



# HM TREASURY

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## DAO(GEN) 04/06

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11 April 2006

Dear Accounting Officer

### MODERNISATION OF GOVERNMENT ACCOUNTING

**1. This letter is to inform you that the Treasury plans to modernise *Government Accounting*. If you have any queries about the process or would like to help, please contact Sue Gamble on 020 7270 5715 or at [Sue.Gamble@hm-treasury.x.gsi.gov.uk](mailto:Sue.Gamble@hm-treasury.x.gsi.gov.uk).**

2. With the publication in summer 2005 of the *Code of good practice on corporate governance in central government departments* there is a strong case for modernising other related central guidance on handling public resources. *Government Accounting* is currently a lengthy loose-leaf guide of over 600 pages. It contains a wealth of advice, with some hard rules, about the handling of public resources and proper conduct in financial decision making. First issued some 90 years ago, it has been edited iteratively. This has made parts of it repetitive, patchy and awkward to use. It does not look or feel consistent with the more modern style of the *Code*.

3. However guidance on ethics in use of public funds is still needed. The Chief Secretary has therefore agreed that *Government Accounting* will be rewritten. The aim is to articulate the high level principles clearly and concisely, and in a reasonably timeless way. The detail, which will need more regular refreshing, will be reserved into annexes. As now, the text will be available on-line. This modernisation project will not aim to change the basic content. Value for money remains a key objective; waste, fraud, poor control and other management deficiencies are still to be avoided.

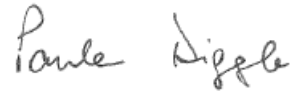
4. As with the preparation of the *Code*, a high level steering committee will guide the drafting work. Its members committee are

Mary Keegan (Chair), Managing Director, Government Financial Management, HM Treasury  
David Bell, Permanent Secretary, Department for Education and Skills  
Steve Bundred, Chief Executive, Audit Commission  
Russell Frith, Director of Audit Strategy, Audit Scotland  
Philippa Foster Back OBE, Director, Institute of Business Ethics  
Paul Gray, Deputy Chairman, HM Revenue and Customs

Sue Gray, Head of Propriety and Ethics, Cabinet Office  
Bill Griffiths, Chairman of the Forensic Science Service  
Martin Sinclair, Assistant Auditor General, National Audit Office  
Jonathan Stephens, Managing Director, Public Services Directorate,  
HM Treasury

5. In support of the process there is also a working level stakeholder group within the Treasury and an interdepartmental consultative group from across Whitehall. This latter group will have a large membership of interested parties to allow a wide range of opinion to be taken into account. The secretariat will write to departments' finance directors to ask for nominees for this group. In addition, anyone who would like to volunteer is invited to contact Sue Gamble, whose contact details are above.

Yours sincerely

A handwritten signature in cursive script that reads "Paula Diggle".

**Paula Diggle**  
Treasury Officer of Accounts