

# MODEL MANAGEMENT STATEMENT FOR NDPBS

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## ATTACHMENTS:

- **Financial memorandum**
- *Appendix 1: The NDPB's specific delegations (Appendix 1 is not included in model)*
- *Appendix 2: Specific guidance - ie additional to the key general guidance identified in Section IX of the financial memorandum (Appendix 2 is not included in model)*

## 1. INTRODUCTION

### 1.1 This document

1.1.1 This management statement and its associated financial memorandum have been drawn up by [the Department] in consultation with the NDPB [whether an executive NDPB or a body treated as executive NDPB] *[add full address of NDPB]*. [The document is based on a model prepared by the Treasury.]

1.1.2 Subject to the legislation noted below, the management statement sets out the broad framework within which the NDPB will operate, in particular:

- the NDPB's overall aim[s], objectives and targets in support of the sponsor Department's wider strategic aim[s] and current Public Service Agreement (PSA);
- the rules and guidelines relevant to the exercise of the NDPB's functions, duties and powers;
- the conditions under which any public funds are paid to the NDPB;
- how the NDPB is to be held to account for its performance.

However, the management statement and financial memorandum do not convey any legal powers or responsibilities.

1.1.3 The associated financial memorandum sets out in greater detail certain aspects of the financial provisions which the NDPB shall observe.

1.1.4 The document shall be periodically reviewed by the Department in accordance with the timetable referred to in Section 7 below.

1.1.5 The NDPB, or the Secretary of State [in consultation with devolved authorities if the NDPB is cross-border], may propose amendments to this document at any time. Any such proposals by the NDPB shall be considered in the light of evolving departmental policy aims, operational factors and the track record of the NDPB itself. The guiding principle shall be that the extent of flexibility and freedom given to the NDPB shall reflect both the quality of its internal controls and its operational needs. The Secretary of State shall determine what changes, if any, are to be incorporated in the document. Legislative provisions shall take precedence over any part of the document. Significant variations to the document shall be cleared with the Treasury or Cabinet Office as appropriate. (The definition of "significant" will be determined by the sponsor department in consultation with the Treasury/Cabinet Office.)

1.1.6 The combined document is [to be] signed and dated by the Department and the NDPB.

1.1.7 Any question regarding the interpretation of the document shall be resolved by the Department after consultation with the NDPB and, as necessary, with the Treasury and/or the Cabinet Office.

1.1.8 Copies of this document and any subsequent substantive amendments shall be placed in the Libraries of both Houses of Parliament. Copies shall also be made available to members of the public on the NDPB's website.

## **1.2 Founding legislation; status**

1.2.1 The NDPB is established [under the relevant Act/Charter] [as a company limited by guarantees/shares]. The constitution of the NDPB is set out in Section [...] of the Act/Charter/Articles of Association. The NDPB does not carry out its functions on behalf of the Crown [*amend if, exceptionally, the NDPB is specifically afforded Crown status for certain of its functions*].

## **1.3 The functions, duties and powers of the NDPB**

1.3.1 [EITHER:] The Act/Charter/Articles of Association give(s) the NDPB the following:

functions:

[.....]

duties:

[.....]

powers:

[.....]

[OR, REFER TO AN ANNEX FOR THE RELEVANT DOCUMENTS.]

## **1.4 Classification**

1.4.1 For policy/administrative purposes the NDPB is classified as an executive non-departmental public body.

1.4.2 For national accounts purposes the NDPB is classified to the [central government sector] [public corporations sector]. [NOTE: In the latter case this means that budgetary controls shall apply as for a public corporation.]

1.4.3 References to this NDPB include all its subsidiaries and joint ventures that are classified to the public sector for national accounts purposes. If such a subsidiary or joint venture is created, there shall be a document setting out the arrangements between it and the NDPB (paragraphs 65-66 of the financial memorandum).

## **2. AIM[S], OBJECTIVES AND TARGETS**

[General guidance on this area is available on the Treasury's public website: [http://www.hm-treasury.gov.uk/documents/public\\_spending\\_and\\_services/publicservice\\_performance/pss\\_perf\\_pisfabric.cfm](http://www.hm-treasury.gov.uk/documents/public_spending_and_services/publicservice_performance/pss_perf_pisfabric.cfm)]

### **2.1 Overall aim[s]**

2.1.1. [Within the founding legislation the] [The] Secretary of State has defined the overall aim[s] for the NDPB as follows:

[.....].

### **2.2 Objectives and key targets**

2.2.1 The sponsor Department determines the NDPB's performance framework in the light of the Department's wider strategic aim[s] and current PSA (paragraph 1.1.2). The NDPB's objectives and key targets shall be agreed within the NDPB's corporate and business planning process (Section 4 below).

2.2.2 Guidance on these matters is available on the Treasury's public website.

## **3. RESPONSIBILITIES AND ACCOUNTABILITY**

### **3.1 The Secretary of State**

3.1.1 The Secretary of State is accountable to Parliament for the activities and performance of the NDPB. His/Her responsibilities include:

- approving the NDPB's strategic objectives and the policy and performance framework within which the NDPB will operate (as set out in this management statement and financial memorandum and associated documents);
- keeping Parliament informed about the NDPB's performance;
- *[if applicable]* approving the amount of grant-in-aid/grant/other funds to be paid to the NDPB, and securing Parliamentary approval;
- carrying out responsibilities specified in the [founding legislation] [Charter] [Articles of Association] including [appointments to the Board, approving the terms and conditions of Board members, appointment of the Chief Executive *[where applicable]*, approval of terms and conditions of staff, and laying of the annual report and accounts before Parliament [and before the Devolved Assemblies] where required].

## **3.2 The Accounting Officer of the sponsor Department**

3.2.1 The Permanent Secretary, as the Department's principal Accounting Officer, is responsible for the overall organisation, management and staffing of the sponsor Department and for ensuring that there is a high standard of financial management in the Department as a whole. The principal Accounting Officer is accountable to Parliament for the issue of any grant-in-aid to the NDPB. The principal Accounting Officer designates the Chief Executive of the NDPB as the NDPB's Accounting Officer, and may withdraw the accounting officer designation if he/she believes that the incumbent is no longer suitable for the role.

3.2.2 In particular the principal Accounting Officer of the Department shall ensure that:

- the NDPB's strategic aim(s) and objectives support the Department's wider strategic aim[s] and current PSA;
- the financial and other management controls applied by the Department to the NDPB are appropriate and sufficient to safeguard public funds and for ensuring that the NDPB's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to the NDPB by Parliament but also any other funds generated by approved activities or falling within the stewardship of the NDPB);
- the internal controls applied by the NDPB conform to the requirements of regularity, propriety and good financial management;
- any grant-in-aid to the NDPB is within the ambit and the amount of the Request for Resources and that Parliamentary authority has been sought and given [*amend as necessary if an additional Accounting Officer in the Department is responsible for the relevant Request for Resources*].

3.2.3 The responsibilities of a departmental Accounting Officer are set out in more detail in the annex to Chapter 4 of *Government Accounting*.

## **3.3 The sponsoring team in the Department**

3.3.1 Within the Department, [...] Team is the sponsoring team for the NDPB. The Team, in consultation as necessary with the relevant departmental Accounting Officer, is the primary source of advice to the Secretary of State on the discharge of his/her responsibilities in respect of the NDPB, and the primary point of contact for the NDPB in dealing with the Department. The sponsoring team shall carry out its duties under a senior officer who shall have primary responsibility for overseeing the activities of the NDPB.

3.3.2 The sponsoring team shall advise the Secretary of State on:

- an appropriate framework of objectives and targets for the NDPB in the light of the Department's wider strategic aim[s] and current PSA;

- an appropriate budget for the NDPB in the light of the Department's overall public expenditure priorities;
- how well the NDPB is achieving its strategic objectives and whether it is delivering value for money.

3.3.3 In support of the departmental Accounting Officer the sponsoring team shall:

***on performance and risk management -***

- monitor the NDPB's activities on a continuing basis through an adequate and timely flow of information from the NDPB on performance, budgeting, control and risk management, including early sight of the NDPB's Statement on Internal Control;
- address in a timely manner any significant problems arising in the NDPB, whether financial or otherwise, making such interventions in the affairs of the NDPB as the Department judges necessary;
- periodically carry out a risk assessment of the NDPB's activities to inform the Department's oversight of the NDPB; strengthen these arrangements if necessary; and amend the management statement accordingly. The risk assessment shall take into account the nature of the NDPB's activities; the public monies at stake; the body's corporate governance arrangements; its financial performance; internal and external auditors' reports, the openness of communications between the body and the Department; and any other relevant matters;

***on communication with the NDPB -***

- inform the NDPB of relevant Government policy in a timely manner; advise on the interpretation of that policy; and issue specific guidance to the NDPB as necessary;
- bring concerns about the activities of the NDPB to the attention of the full Board, and require explanations and assurances from the Board that appropriate action has been taken.

**3.4 The Chairman of the NDPB**

3.4.1 The Chairman is appointed as follows [identify here the appointing authority; state how long the appointment is for; and state that the appointment is made in line with the Code of Practice issued by the Commissioner for Public Appointments].

3.4.2 The Chairman is responsible to the Secretary of State. The Chairman shall aim to ensure that the NDPB's policies and actions support the wider strategic policies of the Secretary of State; and that the NDPB's affairs are conducted with probity. The Chairman shares with other Board members the corporate responsibilities set out in paragraph 3.5.2, and in particular for ensuring that the NDPB fulfils the aim[s] and objectives set by the Secretary of State.

3.4.3 The Chairman has a particular leadership responsibility on the following matters:

- formulating the Board's strategy;
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Secretary of State or department;
- promoting the efficient and effective use of staff and other resources;
- encouraging high standards of propriety;
- representing the views of the Board to the general public.

3.4.4 The Chairman shall also:

- ensure that all members of the Board, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction training, including on the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice;
- advise the Secretary of State of the needs of the NDPB when Board vacancies arise, with a view to ensuring a proper balance of professional and financial expertise;
- on request, assess the performance of individual Board members when they are being considered for re-appointment to the Board.

3.4.5 The Chairman shall also ensure that a Code of Practice for Board Members is in place, based on the Cabinet Office's model Code of Practice for Board Members of Public Bodies. The Code shall commit the Chairman and other Board Members to the Nolan seven principles of public life, and shall include a requirement for a comprehensive and publicly available register of Board Members' interests.

3.4.6 Communications between the Board and the Secretary of State shall normally be through the Chairman. The Chairman shall ensure that the other Board members are kept informed of such communications.

### **3.5 The NDPB's Board**

3.5.1 The Board Members are appointed as follows [set out method and terms if different from those described in paragraph 3.4.1 for the Chairman].

3.5.2 The Board has corporate responsibility for ensuring that the NDPB fulfils the aim[s] and objectives set by the Secretary of State and for promoting the efficient and effective use of staff and other resources by the NDPB. To this end, and in pursuit of its wider corporate responsibilities, the Board shall:

- establish the overall strategic direction of the NDPB within the policy and resources framework determined by the Secretary of State;

- ensure that the Secretary of State is kept informed of any changes which are likely to impact on the strategic direction of the NDPB or on the attainability of its targets, and determine the steps needed to deal with such changes;
- ensure 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 guidance issued by the sponsor Department;
- ensure that the Board receives and reviews regular financial information concerning the management of the NDPB; is informed in a timely manner about any concerns about the activities of the NDPB; and provides positive assurance to the Department that appropriate action has been taken on such concerns;
- demonstrate high standards of corporate governance at all times, including by using the independent audit committee (paragraph 4.6.2) to help the Board to address the key financial and other risks facing the NDPB;
- *[where applicable]* appoint *[with the Secretary of State's approval]* a Chief Executive to the NDPB 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 of public monies.

3.5.3 Individual Board members shall act in accordance with their wider responsibility as Members of the Board – namely to:

- comply at all times with the Code of Practice [paragraph 3.4.5 above] that is adopted by the NDPB and with the rules relating to the use of public funds and to conflicts of interest;
- 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;
- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments;
- act in good faith and in the best interests of the NDPB.

### **3.6 The Chief Executive's role as Accounting Officer**

- 3.6.1 The Chief Executive of the NDPB is designated as the NDPB's Accounting Officer by the Departmental Accounting Officer of the Department.  
*[Alternatively, in the case of a very small executive NDPB:]* The senior official of the NDPB carries responsibilities which effectively put him/her in the position of being the NDPB's Accounting Officer even though he/she is not formally designated as such.
- 3.6.2 The Accounting Officer of the NDPB is personally responsible for safeguarding the public funds for which he/she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the NDPB.
- 3.6.3 As Accounting Officer the Chief Executive shall exercise the following responsibilities in particular:

#### ***on planning and monitoring -***

- establish, in agreement with the Department, the NDPB's corporate and business plans in the light of the Department's wider strategic aim[s] and current PSA;
- inform the Department of the NDPB's progress in helping to achieve the Department's policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensure that timely forecasts and monitoring information on performance and finance are provided to the Department; that the Department is notified promptly if overspends or underspends are likely and that corrective action is taken; and that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the department in a timely fashion;

#### ***on advising the Board -***

- advise the Board on the discharge of its responsibilities as set out in this document[, in the founding legislation] and in any other relevant instructions and guidance that may be issued from time to time;
- advise the Board on the NDPB's performance compared with its aim[s] and objectives;
- ensure that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed as far as this is practical;
- take action as set out in paragraphs 14-18 of the NDPB Accounting Officer Memorandum if the Board, or its Chairman, is contemplating a course of action involving a transaction which the Chief Executive considers would

infringe the requirements of propriety or regularity or does not represent prudent or economical administration or efficiency or effectiveness;

***on managing risk and resources -***

- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensure that an effective system of programme and project management and contract management is maintained;
- ensure that all public funds made available to the NDPB [including any approved income or other receipts] are used for the purpose intended by Parliament, and that such moneys, together with the NDPB's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by the NDPB, including effective measures against fraud and theft;
- maintain a comprehensive system of internal delegated authorities which are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that effective personnel management policies are maintained;

***on accounting for the NDPB's activities -***

- sign the accounts and be responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State;
- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Statement on Internal Control regarding the NDPB's system of internal control, for inclusion in the annual report and accounts;
- ensure that effective procedures for handling complaints about the NDPB are established and made widely known within the NDPB;
- act in accordance with the terms of this document and with the instructions and guidance in *Government Accounting* and other instructions and guidance issued from time to time by the Department, the Treasury and the Cabinet Office - in particular, the Treasury documents *The Responsibilities of an NDPB Accounting Officer* and *Regularity and Propriety*, both of which the Chief Executive shall receive on appointment. Section IX of the attached financial memorandum refers to other key guidance;

- give evidence, normally with the Accounting Officer of the sponsor Department, when summoned before the Committee of Public Accounts on the use and stewardship of public funds by the NDPB.

### **3.7 The Chief Executive's role as Consolidation Officer**

- 3.7.1 For the purposes of Whole of Government Accounts the Chief Executive of the NDPB is normally appointed by the Treasury as the NDPB's Consolidation Officer.
- 3.7.2 As the NDPB's Consolidation Officer the Chief Executive shall be personally responsible for preparing the consolidation information that sets out the financial results and position of the NDPB, for arranging for its audit and for sending the information and the audit report to the Principal Consolidation Officer nominated by the Treasury.
- 3.7.3 As Consolidation Officer the Chief Executive shall comply with the requirements of the Consolidation Officer Memorandum and shall, in particular:
- ensure that the NDPB has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process;
  - prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions and directions ["Dear Consolidation Officer" (DCO) and "Dear Consolidation Manager" (DCM) letters] issued by the Treasury on the form, manner and timetable for the delivery of such information.

### **3.8 Delegation of duties**

- 3.8.1 The Chief Executive may delegate the day-to-day administration of his/her Accounting Officer and Consolidation Officer responsibilities to other employees in the NDPB. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in this document.

### **3.9 The Chief Executive's role as Principal Officer for Ombudsman cases**

- 3.9.1 The Chief Executive is the Principal Officer for handling cases involving the Parliamentary Commissioner for Administration. As Principal Officer he/she shall inform the Permanent Secretary of the sponsor Department of any complaints about the NDPB accepted by the Ombudsman for investigation, and about the NDPB's proposed response to any subsequent recommendations from the Parliamentary Ombudsman.

## **4. PLANNING, BUDGETING AND CONTROL**

### **4.1 The corporate plan**

- 4.1.1 Consistent with the timetable for public spending reviews the NDPB shall submit annually to the Department a draft of the NDPB's updated corporate plan covering [three] years ahead. The NDPB shall have agreed with the Department the issues to be addressed in the plan and the timetable for its preparation.

4.1.2 The plan shall reflect the NDPB's statutory duties and, within those duties, the priorities set from time to time by the Secretary of State. In particular, the plan shall demonstrate how the NDPB contributes to the achievement of the Department's PSA targets).

4.1.3 The corporate plan shall set out:

- the NDPB's key objectives and associated key performance targets for the [three] forward years, and its strategy for achieving those objectives;
- a review of the NDPB's performance in the preceding financial year [together with comparable outturns for the previous [2-5] years], and an estimate of performance in the current year;
- alternative scenarios to take account of factors which may significantly affect the execution of the plan but which cannot be accurately forecast;
- other matters as agreed between the department and the NDPB.

4.1.4 The main elements of the plan - including the key performance targets - shall be agreed between the Department and the NDPB in the light of the Department's decisions on policy and resources taken in the context of the Government's wider public expenditure plans and decisions.

4.1.5 In reaching annual decisions on the NDPB's rolling corporate plan and in monitoring progress, the Department shall aim to give the NDPB greater planning certainty by observing the principles set out in paragraph 15 of PES(2000)25 concerning three year planning and end year flexibility (EYF). These principles are summarised in paragraph 21 of the financial memorandum.

## **4.2 The business plan**

4.2.1 The first year of the corporate plan, amplified as necessary, shall form the business plan. The business plan shall be updated 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.

## **4.3 Publication of plans**

4.3.1 Subject to any commercial considerations the corporate and business plans shall be [published] [made available on the Internet]. [A summary version shall be made available to staff.]

## **4.4 Reporting performance to the Department**

4.4.1 The NDPB shall operate management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its agreed corporate and business plans.

- 4.4.2 The NDPB shall take the initiative in informing the Department of changes in external conditions which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives set out in the corporate or business plans.
- 4.4.3 The NDPB's performance in helping to deliver Ministers' policies, including the achievement of key objectives, shall be reported to the Department on a [three-monthly] [regular] basis. Performance will be formally reviewed [twice yearly] [regularly] by officials of the Department. The Secretary of State shall meet the Board formally [each year] [regularly] to discuss the NDPB's performance, its current and future activities and any policy developments relevant to those activities.
- 4.4.4 The NDPB's performance against key targets shall be reported in the NDPB's annual report and accounts [see Section 5.1 below].

#### **4.5 Budgeting procedures**

- 4.5.1 The NDPB's budgeting procedures are set out in the financial memorandum.

#### **4.6 Internal audit**

- 4.6.1 The NDPB shall establish and maintain arrangements for internal audit in accordance with the Treasury's Government Internal Audit Standards. The NDPB shall consult the Department to ensure that the latter is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointment in accordance with Government Internal Audit Standards (GIAS) 5.2.
- 4.6.2 The NDPB shall set up an independent audit committee as a committee of its Board in accordance with the Cabinet Office's Guidance on Codes of Practice for Public Bodies and the Treasury's Audit Committee guidance.
- 4.6.3 The NDPB shall arrange for periodic quality reviews of its internal audit in accordance with the GIAS. The Department shall consider whether it can rely on these reviews to provide assurance on the quality of internal audit. However, the Department reserves a right of access to carry out independent reviews of internal audit in the NDPB.
- 4.6.4 The Department's Internal Audit Service shall also have a right of access to all documents prepared by the NDPB's internal auditor, including where the service is contracted out. The audit strategy, periodic audit plans and annual audit report, including the NDPB's Head of Internal Audit's opinion on risk management, control and governance shall be forwarded as soon as possible to the sponsoring team who shall consult the Head of Internal Audit as appropriate.
- 4.6.5 In addition, the NDPB shall forward to the Department an annual report on fraud and theft suffered by the NDPB; notify any unusual or major incidents as soon as possible; and notify any changes to internal audit's terms of reference, the audit committee's terms of reference or the NDPB's Fraud Policy and Fraud Response Plan.

## **4.7 Additional Departmental access to the NDPB**

- 4.7.1 In addition to the right of access referred to in paragraph 4.6.3 above, the Department shall have a right of access to all the NDPB's records and personnel for purposes such as [sponsorship audits] [operational investigations] [specify any other purposes].

## **5. EXTERNAL ACCOUNTABILITY**

### **5.1 The annual report and accounts**

- 5.1.1 After the end of each financial year the NDPB shall publish an annual report of its activities together with its audited annual accounts. The report shall also cover the activities of any corporate bodies under the control of the NDPB. A draft of the report shall be submitted to the Department [two weeks] before the proposed publication date.
- 5.1.2 The report and accounts shall comply with the Treasury document *Executive Non-Departmental Public Bodies: Annual Reports and Accounts Guidance*. The accounts shall be prepared in accordance with the relevant statutes and the specific Accounts Direction issued by the Department. [NOTE: A model accounts direction is included at Annex B of the NDPB Annual Reports and Accounts guidance.]
- 5.1.3 The report and accounts shall outline the NDPB's main activities and performance during the previous financial year and set out in summary form the NDPB's forward plans. Information on performance against key financial targets shall be included in the notes to the accounts, and shall therefore be within the scope of the audit.
- 5.1.4 The report and accounts shall be laid before Parliament [and made available on the Internet], in accordance with the guidance on the procedures for presenting and laying the combined annual report and accounts as prescribed in Chapter 13 of the NDPB Annual Reports and Accounts Guidance [NOTE: This guidance is updated every year.]

### **5.2 External audit**

- 5.2.1 [NOTE: The arrangements in paragraphs [5.2.4 - 5.2.6] below will lapse as and when the decisions announced in the Government's response to Lord Sharman's report "Holding to Account" are implemented.]
- 5.2.2 [For NDPBs which are audited by the C&AG] The Comptroller and Auditor General (C&AG) audits the NDPB's annual accounts and [lays them before Parliament, together with the NDPB's annual report] [passes the accounts to the Department who shall lay them before Parliament]. For the purpose of audit the C&AG has a statutory right of access to relevant documents as provided for in the Government Resources and Accounts Act 2000, including by virtue of any Order made under section 25(8) of that Act.

- 5.2.3 *[For NDPBs which are audited by the C&AG]* The C&AG has agreed to consult the Department and the NDPB on who - the NAO or a commercial auditor – shall undertake the actual audit on his behalf. The final decision rests with the C&AG.
- 5.2.4 *[For NDPBs which are audited by the C&AG]* The C&AG has agreed to share with sponsor Departments information identified during the audit process and the audit report (together with any other outputs) at the end of the audit. This shall apply, in particular, to issues which impact on the Department's responsibilities in relation to financial systems within the NDPB. The C&AG has also agreed, where asked, to provide Departments and other relevant bodies with Regulatory Compliance Reports and other similar reports which Departments may request at the commencement of the audit and which are compatible with the independent auditor's role.
- 5.2.5 *[For NDPBs which are not for the time being audited by the C&AG]* The NDPB's accounts are audited by auditors [appointed by the Secretary of State] [appointed by the Board]. The accounts of the NDPB shall be open to the inspection of the C&AG. The NDPB shall submit the audited accounts to the Secretary of State, who shall lay the accounts, together with the annual report, [before Parliament] [in the Library of the House of Commons] [and, if provided for by legislation, in the Library of the House of Lords].
- 5.2.6 *[For NDPBs where the auditor is for the time being appointed by the Secretary of State]* The Department shall follow the guidance given in DAO(GEN)13/99 when appointing auditors for the NDPB. Although the final decision rests with the Secretary of State, he shall consult the NDPB during the appointment process.
- 5.2.7 *[For NDPBs where the auditor is for the time being appointed by the Secretary of State]* Where appropriate, the Department may commission from the auditor additional reports providing assurance about the financial systems within the NDPB. The NDPB shall facilitate the provision of such reports.

### **5.3 VFM examinations**

- 5.3.1 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the NDPB 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 NDPB 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.

## 6. STAFF MANAGEMENT

### 6.1 General

6.1.1. Within the arrangements approved by the Secretary of State [and the Treasury] the NDPB shall have responsibility for the recruitment, retention and motivation of its staff. To this end the NDPB shall ensure that:

- its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued; where appointment and advancement is based on merit; and where 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 gradings and numbers of staff, is appropriate to its functions and the requirements of efficiency, effectiveness and economy;
- the performance of its staff at all levels is satisfactorily appraised and the NDPB's performance measurement systems are reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the NDPB's objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistleblowing 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 document *Model Code for Staff of Executive Non-Departmental Public Bodies*.

## **7. REVIEWING THE ROLE OF THE NDPB**

7.1 [FOR AN NDPB WHICH FORMS PART OF A SPONSORING DEPARTMENT'S CHANGE PROGRAMME:] The NDPB shall be reviewed periodically, in accordance with the business needs of the Department and of the NDPB. [NOTE: Departments are required, as part of a Departmental Change Programme or otherwise, to undertake a "landscape" review of all their delivery agents in accordance with methodology prepared by the Office of Public Sector Reform.]

[FOR OTHER NDPBS:] The NDPB shall be reviewed [periodically] [every five years], in accordance with the Cabinet Office guidance on "lighter touch" reviews.

The next review of the NDPB will take place in the financial year XXXX/XX.

[FOR A LIMITED-LIFE NDPB:] The Department shall, in good time before the NDPB is to be wound up:

- ensure that procedures are in place in the NDPB to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body;
- specify the basis for the valuation and accounting treatment of the NDPB's assets and liabilities at wind-up, distinguishing between actual and potential assets and liabilities, in order to provide a clear basis for assessing the NDPB's financial legacy;
- if necessary, secure representation on the NDPB's Board to ensure that the wind-up is conducted in a proper and satisfactory manner.

The NDPB shall provide the Department with full details of all agreements where the NDPB or its successors have a right to share in the financial gains of developers.

*27 March 2003*