



HM Treasury

Specimen Framework document:

Non-Departmental Public Body (excluding Central Government Companies)

May 2021

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Introduction

1. This paper provides guidance and a specimen Framework Document template for an NDPB. It should be read in conjunction with Chapter 7 of Managing Public Money and its accompanying annexes.

2. A Framework Document sets out arrangements for departments to monitor and understand their Arm's Length bodies' strategy, performance and delivery. Framework documents constitute a core constitutional document of the Arm's Length Body and it is imperative that Accounting Officers, Board members and senior officials are familiar with them, ensure they are kept up to date and use them as a guide to govern the collaborative relationship between the Arm's Length Body, the Sponsor department and the rest of government. There is a joint obligation on officials and employees within the ALB and within the Sponsor department to be familiar with, update and comply with its terms as appropriate.

3. This specimen Framework Document is intended for the most common form of Arm's Length Body, the Non-Departmental Public Body. NDPB's are usually created by statute and the framework document will reflect those statutory provisions.

4. Where an NDPB is also established under the Companies Act the Central Government Company specimen template should be used in order to ensure that the interactions between Companies Act obligations and obligations as public body are reflected. It may also be appropriate to use the Central Government Company template for NDPBs which have a significant commercial element, significant private sector interface and/or whose governance function is of material complexity. This approach should be agreed with the relevant HM Treasury spending team and it also may be appropriate to seek advice from the Cabinet Office Public Bodies Governance Team.

5. As set out in MPM Annex 7.2 this specimen Framework Document should be complied with. Departures from the specimen Framework Document should be clearly signposted, explained and justified. They should be agreed first with the Sponsor department Corporate Governance Team or Financial Governance Team or equivalent, before seeking clearance from Principal Accounting Officer of the Sponsor department and cleared with the appropriate HM Treasury Spending Team and the Treasury Officer of Accounts.

6. It is, however, important that the Framework Documents reflect their particular circumstances and working arrangements. It may, therefore, be appropriate for teams to consider using a different template to that prescribed by classification if the individual circumstances of the body mean that another of the templates would be more appropriate, in whole or part, from an operational or policy perspective (e.g. it may be appropriate for an NDPB with a Board responsible for complex commercial operations to use the Government Companies template.) Where departments are of the view that departures from the specimen templates are necessary these should be clearly signposted, explained and justified and appropriately cleared with Departmental governance teams and HM Treasury. Such tailoring will not be viewed as non-compliance with the template unless it is in

conflict with or limits the spending delegations, obligations, duties and expectations as set out in these core terms.

7. NDPBs have a role in the process of national government but are not part of a government department. They operate at arm's length from Ministers, though a Minister will be responsible to Parliament for the NDPBs. The majority of their income will be provided via the Supply process. This will usually be funding directly supplied through Grant in Aid from a sponsor department but can also include funding via levies and charge or commercial income that is retained by the body as agreed with HM Treasury and authorised by Parliament.

8. Parliamentary expectations will require departmental and financial oversight from the centre while maintaining functional independence as set out in founding legislation. (MPM 7.1.3). When drafting legislation for the creation of a new body expected to be classified as an NDPB it may be appropriate to consider the expectations as set out in this specimen framework document to ensure that appropriate and consistent standards of corporate governance are met. It will also be appropriate to follow the approval process for the creation of new Arm's Length Bodies as set out in Part 2 of the Public Bodies Handbook. ¹

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/686716/The_Approvals_Process_for_the_Creation_of_New_Arm_s-Length_Bodies.pdf

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Specimen Framework Document NDPB

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Introduction and Background

1. Purpose of document

- 1.1. This Framework Document (the "Framework Document") has been agreed between [Sponsor Department] and [name of body] in accordance with HM Treasury's handbook Managing Public Money ("MPM") (as updated from time to time) and has been approved by HM Treasury.

[Approval of the Framework Document should be via the Sponsor department's Corporate Governance Team or Financial Governance Team or equivalent first, before seeking approval from HM Treasury Spending Team and Treasury Officer Accounts Team as set out in MPM Annex 7.2. It may be appropriate to seek advice from Cabinet Office Public Bodies Governance Team and UKGI as outlined in that Annex]

- 1.2. The Framework Document sets out the broad governance framework within which the [ALB] and the [sponsor Department] operate. It sets out the [ALBs] core responsibilities; describes the governance and accountability framework that applies between the roles of the [sponsor Department], [ALB], [other parties as relevant, e.g. shareholder team if outside sponsor, other department with a policy interest]; and sets out how the day-to-day relationship works in practice, including in relation to governance and financial matters.
- 1.3. The document does not convey any legal powers or responsibilities but both parties agree to operate within its terms.
- 1.4. References to [ALB] include all its subsidiaries and joint ventures that are classified to the public sector and central government for national accounts purposes. If [ALB] establishes a subsidiary or joint venture, there shall be a document setting out the arrangements between it and [ALB] agreed with [the department].
- 1.5. Copies of the document and any subsequent amendments have been placed in the Libraries of both Houses of Parliament and made available to members of the public on the [ALB website/gov.uk.]

[It is important ensure that Framework Documents are both public and easily accessible so should be made available with a similar prominence to other core constitutional and financial reporting documents of the body.]

- 1.6. This Framework document should be reviewed and updated at least every 3 years unless there are exceptional reasons that render this inappropriate that have been agreed with HM Treasury and the Principal Accounting Officer of the sponsor department. The latest date for review and updating of this document is [xxx]

[In respect of review of the Framework Document the department should consider that the process of review and updating of Framework Documents can take a significant amount of time therefore to ensure the deadline for updating of the document is met best practice is that any review should be commenced at least 6 months before the date set out above] .]

2. Objectives

- 2.1. The [department] and [named ALB] share the common objective of delivering [specific service]. To achieve this the [named ALB] and the [department] will work together in recognition of each other's roles and areas of expertise, providing an effective environment for the [named ALB] to achieve its objectives through the promotion of partnership and trust and ensuring that [named ALB] also supports the strategic aims and objective of the [sponsor] department and wider government as a whole. .

[These objectives should be high level and represent the long-term objectives of an origination. Departments should bear in mind that Framework documents are updated only every three years so shorter-term and more detailed objectives should be detailed in business plans and strategic documents]

3. Classification

- 3.1. [ALB] has been/is intended /expected to be classified as a central government organisation by the ONS/HM Treasury Classifications team.
- 3.2. It has been administratively classified by the Cabinet Office as a Non-Departmental Public Body

[Where the body is not classified as a Non-Departmental Body it may be appropriate to use a different Framework Document template that is more suitable to the body in question. If there is no suitable template available or the body is not administratively classified, please discuss with the Treasury Officer of Accounts and the HM Treasury spending team the most suitable template to refer to.]

Purposes Aims and Duties

4. Purposes

- 4.1. [ALB] has been established under the [Name] Act. Its purposes are set out in section [] of that Act.

[To meet the new services rule (see MPM Annex 2.4) an NDPB should usually be established by Primary legislation. If this is not the case it may be appropriate to amend the above section and discuss with HM Treasury. For government companies established under the Companies' Act see the bespoke templates for Public Corporations and Central Government Companies published alongside this template.]

5. Powers and Duties

- 5.1. [ALB's] powers and duties stem from sections [?] and [Schedule?] of the [establishing legislation, include both primary and secondary legislation, as necessary].
- 5.2. [ALB's] statutory duties and functions are to:
- [short summary of overarching statutory duties]

[If the body has no statutory duties delete]

6. Aims

- 6.1. The [ALB's] strategic aims are to:
- [Explain big picture aims]
- Aim 1
 - Aim 2

[This should provide a summary of the bodies aims and explain where they are set out. This may guide the reader to statutory authority, letters of direction from the Responsible Minister, business plan or strategic documents.]

Role of the department

7. The Responsible Minister

- 7.1. The [name or office of the responsible and successor Minister] will account for [ALB] on all matters concerning [ALB] in Parliament
- 7.2. The Ministers' statutory powers in respect of the ALB are set out in [Insert relevant legislation]
- 7.3. These are:
[Insert summary of powers]
- 7.4. Through the exercise of these powers the Minister:
 - is responsible for the policy framework within which the ALB operates;
 - provides guidance and direction to ensure the strategic aims and objectives of [ALB] are consistent with those of the department and government.;
 - approves the [ALB] corporate plan and business plan;
 - has a power of [appointment/approval] in relation to the appointment of the [ALB]Chair [in line with the Governance Code on Public Appointments];
 - has a power of appointment/approval in relation to non-executives; [in line with the Governance Code on Public Appointments]; and
 - has a power of [appointment/approval] in relation to the appointment of the [ALB Chief Executive]

[This section should follow the statutory powers provided to the Minister concerning the body. The above represents an example of such powers but there will be variation between bodies particularly around the powers of appointment and approval and the applicability of the Governance Code on Public Appointments. If uncertain about the applicability of the Code departments should consult the Public Appointments policy team within Cabinet Office. If the legislation sets out the Secretary of State as holding powers or duties in relation to the body, then it is the Secretary of State that should be referred to as the Responsible Minister. It may be appropriate to also detail if the Secretary of State intends to delegate functions to a junior Minister.]

8. The Principal Accounting Officer (PAO)

- 8.1. The Principal Accounting Officer is the Permanent Secretary of the department

Sponsor department's accounting officer's specific accountabilities and responsibilities as Principal Accounting Officer (PAO)

- 8.2. The Principal Accounting Officer (PAO) of [sponsor department] designates the Chief Executive as [the ALB's] accounting officer and ensures that he / she is fully aware of his or her responsibilities. The PAO issues a letter appointing the Accounting Officer, setting out his or her responsibilities and delegated authorities.

- 8.3. The respective responsibilities of the PAO and accounting officers for ALBs are set out in Chapter 3 of Managing Public Money.
- 8.4. The PAO is accountable to Parliament for the issue of any grant-in-aid to [the ALB].
- 8.5. The PAO is also responsible, usually via the sponsorship team, for advising the Responsible Minister on:
- an appropriate framework of objectives and targets for [the ALB] in the light of the department's wider strategic aims and priorities;
 - an appropriate budget for the ALB in the light of the sponsor department's overall public expenditure priorities;
 - how well the ALB is achieving its strategic objectives and whether it is delivering value for money; and
 - the exercise of the Ministers' statutory responsibilities concerning the [ALB] as outlined above.
- 8.6. The PAO via the sponsorship team is also responsible for ensuring arrangements are in place in order to:
- monitor the ALB's activities and performance;
 - address significant problems in the ALB, making such interventions as are judged necessary;
 - periodically and at such frequency as is proportionate to the level of risk carry out an assessment of the risks both to the department and the ALB's objectives and activities in line with the wider departmental risk assessment process;
 - inform the ALB of relevant government policy in a timely manner; and
 - bring Ministerial or departmental concerns about the activities of the ALB to the full (ALB) board, and, as appropriate to the departmental board requiring explanations and assurances that appropriate action has been taken.

9. The role of the Sponsorship team

- 9.1. [Named team] in the department is the primary contact for the ALB. The responsible Senior Civil Servant for this relationship is [Insert name or role]. They are the main source of advice to the Responsible Minister on the discharge of his or her responsibilities in respect of the ALB. They also support the PAO on his or her responsibilities toward the ALB.
- 9.2. Officials of [named] team in the sponsor department will liaise regularly with ALB officials to review performance against plans, achievement against targets and expenditure against its DEL and AME allocations. The [team] will also take the opportunity to explain wider policy developments that might have an impact on the ALB.

[It may be appropriate to set out the mechanisms for the working relationship in this section of the document or may be more appropriate to cross reference to a supporting document or annex if this will lead to excessive levels of detail for a Framework Document. All sponsors must strike a balance between financial oversight and allowing the sponsored body to operate independently day to day. Oversight is necessary because it is the department that is ultimately accountable to Parliament for the use of public funds by their sponsored ALBs. Sponsors are responsible, on behalf of Ministers and the Departmental Accounting Officer, for holding ALBs to account and gaining assurance concerning the proper discharge of their functions. The correct balance between such oversight and operational freedom will vary for each sponsored body and as such sponsorship

arrangements may vary. It will be helpful to refer to such guidance as the Partnerships with arm's length bodies: code of good practice¹.]

10. Resolution of disputes between the [ALB] and Department

- 10.1. Any disputes between the Department and the [ALB] will be resolved in as timely a manner as possible. The Department and the [ALB] will seek to resolve any disputes through an informal process in the first instance. If this is not possible, then a formal process, overseen by the Senior Sponsor, will be used to resolve the issue. Failing this, the Senior Sponsor will ask the relevant policy Director General to oversee the dispute. They may then choose to ask the Permanent Secretary to nominate a non-executive member of the Department's Board to review the dispute, mediate with both sides and reach an outcome, in consultation with the Secretary of State.

[It will be important for the framework document or referenced supporting document setting out ways of working to include provisions regarding dispute mechanisms. The above text represents an example of such mechanism but however it is drafted care should be taken that the dispute resolution mechanism does not undermine the respective roles of the Responsible Minister, Board and the respective Accounting Officers of the sponsor department and ALB].

11. Freedom of Information requests

- 11.1. Where a request for information is received by either party under the Freedom of Information Act 2000, or the Data Protection Act 1998 or 2018, the party receiving the request will consult with the other party prior to any disclosure of information that may affect the other party's responsibilities.

12. Reporting on legal risk and litigation

- 12.1. The ALB shall provide a quarterly update to the Sponsor on the existence of any active litigation and any threatened or reasonably anticipated litigation. The parties acknowledge the importance of ensuring that legal risks are communicated appropriately to the Sponsor in a timely manner.
- 12.2. In respect of each substantial piece of litigation involving the ALB, the parties will agree a litigation protocol which will include specific provisions to ensure appropriate and timely reporting on the status of the litigation and the protection of legally privileged information transmitted to the Sponsor to facilitate this. Until such time as a protocol is agreed, the parties will ensure that:
- material developments in the litigation are communicated to the Sponsor in an appropriate and timely manner;
 - legally privileged documents and information are clearly marked as such;

¹<https://www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice>

- individual employees handling the legally privileged documents are familiar with principles to which they must adhere to protect legal privilege; and
- circulation of privileged information within government occurs only as necessary.

[ALB] Governance and Structure

13. Governance and Accountability

- 13.1. The ALB shall operate corporate governance arrangements that, so far as practicable and in the light of the other provisions of this Framework Document or as otherwise may be mutually agreed, accord with good corporate governance practice and applicable regulatory requirements and expectations.
- 13.2. In particular (but without limitation), [ALB] should:
- comply with the principles and provisions of the Corporate Governance in Central Government Departments Code of Good Practice (as amended and updated from time to time) to the extent appropriate and in line with their statutory duties or specify and explain any non-compliance in its annual report;
 - comply with Managing Public Money;
 - in line Managing Public Money have regard to the relevant Functional Standards² as appropriate and in particular those concerning Finance, Commercial and Counter Fraud; and
 - take into account, the codes of good practice and guidance set out in Appendix [X] of this Framework Document, as they apply to Arms' Length Bodies.
- 13.3. In line with Managing Public Money Annex 3.1 the [ALB] shall provide an account of corporate governance in its annual governance statement including the Board's assessment of its compliance with the Code with explanations of any material departures. To the extent that the Company does intend to materially depart from the Code, the Sponsor should be notified in advance and their agreement sought to this approach.

[It may be appropriate to add explicit references to additional standards or guidance in the core text of the framework document where the ALB has a particular area of responsibility that is closely connected to that function. For example, it may be appropriate to draw out reference to the Project Delivery Standard if the ALB is due to deliver large number of projects or alternatively it may be appropriate to refer to the standards in the Annex guidance following the Framework Document.]

14. The Chief Executive

Appointment

- 14.1. The Chief Executive of ALB is appointed by the [Responsible Minister/Board] under section [x of relevant legislation] in [consultation with/with the approval of] the [Responsible Minister/Board]. [This appointment is subject to the Public Appointments Order in Council and as such must comply with the Governance Code on Public Appointments.]

[This section should reflect any statutory provision governing the appointment of the Chief Executive. The document should be clear about

² <https://www.gov.uk/government/collections/functional-standards>

when the appointable role is subject to the Public Appointments Order in Council³, and the applicability of the relevant Governance Code on Public Appointments⁴.]

Responsibilities of the ALB's Chief Executive as accounting officer

14.2. The Chief Executive as Accounting Officer is personally responsible for safeguarding the public funds for which they have 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 [named ALB]. In addition, they should ensure that the [named ALB] as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management, that are set out in Box 3.1 of Managing Public Money. These responsibilities include the below and those that are set in the Accounting Officer appointment letter issued by the Principal Accounting Officer of the Sponsor Department.

[All NDPB's will be subject Managing Public Money and require the individual with executive control of the organisation to be appointed as Accounting Officer. If for some reason this is not possible or inappropriate, please consult with the Treasury Officer of Accounts]

Responsibilities for accounting to Parliament and the Public

14.3. Responsibilities to Parliament and the public include:

- signing the accounts and 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;
- preparing and signing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts;
- ensuring that effective procedures for handling complaints about the ALB in accordance with Parliamentary and Health Service Ombudsman's Principles of Good Complaint Handling are established and made widely known within the ALB and published [on gov.uk/Named ALB's website];
- acting in accordance with the terms of Managing Public Money and other instructions and guidance issued from time to time by the Department, the Treasury and the Cabinet Office;
- ensuring that as part of the above compliance they are familiar with and act in accordance with:
 - any governing legislation
 - this framework document,
 - any delegation letter issued to body as set out in paragraph [xx]
 - any elements of any settlement letter issued to the sponsor department that is relevant to the operation of the ALB; and
 - any separate settlement letter that is issued to the ALB from the sponsor department.

³ <https://publicappointments.cabinetoffice.gov.uk/wp-content/uploads/2019/11/Public-Appointments-No.-2-Order-in-Council-2019.pdf>

⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/578498/governance_code_on_public_appointments_16_12_2016.pdf

- ensuring they have appropriate internal mechanisms for the monitoring, governance and external reporting regarding compliance any conditions arising from the above documents.
- giving evidence, normally with the PAO, when summoned before the PAC on the ALB's stewardship of public funds

Responsibilities to the [named sponsor department]

- 14.4. Responsibilities to [named sponsor department] include:
- establishing, in agreement with the department, the [named ALB's] corporate and business plans in the light of the department's wider strategic aims and agreed priorities;
 - informing the department of progress in helping to achieve the department's policy objectives and in demonstrating how resources are being used to achieve those objectives; and
 - ensuring that timely forecasts and monitoring information on performance and finance are provided to the department; that the department is notified promptly if over or under spends 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.

Responsibilities to the board

- 14.5. The Chief Executive is responsible for:
- advising the board on the discharge of the [ALB Board's] 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;
 - advising the board on the [named ALB's] performance compared with its aim[s] and objectives;
 - ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed

Managing conflicts

- 14.6. The Chief Executive should follow the advice and direction of the Board, except in very exceptional circumstances with a clear cut and transparent rationale for not doing so.
- 14.7. If the board, or its chairperson, 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, efficiency or effectiveness, is of questionable feasibility, or is unethical the Chief Executive in their role as Accounting Officer should reject that course of action and ensure that the Board have a full opportunity to discuss the rationale for that rejection
- 14.8. Such conflicts should be brought to the attention of the Principal Accounting Officer and the Responsible Minister as soon as possible.
- 14.9. Furthermore and if agreed with the responsible Minister, the Accounting Officer must write a letter of justification to the Chair of the [Management] Board setting out the rationale for not following the advice and recommendation of the Board and copy that letter to the Treasury Officer of Accounts.

- 14.10. If the Responsible Minister agrees with the proposed course of action of the Board it may be appropriate for the Minister to direct the Accounting Officer in the manner as set out in Managing Public Money paragraph 3.4 onwards.

[When managing the relationship between the Board and the Chief Executive as accounting officer it is important to consider if the Board holds status as fiduciary board or as an advisory board. It will also be important to consider the statute that governs the relationship between the Minister the Board and the Accounting Officer. For fiduciary Boards it will generally be appropriate to replicate the arrangements for managing conflicts as set out in MPM 3.8.6 and the Central Government Companies Specimen Framework Document. For non-fiduciary boards it will be appropriate to follow the guidance as set out above. When considering if a Board is fiduciary or non-fiduciary it will be important to have regard to the statute and consider Parliamentary intent. As a rule of thumb statutory corporations will be considered to have fiduciary boards.]

15. The Board

Composition of the Board

- 15.1. [ALB] will have a Board in line with good standards of Corporate Governance and as set out in its establishing statute and in guidance as set out in Annex A. The role of the Board shall be to run the [ALB], and to deliver the Objectives, in accordance with the purposes as set out above, their statutory, regulatory, common law duties and their responsibilities under this Framework Document. Detailed responsibilities of the Board shall be set out in the Board terms of reference. Remuneration of the Board will be disclosed in line with the guidance in the Government Financial Reporting manual. (FRoM)
- 15.2. The Board will consist of a chairperson, together with the Chief Executive and [a number] of executive members that have a balance of skills and experience appropriate to directing the ALB's business. For [named ALB] there should be members who have experience of [add/delete as necessary or appropriate] its business, operational delivery, corporate services such as HR, technology, property asset management, estate management, communications and performance management. This will include as an executive and voting board member an appropriately qualified finance director as described in Annex 4.1 of Managing Public Money. The board should include a majority of independent non-executive members to ensure that executive members are supported and constructively challenged in their role

Board Committees

- 15.3. The Board may set up such committees as necessary for it to fulfil its functions. As is detailed below at a minimum this should include an Audit and Risk Committee chaired by an independent and appropriately qualified non-executive member of the Board.
- 15.4. While the board may make use of committees to assist its consideration of appointments, succession, audit, risk and remuneration it

retains responsibility for, and endorses, final decisions in all of these areas. The chair should ensure that sufficient time is allowed at the board for committees to report on the nature and content of discussion, on recommendations, and on actions to be taken.

- 15.5. Where there is disagreement between the relevant committee and the board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreement cannot be resolved, the committee concerned should have the right to report the issue to the sponsor team, Principal Accounting Officer and Responsible Minister. They may also seek to ensure the disagreement or concern is reflected as part of the report on its activities in the annual report.
- 15.6. The chair should ensure board committees are properly structured with appropriate terms of reference. The terms of each committee should set out its responsibilities and the authority delegated to it by the board. The chair should ensure that committee membership is periodically refreshed and that individual independent non-executive directors are not over-burdened when deciding the chairs and membership of committees.

[This section should be drafted in line with the any statutory requirements in relation to Committees. It may be appropriate to provide further detail on the nature and make up of committees or it may be appropriate to put such detail in a separate document authored by the Chair. When considering the number and makeup of Board committees it will be appropriate to consider appropriate guidance such as the UK Corporate Governance Code and the Corporate governance in central government departments: Code of good practice.]

Appointments to the Board

- 15.7. The Chairperson is appointed by the [Responsible Minister] under section [x] of relevant legislation. [This appointment is subject to the Public Appointments Order in Council and as such must comply with the Governance Code on Public Appointments.]
- 15.8. [X] Non-executive Members are appointed by the [Responsible Minister] under section [X] of [Relevant legislation]. [This appointment is subject to the Public Appointments Order in Council and as such must comply with the Governance Code on Public Appointments.]
- 15.9. [X] Non-executive Members are appointed by the [Board] under section [x] of [Relevant legislation]. [This appointment is subject to the Public Appointments Order in Council and as such must comply with the Governance Code on Public Appointments.]
- 15.10. All such appointments should have regard to the principle that appointments should reflect the diversity of the society in which we live, and appointments should be made taking account of the need to appoint boards which include a balance of skills and backgrounds.

[This section should reflect any statutory provision governing the appointment of Board members. The document should be clear about when the appointable role is subject to the Public Appointments Order in Council⁵, and the applicability of the relevant Governance Code on Public

⁵ <https://publicappointments.cabinetoffice.gov.uk/wp-content/uploads/2019/11/Public-Appointments-No.-2-Order-in-Council-2019.pdf>

Appointments⁶. It may also be appropriate to consider if term limits on Board appointments should be agreed as long as this is consistent with any statutory provision.]

Duties of the Board

- 15.11. The Board is specifically responsible for:
- establishing and taking forward the strategic aims and objectives of the ALB consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State;
 - providing effective leadership of the [ALB] within a framework of prudent and effective controls which enables risk to be assessed and managed;
 - ensuring the financial and human resources are in place for the [ALB] to meet its objectives;
 - reviewing management performance;
 - ensuring that the board receives and reviews regular financial and management information concerning the management of the [named ALB];
 - ensuring that it is kept informed of any changes which are likely to impact on the strategic direction of the [named ALB Board] or on the attainability of its targets, and determining the steps needed to deal with such changes and where appropriate bringing such matters to the attention of the Responsible Minister and Principal Accounting Officer via the executive team, sponsorship team or directly;
 - ensuring 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;
 - ensuring that as part of the above compliance they are familiar with:
 - this framework document,
 - any delegation letter issued to body as set out in paragraph [xx]
 - any elements of any settlement letter issued to the sponsor department that is relevant to the operation of the ALB; and
 - any separate settlement letter that is issued to the ALB from the sponsor department; and
 - that they have appropriate internal mechanisms for the monitoring, governance and external reporting regarding any conditions arising from the above documents and ensure that the Chief Executive and [ALB] as a whole act in accordance with their obligations under the above documents.

⁶https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/578498/governance_code_on_public_appointments_16_12_2016.pdf

- demonstrating high standards of corporate governance at all times, including by using the independent audit committee to help the Board to address key financial and other risks;
- [unless the establishing legislation provides for other arrangements] appointing [with the Responsible Minister's approval] a Chief Executive 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 and utilization of public resources.
- [putting in place mechanisms for independent appraisal and annual evaluation of the performance of the Chairperson by the independent non-executives, taking into account the views of relevant stakeholders. The outcome of that evaluation should be made available to the Responsible Minister]; and
- determining all such other things which the Board considers ancillary or conducive to the attainment or fulfilment by the [ALB] of its Objectives.

[The appraisal process for the Chair may vary between organisations and may be led by the Board or the sponsor department. It is important whatever the process that it is clear and that the Board and the Sponsor contribute to the process.]

15.12. The Board should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control.

15.13. The board should make a strategic choice about the style, shape and quality of risk management and should lead the assessment and management of opportunity and risk. The board should ensure that effective arrangements are in place to provide assurance over the design and operation of risk management, governance and internal control in line with the *Management of Risk – Principles and Concepts (The Orange Book)*. The board must [set up an Audit and Risk Assurance Committee chaired by an independent and appropriately qualified non-executive member to provide independent advice and ensure that the department's Audit and Risk Assurance Committee are provided with routine assurances with escalation of any significant limitations or concerns]. The board is expected to assure itself of the adequacy and effectiveness of the risk management framework and the operation of internal control

16. The Chair's role and responsibilities

16.1. The Chair is responsible for leading the board in the delivery of its responsibilities. Such responsibility should be exercised in the light of their duties and responsibilities as set out in the Chairperson's contract of employment, any appointment letter, the statutory authority governing [ALB], this document and the documents and guidance referred to within this document.

16.2. Communications between the [named ALB's] board and the Responsible Minister should normally be through the Chair.

- 16.3. The Chair is bound by the Code of Conduct for Board Members of Public Bodies⁷, which covers conduct in the role and includes the Nolan Principles of Public Life.⁸
- 16.4. In addition, the Chair is responsible for:
- ensuring including by monitoring and engaging with appropriate governance arrangements that the [ALB]s affairs are conducted with probity.
 - ensuring that policies and actions support the Responsible Minister's [and where relevant other Ministers'] wider strategic policies and where appropriate, these policies and actions should be clearly communicated and disseminated throughout the ALB.
- 16.5. The Chair has the following leadership responsibilities:
- formulating the board's strategy;
 - ensuring that the board, in reaching decisions, takes proper account of guidance provided by the Responsible Minister or the department;
 - promoting the efficient and effective use of staff and other resources;
 - delivering high standards of regularity and propriety; and
 - representing the views of the board to the general public.
- 16.6. The Chair also has an obligation to ensure that:
- the work of the board and its members are reviewed and are working effectively including ongoing assessment of the performance of individual board members with a formal annual evaluation and more in-depth assessments of the performance of individual board members when being considered for re-appointment;
 - that in conducting assessments that the view of relevant stakeholders including employees and the sponsorship team are sought and considered
 - that the board has a balance of skills appropriate to directing the [named ALB's] business, and that all directors including the Chair and Chief Executive continually update their skills, knowledge and familiarity with the [ALB] to fulfil their role both on the board and committees. This will include but not be limited to skills and training in relation to financial management and reporting requirements, risk management and the requirements of board membership within the public sector.
 - board members are fully briefed on terms of appointment, duties, rights and responsibilities;
 - they, together with the other board members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice;
 - the Responsible Minister is advised of [named ALB's] needs when board vacancies arise;
 - there is a Board Operating Framework in place setting out the role and responsibilities of the Board consistent with the Government Code of Good Practice for Corporate Governance

⁷ <https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>

⁸ <https://www.gov.uk/government/publications/the-7-principles-of-public-life>

- there is a code of practice for board members in place, consistent with the Cabinet Office Code of Conduct for Board Members of Public Bodies.

17. Individual board members' responsibilities

- 17.1. Individual board members should:
- comply at all times with the Code of Conduct for Board Members of Public Bodies, which covers conduct in the role and includes the Nolan Principles of Public Life as well as rules relating to the use of public funds and to conflicts of interest;
 - demonstrate adherence to the 12 Principles of Governance for all Public Body Non-Executive Directors as appropriate⁹;
 - 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 [named ALB];
 - ensure they are familiar with any applicable guidance on the role of Public Sector non-executive directors and Boards that may be issued from time to time by the Cabinet Office, HM Treasury or wider government.

⁹ <https://www.gov.uk/government/publications/public-bodies-non-executive-director-principles/12-principles-of-governance-for-all-public-body-neds>

Management and financial responsibilities and controls

18. Delegated authorities

- 18.1. The ALB's delegated authorities are set out in the delegation letter [attached to this Framework Document.] This delegation letter may be updated and superseded by later versions which may be issued by the sponsor department in agreement with HM Treasury.
- 18.2. In line with Managing Public Money Annex 2.2 these delegations will be reviewed on an annual basis.
- 18.3. The ALB shall obtain the department's and where appropriate HM Treasury's prior written approval before:
- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in the ALB's annual budget as approved by the department;
 - incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications;
 - making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the department;
 - making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required; or
 - carrying out policies that go against the principles, rules, guidance and advice in Managing Public Money.

19. Spending authority

- 19.1. Once the budget has been approved by the sponsor department [and subject to any restrictions imposed by statute][the Responsible Minister's instructions][this document]{HM Treasury settlement or delegation letters}, the ALB shall have authority to incur expenditure approved in the budget without further reference to the sponsor department, on the following conditions:
- the ALB shall comply with the delegations set out in the delegation letter. These delegations shall not be altered without the prior agreement of the sponsor department and as agreed by HM Treasury and Cabinet Office as appropriate;
 - the ALB shall comply with Managing Public Money regarding novel, contentious or repercussive proposals;
 - inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed;
 - the ALB shall provide the sponsor department with such information about its operations, performance, individual projects or other expenditure as the sponsor department may reasonably require.

20. Banking and Managing Cash

- 20.1. [ALB] [must maximise the use of publicly procured banking services (accounts with central government commercial banks managed centrally by Government Banking).
- 20.2. [ALB] should only hold money outside Government Banking Service accounts where a good business case can be made for doing so and HM Treasury consent is required for each account to be established. Only commercial banks which are members of relevant UK clearing bodies may be considered for this purpose.
- 20.3. Commercial Accounts where approved should be operated in line with the principles as set out in Managing Public Money.
- 20.4. The Accounting Officer is responsible for ensuring ALB has a Banking Policy as set out in Managing Public Money and ensuring that policy is complied with.

21. Procurement

- 21.1. The [ALB] shall ensure that its procurement policies are aligned with and comply with any relevant UK or other international procurement rules and in particular the Public Contracts Regulations 2015.
- 21.2. The [ALB] shall establish its procurement policies and document these in a Procurement Policy and Procedures Manual.
- 21.3. In procurement cases where the [ALB] is likely to exceed its delegated authority limit, procurement strategy approval for the specific planned purchase must be sought from the Department's sponsor team.
- 21.4. Goods, services, and works should be acquired by competition. Proposals to let single-tender or restricted contracts shall be limited and exceptional, and a quarterly report explaining those exceptions should be sent to the Department.
- 21.5. Procurement by the [ALB] of works, equipment, goods, and services shall be based on, a full option appraisal and value for money (VfM), i.e. the optimum combination and whole life costs and quality (fitness for purpose).
- 21.6. The [ALB] shall a) engage fully with Department and Government wide procurement initiatives that seek to achieve VfM from collaborative projects, b) comply with all relevant Procurement Policy Notes issued by Cabinet Office and c) co-operate fully with initiatives to improve the availability of procurement data to facilitate the achievement of VfM.
- 21.7. The [ALB] shall comply with the Commercial [10] and Grants Standards [11]. These standards apply to the planning, delivery, and management of government commercial activity, including management of grants in all departments and [arm's length bodies], regardless of commercial approach used and form part of a suite of functional standards that set expectations for management within government.

[The above expectations regarding procurement represent best practice for central government entities. Departing from such expectations should only occur with the appropriate departmental and HMT consents and with the benefit of legal advice regarding applicable procurement law.]

¹⁰ <https://www.gov.uk/government/publications/commercial-operating-standards-for-government>

¹¹ <https://www.gov.uk/government/publications/grants-standards>

22. Risk management

- 22.1. The [named ALB] shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with the Treasury guidance Management of Risk: Principles and Concepts¹² .

23. Counter Fraud and Theft

- 23.1. [ALB] should adopt and implement policies and practices to safeguard itself against fraud and theft.
- 23.2. [ALB] should act in line with guidance as issued by the Counter Fraud Function and in compliance with the procedures and considerations as set in in Managing Public Money Annex 4.9 and the Counter Fraud Functional Standard¹³. It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter a contract or to provide grant or grant-in-aid.
- 23.3. [ALB] should keep records of and prepare and forward to the department an annual report on fraud and theft suffered by the [ALB] and notify the sponsor department of any unusual or major incidents as soon as possible.[ALB] should also report detected loss from fraud, bribery, corruption and error, alongside associated recoveries and prevented losses, to the counter fraud centre of expertise in line with the agreed government definitions as set out in Counter Fraud Functional Standard

24. [ALBs that employ their own staff] Staff

Broad responsibilities for staff

- 24.1. Within the arrangements approved by the Responsible Minister [and the Treasury] the ALB will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:
- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit: 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 grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness;
 - the performance of its staff at all levels is satisfactorily appraised and the ALB 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 ALB's objectives;
 - proper consultation with staff takes place on key issues affecting them;

¹² http://www.hm-treasury.gov.uk/orange_book.htm

¹³ <https://www.gov.uk/government/publications/government-functional-standard-govs-013-counter-fraud>

- adequate grievance and disciplinary procedures are in place;
- whistle-blowing 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’s Model Code for Staff of Executive Non-departmental Public Bodies¹⁴ .]

Staff costs

- 24.2. Subject to its delegated authorities, the ALB shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

Pay and conditions of service

- 24.3. The ALB’s staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by the sponsor department [and the Treasury]. The ALB has no delegated power to amend these terms and conditions.
- 24.4. If civil service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the staff and to any other party entitled to payment in respect of travel expenses or other allowances, payment shall be made in accordance with the Civil Service Management Code¹⁵ and the annual Civil Service Pay Remit Guidance, except where prior approval has been given by the department to vary such rates.
- 24.5. Staff terms and conditions should be set out in an Employee Handbook, which should be provided to the department together with subsequent amendments.
- 24.6. The ALB shall abide by public sector pay controls, including the relevant approvals process dependent on the organisations classification as detailed in the Senior Pay Guidance¹⁶ and the public sector pay and terms guidance¹⁷.
- 24.7. The ALB shall operate [a performance-related pay scheme that shall form part of the annual aggregate pay budget approved by the department or the general pay structure approved by the department and the Treasury whichever is applicable], where relevant with due regard to the senior pay guidance.
- 24.8. The travel expenses of board members shall be tied to the rates allowed to senior staff of the ALB or departmental rates [whichever is applicable]. Reasonable actual costs shall be reimbursed.

[In drafting this section, the department should have regard to chapter 5 of the Cabinet Office’s *Public Bodies: A Guide for Departments*¹⁸ that provides guidance on staff issues in public bodies]

Pensions, redundancy and compensation

- 24.9. Compensation scheme rules and pension scheme rules should reflect legislative and HM Treasury guidance requirements regarding exit payments.

¹⁴https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80082/PublicBodiesGuide2006_5_public_body_staffv2_0.pdf

¹⁵ <https://www.gov.uk/government/publications/civil-servants-terms-and-conditions>

¹⁶ <https://www.gov.uk/government/publications/senior-civil-service-pay-and-reward>

¹⁷ <https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note>

¹⁸https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80082/PublicBodiesGuide2006_5_public_body_staffv2_0.pdf

- 24.10. ALB staff shall normally be eligible for a pension provided by [its own scheme] [state second pension] [PCSPS][LGPS][other]. Staff may opt out of the occupational pension scheme provided by the ALB, but that employers' contribution to any personal pension arrangement, including stakeholder pension shall normally be limited to the national insurance rebate level. [Note that there is an exception for ALBs covered by the PCSPS partnership arrangement, and for PCSPS by-analogy versions.]
- 24.11. Any proposal by the ALB to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the department. Proposals on severance must comply with the rules in chapter 4 of Managing Public Money.

Business Plans Financial Reporting and Management information

25. Corporate and business plans

- 25.1. [By date] the [named ALB] shall submit annually to the sponsor department a draft of the corporate plan covering [three] years ahead. The draft should be submitted by [date]. The ALB shall agree with the department the issues to be addressed in the plan and the timetable for its preparation. The plan shall reflect the ALB's statutory and/or other duties and, within those duties, the priorities set from time to time by the Responsible Minister (including decisions taken on policy and resources in the light of wider public expenditure decisions). The plan shall demonstrate how the ALB contributes to the achievement of the department's medium-term plan and priorities and aligned performance metrics and milestones.
- 25.2. 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. Subject to any commercial considerations, [a digest of] the corporate and business plans should be published by the ALB on its website and separately be made available to staff.
- 25.3. The following key matters should be included in the plans:
- key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives;
 - key non-financial performance targets;
 - a review of 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 and an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast; and
 - other matters as agreed between the department and the ALB.

[The above section should comply with any statutory requirements as set out in governing legislation. Where statute is silent the above represents good corporate governance expectations.]

26. Budgeting procedures

- 26.1. Each year, in the light of decisions by the department on the updated draft corporate plan, the department will send to the ALB by [date]:
- a formal statement of the annual budgetary provision allocated by the department in the light of competing priorities across the department and of any forecast income approved by the department; and
 - a statement of any planned change in policies affecting the ALB.
- 26.2. The approved annual business plan will take account both of approved funding provision [where this applies] and any 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 departmental funding and/or other income over the year. These elements form part of the approved business plan for the year in question.

27. Grant-in-aid and any ring-fenced grants

- 27.1. Any grant-in-aid provided by the department for the year in question will be voted in the department's Supply Estimate and be subject to Parliamentary control.
- 27.2. The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. The [named ALB] will comply with the general principle, that there is no payment in advance of need. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of the ALB. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where grant-in-aid is delayed to avoid excess cash balances at the year-end, the department will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end, such as creditors.
- 27.3. [In the event that the department provides the ALB separate grants for specific (ring-fenced) purposes, it would issue the grant as and when the ALB needed it on the basis of a written request. The ALB would provide evidence that the grant was used for the purposes authorised by the department. The ALB shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year.]

[Note that NDPB's may receive their income via Grant in Aid, through income received directly via taxation such levies or via commercial income. For central government entities the source of funding does not detract from the expectations in the framework document or within guidance for central government entities such as Managing Public Money].

28. Annual report and accounts

- 28.1. The [ALB Board] must publish an annual report of its activities together with its audited accounts after the end of each financial year. The [named ALB] shall provide the department its finalised (audited) accounts by [date] each year in order for the accounts to be consolidated within the [named department's]. A draft of the report should be submitted to the department [two weeks] before the proposed publication date. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the department as well as the Treasury's Financial Reporting Manual (FRM).
- 28.2. The annual report must:
- cover any corporate, subsidiary or joint ventures under its control;
 - comply with the FRM and in particular have regard to the illustrative statements for an NDPB¹⁹;
 - outline main activities and performance during the previous financial year and set out in summary form forward plans.

¹⁹ <https://www.gov.uk/government/publications/government-financial-reporting-manual-2020-21>.

- 28.3. Information on performance against key financial targets is within the scope of the audit and should be included in the notes to the accounts. The report and accounts shall be laid in Parliament and made available on the [named ALB's] website, in accordance with the guidance in the FReM.

29. Reporting performance to the department

- 29.1. The ALB shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the corporate and business plans.
- 29.2. The ALB shall inform the sponsor department of any changes that make achievement of objectives more or less difficult. It shall report financial and non-financial performance, including performance in helping to deliver Ministers' policies, and the achievement of key objectives regularly [specify].
- 29.3. The ALB's performance shall be formally reviewed by the department twice a year. **[It may be appropriate to give more detail as to how this will occur]**
- 29.4. The Responsible Minister will meet the [board][Chair] [chief executive] once a year.
- 29.5. The Principal Accounting officer will meet the [chief executive] at least once a year.

[This section might include more detail and variation in terms of frequency and mechanism on how performance is to be monitored. It should marry the expectations concerning the role of the sponsorship team as set above with the reporting requirements necessary to perform their sponsorship function. Care should be taken not to overburden the ALB with reporting requirements where existing reporting will perform the necessary function].

30. Information Sharing

- 30.1. The department has the right of access to all ALB records and personnel for any purpose including, for example, sponsorship audits and operational investigations.
- 30.2. The ALB shall provide the sponsor department with such information about its operations, performance, individual projects or other expenditure as the sponsor department may reasonably require.
- 30.3. The department and HM Treasury may request the sharing of data held by the ALB in such a manner as set out in central guidance except insofar as it is prohibited by law. This may include requiring the appointment of a senior official to be responsible for the data sharing relationship.
- 30.4. As a minimum, the ALB shall provide the department with information monthly that will enable the department satisfactorily to monitor:
- the ALB's cash management;
 - its draw-down of grant-in-aid;
 - forecast outturn by resource headings;
 - other data required for the Online System for Central Accounting and Reporting (OSCAR).

- data as required in respect of its compliance with any Cabinet Office Controls pipelines or required in order to meet any condition as set out in any settlement letter

Audit

31. Internal audit

- 31.1. [Named ALB] shall:
- [establish and maintain arrangements for internal audit/ ensure that the sponsor department’s internal audit team have complete access to all relevant records] [delete as appropriate]
 - ensure that any arrangements for internal audit are in accordance with the Public Sector Internal Audit Standards (PSIAS) as adopted by HM Treasury²⁰
 - [in the event that the body has its own internal audit service] ensure the sponsor department is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with PSIAS;
 - [set up an audit committee of its board in accordance with the Code of Good Practice for Corporate Governance and the Audit and Risk Assurance Committee Handbook, or be represented on the [named] sponsor department’s Audit Committee];
 - forward the audit strategy, periodic audit plans and annual audit report, including the [named ALB] Head of Internal Audit opinion on risk management, control and governance as soon as possible to the sponsor department; and
 - keep records of and prepare and forward to the department an annual report on fraud and theft suffered by the [named ALB] and notify the sponsor department of any unusual or major incidents as soon as possible.
 - will share with the sponsor department information identified during the audit process and the Annual Audit Opinion Report (together with any other outputs) at the end of the audit, in particular on issues impacting on the Department's responsibilities in relation to financial systems within the [named ALB];

32. External audit

- 32.1. [The Comptroller & Auditor General (C&AG) audits the [named ALB’s] annual accounts and lays them before parliament, together with his report/ The C&AG passes the audited accounts to the Secretary of State who will lay the accounts together with the C&AG’s report before parliament.] [Delete as applicable.]
- 32.2. In the event that the [named ALB] has set up and controls subsidiary companies, the [named ALB] will [in the light of the provisions in the Companies Act 2006] ensure that the C&AG has the option to be appointed auditor of those company subsidiaries that it controls and/or whose accounts are consolidated within its own accounts. The [ALB] shall discuss

²⁰ <https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

with the sponsor department the procedures for appointing the C&AG as auditor of the companies.

- 32.3. The C&AG:
- will consult the department and the ALB on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG;
 - has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from the [ALB];
 - will share with the sponsor department information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the Department's responsibilities in relation to financial systems within the [named ALB];
 - will consider requests from departments and other relevant bodies to provide Regulatory Compliance Reports and other similar reports at the commencement of the audit. Consistent with the C&AG's independent status, the provision of such reports is entirely at the C&AG's discretion;
- 32.4. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the ALB 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 ALB 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.

Reviews and Winding up arrangements

33. Review of ALB's status

- 33.1. The ALB will be reviewed every [3] years. The date of the next review will be in 20[?].

34. Arrangements in the event that the ALB is wound up

- 34.1. The sponsor department shall put in place arrangements to ensure the orderly winding up of the ALB. In particular it should ensure that the assets and liabilities of the ALB are passed to any successor organisation and accounted for properly. (In the event that there is no successor organisation, the assets and liabilities should revert to the sponsor department.) To this end, the department shall:

- have regard to Cabinet Office guidance on winding up of ALBs²¹.
- ensure that procedures are in place in the ALB 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 ALB'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, for non-Crown bodies funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his report on the accounts;
- arrange for the most appropriate person to sign the closing accounts. In the event that another ALB takes on the role, responsibilities, assets and liabilities, the succeeding ALB AO should sign the closing accounts. In the event that the department inherits the role, responsibilities, assets and liabilities, the sponsor department's AO should sign.

- 34.2. The ALB shall provide the department with full details of all agreements where the ALB or its successors have a right to share in the financial gains of developers. It should also pass to the department details of any other forms of claw-back due to the ALB.

²¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/690952/Public_Bodies_-_a_guide_for_departments_-_chapter_10.pdf

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This document can be downloaded from www.gov.uk

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