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12 July 2013

Dear Accounting Officer

MANAGING PUBLIC MONEY

This letter announces a new edition of *Managing Public Money* (MPM), the standard guidance document on ethics in the use of public funds. The changes take account of experience since the last issue. The document remains focussed on delivering value for public money combined with clear accountability to parliament.

Everyone responsible for decisions on use of public money in central government should be aware of this reissue, whether in departments or their arm's length bodies. The essential standards should also continue to apply across the whole public sector.

The revised document is available on line at:

<https://www.gov.uk/government/publications/managing-public-money>. I am grateful to the many people in central government who helped with compiling it.

2. Please address any questions about this letter or the new MPM to Jim Duncan on 020 7270 4833 or jim.duncan@hmtreasury.gsi.gov.uk.

3. The main changes in the document are:

- the clear line of sight reforms under which the same format is used for collectively agreed budgets, parliamentary Estimates and published accounts;
- the revised corporate governance code for government departments¹;
- the Civil Service Reform Plan²;

¹ <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>

² <http://my.civilservice.gov.uk/reform/the-reform-plan/>

- the arrangements under which the Cabinet Office have some delegated authority to exercise certain Treasury controls.
4. A fuller list of adjustments is annexed.
 5. However, the central themes of MPM are invariant. Those charged with use of public funds are expected to meet high standards of public trust and probity. It remains important to prevent misuse and to promote fair, honest and transparent deployment of the resources entrusted to the executive for public use.
 6. Government business is wide and diverse, challenging public servants to maintain the standards parliament expects. The Treasury is always ready to help departments think through the issues, especially where innovation is contemplated.

*Yours sincerely,
Paula Diggle*

Paula Diggle
Treasury Officer of Accounts

Annex to DAO 02/13

Main changes to MPM from the 2007 to the 2013 edition

| Subject of the revision to the text | Main location in the manual |
|---|--|
| Clearly state that it is not normally acceptable for a private sector organisation to be granted powers to raise taxes, nor to distribute their proceeds | chapter 1 |
| The revised corporate governance code of 2011, which made some adjustments to board structures and non-executive directors with the Minister chairing the Board and the greater role of non-executives and their reporting requirements | chapters 1 and 4 |
| Reference made to Cabinet Office Controls | chapter 1 and annex 2.2 |
| Conditions for use of public funds take on points from the review by the House of Lords Constitution Committee into the pre-emption of parliament | chapter 2 |
| The exceptional nature of royal charters | chapters 2 and 7 |
| Increase to the new service limits for relying on Supply and Appropriation Act up from £1.5m to £1.75m | chapter 2 and annex 2.4 |
| The civil service reform white paper: notably AOs to approve initiatives in certain Cabinet Committee papers; and specifying that former AOs can be called to give evidence to the Public Accounts Committee in certain circumstances | chapter 3 |
| Greater emphasis on Transparency and Management Information. Both were always required but now greater stress on their importance | mainly chapters 3 and 4 |
| Greater emphasis in the section on opportunity and risk in the danger of doing nothing | chapter 4 |
| Clear line of sight, under which budgets, Estimates and accounts are on a common footing. This did not necessarily affect MPM's key principles as most of the relevant guidance is in the Estimates Manual, Consolidated Budgeting Guide and the Financial Reporting Manual | mainly chapter 5, but minor adjustments throughout |
| Clearer information about fees and charges exceptions | chapter 6 |
| An expanded section on Shared Services | chapter 6 |

| Subject of the revision to the text | Main location in the manual |
|--|------------------------------------|
| Greater clarity on the responsibilities of accounting officers where departments work together | chapter 7 |
| Increased guidance on outsourcing, highlighting the potential wide range of services and the need to maintain accountability | chapter 7 |
| A new section on innovative structures, including an introduction to non-standard bodies | chapter 7 |
| Changes to appointment procedure for the Comptroller and Auditor General | annex 1.1 |
| New annex on models and their quality assurance | annex 4.2 |
| New annex on risk | annex 4.3 |
| The role of the Government Procurement Service in central purchasing is strengthened | annex 4.6 |
| Change to parliamentary reporting requirements. The monetary requirement to notify is now up from £250K to £300K, but the departmental minute now needs to be accompanied by a Written Ministerial Statement | annexes 4.10 – 12 and 5.4 |
| Simplifying the requirements on consulting the Treasury on losses, now delegated in all cases except where unusual issues apply | annex 4.10 |
| Greater clarity about the limited use of endowments | annex 5.1 |
| Further guidance provided on cash management and exotic financial transactions | annex 5.6 |
| Further information on reforming of Arms Length Bodies | annex 7.1 |

1. Throughout the text seeks to improve clarity and tidy up where possible (eg improved section on segregation of streams of public funds in chapter 5).
2. The text also drops some content now out of date (eg PSAs, wider markets and end year flexibility). However, it avoids more recent initiatives such as the introduction of budget exchange or the MPA. Important as these are, experience suggests that other ways of managing these areas of business may be used in the medium term. Material has also been removed that was duplicated from other sites (eg civil service code) with links inserted as appropriate.
3. A blank annex to chapter 4 has been reserved to reflect any changes to the Osmotherly rules that may come out of the Cabinet Office review.