

What is Value for Money?

Value for money is about ensuring that taxpayers' money is used efficiently, economically and effectively. The objective is to achieve the best possible level of output of acceptable quality at the lowest long-term cost.

All staff should endeavour to ensure that Ofgem's Value for Money Strategy is applied to all of Ofgem's activities whether a running cost, capital expenditure or the purchase of goods and services from external suppliers.

The National Audit Office may propose to examine an area of Ofgem's expenditure or operational control to assess how well Ofgem has achieved value for money. This is referred to as a Value for Money study and is carried out by NAO staff on behalf of the Comptroller and Auditor General.

What will the NAO investigate?

The C & AG is not entitled to question the merits of policy objectives of Ofgem as these are set by Parliament. A value for money study will investigate the way in which public money has been used and to what degree value for money was achieved. It may for example, look at best practice in procurement or assess whether value for money was achieved on a specific project.

What do the NAO report?

Findings and conclusions are set out in a draft report, which is sent to the Accounting Officer for comment on the accuracy and completeness of the facts and their presentation. These are then laid before Parliament and may be debated in the House. The findings and conclusions of the report may be looked at further by the Public Accounts Committee.