

HM Treasury



**Parliament Street
London SW1P 3AG**

**Jamie Mortimer
Treasury Officer of Accounts**

DAO(GEN) 1/97

21 February 1997

Dear Accounting Officer

PUBLIC ACCOUNTS COMMITTEE: CONCLUSIONS OF GENERAL APPLICATION

I attach to this letter a list of PAC conclusions of general application for the 1995-96 Session. These are the Committee's conclusions which were applicable beyond the departments covered by the reports in question but were not the subject of existing or new central guidance. The list is annotated with a reference to, and the text of, the relevant paragraphs of the Government reply. Departments should consider these conclusions and the reply, and take any action which they judge appropriate.

2. In addition to conclusions formally recorded by the Committee in its reports the Clerk to the Committee has informed me that, during consideration of the Committee's 30th report 1995-96 (Ministry of Defence: Management of Works of Art (HC337)), Members discussed their concern that the problems identified in MOD in respect of its own works of art and those on loan from the Government Art Collection might be indicative of a wider problem throughout government departments. I have therefore been asked to draw Accounting Officers' attention to the guidance that can be taken from the Report's conclusions. These emphasise Accounting Officers' responsibilities in respect of the safekeeping of items in their care, and stress the importance of adhering strictly to the terms (see the Government Art Collection *Conditions of Loan* booklet, copies of which are held in every department) under which works of art are borrowed from, or through the agency of, the Government Art Collection, in particular that no work is handled or moved without the knowledge and authority of the Government Art Collection. Works of art owned by departments which are not administered by the Government Art Collection must be separately identified, registered and appropriately recorded.

Application to Non-Departmental Public Bodies

3. Where appropriate, departments should draw items to the attention of the senior full time officials of non-departmental public bodies which they sponsor.

Enquiries

4. Any enquiries should be addressed to John Breckenridge, telephone (GTN) 270-5361.

Yours sincerely
Jamie Mortimer

JAMIE MORTIMER

LIST OF PAC REPORTS IN 1995-96 PARLIAMENTARY SESSION INCLUDING CONCLUSIONS OF GENERAL APPLICATION TO DEPARTMENTS

Report no and title	PAC conclusion/paragraph	Government reply/action taken
14 Excess Votes 1994-95	3. In previous reports we have indicated the seriousness with which we view excess votes and our concern that departments should not regard them as routine. In our Eleventh report (1993-94) and again in our Seventh report (1994-95) we have stressed that an excess vote always represents a failure in control. It may also be indicative of poor or weak management. In our Seventh report we welcomed the downward trend in the number of excess votes but noted that departments would have to make strenuous efforts to ensure that these improvements continued.	<i>Jamie Mortimer's letters dated 11 June 1996 to the Clerk to the Committee and to PFOs of all departments (copies attached).</i>
	4. The number of excess votes arising in 1994-95 increased by one over the previous year although the overall total has remained relatively low. They reflect a range of weaknesses in monitoring and control and in three cases the departments were unaware of an excess until after the end of the year. One excess was partly caused by clear breaches of the principles set out in Government Accounting.	

LIST OF PAC REPORTS IN 1995-96 PARLIAMENTARY SESSION INCLUDING CONCLUSIONS OF GENERAL APPLICATION TO DEPARTMENTS

Report no and title	PAC conclusion/paragraph	Government reply/action taken
14 Excess Votes 1994-95 (continued)	17. We expect the Treasury to draw our concerns to the attention of the departments involved and, where appropriate, to departments more generally. In particular we expect the Treasury to remind departments of the need to: (a) ensure departmental practice conforms to the requirements of Government Accounting particularly with respect to payments in advance of need; (b) report to the Treasury at any time when the department foresees that the total of a subhead will be exceeded so that the Treasury may give early consideration to the need for virement; (c) avail themselves of the mechanisms in place to prevent an excess arising, including the ability to seek approval for additional expenditure through the use of Supplementary Estimates.	<i>Jamie Mortimer's letters dated 11 June 1996 to the Clerk to the Committee and to PFOs of all departments (copies attached).</i>

LIST OF PAC REPORTS IN 1995-96 PARLIAMENTARY SESSION INCLUDING CONCLUSIONS OF GENERAL APPLICATION TO DEPARTMENTS

Report no and title	PAC conclusion/paragraph	Government reply/action taken
27 Castle Court Shopping Centre (Belfast): Arrangements for Clawback of Urban Development Grant	(iii) We note with concern that an expert member of the Consultant's staff who had advised DOE on the Castle Court clawback arrangements, switched sides and ended up negotiating for the Developer. It is evident that the Developer was using the Consultant to negotiate with the Department on a wide range of points on which he had previously been advising the Department. The potential for damage seems very clear indeed. We consider that, at the very least, this may have further weakened DOE's negotiating position and that the Department was complacent in not recognising the potential dangers at the time.	<i>Northern Ireland Department of Finance and Personnel Memorandum dated 24 September 1996 (Cm 3373), paragraph 11:</i> <i>The Department accepts the Committee's view that there was potential for damage when a member of the consultant's staff switched sides to negotiate for the developer. In practice the consultant concerned only stayed a short time with the developer and left in the Spring of 1988 some 21 months before the legal agreement was signed. There is no evidence to connect him with the material difference between the Letter of Offer and its final Legal Agreement.</i>

LIST OF PAC REPORTS IN 1995-96 PARLIAMENTARY SESSION INCLUDING CONCLUSIONS OF GENERAL APPLICATION TO DEPARTMENTS

Report no and title	PAC conclusion/paragraph	Government reply/action taken
27 Castle Court Shopping Centre (Belfast): Arrangements for Clawback of Urban Development Grant (continued)	(iv) We welcome the fact that DOE has now accepted that it should have recognised the possible scope for disadvantage in this situation and should have considered whether there was any effective action which it could have taken. In view of the increasing use of Consultants in government, we expect Departments to consider carefully what safeguards could be introduced to prevent this type of conflict of interest occurring in the future.	<i>Northern Ireland Department of Finance and Personnel Memorandum dated 24 September 1996 (Cm 3373), paragraph 12:</i> <i>The Department accepts the Committee's conclusion and will consider carefully what practical safeguards are appropriate to prevent this type of conflict of interest occurring in the future.</i>

HM Treasury



**Parliament Street
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**Jamie Mortimer
Treasury Officer of Accounts**

**K J Brown Esq
Clerk of the Committee of Public Accounts
Committee Office
House of Commons
London SW1A 0AA**

11 June 1996

Jan Kan,

14TH PAC REPORT 1995-96: EXCESS VOTES 1994-95

I am writing to provide details of the action which the Treasury has taken in response to the Committee's recommendations in its 14th report 1995-96 (Excess Votes 1994-95).

As you know, paragraph 17 of the report calls on Treasury to draw the Committee's concerns to the attention of the departments concerned and, where appropriate, to departments more generally. We have accordingly been in touch with the four departments which incurred an Excess Vote in 1994-95. On the general issue, I have written today to the Principal Finance Officers of all departments (copy attached) reminding them of the importance of following the guidance on Excess Votes and virement to be found in Government Accounting, and reminding them of the similar concerns expressed by the Committee in its equivalent reports in 1993-94 (11th report, HC 215) and 1994-95 (7th report, HC 280). As an additional safeguard, I intend to include a reference to the 14th report in the annual letter which I send to departmental Accounting Officers at the end of each Parliamentary Session listing the conclusions of general application in reports of that Session which are not the subject of existing or proposed central department guidance.

I am copying this letter and enclosure to the Comptroller and Auditor General.

*Yours sincerely
Jamie Mortimer*

**JAMIE MORTIMER
Treasury Officer of Accounts**

HM Treasury



**Parliament Street
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**Jamie Mortimer
Treasury Officer of Accounts**

**P Elliott Esq
Principal Finance Officer
Ministry of Agriculture, Fisheries & Food
Room 415
19/29 Woburn Place
London WC1H 0LU11**

11 June 1996

Dear Mr Elliott,

PUBLIC ACCOUNTS COMMITTEE 14TH REPORT 1995-96: EXCESS VOTES 1994-95

In its 14th report 1995-96 on Excess Votes 1994-95, the Committee asks the Treasury to draw departments' attention to its continuing concern regarding Excess Votes.

2. I attach a copy of the body of the report. Paragraphs 3 and 4 underline the seriousness with which the Committee views Excess Votes, and its concern that departments should not regard them as routine. In its 11th report 1993-94 and 7th report 1994-95 the Committee has stressed that an Excess Vote represents a failure in control and may also be indicative of poor or weak management.

3. In paragraph 17 of its 1995-96 report the Committee asks the Treasury to remind departments of the need to:

ensure departmental practice conforms to the requirements of Government Accounting, particularly with regard to payments in advance of need;

report to Treasury whenever the department identifies a need for virement approval; and

avail themselves of the mechanisms in place to prevent an excess arising, including the use of Supplementary Estimates.

4. Guidance on these matters in Government Accounting is to be found at paragraphs 21.2.10 to 21.2.12 and Annex 21.1, Section 11.7, and Section 11.8 respectively. In addition, departments are reminded of the need to submit drafts of any necessary Revised or Supplementary Estimates to Treasury in accordance with the Treasury Circulars issued by the Estimate Clerk.

5. Copies go to the Principal Finance Officers of all departments and, for information, to Stephen Quinn (DFP Northern Ireland).

Yours sincerely

Jamie Mortimer

JAMIE MORTIMER
Treasury Officer of Accounts