor Department of any unusual or major incidents as soon as possible; and
 - share with the MOD information identified during the audit process and the Annual Audit Opinion 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 SSRO.
55. The internal audit plan will be approved by the Chief Executive (as Accounting Officer) on the advice of the Audit & Risk Assurance Committee. Internal audit will carry out a review and evaluation of the SSRO's risk management, control and governance based on these audit plans.
56. Internal audit will produce an annual report that provides an opinion on the adequacy of risk management, governance and control arrangements. This report forms one of the primary sources of evidence that supports the governance statement in the Annual Report and Accounts. The annual audit report will be shared with the Department, as will an annual report on fraud and theft suffered by the SSRO and any unusual or major incidents as soon as possible.

The Annual Report and Accounts

57. The SSRO Board must publish an annual report of its activities together with its audited accounts after the end of each financial year. The SSRO shall provide the Department its finalised (audited) accounts by July each year in order for the accounts to be consolidated within the MOD's accounts. A draft of the report should be submitted to the Department six weeks before the proposed publication date. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the Department as well as the Treasury's Financial Reporting Manual (FRoM).
58. The Annual Report and Accounts will be prepared by the Chief Executive and considered by the Audit and Risk Assurance Committee and approved by the Board. It will be signed by the Chief Executive, as Accounting Officer. Its content will:
- a. cover any corporate, subsidiary or joint ventures under the SSRO's control;
 - b. comply with the FRoM and in particular have regard to the illustrative statements for an NDPB;
 - c. outline main activities and performance during the previous financial year and set out in summary form forward plans;
 - d. provide information on performance against key financial targets within the scope of the audit, included in the notes to the accounts;
 - e. separate out any costs incurred in the ad hoc analysis required by the Secretary of State, as industry will not be expected to contribute to these costs; and
 - f. report on any requests from industry for the SSRO to perform ad hoc analysis on its behalf (only where this does not compromise confidentiality commitments to other suppliers). If this is undertaken it will be clearly detached and funded by a separate agreement.
59. Within the Annual Report and Accounts, the Chief Executive will:
- sign a Statement of Accounting Officer's responsibilities; and
 - sign a Governance Statement regarding the system of internal control.

External audit and value for money examinations

60. The Comptroller & Auditor General (C&AG) audits the SSRO's annual accounts. The C&AG passes the audited accounts to the Secretary of State who will lay the accounts together with the C&AG's report before parliament.
61. The Chief Executive will consider the audit completion report from the National Audit Office and agree an action plan to address any issues raised. The Audit and Risk Assurance Committee will have oversight of this process.

62. The C&AG:

- will consult the MOD and the SSRO 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 SSRO;
- will share with the MOD 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 SSRO; and
- will consider requests from Departments and other relevant bodies to provide Regulatory Compliance Reports and other similar reports at the commencement of the audit. Consistent with the C&AG's independent status, the provision of such reports is entirely at the C&AG's discretion.

63. In addition to auditing the Annual Report and Accounts, the C&AG may carry out examinations into the economy, efficiency and effectiveness with which the SSRO 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 SSRO 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.

Part 4 – The SSRO’s business and delegated powers

64. Part 4 describes the roles and powers reserved for the Board in relation to the activities and statutory functions of the SSRO and those delegated to the Board’s sub-committees, the Chief Executive and Directors – referred to as the SSRO’s delegated powers. The Board may choose to delegate to the Chief Executive specific matters that would otherwise be reserved to the Board under Part 4.
65. The Board has delegated to the Chief Executive all responsibility for the day-to-day management of the SSRO. Where a matter is not specifically reserved to the Board, the Chief Executive has authority to act. In addition, the Board authorises the Chief Executive to appoint another appropriate SSRO staff member to act on his or her behalf, and the following tables set out specific functions for which such appointments have been made. The named individuals are responsible for making decisions in relation to the functions specified. Accountability for regulatory functions typically rests with the Board and accountability for corporate functions with the Chief Executive. References in these arrangements to the Chief Executive or Directors include any person to whom the Chief Executive or Directors have delegated their authority.
66. The table of delegations acts as a schedule of matters reserved for the SSRO Board including matters for formal Board endorsement.

Table of Delegations

Regulatory functions - delegation of decisions

Function	Board	Regulatory Committee ³	Chief Executive	Directors
Assess the appropriate baseline profit rate, capital servicing rates and SSRO funding adjustment (Defence Reform Act 2014 (DRA), section 19(2)).	Approval of the methodology to be applied in assessing the appropriate rates and adjustment.	Approval of the annual recommendation to the Secretary of State.		Chief Regulatory Officer: <ul style="list-style-type: none"> Approval of working papers.
Give opinions on matters relating to a qualifying defence contract or a proposed qualifying defence contract, or make determinations in relation to such a matter, under any of the provisions listed in paragraph 10(3) of Schedule 4 to the DRA.	Appointment of persons to Referral Committees under paragraph 10(4), by a member under delegation from the Chair (the Chair is already authorised by paragraph 10(4) to make such appointments).	Regulatory Committee: <ul style="list-style-type: none"> Approval of policy, procedures and guidance in relation to referrals. Referral Committees: <ul style="list-style-type: none"> Exercise of the functions listed in paragraph 10(3) of Schedule 4. 		Chief Regulatory Officer: <p>Procedural decisions relating to a referral, including:</p> <ul style="list-style-type: none"> assessment of whether a referral falls within the SSRO's jurisdiction and (if there is discretion) whether to accept or refuse the referral; and suspension or discontinuance and closure of a referral, after consultation with members of any appointed Referral Committee. <p>Approval of minor and uncontroversial changes to guidance in relation to referrals.</p>
Keep under review Part 2 of the DRA and the Single Source Contract Regulations 2014 (SSCR) and recommend appropriate changes to the Secretary of State (DRA, section 39(1) and (2)).	Approval of scope of ongoing and periodic reviews of legislation and submission of any recommendations to the Secretary of State.	Approval of work programme(s) to deliver ongoing and periodic reviews of legislation and periodic submission of recommendations to the Secretary of State.		Chief Regulatory Officer: <ul style="list-style-type: none"> Approval of working papers.

³ Unless otherwise stated

Function	Board	Regulatory Committee ³	Chief Executive	Directors
Receive statutory reports, keep an up-to-date record of QDCs, QSCs and the duration of those contracts, and activities associated with developing and maintaining DefCARS in support of the SSRO's functions (DRA, sections 24 (1), 25(1), 36(1) and Sch. 4, paragraph 14).	Approval of major changes in policy.	Advice to the Board on major changes in policy.		Chief Regulatory Officer: <ul style="list-style-type: none"> Approval of non-statutory DefCARS user guidance to the MOD.
Keep under review the extent to which persons subject to reporting obligations are complying with them (DRA, section 36(2)).	Approval of major changes in the compliance methodology.	Approval of periodic reviews of the compliance methodology.		Chief Regulatory Officer: <ul style="list-style-type: none"> In consultation with the Chief Executive, approval of the annual compliance bulletin prior to publication.
Analyse reports at the request of the Secretary of State and provide the results of analysis (DRA, section 36(3)).		Approval of significant outputs on the results of analysis.	Acceptance of requests under Section 36(3) where changes to business plan or resources required.	Chief Regulatory Officer: <ul style="list-style-type: none"> Acceptance of requests under Section 36(3) where deliverable within business plan. Approval of non-significant outputs.
Provide assistance or other services to the Secretary of State pursuant to arrangements made with the Secretary of State (DRA, section 37(1)).		Approval of any significant outputs required in accordance with arrangements made.	Acceptance of requests under Section 37, following consultation with Chair, where changes to business plan or resources required.	Chief Regulatory Officer: <ul style="list-style-type: none"> Acceptance of requests under Section 37 where deliverable within business plan. Approval of non-significant outputs.
Guidance, in respect of: <ul style="list-style-type: none"> determining the contract profit rate for a QDC or QSC (DRA, section 18(1)); determining whether costs are Allowable Costs under qualifying defence contracts (DRA, section 20(1)); determining the amount of a penalty (DRA, section 33(4)); the preparation of reports (SSCR, regulations 22(9) and 33(8)). 		Approval of updates to the guidance.		Chief Regulatory Officer: <ul style="list-style-type: none"> Approval of minor and uncontroversial changes to guidance. Approval of working papers. Approval of consultation documents, in advance of consultation.

Corporate functions – delegation of decisions

Function	Board	Audit Committee	Chief Executive	Directors
Corporate Governance	<p>Consideration and approval of the Corporate Governance Framework.</p> <p>Consideration and approval of the Framework Document.</p>	<p>Scrutiny of corporate governance arrangements.</p> <p>Reporting annually to the Board on the Committee's views of the governance of the SSRO and on the Committee's own effectiveness.</p>		
Annual report and accounts	Approval of the Annual Report and Accounts.			
Corporate plan and objectives	Consideration and approval of the SSRO's Corporate Plan and objectives.	Scrutiny, oversight and assurance of the production of the SSRO's Annual Report and Accounts; recommending them to the Board for approval.		
Complaints procedure	Approval and publication of a Complaints Procedure			
Corporate performance management	Approval of performance management arrangements and consideration of regular monitoring reports.			
Financial plan	Approval of a financial plan			
Financial policies and procedures	<p>Approval of the SSRO's Financial Framework.</p> <p>Approval of any significant changes to the Prime and Detailed Financial Policies.</p>	<p>Scrutiny, oversight and assurance of the SSRO's financial and accounting policies, practices and processes, including IT.</p> <p>Reviewing the Prime and detailed Financial Policies at least once a year and recommending any significant changes.</p>	<p>Preparation and review of the Financial Framework.</p> <p>Preparation and review of the Financial Policies and Procedures.</p>	

Function	Board	Audit Committee	Chief Executive	Directors
Budget	<p>Review and approval of the annual budget.</p> <p>Variations to the approved budget where the variation would have a significant impact on the overall approved levels of income and expenditure.</p> <p>Oversight to ensure the SSRO uses resources efficiently and achieves value for money.</p>		Approval of variations to the approved budget where the variation would not have a significant impact on the overall approved levels of income and expenditure.	Approval of variations to the approved budget where the variation would not have a significant impact on the overall approved levels of income and expenditure, where delegated by the Chief Executive.
Risk management	<p>Approval and oversight of the SSRO's risk management arrangements.</p> <p>Consideration of reports of the Audit Committee.</p>	<p>Scrutiny, oversight and assurance of risk management, including the SSRO's assessment and management of risk, including failure to comply with laws and regulation.</p> <p>Reporting to the Board its views on the SSRO's risk management.</p>	Management of the SSRO's risk management arrangements.	

Function	Board	Audit Committee	Chief Executive	Directors
Audit issues	<p>Scrutiny of the Audit Committee's annual report and consideration of any other issues raised by the Audit Committee (through the chair of the Audit Committee) to the Board.</p> <p>The Audit Committee will scrutinise internal and external audit plans, scope and coverage; audit reports and recommendations; and coordination between internal auditors and the National Audit Office.</p>	<p>Scrutiny, oversight and assurance of risk management, internal control and governance procedures to the Chief Executive, as Accounting Officer, and to the Board, including as specified elsewhere in this table and the SSRO's internal control systems including:</p> <ul style="list-style-type: none"> • policies for addressing fraud and arrangements for internal audit; • in particular to appoint the internal auditors, approve their work plan and review their reports and the responses of management; • the implementation of recommendations from internal and external audit reports; • the results of the external audit by NAO, including its management letter and the response by management; • the arrangements for controlling and reporting SSRO expenditure; and • to approve any changes to the SSRO's internal audit arrangements. 	<p>Management and approval of internal and external audit plans, scope and coverage, on advice of the Audit and Risk Assurance Committee.</p> <p>Ensure appropriate response to audit recommendations.</p>	

Function	Board	Audit Committee	Chief Executive	Directors
Board administration	The cycle of Board meetings, the composition of Board agendas and approval of minutes of Board meetings.		<p>Ensure the Board can function properly through a Board Secretariat.</p> <p>Recommend the cycle of Board meetings, and composition of agendas for meetings.</p> <p>Prepare draft minutes and maintain efficient overall arrangements for the administration of the SSRO.</p>	
Litigation	Approval of decisions concerning litigation in respect of matters that are of public, political, financial or reputational significance.		Informing the Board about litigation or potential litigation where there is a real prospect that it will be of public, political, financial or reputational significance.	
Publications	Approval of the publication (to a wider audience than ministers and the MOD) of: significant analysis reports; and any ad hoc analysis as required by the Secretary of State (SofS).		<p>Identify significant reports. Regularly discuss the full programme of reports and other publications with the Chair.</p> <p>Carry out work relating to publications in accordance with the Board's initial approval.</p> <p>Approve publication of quarterly statistics bulletins.</p>	
Communication issues	<p>Approval of communication plans in respect of matters that are of public, political or reputational significance.</p> <p>The Chair of the Board is authorised to clear press releases and public statements after consultation with the Chief Executive.</p>		<p>Liaise with the Chair on the sign-off of all press releases and public statements.</p> <p>Approval of web text for significant items.</p>	Approval of web text for procedural items.

Function	Board	Audit Committee	Chief Executive	Directors
Procurement	<p>Approve the business case and procurement strategy, for all contracts valued at or above the threshold at which Part 2 of the Public Contracts Regulations 2015 (or its equivalent, if repealed or amended) applies.</p> <p>Approve the award of all contracts valued at or above that threshold.</p>	Scrutiny, oversight and assurance of procurement.	Approve the business case and contract award for contracts valued below the threshold at which Part 2 of the Public Contracts Regulations 2015 (or its equivalent, if repealed or amended) applies.	<p>Directors:</p> <ul style="list-style-type: none"> Approve the business case and contract award for contracts (within areas of responsibility and the SSRO's approved budget) that are valued below the delegated limit of £30,000.
Information governance	Oversight of information handling and security	Scrutiny and assurance of effective information handling and security.	Develop and manage effective information handling and security arrangements.	<p>Director of Corporate Resources:</p> <ul style="list-style-type: none"> Undertake roles of Senior Information Risk Officer (SIRO) and Data Protection Officer (DPO).

Function	Board	People Committee	Chief Executive	Directors
Human resources	<p>Approval of the structure of the Executive Committee.</p> <p>Approval of significant changes to overall staff terms and conditions of employment.</p> <p>Oversight of succession planning for the Executive Committee.</p> <p>The Board delegates to the Chair decisions regarding:</p> <ul style="list-style-type: none"> the appointment of a Chief Executive; the remuneration and contract terms of the Chief Executive; and the annual award of a bonus and any changes to the remuneration package of the Chief Executive. 	<p>The SSRO's work to promote respect and fairness through its equality, diversity and inclusivity activities.</p> <p>Reviewing annually the Remuneration Policy applicable to all staff excluding the Chief Executive.</p> <p>Make recommendations to the Chair regarding:</p> <ul style="list-style-type: none"> Remuneration of the Chief Executive. Nominations to the Board, including the appointment of the Chief Executive. The Chief Executive's annual pay award and non-consolidated award. 	<p>Guidance to non- executive members on appointment of executive members of the Board, and management of executive members.</p> <p>Appointment and management of other Executive Committee members.</p> <p>Preparation of the structure of the Executive Committee, subject to Board approval.</p> <p>Under guidance from the Chair, ensuring necessary resources and facilities are available to enable members to develop and maintain knowledge necessary to enable them to discharge their duties.</p> <p>Oversight of the SSRO Single Equalities Scheme.</p>	<p>Directors:</p> <ul style="list-style-type: none"> Appointment and all aspects of management (including recruitment and selection, compliance with the Code of Conduct and disciplinary policies, approval of time off in lieu (TOIL) and approval of performance related pay, travel and subsistence and legal and professional fees) within their Directorates. <p>Director of Corporate Resources:</p> <ul style="list-style-type: none"> Delegated authority to approve all training within the delegated financial limit for Director approval.

Appendix 1 – Standing Orders

1. Introduction

- 1.1 Under paragraph 10(1) of Schedule 4 of the Defence Reform Act 2014, the SSRO may determine its own procedures.
- 1.2 Standing Orders, together with Delegated Powers and Financial Policies, provide a procedural framework within which the SSRO discharges its business. They deal with the business of the SSRO, procedure at meetings of the Board and any committees or panels, delegation of powers, declaration of interests and standards of conduct.
- 1.3 The Delegated Powers and Financial Policies have effect as if incorporated into the Standing Orders. Members and staff should be aware of the existence of these documents and, where necessary, be familiar with their detailed provisions.

2. Place of Business

- 2.1 The principal place of business of the SSRO is 100 Parliament Street, London, SW1A 2BQ.

3. Calling meetings of the Board

- 3.1 The Board will hold ordinary meetings on such dates and at such times and places as it determines.
- 3.2 An extraordinary meeting may be called at any time by the Chair, or by at least three members (either executive or non-executive) lodging with the Chair or the Chief Executive a written request for such a meeting, stating the business to be transacted. Except as provided by SO 3.7 below, no business will be transacted at such a meeting other than that specified in the meeting notice.

Notice of meetings

- 3.3 Normally at least four clear working days before any ordinary or extraordinary meeting of the Board, each member will be sent a written notice of the time and place of such meeting and an agenda of the business to be transacted. (A working day excludes Saturday, Sunday, Bank Holidays and any other days when the SSRO offices are closed).
- 3.4 Notice of meetings will be sent to each member's email address. Email notification is considered to be a written notice.
- 3.5 The accidental omission to give notice to, or the non-receipt of notice by, any Board member will not invalidate the proceedings of the meeting. However, failure to serve such a notice on more than five members will invalidate the meeting.

Business to be transacted

- 3.6 The Chair draws up the meeting agendas, in consultation with the Board and the Chief Executive.
- 3.7 No business other than that specified in the meeting notice will be transacted at a meeting unless the business is of an urgent nature, or is required by statute to be transacted and at least two-thirds of the Board members present decide that the business shall be transacted.
- 3.8 A member wishing a matter to be included on an agenda should send a request in writing to the Chair at least 10 clear working days before a meeting. Requests made less than 10 days before a meeting may be considered for inclusion at the Chair's discretion.
- 3.9 Declarations of interest will be a standing item on every agenda.

Quorum

- 3.10 At any meeting of the Board, the quorum will be three non-executive members present as a minimum, provided that more than half the members present are non-executive members. Attendance can be by telephone or video call. The responsible officer will record the circumstances of any or all members attending a meeting by telephone or video call.

- 3.11 If a member has been disqualified from participating in a discussion or resolution to be taken because of declaration of a conflict of interest (see SO 10.1 below), he/she shall no longer count towards the quorum. If a quorum is then not available for the discussion or resolution to be taken about any matter, that matter may not be subject to a decision. The responsible officer shall record this situation in the minutes of the meeting.

Record of attendance

- 3.12 The responsible officer shall record the names of all members present at a meeting of the Board in the minutes of the meeting.

Chairing of meetings

- 3.13 The Chair presides at all Board meetings. In the absence of the Chair, a member chosen by the members present, or by a majority of them, will preside.
- 3.14 The Chair determines the detailed procedure for the conduct of business at meetings of the Board and the Chair's decision on questions of order will be observed at the meeting, subject to the provisions of Standing Orders.

Voting

- 3.15 Unless these Standing Orders provide otherwise, any question arising before the Board or Committee will be determined by a majority of the members present, if the Chair of the Board or relevant Committee considers there to be a difference of opinion among members. A member absent at the time of the vote may not vote by proxy. In the event of an equality of votes, the Chair of the Board, or if the vote takes place during a Committee meeting the relevant Committee Chair, will have a second or casting vote.
- 3.16 The procedure for voting will be a matter for the Board Chair, or if arising during a Committee meeting, the relevant Committee Chair, subject to any decision of a majority to the contrary, including:
- the form that voting shall take, whether by a show of hands, or by some other means; and
 - any question whether or not to record the voting in the minutes to show how each member present voted or abstained.
- 3.17 Board members may ask for their dissenting views on any matters to be recorded in the minutes.

Adjournment

- 3.18 Any meeting of the Board may be adjourned at the discretion of the Chair. Reasonable notice will be given, where practicable, of the date and time of the reconvening of the adjourned meeting, if the Board considers it necessary.
- 3.19 Otherwise the Chair will decide which agenda items will be carried forward to the next ordinary Board meeting.

Minutes

- 3.20 Minutes of each Board meeting will be drawn up by a member of staff designated by the Chief Executive. They will be submitted to the Chair for agreement or amendment at the following meeting of the Board. There will be no discussion of the minutes except on their accuracy, or on matters arising from them.
- 3.21 Minutes will be circulated and published as directed by the Board.

4. Delegation of Powers

- 4.1 The SSRO has approved delegated powers, (see Part 4), specifying those matters that are reserved to the Board or its sub-committees for decision, and those matters that may be delegated to the Chief Executive and directors. The Chief Executive or a director may, in turn, delegate any matter within his/her authority to another SSRO member of staff. Any person to whom a matter is delegated by the Chief Executive or a director, or under arrangements approved by him/her, will carry the authority of the SSRO in respect of the matter so delegated.
- 4.2 The Board will review and approve the delegated powers, as part of the review and approval of the Corporate Governance Framework.

5. Urgent or Non-Contentious Business

- 5.1 Urgent business is deemed to be any matter requiring a Board decision before the date of an ordinary, or extraordinary, Board meeting. In such cases, the Chief Executive should take all practicable steps to consult with the Chair and as many other members as the Chief Executive considers appropriate (and, if at all possible, no fewer than five members). The Chief Executive should seek members' views as to:
- the urgency of the matter requiring decision;
 - the possibility of holding a Board meeting to consider it; and
 - the action to be taken.
- 5.2 The Chief Executive should decide, in the light of members' views, what action to take; should notify as many members as practicable, (and in any event no fewer than five), of the proposed action; and should allow as much time as he/she considers reasonable in the circumstances for members to comment on the proposals. The Chief Executive should then act as he/she considers appropriate.
- 5.3 The exercise of such powers will be included in the Chief Executive's report to the next meeting of the Board, which will consider whether further action is required.
- 5.4 If, in the opinion of the Chair and the Chief Executive, any matter requiring a decision of the Board is unlikely to be contentious, the Chief Executive may give notice of a proposed resolution, together with any necessary explanation and information, to all members of the Board in writing.
- 5.5 A resolution under SO 5.4 shall be valid and effective without a meeting of the Board provided that, by the end of the sixth working day following the day on which notice was sent, no member who would be entitled to attend and vote on the matter at a meeting has indicated disagreement.
- 5.6 In the event of such disagreement, the matter shall be referred to the next meeting of the Board for decision.
- 5.7 Such a resolution will be reported to the next meeting of the Board as having been made on the last day of the period referred to in SO 5.5.

6. Committees

- 6.1 The Board may establish standing or ad hoc committees or advisory groups, and the Chair or committee chair may establish advisory groups, consisting of such numbers and for such purposes as the Board, or the Chair or committee chair, may determine.
- 6.2 The provisions of these Standing Orders shall apply where relevant to the operation of all committees, unless these Standing Orders specify otherwise. They shall not apply to advisory groups.

7. Membership of committees and advisory groups

- 7.1 The appointment of committee members is a matter for the Chair, and the appointment of advisory group members is a matter for the Chair or relevant committee chair establishing such a group, and is effective following the approval of the Board (except where an advisory group is established by the Chair or Committee Chair).
- 7.2 SSRO staff members may be appointed as ex-officio members of committees. In addition, and subject to the approval of the Board, a committee may co-opt such other person or persons, including staff, as it deems necessary for the proper execution of its duties. All such appointments will be reported to the Board for ratification. A person who is not a member of the Board may participate in discussion and advise, but may not take part in any decision on the exercise of any SSRO functions unless the Board so determines, and unless the members form a majority of those present.
- 7.3 Dates and venues of ordinary committee meetings will be set in advance and circulated as directed by the committee chair. Such meetings shall be known as ordinary meetings. An extraordinary committee meeting may be called at any time by the chair of the committee in accordance with SO 3, as if the references there to the Chair were to the chair of the committee, and the references to the Board were to the committee. Details of all business to be transacted at committee meetings shall be sent to any Board member who has specifically requested them. Any member can attend, as an observer, any committee meeting of which he/she is not a member.

Quorum

- 7.4 The quorum for each sub-committee of the Board will be set out in the Committee's terms of reference.

Reporting

- 7.5 The chair of the Regulatory Committee and Audit Committee shall report the minutes of committee meetings to the next appropriate meeting of the Board.

8. Declaration of Interests

- 8.1 Board and independent Referral Committee members are required to declare any interests that conflict, may conflict, or may be perceived to conflict, with their SSRO duties or the SSRO's functions and which they might reasonably be expected to know about. All members should declare such interests on appointment, as soon as they arise, or as soon as they become aware of them. Declarations of interest will be a standing item on all committee agendas.

Financial interests

- 8.2 All financial interests should be declared.
- 8.3 A financial interest is one in which the member, or his/her close family, or any nominee of his/hers:
- is a paid employee, partner, director or proprietor of a company or other body which is a supplier or proposed supplier to the MOD or the SSRO or is otherwise connected with the SSRO's statutory functions;
 - has a controlling interest or has shares or securities in a company which has, or it is proposed to have, a qualifying contract. A list of suppliers under qualifying contracts is held by the SSRO;
 - is a trustee or on the management committee, or other controlling body, of a non-profit making organisation with which the SSRO has significant dealings;
 - has a direct interest in any land or property that is used by the SSRO; or
 - has, or could foreseeably have, any interest in the financial wellbeing of a company which is (or is directly or indirectly connected with a company which is) a supplier or proposed supplier to the MOD or the SSRO or is connected with the SSRO's statutory functions.

Non-financial interests

- 8.4 Non-financial interests should be declared if an informed member of the public, acting reasonably, would consider that the interest might influence the member's words, actions or decisions.
- 8.5 Non-financial interests include membership, having fiduciary duties or holding office in other public bodies, companies and organisations such as trades unions and voluntary organisations.
- 8.6 Certain disclosures must be published in the annual accounts. These are disclosures relating to members and staff who are in a position of influence resulting from being elected to, receiving remuneration from, or being appointed to any organisation:
- where there are specific statutory responsibilities to cooperate;
 - that is a central government department; and/or
 - that is a provider or receiver of significant services to, or from, the SSRO.
- 8.7 In the case of persons living together as a family, the interest of one shall, if known to the other, be deemed for the purpose of these Standing Orders to be also an interest of the other.

9. Register of interests

- 9.1 A general notice given in writing to the Chief Executive by a member to the effect that he/she or his/her spouse or nominee has an interest as defined in SO 8 above shall, unless and until the notice be withdrawn, be deemed to be a sufficient disclosure of his/her interest in any matter that may be the subject of consideration after the date of the notice.
- 9.2 Particulars of any disclosure made under the foregoing provisions shall be recorded. This register will include details of all interests as defined in SO 8 above. These details will be updated annually and any changes to interests declared during the previous twelve months will be included in the register, which will be published on the SSRO's website.

10. Procedure at meetings

- 10.1 If any member has a financial or non-financial interest (as covered in SO 8.3 and 8.4 above) in any matter and is present at a meeting of the Board or a committee at which the matter is the subject of consideration, he/she shall, at the meeting and as soon as possible after its commencement, disclose the fact. All disclosures of interest will be recorded in the minutes of the meeting.
- 10.2 Subject to SO 10.4 below, members will be required to remove themselves from the discussion or decision in respect of matters in which they have a financial interest.
- 10.3 In respect of matters in which members have a non-financial interest (or a financial interest, where an exception has been applied under SO 10.4 below), they will be required to remove themselves from the discussion or decision where a fair-minded and informed observer would reasonably conclude that there was a real possibility the person was biased.
- 10.4 An exception may be applied to a member's automatic disqualification from participation under SO 10.2 where the member's financial interest is so small as to be incapable of affecting the outcome of the decision. In such cases the Chair will write to the sponsor Department setting out reasons and the Chair's view that the member should not be precluded from participation in the Board's decision.
- 10.5 In respect to a member's non-financial interest, where it has been determined that a fair-minded and informed observer would not reasonably conclude that there was a real possibility that the member was biased, the Chair may write to the sponsor Department setting out reasons and the Chair's view that the member should not be precluded from participation in the Board's decision.
- 10.6 In respect of SO 10.4 and 10.5:
- If there is sufficient time to obtain the views of the sponsor Department before the discussion, the Chair will take the sponsor Department's views into account when considering whether the member will be required to remove themselves from the discussion.
 - If there is insufficient time to obtain the views of the sponsor Department, the presumption will be that the member will remove themselves from the discussion.
 - The Chair can overrule this requirement if they consider the interest to be clearly *de minimis* (in respect of a financial interest) or if they consider that there could be no suggestion of an apparent bias (in respect of a non-financial interest).

11. Standards of Conduct

- 11.1 Board members are required to comply with the standards of conduct set out in the SSRO's Code of Conduct.

Use of information

- 11.2 No member shall use information gained in the course of their duty for personal gain nor seek to use the opportunity of the public service to promote their own or other parties' private interests. Members should at all times avoid behaving in a manner which might bring the SSRO into disrepute. Schedule 5 of the Act sets restrictions attached to disclosing information obtained through the SSRO's work. A person found guilty of an offence under Schedule 5 may be imprisoned or fined, or both. The provisions of the Official Secrets Act 1989 must also be observed.

Gifts and hospitality

- 11.3 No member may corruptly solicit or accept any gift or consideration as an inducement for doing or refraining from undertaking an activity, or showing favour or disfavour to any person in an official capacity.
- 11.4 Members should exercise the utmost care in accepting hospitality or gifts where there could be a real or perceived conflict with their official duties at the SSRO. They should declare in the hospitality register all such gifts or hospitality (whether accepted or not) where the cumulative value from any one organisation or individual exceeds £200 in any 12 month period or £50 for any one gift. The hospitality register will be maintained by the Chief Executive and will be published on the SSRO's website.

Appointments

- 11.5 No member shall solicit any employment by the SSRO for any person with intent to bypass due process. This Standing Order shall not preclude a member from giving written testimonial of a candidate's ability, experience or character for submission to the SSRO.

Relatives of members

- 11.6 Members shall disclose to the Chief Executive any relationship with a candidate for a staff appointment of whose candidature he/she is aware. The Chief Executive shall report to the Board any such disclosure made.
- 11.7 On appointment, members should disclose to the Chief Executive whether they are related to any other Board member or holder of any office under the SSRO.

12. Indemnity

- 12.1 Provided that a member has acted honestly and in good faith, the SSRO will indemnify him/ her against any civil liability that may be incurred by him/her in the execution or purported execution of Board functions, save where the member has acted recklessly.

13. Use of the seal custody of the seal

- 13.1 The Board approves the form of the SSRO's seal and provides for its safe custody.

Sealing of documents

- 13.2 The seal shall only be used by authority of the Board, or authority delegated by the Board under this Framework. A resolution of the Board, or a decision under authority delegated by the Board that action be taken, monies expended or received, a contract entered into, or that any act, matter or thing be done, will be sufficient authority to affix the seal of the SSRO to any deed or document prepared so as to carry into effect, implement or validate the decision or resolution.
- 13.3 The application of the SSRO's seal must be authenticated by the signature of the Chief Executive or any other member of the SSRO who has been authorised (generally or specifically) for that purpose.

Register of sealing

- 13.4 A record of every sealing, consecutively numbered will be kept. The Register will contain details of the seal number, the description of the document and the date of sealing.

Signing of documents

- 13.5 Documents which are required to be signed by or on behalf of the SSRO, but not sealed, may be signed (including by electronic means) by:
- the Chief Executive or a person authorised by the Chief Executive for that purpose;
 - a Director if the contract is valued at or below the financial limit at which the Director is authorised to agree the award of contracts.

14. Suspension and Amendment of Standing Orders

Suspension of Standing Orders

- 14.1 At any meeting the Board may, by a majority of not less than two-thirds of those present and voting, resolve to suspend these Standing Orders for the duration of the meeting or of any item of business to be transacted at the meeting, provided that:
- suspension of Standing Orders does not contravene any statutory provisions or directions;
 - any decision to suspend Standing Orders is recorded in the minutes; and
 - a separate record of matters discussed during the suspension is kept. Amendment of Standing Orders

Amendment of Standing Orders

- 14.2 These Standing Orders may be amended by alteration, addition or deletion, provided that:
- amendment or variation of the Standing Orders does not contravene any statutory provisions or directions;
 - at least five working days' notice shall be given of the proposed amendment; and
 - the amendment shall be approved by a majority of not less than two-thirds of the members present and voting at the meeting in which it is moved.
- 14.3 The Board will review the Standing Orders as part of the regular review of the Corporate Governance Framework. The review will include all other documents having effect as if incorporated into Standing Orders.

Appendix 2 – Terms of Reference for the Board

Roles and Responsibilities

The Board is responsible for:

- establishing and taking forward the strategic aims and objectives of the SSRO, consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State;
- providing effective leadership of the SSRO within a framework of prudent and effective controls that enables risk to be assessed and managed;
- ensuring the financial and human resources are in place for the SSRO to meet its objectives;
- reviewing management performance;
- ensuring that it receives and reviews regular financial and management information concerning the management of the SSRO;
- ensuring that it is kept informed of any changes that are likely to impact on the strategic direction of the SSRO Board or on the attainability of its targets, and determining the steps needed to deal with such changes and where appropriate bringing such matters to the attention of the Responsible Minister and Principal Accounting Officer via the executive team, Sponsorship team or directly;
- ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the Sponsor Department and in accordance with any other conditions relating to the use of public funds; and that in reaching decisions, the Board takes into account requirements and guidance issued by the MOD;
- ensuring that as part of the above compliance they are familiar with:
 - the framework document;
 - any letter of responsibilities and delegated authorities issued to the SSRO;
 - any elements of any settlement letter issued to the Sponsor Department that is relevant to the operation of the SSRO;
 - any separate settlement letter that is issued to the SSRO from the MOD; and

that they have appropriate internal mechanisms for the monitoring, governance and external reporting regarding any conditions arising from the above documents and ensure that the SSRO's Chief Executive and the SSRO as a whole act in accordance with their obligations under the above documents.

- demonstrating high standards of corporate governance at all times, including by using the independent audit committee to help the Board to address key financial and other risks;
- appointing, with the Responsible Minister's approval, a Chief Executive and, in consultation with the Department, set performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use and utilisation of public resources;
- determining all such other things which the Board considers ancillary or conducive to the attainment or fulfilment by the SSRO of its objectives; and
- ensuring the organisation has the expertise, skills, and experience to establish impartial expert panels to carry out its statutory function of making non-legally binding opinions, and legally binding determinations upon referral by an MOD official or industry as set out in the Act.

The specific functions and decisions reserved to the Board include the following:

- The consideration and approval of the SSRO's: Corporate Governance Framework; Annual Report and Accounts; Corporate Plan and objectives; performance management arrangements; financial

plan; and annual budget.

- Oversight to ensure the SSRO uses resources efficiently and achieves value for money. It will approve variations to the budget where the variation would have a significant impact on the overall approved levels of income and expenditure.
- The appointment of the Chief Executive and decisions relating to the Chief Executive's contract terms and remuneration, subject to agreement with the Secretary of State. Executive Board members will absent themselves from discussions about the executive Board members' contract terms and remuneration.
- The approval of the structure of the Executive Committee, and of significant changes to overall staff terms and conditions of employment.
- Scrutiny of the Audit and Risk Assurance Committee's annual report and consideration of any issues raised by the Audit and Risk Assurance Committee to the Board.
- The cycle of Board meetings, the composition of Board agendas and the approval of minutes of Board meetings.
- The approval of decisions concerning litigation in respect of matters that are of public, political, financial or reputational significance.
- The approval of the publication of significant analysis reports and any ad hoc analysis as required by the Secretary of State.
- The following matters in relation to discharge of the SSRO's regulatory functions:

Function	Board
Assess the appropriate baseline profit rate, capital servicing rates and SSRO funding adjustment (Defence Reform Act 2014 (DRA), section 19(2)).	Approval of the methodology to be applied in assessing the appropriate rates and adjustment.
Matters referred to the SSRO under any of the provisions listed in paragraph 10(3) of Schedule 4 to the DRA.	Authorisation of members to appoint persons to Referral Committees under paragraph 10(4) of the DRA (the Chair is already authorized by paragraph 10(4) to make such appointments).
Keep under review Part 2 of the DRA and the Single Source Contract Regulations 2014 (SSCR) and recommend appropriate changes to the Secretary of State (DRA, section 39(1) and (2)).	Approval of scope of ongoing and periodic reviews and any recommendations to the Secretary of State.
Receive statutory reports, keep an up-to-date record of QDCs, QSCs and the duration of those contracts, and activities associated with developing and maintaining DefCARS in support of the SSRO's functions (DRA, sections 24 (1), 25(1), 36(1) and Sch. 4, paragraph 14).	Approval of major changes in policy.
Keep under review the extent to which persons subject to reporting obligations are complying with them (DRA, section 36(2)).	Approval of major changes in the compliance methodology.

Function	Board
<p>Guidance, including:</p> <ul style="list-style-type: none"> • in relation to any of the steps for determining the contract profit rate for a QDC or QSC (DRA, section 18(1)); • about determining whether costs are allowable costs under qualifying defence contracts (DRA, section 20(1)); • about determining the amount of a penalty (DRA, section 33(4)); • about the preparation of reports (SSCR, regulations 22(9) and 33(8)). 	<p>Approval of major changes in policy.</p>

The Board's annual review of its effectiveness will include an assessment of whether quoracy at meetings of the Board and committees has been achieved. Meetings of the Board are held in accordance with the Standing Orders set out in an Appendix to the Corporate Governance Framework.

Membership

The SSRO will have a Board, comprising the Chair and all appointed non-executive and executive members.

Meetings

The Board will meet at least four times each year.

Quorum

The Board's quorum will be three non-executive members.

Appendix 3 - Terms of Reference for the Audit and Risk Assurance Committee

Roles and Responsibilities

The ARAC provides scrutiny, oversight and assurance of risk management, internal control and governance procedures to the Chief Executive, as Accounting Officer, and to the Board, including:

- the production of the SSRO's Annual Report and Accounts, recommending them to the Board for approval;
- the SSRO's financial and accounting policies, practices and processes, including IT;
- the SSRO's internal control systems including policies for addressing fraud and arrangements for internal audit; in particular to appoint the internal auditors, approve their work plan and review their reports and the responses of management;
- the implementation of recommendations from internal and external audit reports;
- the arrangements for controlling and reporting SSRO expenditure;
- the SSRO's assessment and management of risk, including failure to comply with laws and regulation, reporting its views on the SSRO's risk management to the Board;
- the results of the external audit by NAO, including its management letter and the response by management;
- corporate governance arrangements, reporting annually to the Board on the Committee's views of the governance of the SSRO and on the Committee's own effectiveness;
- procurement arrangements;
- reviewing and recommending any necessary changes to the Prime and detailed Financial Policies at least once a year; and
- approving any changes to the SSRO's internal audit arrangements.

Access

The Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of the ARAC.

Information requirements

For each meeting the ARAC will be provided (a week before the meeting) with:

- A report summarising any significant changes to the organisation's strategic risks and a copy of the Corporate Risk Register.
- A progress report from the Head of Internal Audit summarising: work performed (and a comparison with work planned);
- key issues emerging from the work of internal audit;
- management response to audit recommendations;
- changes to the agreed internal audit plan; and
- any resourcing issues affecting the delivery of the objectives of internal audit.
- The findings of any internal audit reviews.
- A Director of Corporate Resources report including the management of any major incidents or 'near misses' and consequently the lessons learned.

As and when appropriate the Committee will also be provided with:

- proposals for the terms of reference of internal audit/the internal audit charter;

- the Head of Internal Audit's Annual Opinion and Report;
- the draft accounts of the organisation and the draft Governance Statement;
- external audit's management letter, the audit plan and the audit completion report;
- a report on any changes to financial and accounting policies, IT and security policies;
- a report on changes to the counter-fraud policy;
- a report on any proposals to tender for audit functions; and
- the organisation's Risk Management Policy.

Reporting responsibilities

The ARAC will present the minutes of its meetings to the Board as soon as possible after each meeting. The ARAC will make recommendations to the Board as it considers appropriate.

The ARAC will provide the Board and Accounting Officer with an Annual Report, timed to support finalisation of the accounts and the Governance Statement, summarising its conclusions from the work it has done during the year.

Rights

The ARAC may:

- co-opt additional members for a period not exceeding one year to provide specialist skills, knowledge and experience;
- procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board.

Membership

The Audit and Risk Assurance Committee (ARAC) will comprise no fewer than two non-executive members.

The ARAC will be provided with a secretariat function by the SSRO Governance team.

Chair

The Committee will be chaired by a non-executive member.

Meetings

The ARAC will meet at least four times a year.

The Chair of the ARAC may convene additional meetings, as they deem necessary.

ARAC meetings will normally be attended by the Accounting Officer, the Director of Corporate Resources, Head of Internal Audit, and a representative of External Audit.

The ARAC may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter.

The ARAC may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

The Board or the Accounting Officer may ask the ARAC to convene further meetings to discuss particular issues on which they want the Committee's advice.

Quorum

A minimum of two members of the ARAC will be present for the meeting to be deemed quorate.

Monitoring

The terms of reference will be reviewed annually.

Appendix 4 – Terms of Reference for the Regulatory Committee

To enable the SSRO to carry out its regulatory functions under the Defence Reform Act 2014, the SSRO will have a Regulatory Committee.

Roles and Responsibilities

The Board has delegated responsibilities to the Regulatory Committee as follows:

Function	Board
Assess the appropriate baseline profit rate, capital servicing rates and SSRO funding adjustment (Defence Reform Act 2014 (DRA), section 19(2)).	Approval of the annual recommendation to the Secretary of State.
Matters referred to the SSRO under any of the provisions listed in paragraph 10(3) of Schedule 4 to the DRA.	Approval of policy development, procedures and guidance in relation to referrals.
Keep under review Part 2 of the DRA and the Single Source Contract Regulations 2014 (SSCR) and recommend appropriate changes to the Secretary of State (DRA, section 39(1) and (2)).	Approval of work programme(s) to deliver ongoing and periodic reviews of legislation and periodic submission of recommendations to the Secretary of State.
Receive statutory reports, keep an up-to-date record of QDCs, QSCs and the duration of those contracts, and activities associated with developing and maintaining DefCARS in support of the SSRO's functions (DRA, sections 24(1), 25(1), 36(1) and Sch. 4, paragraph 14).	Advice to the Board on major changes in policy.
Keep under review the extent to which persons subject to reporting obligations are complying with them (DRA, section 36(2)).	Approval of periodic reviews of and changes to the compliance methodology not reserved to the Board.
Analyse reports at the request of the Secretary of State and provide the results of analysis (DRA, section 36(3)).	Note significant reports on the results of analysis.
Provide assistance or other services to the Secretary of State pursuant to arrangements made with the Secretary of State (DRA, section 37(1)).	Note any significant reports required in accordance with arrangements made.
Guidance, including: <ul style="list-style-type: none"> in relation to any of the steps for determining the contract profit rate for a QDC or QSC (DRA, section 18(1)); about determining whether costs are allowable costs under qualifying defence contracts (DRA, section 20(1)); about determining the amount of a penalty (DRA, section 33(4)); about the preparation of reports (SSCR, regulations 22(9) and 33(8)). 	Approval of updates to the guidance.

Membership

The Regulatory Committee will comprise no fewer than three members, two of whom will be non-executive Board members.

Executive staff are invited to attend the meeting in support of papers and to advise the Committee, but are not members of the Committee.

External experts may also be appointed to the Committee as required.

Chair

The Committee will be chaired by a non-executive Board member.

Meetings

The Regulatory Committee will meet at least four times each year.

The Regulatory Committee will present the minutes of its meetings to the Board as soon as possible after each meeting and such recommendations as it considers appropriate.

Quorum

The Committee's quorum will be two non-executive members.

Monitoring

The terms of reference will be reviewed annually.

Appendix 5 – Terms of Reference for Referral Committees

The Defence Reform Act 2014 (the “Act”) requires that several of the SSRO’s functions, listed in paragraph 10(3) of Schedule 4, be exercised by a committee.

Roles and Responsibilities

The specific listed functions are:

- Section 16(2)(b) - determining the amount of price adjustments;
- Section 18(3) – determinations about the contract profit rate;
- Section 20(5) or (6) – determinations about allowable costs;
- Section 21(3)(b) – determinations about final price adjustments;
- Section 23(6) or (7) – determinations about the use of records;
- Section 27(3) – investigating confidentiality obligations;
- Section 29(5) - determining whether a contract is a qualifying sub contract;
- Section 30(4)(b) – overruling a notice that Part 2 of the Act and the Single Source Contract Regulations 2014 should cease to apply to a sub-contract;
- Section 32(8) – determinations on a penalty; and
- Section 35(1), (3), (4) and (7) - opinions and determinations.

Some of these functions have specific timeframes, determined by the Act.

A Referral Committee will be responsible for considering such matters as and when they arise.

A Referral Committee shall:

- act objectively as the arbitrator on referrals;
- make decisions in relation to opinions and determinations accepted by the SSRO;
- advise the executive on procedural matters that the executive may decide, including proposals to suspend or close an ongoing referral investigation;
- ensure that its decisions are evidence-based;
- ensure that the publications that result are a reflection of the Committee’s decisions; and
- observe the SSRO’s Corporate Governance Framework, its core values and all legal requirements.

Membership

Referral Committees shall be appointed by the Chair of the Board or another member authorised for that purpose and must be comprised of three individuals, of which at least:

- one must be a non-executive member; and
- one must be an independent person as defined in paragraph 24 of Part 2 of the Corporate Governance Framework.

Executive members shall not ordinarily be appointed to a Referral Committee. However, if necessary to deliver the SSRO’s function within required or appropriate timescales, an executive member may be so appointed.

The Act states that a determination by such a committee is to be made on the basis of a majority of the committee and is final.

Chair

Referral Committees will be chaired by a non-executive Board member.

Meetings

A Referral Committee will meet as required.

Quorum

For all functions of a Referral Committee by virtue of paragraph 10(3) of Schedule 4 of the Act, the quorum at any Referral Committee meeting will be three and must include a Referral Committee member selected from the panel of persons who are not members or employees of the SSRO.

Monitoring

The terms of reference will be reviewed annually.

Appendix 6 – Terms of Reference for the People Committee

The People Committee is a sub-committee of the SSRO Board established to agree matters delegated to it by the Board and/or consider matters and make recommendations to the Board regarding:

- remuneration of staff;
- nominations to the Board; and
- the SSRO's Workforce Strategy including the work to promote respect and fairness through its equality, diversity and inclusivity activities.

Roles and Responsibilities

The Committee is responsible for considering matters relating to the purposes referred to in paragraph 1. and for:

- Reviewing annually the Remuneration Policy applicable to all staff excluding the Chief Executive.
- Providing oversight and scrutiny of HR policies and procedures, and the Workforce Strategy.
- Approval of the SSRO's equality, diversity and inclusion strategies, including monitoring arrangements and compliance with the SSRO's equality obligations under the Equality Act 2010.
- Receiving the Annual Staff Survey and approving and monitoring any actions required in response.
- Considering and recommending to the Board a succession plan for all Board appointments (executive and non-executive) and review the succession planning approach for senior staff and for those whose roles represent a single point of failure on annual basis.
- Providing oversight on behalf of the Board, in liaison with the Chair and the MOD Sponsor, on the recruitment process for all Board appointments (executive and non-executive).
- Considering any other issues referred to the Committee by the Board or the Chief Executive in relation to its stated purpose(s).
- Act as a sub-committee of the Board and as such report its activities in the Annual Report & Accounts' governance section each year; the Committee shall conduct an evaluation of its performance and report its findings should the Board so request.

The People Committee is responsible for making recommendations to the SSRO Chair regarding:

- a. the remuneration of the Chief Executive.
- b. nominations to the Board, including the appointment of the Chief Executive.
- c. the Chief Executive's annual pay award and non-consolidated award.

The Board has delegated to the Chair the final decisions on a., b. and c., having taken into account the recommendations of the People Committee.

Reporting responsibilities

The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit it believes action or improvement is required.

The work of the Committee will not replace any of the executive responsibilities delegated to the Chief Executive, nor is it authorised to make decisions on behalf of the Board unless specifically delegated to do so. Such an instruction shall be recorded within the minutes of the Board that approves the delegation.

Rights

The People Committee may:

- co-opt additional members for a period not exceeding one year to provide specialist skills, knowledge and experience;
- procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board.

Membership

The People Committee shall comprise a minimum of two non-executive SSRO Board members.

The non-executive Board members shall be appointed by the Chair, or another non-executive Board member authorised (generally or specifically) for that purpose.

The Director of Corporate Resources (or equivalent) and the HR Manager will attend meetings.

Staff members or other Board members may be invited to attend from time to time and will have observer status.

Each meeting shall be facilitated by a member of the Governance team.

Chair

The Committee will be chaired by a non-executive Board member.

Meetings

The Committee will convene a minimum of once a year and otherwise as required.

The Board may call an extraordinary meeting of the Committee to discuss any matter it wishes to delegate to the Committee.

Unless otherwise agreed, notice of each meeting confirming the date, time, and venue, together with an agenda and associated papers shall be provided to each member and invited attendees.

A minimum of 10 working days' notice shall be provided for each scheduled meeting, or such lesser period as may be agreed by the Committee.

A minimum of 5 working days' notice shall be provided for extraordinary meetings, or such lesser period as may be agreed by the Committee.

The Committee will present the minutes of its meetings (in either agreed draft or formally adopted form) to the Board within three months of the Committee convening, subject to any necessary redactions for the purposes of data protection or compliance with legal agreements.

As the Committee is a sub-committee of the Board, in accordance with the Corporate Governance Framework, and specifically Standing Order 3.10, it may be permitted to hold committee meetings remotely via telephone or video call.

Quorum

A quorum shall exist when a minimum of two non-Executive board members are present for business.

Monitoring

The terms of reference will be reviewed annually.

