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1. INTRODUCTION

1.1 The Framework Document

1.1.1 This Framework Document and its associated financial memorandum have been drawn up by the Commonwealth Scholarship Commission in the United Kingdom (henceforth known as the Commission) in consultation with the United Nations and Commonwealth Department (UNCD) of the Department for International Development (DFID). References to the ‘Sponsor Department’ will unless otherwise stated also be taken to refer to DFID, whilst recognising that other government departments may also contribute funding to the Commission. Where the words ‘Sponsoring Departments’ are used, these will be taken to refer to each and every government department contributing to the Commission’s finances at any particular time.

1.1.2 Subject to the provisions of the Commonwealth Scholarships Act 1959 and the International Development act 2002 set out below, this document establishes the broad framework within which the Commission will operate. However, this agreement and associated financial memorandum do not convey any legal powers or responsibilities.

1.1.3 The associated financial memorandum, which forms part of this document, sets out in greater detail certain aspects of the financial provisions that the Commission shall observe.

1.1.4 This Framework Agreement applies for a period of three years from the date it is signed. In accordance with the Cabinet Office’s Public Bodies Reform agenda, a formal review of CSC is scheduled to take place in 2018/19. This Agreement shall be periodically reviewed by DFID and CSC.

1.1.5 The Commission, or the Secretary of State for International Development, may propose amendments to this document at any time. Revisions can be made with the agreement of both parties. Any such proposals by the Commission shall be considered in the light of evolving DFID policy aims, operational factors and the track record of the Commission itself. The guiding principle shall be that the extent of flexibility and freedom given to the Commission shall reflect both the quality of its internal controls and its operational needs. The Secretary of State shall ultimately 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 confirmed 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 This document (incorporating the associated Financial Memorandum) is to be signed and dated by DFID (SRO) and the Commission (Chair).
1.1.7 Any question regarding the interpretation of the document shall be resolved by DFID after consultation with the Commission 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 and made available to members of the public on the Gov.uk website.

1.2 Founding legislation; status

1.2.1 The Commission was established by the Commonwealth Scholarships Act (1959) (as amended) for the purpose of managing the contribution of the United Kingdom to the Commonwealth Scholarship and Fellowship Plan (CSFP), which was established at the first Conference of Commonwealth Education Ministers in 1959. The constitution and responsibilities of the Commission are set out in Chapter 6 of the Act and successor legislation, most notably the International Development Act 2002 and in the regulations pertaining thereto.

1.3 The functions, duties and powers of the Commission

1.3.1 The statutory purposes, the functions, duties and powers of the Commission are set out in the International Development Act 2002. Delegated powers and the mode of operation are further defined below, and in the associated Financial Memorandum.

1.4 Classification

1.4.1 For policy/administrative purposes the Commission is classified as an executive Non-Departmental Public Body (NDPB).

1.4.2 For national accounts purposes the Commission is classified to the central government sector.

1.4.3 References to the Commission 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 Commission.

2. AIMS, OBJECTIVES AND TARGETS

2.1 Overall aims

2.1.1 Under the Commonwealth Scholarships Act (1959), the Commission has been set up to manage the contribution of the United Kingdom to the Commonwealth Scholarship and
Fellowship Plan. Within the founding legislation, the Commission and DFID have defined the overall aims for the Commission to include the following:

- To administer and act as custodian of any funding to the Commission allocated to it by the Sponsoring Departments for the purpose of providing scholarships and fellowships to citizens of the Commonwealth;
- To select the persons to receive Commonwealth Scholarships and Fellowships in the United Kingdom;
- To place the holders of Commonwealth Scholarships and Fellowships in universities or other host institutions in the UK, and to provide such support during their time on award as may be necessary to assist them in meeting the objectives of the scheme;
- To effectively evaluate the impact of its awards, and maintain such contact with alumni as may be necessary to help ensure that such evaluation can take place;
- To maintain links with such other bodies as may be beneficial to the fulfilment of its functions;
- To raise money, where appropriate, from external sources, and
- Such other functions as may be agreed between the Commission and DFID as being consistent with this Framework Document.

2.2 Objectives and key targets

2.2.1 The Sponsor Department determines the Commission’s performance framework in the light of its wider strategic aims, taking into account the aims of other sponsoring departments as appropriate. The Commission’s objectives and key targets shall be agreed as part of the Commission’s Corporate and Business Planning process (Section 4 below). There will be an annual evaluation of the performance of the Commission and the Commission Chair.

3. GOVERNANCE AND ACCOUNTABILITY

3.1 The Secretary of State for the Department for International Development

3.1.1 The Secretary of State for the Department for International Development is accountable to Parliament for the activities and performance of the Commission. His/her responsibilities include:

- Approving the Commission’s strategic objectives and the policy and performance framework within which the Commission will operate (as set out in this Framework Document and Financial Memorandum and associated documents);
- Keeping Parliament informed about the Commission’s performance;
- Approving the amount of funding to be paid to the Commission, and securing Parliamentary approval according to the schedules set out in this document and the associated Financial Memorandum;
• Carrying out responsibilities specified in the founding Act of Parliament including appointments to the Commission, approving the terms and conditions of Commissioners, appointment of and periodic meetings with the Chair, approval of terms and conditions of staff (should the Commission employ staff), and laying of the Annual Report before Parliament; and
• Monitoring the performance of the Commission in relation to agreed objectives.

3.2 The Accounting Officer of the Sponsor Department

3.2.1 DFID’s Permanent Secretary, as DFID’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 and other 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 Commission. The principal Accounting Officer will designate the Chair of the Commission as its 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 (PAO) of DFID shall ensure that:
• The Commission’s strategic aims and objectives support DFID’s wider strategic aims (and that appropriate arrangements are in place to protect the interests of other Sponsoring Departments);
• The financial and other management controls applied by DFID to the Commission are appropriate, proportionate and sufficient to safeguard public funds and for ensuring that the Commission’s compliance with those controls is effectively monitored (“public funds” include not only any funds granted to the Commission by Parliament but also any other funds generated by approved activities or falling within the stewardship of the Commission);
• The internal controls applied by the Commission conform to the requirements of regularity, propriety and good financial management; and
• Any funding to the Commission is within the ambit and the amount of the Request for Resources and that Parliamentary authority has been sought and given.
• Meetings take place between DFID Ministers and the Chair of the Commission, as Accounting Officer, sufficiently regularly to ensure that DFID Ministers have a full understanding of the Commission’s current activities and concerns. Such meetings will normally take place at least once per annum.

3.2.3 The respective responsibilities of the principal Accounting Officer and Accounting Officers for NDPBs and other arm’s length bodies are set out in Chapter 3 of Managing Public Money, which is sent separately to the NDPB Accounting Officer on appointment.
3.3 The sponsoring team in DFID

3.3.1 Within DFID, the United Nations and Commonwealth Department (UNCD) is the sponsoring team for the Commission. UNCD, in consultation as necessary with the relevant principal Accounting Officer, is the primary source of advice to the Secretary of State on the discharge of his/her responsibilities in respect of the Commission, and the primary point of contact for the Commission in dealing with DFID. UNCD shall carry out its duties under a senior officer who shall have primary responsibility for overseeing the activities of the Commission.

3.3.2 UNCD shall, after appropriate consultation with the Commission, advise the Secretary of State on:

- An appropriate framework of objectives and targets for the Commission in the light of DFID’s wider strategic aims;
- An appropriate budget for the Commission in the light of DFID’s overall public expenditure priorities; and
- How well the Commission is achieving its strategic objectives and whether it is delivering value for money.

3.3.3 In support of the principal Accounting Officer UNCD shall:

- Monitor the Commission’s activities on a continuing basis through an adequate and timely flow of information from the Commission on performance, budgeting, control and risk management, including early sight of the Commission’s Governance Statements;
- Attend meetings of the Commission and its Finance Committee and participate in such other Commission activities as may be necessary to obtain a reasonable view of the Commission’s effectiveness and impact of the Sponsoring department’s support;
- Address in a timely manner any significant problems arising in the Commission, whether financial or otherwise, making such interventions in the affairs of the Commission as DFID judges necessary;
- Periodically carry out an assessment of the risks both to DFID and to the Commission’s objectives and activities; strengthen these arrangements if necessary; and amend this agreement accordingly;
- Inform the Commission of relevant Government policy and directives relating to NDPBs in a timely manner; advise on the interpretation of that policy; and issue specific guidance to the Commission as necessary; and
- Bring any concerns about activities to the attention of all Commissioners, and require explanations and assurances from the Commission that appropriate action has been taken;
- Engage with the Commission on its budgeting, finance and Governance control and risk management.
3.4 The Commissioners

3.4.1 The maximum number of Commissioners is fourteen members, plus the Chair, as set out in the International Development Act (IDA) 2002. Commissioners are appointed by the Secretary of State. UNCD oversees the recruitment process, involving a Cabinet Office approved independent assessor where required, with the Secretary of State giving the final approval. The initial appointment is for three years, with a possible extension for a further three years. The appointment is made in line with the Code of Practice issued by the Commissioner for Public Appointments.

3.4.2 The responsibilities of each Commissioner will be set out in formal role descriptions to be included in their letter of appointment. Collectively, Commissioners have corporate responsibility for ensuring that the Commission fulfils the aims and objectives set by DFID and for promoting the efficient and effective use of staff and other resources by the Commission. To this end, and in pursuit of its wider corporate responsibilities, the Commissioners shall:

- Establish the overall strategic direction of the Commission within the policy and resources framework determined by DFID;
- Ensure that DFID and other relevant funding bodies are kept informed of any changes which are likely to impact on the strategic direction of the Commission or on the attainability of their 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 Commission 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 Commission takes account of guidance issued by DFID;
- Ensure that mechanisms are in place to review regular financial information concerning the management of the Commission; that the Commission has sufficient information to perform its functions and is able to provide positive assurance to the Sponsoring Department that appropriate action has been taken on any concerns which it has expressed on the activities of the Commission;
- Act in a way that promotes high standards of public finance, including the promotion of regularity, propriety, value for money and feasibility; and
- Demonstrate high standards of corporate governance at all times, including by using the independent audit committee (paragraph 4.6.1) to help them to address the key financial and other risks facing the Commission;
- Ensure that individuals are selected for Commonwealth Scholarships and Fellowships on merit, on the basis of clear criteria which reflect the objectives of DFID and, where appropriate, other Sponsoring Departments.

3.4.3 Individual Commissioners shall act in accordance with their wider responsibility, namely to:
• Comply at all times with the Code of Practice (paragraph 3.5.5 below) that is adopted by the Commission 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 Commission’s rules on the acceptance of gifts and hospitality, and of business appointments; and

• Act in good faith and in the best interests of the Commission.

3.4.4 As set out in A5.4B of Managing Public Money: “The government has indicated that an individual board member who has acted honestly and in good faith will not have to meet out of his or her personal resources any personal civil liability which is incurred in the execution or the purported execution of his or her board functions, save where the board member has acted recklessly.”

3.4.5 For the purposes of effective policy making, the Commission may establish Committees of its members to undertake specific tasks. The membership of such Committees will be approved by the full Commission, and may include non-Commission members in cases where additional expertise is deemed necessary. The Commission shall ensure that any such appointees are subject to sections of the Code of Practice relevant to their role.

3.4.6 Committees currently established by the Commission are: Awards Policy, Finance, Audit and Risk Management and Evaluation and Monitoring. Ad-hoc working groups may be established from time to time. In each case, Committees will act within a formal terms of reference which has been approved by the full Commission, and the minutes of their meetings will be submitted to the full Commission for review. The Chair of each Committee will additionally report on the activities of the Committee to the full Commission at least annually. The Chair of the Commission will be an ex-officio member of each Committee, with the exception of Audit and Risk Management.

3.4.7 Providing always that they are acting within their Terms of Reference, Committees may make spending commitments and policy decisions within any budget previously allocated to their activity by the full Commission.

3.4.8 With the assent of the full Commission, the Chair may appoint “lead Commissioners” to oversee policy areas (e.g. alumni relations) or relationships (e.g. with nominating agencies)

3.4.9 An Executive Group, comprising the Chair, Deputy Chair, the Chairs of each of the Committees listed in paragraph 3.4.6 above, as well as Lead Commissioners where relevant, and Chaired by the Chair of the Commission, may meet between Commission meetings to undertake any business which (a) requires urgent attention; (b) crosses the boundaries of individual committees or (c) has been formally delegated to it by the full Commission. Minutes of the Executive Group will be presented to the next available meeting of the full Commission, at which point approval will be sought for any actions taken.
3.5 The Chair of the Commission

3.5.1 The Chair is appointed by the Secretary of State. DFID will oversee the recruitment process, involving a Cabinet Office approved independent assessor, where required, with the Secretary of State giving the final approval. The initial appointment is for three years, with a possible extension for a further three years. The appointment is made in line with the Code of Practice issued by the Commissioner for Public Appointments.

3.5.2 The Chair is responsible to the Secretary of State. The Chair shall aim to ensure that the Commission’s policies and actions support the wider strategic policies of DFID and other Sponsoring Departments; and that the Commission’s affairs are conducted with probity. The Chair shares with other Commissioners the corporate responsibilities set out in paragraph 3.4.2, and in particular for ensuring that the Commission fulfils the aims and objectives set by DFID.

3.5.3 The role, functions and any remuneration for the Chair will be set out in a formal job description that will be contained in the letter of appointment. In particular, the Chair has a leadership responsibility on the following matters:

- Formulating the Commission’s strategy;
- Ensuring that the Commission, in reaching decisions, takes proper account of guidance provided by the Secretary of State or department;
- Promoting the efficient and effective use of staff, Commissioner expertise and other resources;
- Encouraging delivery of high standards of propriety; and
- Representing the views of the Commission to the general public.

3.5.4 The Chair shall also:

- Ensure that all Commissioners, 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 Commission when vacancies arise, with a view to ensuring a proper balance of professional and financial expertise; and
- On request, assess the performance of individual Commissioners when they are being considered for re-appointment.

3.5.5 The Chair shall also ensure that a Code of Conduct for Commissioners is in place, based on the Cabinet Office’s model Code of Practice for Board Members of Public Bodies. The Code shall commit the Chair and other Commissioners to the Nolan seven principles of public life, and shall include a requirement for a comprehensive register of Commissioners’ interests, available to the public on request.
3.5.6 Communications between the Commission and the Secretary of State shall normally be through the Chair. The Chair shall ensure that the other Commissioners are kept informed of such communications.

3.6 The Delegated Accounting Officer

3.6.1 The Chair of the Commission is designated as the Commission’s Accounting Officer by DFID’s Principal Accounting Officer.

3.6.2 The Accounting Officer of the Commission is personally responsible for safeguarding the public funds for which he/she has charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of the Commission. In addition, he/she should ensure that the Commission as a whole is run on the standards, in terms of governance, decision-making and financial management, that are set out in Box 3.1 of Managing Public Money.

3.6.3 As Accounting Officer the Chair shall exercise the following responsibilities in particular.

On planning and monitoring –

- Establish, in agreement with DFID (and other Sponsoring Departments as appropriate), the Commission’s Corporate and Business Plans in the light of DFID’s wider strategic aims;
- Inform DFID and other Sponsoring Departments of the Commission’s progress in helping to achieve their 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 DFID (including where appropriate, through reports to the full Commission, Finance Committee and other Commission Committees on which DFID may be represented); 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 Commissioners –

- Advise the Commissioners on the discharge of their responsibilities as set out in this document and in any other relevant instructions and guidance that may be issued from time to time;
- Advise the Commissioners on the Commission’s performance compared with its aims and objectives;
- Ensure that financial considerations are taken fully into account by the Commissioners 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 *Managing Public Money*, if the Commission is contemplating a course of action involving a transaction which the Accounting Officer 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 Commission including any approved income or receipts are used for the purpose intended by Parliament, and that such monies together with the Commission’s assets, equipment and staff, are used economically, efficiently and effectively;
• Ensure that the level and quality of human resources available to the Commission is sufficient to meet its needs, and is appropriately recorded;
• Ensure that adequate internal management and financial controls are maintained by the Commission, including effective measures against fraud and theft;
• Ensure that DFID is notified promptly if over or underspends are likely and that correcting action is taken.

In the event that the Commission decides to employ staff:

• Maintain a comprehensive system of internal delegated authorities which are notified to staff, together with a system for regularly reviewing compliance with these delegations;
• Ensure that effective personnel management policies are maintained;

**On accounting to Parliament for the Commission’s activities** –

• Sign the externally reviewed financial statements produced in a form agreed with DFID, and be responsible for ensuring that proper records are kept relating to the Annual Report, including accounts and that the accounts are prepared and presented in accordance with any directions issued by DFID;
• Sign a Statement of Accounting Officer’s responsibilities, for inclusion in the Annual Report;
• Prepare and sign a Governance Statement regarding the Commission’s system of risk management and internal control, for inclusion in the Annual Report;
• Ensure that effective procedures for handling complaints about the Commission are established and made widely known within the Commission;
• Act in accordance with the terms of this document and with the instructions and
guidance in *Managing Public Money* and other instructions and guidance issued
from time to time by the Treasury and the Cabinet Office; and
• Give evidence, normally with the principal Accounting Officer of the Sponsor
Department, when summoned before the Committee of Public Accounts on the
use and stewardship of public funds by the Commission.

**On responsibilities to DFID -**

• Establish, in agreement with the DFID, the Commission’s Corporate and Business
Plans, in the light of the DFID’S wider strategic aims and agreed priorities;
• Inform DFID of progress in helping to achieve the Department’s policy objectives
and in demonstrating how resources are being used to achieve those objectives; and
• Ensure that timely forecasts and monitoring information on performance and
finance are provided to the Department; that the Department is notified
promptly if over 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 responsibilities to the Commission -**

• Advise the Commission 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 Commission on its performance, compared with its aims and
objectives;
• Ensure that financial considerations are taken fully into account by the
Commission at all stages in reaching and executing its decisions, and that
financial appraisal techniques are followed;
• Take action as set out in paragraph 3.8.6 of *Managing Public Money* if the
Commission is contemplating a course of action involving a transaction which
the Accounting Officer considers would infringe the requirements of propriety or
regularity or does not represent prudent or economical administration,
efficiency or effectiveness, is of questionable feasibility, or is unethical.

3.7 Delegation of duties

3.7.1 The Chair may delegate the day-to-day administration of Accounting Officer
responsibilities to the Executive Secretary and / or Director of Operations. In doing so,
(s)he shall ensure that sufficient levels of reporting exist to ensure that the
responsibilities are being discharged effectively. The Chair shall not assign absolutely to
any other person any of the responsibilities set out in this document.
3.8 The Chair’s role as Principal Officer for Ombudsman cases

3.8.1 The Chair is the Principal Officer for handling cases involving the Parliamentary Commissioner for Administration. As Principal Officer he/she shall inform the Permanent Secretary of DFID of any complaints about the Commission accepted by the Ombudsman for investigation, and about the Commission’s proposed response to any subsequent recommendations from the Parliamentary Ombudsman.

4. PLANNING, BUDGETING AND CONTROL

4.1 The Corporate Plan

4.1.1 The Commission will produce a Corporate Plan setting out details of how it will deliver its objectives. The Commission shall submit annually to DFID, by 31 December each year, a draft of the Corporate Plan covering indicative plans for the next three financial years together with detailed expenditure proposals for the first of those years, beginning in the following April. Prior to submission, the Commission shall have discussed with DFID the issues to be addressed in the Plan and the timetable for its preparation, and DFID representatives will have had the opportunity to comment on the draft Plan at meetings of the Finance Committee (by no later than 15 November) and the full Commission (by no later than 15 December). In the event that DFID wishes to see any amendment to the Plan, this should be notified to the Commission within 30 days of its submission. Otherwise DFID will provide the information, and the Commission shall proceed, in manner defined in paragraphs 38-42 of the Financial Memorandum.

4.1.2 The Plan shall reflect the Commission’s statutory duties and, within those duties, the priorities set from time to time by DFID and the other Sponsoring Departments. In particular, the plan shall demonstrate how the Commission contributes to the achievement of the strategic objectives of the Sponsoring Departments.

4.1.3 The Corporate Plan shall set out:

- The Commission’s key objectives and associated key performance targets for each year covered by the Plan, and its strategy for achieving those objectives; including a statement of its priorities, targets and performance indicators, including measures of output, to be used in measuring the achievement of its objectives;
- A review of the Commission’s performance in the preceding financial year together with comparable outturns for the previous two years, and an estimate of performance in the current year;
- Key non-financial performance targets;
- An assessment of key risks which may significantly affect the execution of the Plan but which cannot be accurately forecast, and alternative scenarios to take account of these; and
- Other matters as agreed between DFID and the Commission.
4.1.4 The main elements of the plan, including the key performance targets, shall be agreed between DFID and the Commission in the light of DFID’s decisions on policy and resources taken in the context of the Government’s wider public expenditure plans and decisions.

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 DFID.

4.3 Publication of plans

4.3.1 Subject to any commercial considerations, the Corporate and Business Plans shall be published or made available on the internet.

4.4 Reporting performance to DFID

4.4.1 The Commission 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 Commission shall take the initiative in informing DFID of substantial changes in external conditions, of which it might reasonably be expected to be aware, 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. Where appropriate such notification may be through Committees of the Commission on which DFID is formally represented.

4.4.3 The Commission’s performance in helping to deliver its obligations under the Act, as supplemented from time to time by Ministerial Directives, including the achievement of key objectives, shall be reported to DFID on a regular basis. Performance will be formally reviewed regularly by DFID officials. The Secretary of State may meet the Chair of the Commission, at the request of either party to discuss the Commission’s performance, its current and future activities and any policy developments relevant to those activities. Such meetings shall normally take place at least annually.

4.4.4 The Commission’s performance against key targets shall be reported in the Commission’s Annual Report (see Section 5.1).
4.5 Budgeting procedures

4.5.1 Commission budgets shall be reviewed formally at each meeting of the Commission, and at least twice per year by meetings of its Finance Committee, which will include representation at least once a year from DFID. In addition, the Chair of the Finance Committee has designated responsibility for advising the Chair and Commissioners on any budget issues which (s)he considers should be brought to their attention between meetings. For this purpose, the Chair of Finance will meet with appropriate senior staff at regular intervals, and receive reports on budget at intervals of not less than one month.

4.5.2 The Commission Finance Committee will consider budget proposals for the following financial year no later than 15 November in the preceding year, and recommend a budget for discussion by the full Commission at the December meeting. The Commission will recommend a budget for submission to DFID in accordance with the dates agreed. The budgets approved will form the basis of the Business Plan for the following year, to be produced in accordance with 4.2 above. It will also be used as the basis of allocating resources by selection and other committees for the year in question.

4.6 Internal audit

4.6.1 The Commission shall maintain an Audit and Risk Management Committee in accordance with the Treasury’s Audit and Risk Assurance Committee Handbook, which will draw upon DFID IAD for audit of specific issues.

4.6.2 The Commission, after discussion with DFID, will annually agree internal audit coverage based on governance, risk management and control issues. This extent of such coverage should be proportional to the scale, complexity and key risks facing the Commission in order to enable the Accounting Officer to provide assurance over its operations. Confirmation of this assurance shall then be published in the Governance Statement in the Annual Report and statement of income and expenditure. Conclusions of the review will be the sole property of the Commission, provided that DFID shall have full right of access to all Reports produced as provided for in 4.6.5 below.

4.6.3 The internal audit activity will be undertaken in accordance with the Treasury’s Public Sector Internal Audit Standards (PSIAS). Any decision to use a supplier other than the DFID Internal Audit Department will be subject to approval by DFID as conforming with current standards pertaining to NDPB’s. All such activity will be subject to the terms of a Service Level Agreement between the Commission and the Audit provider, setting out the terms and level of expected service performance.

4.6.4 DFID will have a right of access to all documents prepared by the Commission including audit/risk strategies, risk analysis, periodic audit plans and any other audit reports commissioned/undertaken by the Commission and/or opinion on risk management, control and governance.
4.6.5 In addition, the Commission shall forward to DFID an annual report on fraud and theft suffered by the Commission; 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 Commission’s Fraud Policy and Fraud Response Plan.

4.7 Additional Departmental access to the Commission

4.7.1 In addition to the right of access referred to in paragraph 4.6.4 above, DFID shall have a right of access to all the Commission’s records and personnel for purposes such as sponsorship audits and operational investigations. DFID’s Counter-Fraud Section (CFS) will be the contact point for all allegations of fraud and their investigations. DFID also reserves a right of access to carry out independent reviews without prior notice of the governance, risk management, control systems and any other aspect of the work of the Commission.

4.7.2 In order to support DFID’s NDPB sponsorship obligations, CSC will provide DFID with a self-certified annual statement of assurance. CSC and DFID will determine the format of the statement. The statement will: be submitted by end of April each year and confirm that CSC is continuing to perform its functions and is operating in accordance with the governance arrangements as set out in this Framework Agreement.

5. EXTERNAL ACCOUNTABILITY

5.1 The Annual Report

5.1.1 The Commission must publish an Annual Report, including a statement of income and expenditure for the most recent financial year, in accordance with the terms of the Act.

5.1.2 The Annual Report shall outline the Commission’s main activities and performance during the previous financial year and set out in summary form the Commission’s forward plans. It shall be prepared in accordance with the relevant statutes and will comply with the Treasury’s Financial reporting Manual (FreM).

5.1.3 The Commission shall additionally provide to DFID with an inspected statement of income and expenditure in accordance with 5.2 below for each government financial year fully covered by this Framework Document by no later than three months after the end of the year in question. Headline expenditure for programme and administration resource shall be provided to DFID by 30 April each year for consolidation in the draft DFID Annual Report and Accounts.

5.1.4 A draft of the Annual Report shall be submitted to DFID a minimum of four weeks before the proposed publication date. DFID will arrange for the Annual Report to be cleared by the Secretary of State, and will arrange the publication and the laying before Parliament, in accordance with the terms of the Act.
5.1.5 The Annual Report shall be made available on the Gov.UK website immediately following presentation to Parliament.

5.1.6 As part of the assurance process, to the principal Accounting Officer, the Accounting Officer of the Commission will further provide a written assurance of fulfilment of his/her role as Accounting Officer of the Commission by 30 April each year. This will note any exceptions or issues arising within the Commission for the year ended 31 March and will then be used by the principal Accounting Officer in forming his/her opinion of compliance within the departmental group.

5.1.7 The Accounting Officer will also provide written details of the Commission’s system of risk management and internal controls, by 30 April each year, which will be used by the principal Accounting Officer in finalising the Governance Statement of the departmental group within the consolidated Annual Report and Accounts.

5.1.8 The Annual Report must cover any corporate, subsidiary or joint venture under its control; comply with the Treasury’s Financial Reporting Manual (FreM); and outline main activities and performance during the previous financial year and set out in summary forward plans.

5.2 External audit

5.2.1 The Commission will arrange for appropriate annual external inspection to take place of its financial activities. The inspection will be conducted by a reputable external audit organisation, and report in a form acceptable to DFID and the National Audit Office’s Comptroller and Auditor General (C&AG). The C&AG has a statutory right of access to relevant documents, including by virtue of Section 25(8) Government Resources and Accounts Act 2000, documents held by another party in receipt of payments or grants from the Commission.

5.3 VFM examinations

5.3.1 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the Commission 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 Commission 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.
5.4 Right of Access

5.4.1. Subject to the data protection obligations of the Commission, DFID has the right of access to all the Commission’s records and personnel for any purpose required in Cabinet Office and other HMG guidance and regulations pertaining to the relationship between NDPB’s and Sponsoring Departments.

6. STAFF MANAGEMENT

6.1 General

6.1.1 The Commission does not currently employ any staff, and it contracts out its administrative functions to third parties. The terms of contracting out admin functions to 3rd parties are governed by MOU, through which the Chair and Finance Committee ensure appropriate levels of delivery and reporting. Section 6 of this Framework Document shall only apply in the event that the Commission employs any staff directly.

6.1.2 Within the arrangements approved by the Secretary of State the Commission shall have responsibility for the recruitment, retention and motivation of its staff. To this end the Commission 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 sex, marital status, disability, age, race / colour, ethnic or national origin, sexual orientation, being or becoming transsexual, pregnancy or extent to which an individual is of child bearing age;
- The level and structure of its staffing, including grading and staff numbers, 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 Commission’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 Commission’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; and
- A code of conduct for staff is in place based on the Cabinet Office document Model Code for Staff of Executive Non-Departmental Bodies ([http://www.civilservice.gov.uk/modelcode](http://www.civilservice.gov.uk/modelcode))
7. **ARRANGEMENTS FOR REVIEWS OF THE COMMISSION’S STATUS AND PROCEDURES IN THE EVENT OF WINDING UP**

7.1. The role of the Commission as a Non Departmental Public Body will be reviewed within five years of the publication of each previous review, unless otherwise agreed with DFID and the Cabinet Office.

7.2. In accordance with Government regulations applicable to all Non-Departmental Public Bodies, in the event that the Commission is wound up, DFID shall put in place arrangements to ensure an orderly process. In particular DFID should ensure that the assets and liabilities of the Commission are passed to any successor organisation and accounted for properly. In the event that there is no successor organisation, the assets and liabilities of the Commission should revert to DFID. To this end, DFID shall:

- Undertake to meet all obligations of the Commission, including to those students and fellows on award or in receipt of letters of awards on the date at which notice of winding up was given, and to any supplier of goods and services for any period for which the Commission is committed;
- Ensure that procedures are in place in the Commission 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 Commission’s assets and liabilities;
- Ensure that arrangements are in place to prepare closing accounts, and pass to the C&AG for external audit, and that funds are in place to pay for such audits. It shall be for DFID to lay the final accounts in Parliament, together with a report on the accounts;
- Arrange for the most appropriate person to sign the closing financial statements. In the event that another NDPB takes on the role, responsibilities, assets and liabilities, the succeeding NDPB Accounting Officer should sign the closing financial statements. In the event that DFID inherits the role, responsibilities, assets and liabilities, the DFID principal Accounting Officer should sign.

Signed by the Commission:  
Signed by Richard Middleton, Chair,  
Commonwealth Scholarship Commission

Date:  
28 April 2018

Signed by DFID:  
Signed by Steve Hillier, SRO, DFID

Date:  
27 April 2018
ANNEX A: FINANCIAL MEMORANDUM

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  The Departmental Expenditure Limit (DEL)
  Delegated Authorities
  Procurement and Value for Money
  Timeliness in paying bills
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IV. EXPENDITURE ON STAFF
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V. NON-STAFF EXPENDITURE
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VI. BUDGETING PROCEDURES
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  Providing monitoring information to DFID

VII. BANKING
  Banking arrangements

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I. INTRODUCTION

1. This financial memorandum, which forms part of the Framework Document for the Commonwealth Scholarship Commission in the United Kingdom (henceforth referred to as the Commission), sets out in greater detail certain aspects of the financial framework within which the Commission is required to operate.
2. The terms and conditions set out in the combined management statement and financial memorandum may be supplemented by guidelines or directions issued by the Secretary of State in respect of the exercise of any individual functions, powers and duties of the Commission.

3. The Commission shall satisfy the conditions and requirements set out in the combined document, together with such other conditions as the Secretary of State may from time to time impose.

II. **THE COMMISSION’S INCOME AND EXPENDITURE - GENERAL**

**The Departmental Expenditure Limit (DEL)**

4. Grant-in-Aid will be paid to the Commission in instalments, on the basis of a written application from the Commission showing evidence of need. The application shall certify that the conditions applying to the use of Grant-in-Aid have been observed to date and that further Grant-in-Aid is now required for purposes appropriate to the Commission’s functions. This will be provided in a form agreed with DFID.

5. The Commission will comply with the general principle that there is no payment in advance of need.

**Delegated Authorities**

6. The delegated authorities for the Commission are derived from the legislation by which it was established, and set out in paragraph 14 and schedule 2 of the 2002 International Development Act. Any further limitations on these shall be issued by DFID, through letters of delegated authority. Such letters will be in accordance with the terms of the Act and any relevant subsequent legislation.

7. The Commission shall obtain the approval of DFID before:
   - Entering into any undertaking to incur expenditure that falls outside the delegations or which is not provided for in the scope of the Commission’s corporate plan as approved by DFID;
   - Incurring any expenditure for any purpose which is or might reasonably be considered novel or contentious, or which has or could have significant future cost implications, beyond those normally associated with its scholarship and fellowship programmes;
   - Making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by DFID;
   - Making any changes of policy or practice which have wider financial implications that might prove repercussive or which might significantly affect the future level of resources required;
   - Incurring expenditure on Marketing or Advertising, which requires exemption approval in line with Cabinet Office Efficiency and Reform Group guidance; or
• Carrying out policies that go against the principles, rules, guidance and advice in Managing Public Money (MPM).

Procurement and Value for Money

8. The Commission shall comply with all procedures set out in MPM, and other guidance from the Cabinet Office Efficiency and Reform Group on procurement, and any relevant directives notified to it. The Commission shall also seek guidance from DFID on current Government procurement policy where appropriate.

9. Periodically and wherever practicable the Commission’s procurement of goods and services shall be benchmarked against best practice elsewhere and contracted out where this would achieve better value for money.

10. Procurement by the Commission of works, equipment, goods and services shall be based on value for money, i.e. quality (in terms of fitness for purpose) and delivery against price. Where appropriate, a full option appraisal shall be carried out before procurement decisions are taken.

Timeliness in paying bills

11. The Commission shall collect receipts and pay all matured and properly authorised invoices in accordance with the terms of contracts or within 30 days. The Commission shall comply with the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890), and with the Late Payment of Commercial Debts (Interest) Act 1998 as amended.

Risk management

12. The Commission shall ensure that the risks which it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and shall develop a risk management strategy, in accordance with the Treasury guidance Management of Risk: Principles and Concepts.

13. The Commission shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with Treasury guidance on Tackling Fraud.

14. The Commission shall take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give grant or Grant-in-Aid.

Fees and charges

15. Fees or charges for any services supplied by the Commission shall be determined in accordance with the Fees and Charges guidance within MPM, and with the Freedom of Information Act.
III. THE COMMISSION’S INCOME

Grant-in-Aid

16. Cash balances accumulated during the course of the year from Grant-in-Aid or other Exchequer funds shall be kept at the minimum level consistent with the efficient operation of the Commission. Grant-in-Aid not drawn down by the end of the year shall lapse. Subject to the approval of Parliament of the relevant Estimates provision, where draw-down of Grant-in-Aid is delayed to avoid excess cash balances at year-end, DFID will make available in the next financial year any such Grant-in-Aid which is required to meet any liabilities at year end, such as creditors.

Un-forecast changes in income and expenditure

17. The Commission models financial projections based on historic patterns and future assumptions so that it can calculate the future consequences of its commitment to Scholars and Fellows. It is recognised by DFID that such commitment may involve the Commission incurring obligations beyond the period covered by an annual budget, and that some of the future costs for individual scholarships may be outside the Commission’s control. Providing that such commitments are made in good faith, on reasonable assumptions, and in accordance with budgets notified to the Commission at the time when they were made, and with agreed policies and procedures of the Commission, DFID will accept liability for meeting them.

18. The Commissioners also have to make a realistic assessment of the value of the contingency budget that is required to respond to identified operational risks and the Commission’s circumstances within each year. The Commission agrees to advise DFID each year where such contingency budget is no longer required and adjust requests for payments, set out in clause 4 above, accordingly. In the event that additional funding is required within the year, the Commission will consult with DFID at the earliest opportunity to justify and demonstrate the need for such funding. Such funding will be subject to DFID’s normal budgeting approval process and availability of resources.

Gifts and bequests received

19. The Commission is free to retain any gifts, bequests or similar donations. These shall be treated as receipts.

20. Before proceeding in this way the Commission shall consider if there are any associated costs in doing so or any conflicts of interest arising. The Commission shall keep a written record of any such gifts, bequests and donations and of their estimated value and whether they are disposed of or retained.

Contingency Budget
21. The Commission shall agree a Contingency Policy with DFID. Balances held in Contingency shall be included within the Commission’s Business Plan.

22. The Commission and DFID will continue to keep the level of contingency and cash balances required under review, in the context of risk management. The reputational risk of the Commission having insufficient balances to meet its legal and legislative commitments is prominent in this context.

IV. EXPENDITURE ON STAFF

23. The Commission shall have a travel expenses policy for Commissioners. The policy shall be reviewed by the Commission annually and subject to approval by DFID.

24. The Commission does not currently employ any staff, with administrative and other services being provided by third parties. Paragraphs 25-28 below shall only apply in the event that the Commission elects to employ staff directly.

Staff cost

25. Subject to its delegated levels of authority, the Commission shall ensure that the creation of any additional posts does not incur forward commitments which will exceed its ability to pay for them.

Pay and conditions of service

26. The staff of the Commission, whether on permanent or temporary contract, shall be subject to levels of remuneration and terms and conditions of service (including superannuation) within the general pay structure approved by DFID and the Treasury, or any obligations incurred under TUPE or other legislation. The Commission has no delegated power to amend these terms and conditions.

27. Civil Service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the Commission’s staff. Payment shall be made in accordance with the Civil Service Management Code except where prior approval has been given by DFID to vary such rates.

28. The Commission shall comply with the EU directive on contract workers “Fixed Term Employees Regulations (Prevention of Less Favourable Treatment)”.

V. NON-STAFF EXPENDITURE

Capital expenditure

29. Subject to being above an agreed capitalisation threshold, all expenditure on the acquisition or creation of plant, property and equipment shall be capitalised on an accruals basis.
Expenditure to be capitalised shall include the (a) acquisition, reclamation or laying out of land; (b) acquisition, construction, preparation or replacement of buildings and other structures or their associated fixtures and fittings; and (c) acquisition, installation or replacement of movable or fixed plant, machinery, vehicles and vessels.

30. Proposals for large-scale individual capital projects or acquisitions will normally be considered within the Commission’s Corporate Planning process. Applications for approval by DFID shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Commission. Regular reports on the progress of projects shall be submitted to DFID.

Transfer of funds within budgets

31. Unless financial provision is subject to specific Departmental or Treasury controls (e.g. where provision is ring-fenced for specific purposes, including Administration or Programme expenditure), transfers between budgets within the total capital budget, or between budgets within the total revenue budget, do not need DFID approval.

Grant or loan schemes

32. Unless covered by a delegated authority, all proposals to make a grant or loan to a third party, whether one-off or under a scheme, shall be subject to prior approval by DFID, together with the terms and conditions under which such a grant or loan is made. If grants or loans are to be made under a continuing scheme statutory authority is likely to be required. For the purposes of clarity, nothing in this paragraph shall affect grants given by the Commission to Scholars and Fellows under its normal procedures.

33. The terms and conditions shall include a requirement on the receiving organisation to prepare accounts and to ensure that its books and records in relation to the grant or loan are readily available for inspection by the Commission, DFID and the C&AG.

34. See also below under the heading *Recovery of grant-financed assets*.

Gifts made, write-offs, losses and other special payments

35. Proposals for making gifts or other special payments (including write-offs) outside any delegated limits agreed with DFID must have the prior written approval of DFID.

36. In the event that the Commission employs any staff, they should comply with any policy on gifts and hospitality which applies to Commissioners.

VI. **BUDGETING PROCEDURES**

Setting the annual budget
37. Each year, by 31st January, or within 28 days of the Corporate Plan (see Section 4.1 of the Framework Document) being submitted to them (whichever is later) DFID will send to the Commission:
   • confirmation of their approval of the Corporate and Business Plan for the coming year (including the budgets included therein)
   • formal confirmation of the financial support to be provided by DFID in the financial year immediately following. This will be set out in the annual Grant In Aid letter;
   • An indicative budget for the following financial year; and
   • A statement of any planned change in policies affecting the Commission.

38. The Commission’s approved annual Business Plan will take account both of its approved funding from DFID and any other government department, of any other forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any DFID funding and/or other income over the year. These elements will form part of the approved Business Plan for the year in question (Section 4.2 of the Framework Document).

39. DFID will promptly inform the Commission if, at any time between giving an indicative budget for a future year, and the confirmation of that budget in the form of a formal grant-in-aid letter, it has any reason to believe that the budget is likely to be significantly changed.

40. The Commission shall use the indicative budget for the following financial year as the basis of a budget, to be included in their Corporate and Business Plans. In this respect the Finance Committee, having taken advice from such other Committees as it sees fit, the Accounting Officer and Director of Operations, shall agree a draft budget by no later than 15 November each year. This should be presented to the Commission by no later than 15 December each year, as part of the Corporate and Business Plan proposals for the Commission. Once approved, the Budget and respective Plans shall be remitted to DFID, who will act in accordance with paragraph 37 above.

41. Any Grant-in-Aid provided by DFID will be voted in DFID’s Supply Estimates and will be subject to Parliamentary control.

General conditions for authority to spend

42. Once the Commission’s budget has been approved, and subject to any restrictions imposed by Statute, the Secretary of State for International Development or this document, the Commission shall have authority to incur expenditure approved in the budget without further reference to DFID, on the following conditions:
   • Any limits to delegation shall not be altered without the prior agreement of DFID;
   • The Commission shall comply with MPM regarding novel, contentious or repercussive proposals;
   • Inclusion of any planned and approved expenditure in the Commission’s budget shall not remove the need to seek formal DFID approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed; and
• The Commission shall provide DFID with such information about its operations, performance, individual projects or other expenditure as DFID may reasonably require.

Providing monitoring information to DFID

43. The Commission shall provide DFID with, as a minimum, information on a regular basis which will enable the satisfactory monitoring by DFID of:
   • The Commission’s cash management;
   • Its draw-down of any Grant-in-Aid;
   • Forecast outturn by resource headings; and
   • Other data required for the On-Line System for Central Accounting and Reporting (OSCAR).

44. If at any stage the Commission should become aware of, or suspect, any misappropriation or diversion of funds or possible fraud or corruption involving activities within its remit, and the expenditure of the Grant-in-Aid, it undertakes to report the matter immediately to DFID.

VII. BANKING

Banking arrangements

45. The Commission’s Accounting Officer is responsible for ensuring that the Commission’s banking arrangements are in accordance with the requirements of Departmental Banking: A Manual for Government Departments, annex 5.7 of MPM. In particular he/she shall ensure that the arrangements safeguard public funds and are carried out efficiently, economically and effectively.

46. He/she shall therefore ensure that:
   • These arrangements are suitably structured and represent value-for-money, and are reviewed at least every two years;
   • Sufficient information about banking arrangements is supplied to DFID’s Accounting Officer to enable the latter to satisfy his own responsibilities
   • The Commission’s banking arrangements shall be kept separate and distinct from those of any other person, Commission or organisation; and
   • Adequate records are maintained of payments and receipts and adequate facilities are available for the secure storage of cash.
ANNEX: ADDITIONAL GUIDANCE

47. The Commission shall comply with the following general guidance documents:

- This document (both the management statement and the financial memorandum);
- Public Sector Internal Audit Standards (https://www.gov.uk/government/publications/public-sector-internal-audit-standards) (Updated August 2017);
- Managing the Risk of Fraud (http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf);(archived)
- Fees and Charges Guide, Chapter 6 of MPM;
- Departmental Banking: A Manual for Government Departments, annex 5.7 MPM;
- Relevant ‘Dear Accounting Officer’ letters provided by DFID;
- The Parliamentary Ombudsman’s Principles of Good Administration (https://www.ombudsman.org.uk/about-us/our-principles/principles-good-administration) (February 2009);
- Consolidation Officer Memorandum, and relevant DCO letters;
- Relevant Freedom of Information Act guidance and instruction (Ministry of Justice);
- Model Code for Staff of executive Non-Departmental Public Bodies (Cabinet Office);
- Other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts;
- Other relevant instructions and guidance issued by the central Departments;
- Specific instructions and guidance issued by the sponsor Department; and
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, which have been accepted by the Government and which are relevant to the Commission.

It should be noted that it is the obligation of DFID as the sponsoring department to inform the commission of a change in any of the above documents.