

FINANCIAL MEMORANDUM

INTRODUCTION

1. The Statistics Commission is an independent, non-statutory, non-executive body which advises Ministers on quality assurance and priority setting for National Statistics and on the procedures designed to deliver statistical integrity. The Statistics Commission, which does not have Crown status, is independent of both Ministers and the producers of National Statistics.
2. This Memorandum supplements the Management Statement and sets out the financial framework within which the Statistics Commission will operate, including the conditions for the issue by H M Treasury of grant-in-aid to the body from H M Treasury's administration Vote (Class XVI, Vote 1).

RELATIONSHIP WITH H M TREASURY

H M Treasury's Accounting Officer

3. The Permanent Secretary to H M Treasury is the Department's principal Accounting Officer. As such, he or she is responsible to the Chancellor of the Exchequer and accountable to Parliament for the issue of grant-in-aid to the Statistics Commission; and for ensuring that the grant-in-aid, and the conditions attaching to it, are within the ambit of the Treasury's Vote and that Parliamentary authority has been sought and given. The Treasury's principal Accounting Officer is also responsible for satisfying him/herself that:
 - (a) the financial and other management controls applied by the Treasury, as the sponsor Department, to the Statistics Commission are appropriate and sufficient to safeguard public funds, and for monitoring the Statistics Commission's compliance with those controls;
 - (b) the internal controls applied by the Statistics Commission conform to the requirements of regularity, propriety, value for money and good financial management;
 - (c) there is an adequate statement of the relationship between the Treasury and the Statistics Commission (set out in this Memorandum and the Statistics Commission's Management Statement);
 - (d) there is appropriate monitoring and compliance with the conditions of grant-in-aid by the Statistics Commission.
4. The Treasury's Accounting Officer is entitled to take such action as is considered appropriate to be satisfied that the proper standards are being achieved.

The Statistics Commission's Accounting Officer

5. The Chief Executive of the Statistics Commission, as the senior full-time official, is designated by the Treasury's principal Accounting Officer as the Accounting Officer of the Statistics Commission for its use of, and expenditure from, the grant-in-aid. The Chief Executive will act in accordance with the terms of the letter of appointment as the Statistics Commission's Accounting Officer, and in accordance with Government Accounting, the Resource Accounting Manual, this Memorandum, the Management Statement, Executive NDPB Annual Reports and Accounts Guidance, the prevailing editions of the Treasury memorandum The Responsibilities of an NDPB Accounting Officer and the Treasury document Regularity and Propriety, the last two of which the Chief Executive will receive on appointment. The Chief Executive will seek to ensure that there is a high standard of financial management in the Statistics Commission;

that financial systems and procedures promote the efficient, effective and economical conduct of business and safeguard propriety and regularity throughout the Statistics Commission. In particular, the Chief Executive will:

(a) advise the Statistics Commission on the discharge of its responsibilities as set out in this document and in any other relevant instructions and guidance;

(b) ensure that resource considerations are taken fully into account by the Statistics Commission at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed as far as is practical and appropriate;

(c) ensure that all public funds in the Statistics Commission's charge are safeguarded, used for the purpose for which they were intended by Parliament, and are applied only to the purpose of fulfilling the role and functions of the Statistics Commission as set out in the Framework for National Statistics and the Management Statement; and that such funds, together with the Statistics Commission's assets, equipment and staff, are used economically, efficiently, effectively and to secure optimum value for money;

(d) ensure there is appropriate planning, control, recording and authorisation of expenditure, thereby ensuring the value for money, regularity and propriety of all payments out of grant-in-aid;

(e) ensure that timely monitoring information and forecasts are provided to the Treasury; that corrective action is taken to avoid overspends; and that the Treasury is notified promptly when overspends are likely;

(f) take the action set out at paragraphs 15 to 18 of the NDPB Accounting Officer Memorandum if a course of action is being contemplated involving a transaction which he or she considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency, effectiveness or value for money;

(g) personally sign the Accounts and ensure that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any direction from or on behalf of the Minister for National Statistics; and sign a Statement of Accounting Officer's responsibilities for inclusion in the annual report and accounts;

(h) comply with the requirements in Government Accounting, as amended or augmented from time to time, observing all relevant guidance in the booklet Non-Departmental Public Bodies: A Guide for Departments and any successor documents;

(i) put into effect any relevant recommendations of the Public Accounts Committee (PAC), or other Parliamentary Select Committee or Parliamentary authority, which have been accepted by the Government;

(j) give evidence, normally with the Treasury's principal Accounting Officer, when summoned before the Public Accounts Committee on the use and stewardship of public funds by the Statistics Commission;

(k) ensure that the risk of conflicts of interest is minimised as far as possible, and ensure that systems are in place to expose other risks as appropriate;

(l) ensure that adequate internal management and financial controls are maintained by the Statistics Commission, including effective measures against fraud and theft; and prepare a statement on the system for internal financial control for inclusion in the annual report and accounts;

(m) ensure that suitable arrangements for an internal audit service, which will be carried out in accordance with the standards set out in the Government Internal Audit Manual, are made.

6. The Chief Executive may delegate the day-to-day administration of these Accounting Officer responsibilities to other staff in the Statistics Commission. However, he or she shall not assign absolutely to any other person any of the responsibilities set out either in this document or the Management Statement.

GRANT-IN-AID

7. The Treasury will issue the grant-in-aid on request in quarterly instalments, in advance and in accordance with need.

8. The Statistics Commission may carry over from one financial year to the next any issued but unexpected balance of the authorised grant-in-aid, up to a limit not normally exceeding 2% of the grant-in-aid total as voted by Parliament. Any such balance in excess of 2% shall be taken account of in the following year's issue of grant-in-aid.

9. The Statistics Commission's financial provision forms part of the Treasury's Departmental Expenditure Limit (DEL) allocation. Any grant-in-aid provision not issued by the end of the financial year will be available as end-year flexibility (EYF) in later years on demonstration of need by the Statistics Commission.

10. The Statistics Commission should make suitable arrangements to minimise the risk of fraud and theft.

11. The Statistics Commission should consult the Treasury, as sponsor Department, if it proposes to:

- (a) make special payments or gifts; or
- (b) write off losses.

INSURANCE

12. Except where there are statutory requirements, the insurance arrangements as set out in Chapter 27 of Government Accounting will be followed. Any proposal for departing from these arrangements will be referred to the Treasury.

BANKING ARRANGEMENTS

13. The Treasury's Accounting Officer is responsible for ensuring that the Statistics Commission's banking arrangements safeguard public funds. The Chief Executive of the Statistics Commission, as its Accounting Officer, is responsible for ensuring that the Statistics Commission's banking arrangements are in accordance with the requirements of Government Accounting and are carried out efficiently, economically and effectively. The Statistics Commission should therefore ensure that these arrangements are suitably structured, represent value for money and are reviewed at least every two years, with a comprehensive review, usually leading to competitive tendering, at least every five years. The Chief Executive of the Statistics Commission is responsible for providing such information about banking arrangements as is required to enable the Treasury's principal Accounting Officer to satisfy his or her responsibilities.

ACCOUNTING AND AUDITING

14. The Statistics Commission shall keep proper accounts and appropriate records in relation to the accounts, and shall prepare in respect of each financial year a statement of accounts in the form set out in the Accounts Direction issued by the Treasury.

15. The Comptroller and Auditor General will give an opinion on the truth and fairness of the statement of accounts referred to in paragraph 13 above, and shall report on the regularity and propriety of income and expenditure. The Comptroller and Auditor General will lay the Statistics Commission's accounts before Parliament. In addition, the Comptroller and Auditor General has access to the Statistics Commission's books and records by virtue of the National Audit Act 1983 for the purpose of carrying out examinations into the economy, efficiency and effectiveness with which the Statistics Commission has used its resources in discharging its functions.

16. The Statistics Commission shall also publish an annual report describing its activities and performance during the financial year. The audited accounts and the annual report shall normally be published together as a single document.

THE STATISTICS COMMISSION'S EXPENDITURE - GENERAL PRINCIPLES

Expenditure not provided for in the budget

17. The Statistics Commission shall not, without prior written approval, enter into any undertaking to incur any expenditure in excess of the total provided for in the original budget for the year approved by the Treasury as sponsor Department.

Value for money

18. Procurement of works, equipment, goods and services should 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 should be carried out before procurement decisions are taken. The Statistics Commission should follow the Treasury's rules on procurement. The Statistics Commission will agree with the Treasury's Procurement Team a service level agreement based on estimated workload.

19. Contracts shall be placed on a competitive basis, unless there are good reasons to the contrary. Procurement can be made either through existing Treasury contracts or, for contracts specific to the Statistics Commission, be placed through the Treasury's Procurement Team.

20. Through the Treasury's Procurement Team, the Statistics 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.

Timeliness in paying bills

21. The Statistics Commission should collect receipts and authorise payment of all valid invoices within 30 days from receipt or validation, as provided for in paragraph 21.2.6 of Government Accounting. DAO (GEN) 5/98 gives relevant advice on the effect of the Late Payment of Commercial Debts (Interest) Act 1998.

Novel, contentious or repercussive proposals

22. The Statistics Commission must obtain the approval of the Treasury, as sponsor Department, before:

(a) incurring any expenditure or taking on any contingent liability for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications;

(b) making any change of policy or practice which has wider financial implications (e.g. because it might prove repercussive among other public sector bodies) or which may significantly affect the future level of resources required.

EXPENDITURE ON STAFF

Pay and conditions of service

23. The staff of the Statistics Commission will be on secondment from Civil Service Departments initially, and will be subject to levels of remuneration and terms and conditions of service applying in their parent Departments. The Statistics Commission has no delegated power to amend these terms and conditions.

EXPENDITURE ON COMMISSIONERS

Pay and conditions

24. The Chair and other Commissioners shall be paid £28,000 and £5,500 each a year respectively. The Chair will have a commitment to the Statistics Commission of 60 days each year, Commissioners will have a commitment to the Statistics Commission of 20 days a year. The level of remuneration will be subject to review in the context of decisions taken by Ministers from time to time in relation to salaries of this kind.

25. Remuneration of the Chair and other Commissioners is non-pensionable.

26. The travel expenses of the Chair and Commissioners will be reimbursed, subject to confirmation by an appropriate Statistics Commission staff member that they are reasonable and were incurred on Statistics Commission business. The Treasury's travel and subsistence rules will normally apply. Reasonable cost of overnight accommodation plus meals will be reimbursed subject to the presentation of receipts.

27. The Minister for National Statistics can normally remove from office the Chair and individual Commissioners if they fail to perform the duties required of them in line with the standards expected in public office. All members of the Statistics Commission must follow the Seven Principles of Public Life set out by the Committee on Standards in Public Life, and repeated in the Code of Practice for Members of the Statistics Commission.

REVIEW OF FINANCIAL MEMORANDUM

28. The Treasury will normally review the Financial Memorandum, together with the associated Management Statement, at least every five years as part of a Financial Management and Policy Review.