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Department
of Health &
Social Care



Framework Agreement Between DHSC and The Human Tissue Authority Annex B: Finance and Accounting Responsibilities

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B1 The Framework Agreement sets out the governance and accountability arrangements between the Department of Health and the HTA. This annex provides additional detail on the finance and accounting arrangements which complements the Framework Agreement itself.

1. Annual Expenditure Limits

The Secretary of State will give the HTA its budget for the year in the annual budget letter (see para 10.2 in the Framework Agreement). As Accounting Officer, the Chief Executive must ensure that, in any financial year, the HTA's spending in each of the following categories does not exceed the limit set by the Secretary of State for that year:

- revenue (non ring-fence);
- revenue (ring-fence);
- capital;
- annually managed expenditure; and
- technical accounting/budgeting.

The Accounting Officer must also ensure that:

- the HTA's total spending on administration in any financial year does not exceed the admin control limit set for the HTA as a subset of the revenue resource limit; and that
- in any given year the cash usage of the HTA does not exceed the cash limit for the HTA plus any payments received which are used to offset expenditure that would have otherwise scored against this limit.

Grant-in-aid will (GIA) normally be paid in quarterly instalments on the basis of written applications showing evidence of need. The HTA 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 GIA or other Exchequer funds shall be kept to a level consistent with the efficient operation of the HTA. GIA not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where GIA is delayed to avoid excess cash balances at the year-end, the Department will make available in the next financial year any such GIA that is required to meet any liabilities at the year-end, such as creditors.

2. Fee Regime

The HTA has the power to charge fees in relation to licences under the Human Tissue Act 2004 (Schedule 3).

The HTA must have a regulatory fee strategy. The fee regime must operate in line with guidance in respect of fees and charges in [Managing Public Money](#).

3. Business Planning

As noted in para 3.4 of the Framework Agreement, the HTA is required to produce an annual business plan. The plan must be costed: supporting guidance issued by the Department will provide the format and level of financial detail required as well as information on overall efficiencies relevant to the Department and its arm's length bodies.

The business plan will need to identify detailed revenue, capital and cash forecasts for grant-in-aid funded activity, and also equivalent expenditure associated with any other income sources. It will need to clearly identify the distinction between costs and income falling inside and outside the administration budget regime.

4. Accounts

In relation to financial reporting, the Department is required by HM Treasury to report in-year financial performance and forecasts for all its arm's length bodies, by Estimate Line, and in a specified format, to a strict timetable. The HTA is required to comply with Departmental plans and schedules which enable the Department to meet HM Treasury deadlines, and the Department's overall financial planning to meet HM Treasury spending controls through the Shared Financial Planning Agreement.

The HTA must prepare annual accounts for each financial year ending 31 March, and interim accounts for shorter periods if required. In relation to these accounts, the HTA must:

- ensure that accounts are prepared according to the form, content, methods and principles prescribed by the Secretary of State in his annual group accounting instructions;
- submit these accounts to the Department by any date specified by the Secretary of State; and
- submit these accounts to the Comptroller and Auditor General (C&AG) for audit as soon as reasonably practicable after the year end (or, in the case of any interim account, as soon as reasonably practicable after the end of the interim period to which that interim account relates).

The HTA must publish an annual report of its activities together with its audited accounts after the end of each financial year. 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 are to be signed by the HTA's Accounting Officer and laid before Parliament and made available on the HTA's website, in accordance with the guidance in the Government Financial Reporting Manual (FReM).

The Accounting Officer is also responsible for 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.

The Accounting Officer must also ensure that the HTA participates fully in all agreement of balances exercises initiated by the Department, and in the form specified by the Department, and that it agrees income and expenditure and payables and receivables balances both with other organisations within the Department's resource accounting boundary and, for the purposes of the Whole of Government Accounts (WGA), with other government bodies outside that boundary. In doing so, the HTA should seek to agree all outstanding balances but in any case should keep within any level of materiality set by the Department.

5. Audit

Section 8 of the Framework Agreement sets out the high level requirements for audit. HTA will:

- Maintain an Audit and Risk Assurance Committee in accordance with the Corporate Governance Code for Central Government Departments and the Audit and Risk Assurance Committee Handbook
- prepare an audit strategy, taking into account the Department's priorities, and forward the audit strategy, periodic audit plans and annual audit report, including the HTA's Internal Audit's opinion on risk management, control and governance as soon as possible to the Department; and
- keep records of theft suffered by the HTA and notify the Department of any unusual or major incidents as soon as possible.

The Department is committed to the development of a group assurance model for the Department and its arms length bodies. The HTA should engage with the Department in the development of the group assurance model.

The Department's group internal audit service has a right of access to all previous audit documentation. For external audit, the National Audit Office audits the HTA's annual accounts.

The Comptroller and Auditor General (C&AG):

- will consult the Department and the HTA on whom – the National Audit Office 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, those held by another party in receipt of payments or grants from the HTA;

- will share with the 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 HTA;
- will, where asked, provide the Department and other relevant bodies with regulatory compliance reports and other similar reports which the Department may request at the commencement of the audit and which are compatible with the independent auditor's role.

The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the HTA 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 HTA is to 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 is to use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

6. Delegated Authorities

Paragraph 10.5 of the Framework Agreement requires the HTA to abide by any relevant cross-Government efficiency controls.

Once the business plan has been approved by the Secretary of State, the HTA has authority to incur expenditure approved in the budget without further reference to the Department, on the following conditions:

- the HTA will comply with its delegated authorities, which cannot be altered without the prior agreement of the Department ;
- the HTA shall comply with Managing Public Money regarding novel contentious or repercussive proposals and
- inclusion of any planned and approved expenditure in the budget will 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 HTA must obtain the Department's prior written approval before entering into any undertaking to incur expenditure outside its delegations or not provided for in its business plan as approved by the Department. In addition, the Department's prior written approval is required when:

- 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.

For major projects, the HTA will participate in the Department's common assurance and approval process.

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