



HM TREASURY

1 Horse Guards Road London SW1A 2HQ

Rob Molan
Second Treasury Officer of Accounts

For enquiries about distribution of this and other
DAO letters, please contact
Mangai Rajasingham
Tel: 020-7270-5362
Fax: 020-7270-4311

mangai.rajasingham@hm-treasury.x.gsi.gov.uk
www.hm-treasury.gov.uk

all extant DAOs are found at <http://www.hm-treasury.gov.uk/fmra/accounting/dao/dao.htm>

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DAO(GEN)06/04

Dear Accounting Officer

SIGNING DEPARTMENTAL RESOURCE ACCOUNTS: NEW ARRANGEMENTS

Summary and Purpose

This letter announces new arrangements for signature of resource accounts and sending copies to the National Audit Office (NAO). For 2003-04 accounts, departmental Accounting Officers have to sign the Annual Report, Balance Sheet, Statement on Internal Control and the Letter of Representation on one original copy only. Accounting Officers no longer have to initial all other pages or to sign or initial three original copies. This letter also suggests that departments might like to review with their sponsored bodies the arrangement those bodies have for signing and presenting their accounts for audit.

Action

- Accounting Officers are asked to note the contents of this letter and draw it to the attention of relevant staff. They are also asked to draw it to the attention of the bodies sponsored by their departments – see paragraph 9.
- The Treasury will be writing separately to all Finance Directors about the detailed arrangements for preparing 2003-04 resource accounts. The letter to Finance Directors gives details of contacts in the Treasury (and the NAO) for questions on the preparation and audit process of accounts.

Change proposed

- As part of the Accounting Officer's personal responsibility for signing the accounts, he or she is responsible for having systems in place to ensure that the signed accounts are sent to the Comptroller and Auditor General (C&AG). In the past, the Treasury required Accounting Officer to demonstrate this responsibility by signing certain pages of three top copies of the accounts,



and initialling the remaining pages in each copy. This detailed requirement for signing and initialling three sets of accounts has been considered as part of the Treasury's general review of Government Accounting controls¹.

5. The result of this review has included the conclusion that for 2003-04 accounts and for accounts in future years, Accounting Officers are required to sign the Annual Report, Balance Sheet, Statement on Internal Control in their accounts and the Letter of Representation. The requirement to initial all other pages has been dropped, as has the requirement to sign/initial three separate original copies of the accounts.

6. The Treasury will be shortly reporting the outcome of the controls review to departmental Finance Directors but we thought we ought to alert you to this particular change now.

7. In addition, departments are asked, as now, to send six photocopies of the signed accounts to the Treasury Officer of Accounts team. If any pages of the account need to be replaced after the accounts have been signed, the Accounting Officer must approve these replacement pages before they are sent to the C&AG.

8. The NAO has agreed that on receipt of the signed accounts, it is responsible for maintaining the integrity of the accounts. Once the NAO has undertaken its final work, it will submit the signed accounts to the C&AG for formal certification. After that, NAO propose to make copies: one for its records and one to return to the department. The original accounts are sealed and sent to the Treasury, which then makes arrangements for the accounts to be laid in the House of Commons under the requirements of the Government Resources and Accounts Act 2000.

9. These changes will be reflected in *Government Accounting* and the *Resource Accounting Manual* as appropriate in due course.

Signing of accounts presented by sponsored bodies

10. The Treasury has not set a similar central "rule" for the signature or initialling sponsored bodies' accounts. But it is possible that practices (ie signing certain pages, initialling other and submitted more than top copy) may have been adopted using the Treasury requirement as a basis. Therefore, departments are asked to review the arrangements for their sponsored bodies to sign accounts before audit certification of 2003-04 accounts. The Treasury and the NAO believe that, in principle, the streamlined arrangements set out in this letter could apply to sponsored bodies (if they do not apply already).

11. If departments and sponsored bodies decide to bring the signature requirements into line with the changes announced in this letter, they should

¹ See MS PFO (03)08 of 17th March, titled "Review of controls in Government Accounting".

ensure that they also observe the guidance set out in paragraphs 6 and 7 above on ensuring the integrity of the accounts². The main difference would be that a sponsored body's AO would be required to sign the Foreword³, the Balance Sheet, the Statement on Internal Control, together with the Letter of Representation.

12. The NAO has been consulted about the change proposed in this letter and is in agreement with it.

ROB MOLAN
SECOND TREASURY OFFICER OF ACCOUNTS

² In the case of Executive Agency Annual Reports, it should be noted that the need to sign specific parts of the accounts does not remove the requirement for the Agency Accounting Office to sign the overall annual report.

³ Note that in case of Agency and NDPB accounts, the Foreword to the Accounts is equivalent to the Annual Report in departmental resource accounts.