

Propriety and regularity

Propriety and Regularity are two key responsibilities that Ofgem must demonstrate when spending money.

Propriety

Financial propriety essentially means that public money must not be spent to the advantage of private organisations or individuals except in accordance with a deliberate decision on grounds of public policy.

Wherever possible, those who benefit from a service should pay for it. Public money should not be spent unless the need for it has been demonstrated. An example of this is that funding should never be offered retrospectively, for work that has already been done.

Expenditure or receipts, which may be outside Ofgem's delegated authority from the Treasury or are novel or contentious must be notified to Finance immediately in view of the need to seek specific approval from the Treasury.

Regularity

Regularity means compliance with the proper rules of Government finance as set out in Government Accounting. This means that budget holders must ensure that any expenditure is:

- within Ofgem's statutory powers
- within approved funding limits and controls
- in furtherance of Ofgem's proper purposes as set by Parliament
- properly recorded.

To achieve regularity Ofgem must comply with its Corporate Plan and its associated Estimate as approved by vote of Parliament.

Ofgem's financial procedures set out how it records its expenditure and maintains financial control. To achieve regularity, Ofgem ensures its procedures are sound and are being followed correctly through a programme of internal audit.

For further information on propriety and regularity in Central Government, see the following link

http://www.cabinetoffice.gov.uk/propriety_and_ethics.aspx

Appendix - Related policies and further information