



MANAGEMENT STATEMENT  
AGREED BETWEEN  
THE DEPARTMENT OF TRADE AND INDUSTRY  
AND  
THE TECHNOLOGY STRATEGY BOARD  
JUNE 2007

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# I. INTRODUCTION

## This document

1. This Management Statement, which comes into force on the date when it has been signed by both parties (see “Signatories section at page 24, and its associated Financial Memorandum have been drawn up by the Secretary of State for Trade and Industry in consultation with the Technology Strategy Board, of North Star House, North Star Avenue, Swindon, SN2 1UE. The document is based on a model prepared by the Treasury. In this document the “Secretary of State” is the Secretary of State for Trade and Industry and “the Board” is the Technology Strategy Board and “the Department” is the Department of Trade and Industry (DTI). The Secretary of State has overall responsibility for the affairs of the Department. Responsibility for the Board’s activities rests with the members of the governing body including the Chief Executive in his/her role as Accounting Officer, if so appointed. A glossary of terms used with which some readers may not be familiar is at Annex 1.
2. Subject to the legislation and Royal Charter noted below, the Management Statement and associated Financial Memorandum set out the broad framework within which the Board will operate, including in particular:
  - how its work will help meet the overall strategic priorities of the Government for technology and innovation and the Board’s overall aims, objectives and targets (section II);
  - the relationships, responsibilities and accountability of the key people in the Board and the Department (section III);
  - the relationship between the Board’s Strategic Plan and Delivery Plan and targets, the Secretary of State’s overall strategic priorities for technology and innovation and, in so far as they are relevant, any wider strategic aims (section IV);
  - its external accountability (section V);
  - the arrangements that apply to staff (section VI);
  - rules and guidelines relevant to the exercise of the Board’s functions, duties and powers (section III);
  - the conditions under which any public funds are paid to the Board (section IV);
  - the performance management regime for the Board (paragraph 19 and section IV); and
  - the circumstances in which matters may need to be referred to the Department outside the presentation of the Strategic and Delivery Plans and Supply Estimates or under the other terms of this Management Statement (Annex 6 Reference to the DTI by the Board).
3. The Management Statement and Financial Memorandum do not convey any legal powers or responsibilities.

4. The associated Financial Memorandum sets out in greater detail certain aspects of the financial provisions which the Board shall observe.
5. Both documents will be periodically reviewed by the Department with regard to the overall review programme for NDPBs referred to in section VII below.
6. The Board or the Secretary of State may propose amendments at any time. Any such proposals by the Board shall be considered in the light of evolving departmental policy aims, operational factors and the track record of the Board itself. The guiding principle shall be that the extent of flexibility and freedom given to the Board shall reflect both its operational needs and the quality of its internal controls. The Secretary of State shall determine what changes, if any, are to be incorporated in the documents. Legislative and Royal Charter provisions shall take precedence over any part of the documents. Significant variations to the documents shall be cleared with the Treasury or Cabinet Office as appropriate. The definition of “significant” will be determined by the Department in consultation with the Treasury/Cabinet Office.
7. Both documents are to be signed and dated by the Secretary of State and the Board.
8. Any question regarding the interpretation of the documents shall be resolved by the Secretary of State after consultation with the Board and, as necessary, with the Treasury and/or the Cabinet Office.
9. Copies of both documents and of any subsequent substantive amendments shall be placed in the Libraries of both Houses of Parliament. Copies, suitably amended with regard to commercial sensitivities, shall also be made available to members of the public on the Board's website.

#### Founding legislation; status

10. The Board was set up by virtue of an Order in Council under the Science and Technology Act 1965 and is incorporated by Royal Charter. It is expected, by virtue of its purpose, to have a close relationship with the Department and its priorities. The Board does not carry out its functions on behalf of the Crown.

#### The functions, duties and powers of the Board

11. The Charter for the Board approved to have effect from 27 March 2007 is attached at Annex 2. The main functions, duties and powers are set out in the objects of the Board at Article 2 of the Charter.

## Classification

12. For policy/administrative purposes the Board is classified as an executive non-departmental public body.
13. The Board is classified as part of the central government sector for national accounts purposes.
14. References to the Board include all its subsidiaries and joint ventures that are classified to the public sector for national accounts purposes. If such a subsidiary or joint venture is created, there shall be a document setting out the arrangements between it and the Board (see also the Financial Memorandum, paragraph 63. Annex 3 shows the current status of all subsidiaries, joint ventures and charities and other bodies not being subsidiaries or joint ventures but which are effectively controlled by the Board, not just those classified to the public sector, with their current status.

## Governance framework

15. The overall framework governing the Board is provided by the Science and Technology Act 1965 and the Charter. These are supplemented by the following subsidiary documents and communications between the DTI and the Board

<b>Document</b>	<b>Purpose</b>	<b>Drafted by</b>	<b>Frequency of issue</b>
Management Statement and Financial Memorandum	To establish the broad framework within which the Board will operate	DTI	Normally every 5 to 10 years
Framework Letter	Accompanies the statement of the Board's three-year settlement. Provides an opportunity for the Department to give the Board an indication of the Government's policies and overall strategic objectives for technology and innovation over the spending review period. It informs the Board and ensures that it produces consistent Strategic and Delivery Plans.	DTI	Each spending review
Strategic	Sets out the strategic	The Board	Normally every

Plan	objectives of the Board for the next three years. It is agreed with the Secretary of State.		spending review
Delivery Plan and Scorecard	Contain the targets to be met by the Board over the three years of each spending review period. They are agreed with the Secretary of State.	The Board	Issued each spending review and revised annually in the light of the previous year's outcome

## II. AIMS, OBJECTIVES AND TARGETS

### Overall aims

16. The objects of the Board are set out in Article 2 of the Charter (see Annex 2 Technology Strategy Board Charter)

### Overall strategic priorities for innovation and funding

17. The policies and the related overall strategic priorities for technology and innovation, and decisions on the amount of grant in aid allocated to the Board, are the responsibility of the Secretary of State. The Secretary of State will periodically create a Framework Letter, which will set these out, and assist the Board in achieving its aims. The detailed allocation of resources to the Board will be as set out in periodic allocation letters from the Secretary of State to the Board.

### Independence

18. Though the Secretary of State sets the Board's overall strategic priorities and the Board shall act in accordance with any further directions issued by the Secretary of State, day-to-day decisions on the merits of different programmes and projects are taken by the Board without Government involvement.

### Objectives and key targets

19. In consultation with the Board, the Department determines the Board's performance framework in the light of the Government's policies and overall strategic objectives for technology and innovation. Objectives and key targets will be established within the Delivery Plan, to be agreed between the Board and the Secretary of State, so that the benefits from

investment of public funds by the Board can be tracked and reported (see section IV).

### **III. RESPONSIBILITIES AND ACCOUNTABILITY**

#### The Department

##### (A) The Secretary of State

20. The Secretary of State is accountable to Parliament for the activities and performance of the Board. His/her responsibilities include:

- determining the policy and performance framework within which the Board will operate;
- approving the overall strategic priorities for technology and innovation , plans and funding allocations which together set the context for the development of the Board's Strategic and Delivery Plans;
- keeping Parliament informed about the Board's performance;
- approving the amount of grant-in-aid or other funds to be paid to the Board, and securing Parliamentary approval;
- making appointments to the Board's governing body, including that of the Chief Executive, in accordance with article 4 of the Board's Charter (Annex 2); and
- carrying out the other responsibilities specified in the Board's Charter (Annex 2) and the Science and Technology Act 1965.

##### (B) The Principal Accounting Officer

21. The Department's Principal Accounting Officer is accountable to Parliament for the issue of grant-in-aid to the Board. He/she is responsible to the Secretary of State for the allocation of the Department's resources and for the establishment of the conditions attached to the Board's funding. He/she designates the Board's Accounting Officer, normally the Chief Executive, in a formal letter, and may withdraw the accounting officer designation if he/she believes that it is in the public interest to do so or if he/she concludes that the incumbent is no longer a fit person to carry out the responsibilities of an NDPB accounting officer.

22. The responsibilities of a department's Principal Accounting Officer are set out in more detail in the annex to Chapter 4 of Government Accounting.

23. In particular the Principal Accounting Officer of the Department shall ensure that:

- the Board's Strategic and Delivery Plans support the Department's wider aims, its strategic objectives and current PSA targets;
- the financial and other management controls applied by the Department to the Board are appropriate and sufficient to safeguard public funds and for ensuring that the Board's compliance with those controls is effectively monitored. ("Public funds" include not only any funds granted to the Board by Parliament but also any other funds generated by approved activities or otherwise falling within the stewardship of the Board);
- the internal controls applied by the Board conform to the requirements of regularity, propriety and good financial management; and
- grant-in-aid to the Board is within the ambit and the amount of the Request for Resources and that Parliamentary authority has been sought and given.

(C) The Director General of Science and Innovation ("DGSI")

24. The DGSI will have primary responsibility for overseeing the activities of the Board. The DGSI is responsible for agreeing with the Board's Chair and Chief Executive the latter's annual objectives, in accordance with the overall strategic priorities set by the Secretary of State, and chairing the remuneration committee, which considers the salary and performance bonus of the Chief Executive and makes recommendations to the Principal Accounting Officer.

(D) The sponsor team ("the team")

25. Within the Department, the Innovation Management Unit is the sponsor team for the Board. The team shall carry out its duties under the direction of the DGSI. A member of the team, usually at Director level, shall be invited to attend all meetings of the Board's governing body as an observer and shall be sent the agenda and papers beforehand and shall receive a copy of the full minutes.

26. The team, in consultation as necessary with the relevant departmental Accounting Officer, is the primary source of advice to the Secretary of State on the discharge of his/her responsibilities in respect of the Board, and the primary point of contact for the Board in dealing with the Department.

27. The team shall advise the DGSI and the Secretary of State and, where appropriate, provide feedback to the Board on:

- whether the Board's Strategic and Delivery Plans with their objectives and targets reflect the ten-year Science and Innovation Investment Framework, the Secretary of State's overall strategic priorities for

technology and innovation, and the Department's wider strategic aims and current PSA;

- an appropriate budget for the Board in the light of the DTI funding available for technology and innovation; and
- how well the Board is achieving its strategic objectives and whether it is delivering value for money.

28. In support of the Principal Accounting Officer, the team shall:  
on performance and risk management (see also the 'Risk management' section of the Financial Memorandum, paragraph 12 on):

- monitor the Board's activities through an adequate and timely flow of information from the Board on performance, budgeting, control and risk management, including, where these raise matters that are likely to have to be referred to the Department or raise concerns that the Principal Accounting Officer should be aware of: early sight of the annual report of the Research Councils Internal Audit Service (RCIAS) or other appointed internal auditor to the Board, the Chief Executive's Statement on Internal Control and internal and external auditors' reports;
- require that the Board has a structured corporate governance process for assessing, mitigating and recording risk and that a summary report on risk activity is sent to the team each quarter;
- require that the Board's processes of appraisal, monitoring and evaluation are consistent with Government requirements and with any supplementary guidance issued by the Department;
- reserve the right to attend Audit Committee meetings when performance and risk management matters that are giving cause for concern are to be considered;
- address in a timely manner any significant problems arising in the Board, whether financial or otherwise, making such interventions in the affairs of the Board as the Department judges necessary;

on communication with the Board (either Chair, members, Chief Executive or other employees as appropriate):

- inform the Board of relevant Government policy in a timely manner, advise on the interpretation of that policy, and issue specific guidance to the Board as necessary;
- bring concerns about the activities of the Board to the attention of the Board's governing body, and require explanations and assurances from the Board that appropriate action has been taken; and
- ensure that the Board is provided with a timely considered response to its requests.

## The Board

### (A) The governing body of Board members

29. The role of the governing body of Board members is to pursue its Charter objects, acting within the terms of the Charter and any guidance and direction from the Department. The governing body of Board members decides on all issues of major importance to the Board, including corporate strategy, key strategic objectives and targets, key decisions involving the direction of the Board's support for technology and innovation, advice to Government on important strategic issues within the Board's field of responsibility and the use of resources and personnel issues, including key appointments. Responsibility for implementing the decisions of the governing body is delegated to the Chief Executive who is the Board's Accounting Officer (paragraph 41).
30. The Board will support the Government on the development of a UK-wide strategy to deliver the Government's policies and strategic objectives for the use of, and investment in, technology and innovation by those engaged in business, with the aim of increasing economic growth and quality of life. It will also have executive responsibility for delivering a programme of Government financial support to encourage business investment in, and use of, technology. In carrying out these tasks, the Board will look across all sectors of the UK economy in order to identify the priority areas for investment and support within the framework established by the Secretary of State. It will take a strong lead from business, whilst working closely with Government Departments and Agencies, the Devolved Administrations, the Regional Development Agencies, the Research Councils, and other bodies, including at the European level, with an interest in promoting innovation in the UK. The Board will provide advice and support on technology and innovation of importance to business in the UK. It will support close working between Government and business, including through the opportunities provided by Government procurement. The Board will alert Government to areas where barriers exist to the exploitation of new technologies as appropriate, and put forward recommendations as to how they can be removed, but responsibility for the overall direction of innovation policy will remain with Ministers.
31. Members of the Board's governing body are appointed in accordance with Articles 4 and 5 of the Charter. Expenses are reimbursed in line with the Board's Expenses Code. Board members should be able to reflect and express authoritatively the perspective and views of the business community or provide other relevant expertise while contributing corporately to the Board's successful pursuit of its aims.

32. As the governing body, Board members have collective responsibility for ensuring that the Board fulfils the objects of its Charter taking account of the aims and objectives set by the Secretary of State, in particular the overall strategic priorities for technology and innovation and objectives for the Board set out in the Framework Letter, and for promoting the efficient and effective use of staff and other resources by the Board. To this end, and in pursuit of their wider corporate responsibilities, the Board members shall:

- establish the overall strategic direction of the Board, including through the development of Strategic and Delivery Plans, within the policy and resources framework determined by the Secretary of State;
- ensure that action is taken to inform the Secretary of State, the DGSi and the sponsor team, as appropriate, of any changes which are likely to impact on the delivery of the Strategic and Delivery Plans of the Board, and ensure that the Chief Executive is arranging that the necessary corrective steps are taken;
- satisfy themselves that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its Royal Charter and any delegated authority agreed with the Secretary of State, 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 Secretary of State;
- require that they receive and review regular financial information concerning the management and performance of the Board, are informed in a timely manner about any concerns about the activities of the Board and ensure that positive assurance is given to the Department that appropriate action has been taken to address such concerns; and
- maintain high standards of corporate governance at all times, including use of the independent audit committee (paragraph 64) to help the governing body of the Board to address the key financial and other risks facing the Board.

33. Individual members of the Board's governing body shall act at all times in accordance with their wider responsibility as members of the governing body to:

- comply at all times with the Code of Practice (paragraph 38) that is adopted by the Board and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, or seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- comply with the governing body of the Board's rules on the acceptance of gifts and hospitality, and of business appointments; and

- act in good faith and in the best interests of the Board.

(B) The Chair of the Board

34. The Chair of the Board's governing body is appointed as described in article 4 of the Charter.

35. The Chair is responsible to the Secretary of State. The Chair shall aim to ensure that the Board's policies and actions support the Secretary of State's policies and strategic objectives for technology and innovation. The Chair will also aim to ensure that the Board's affairs are conducted with probity. The Chair shares with other members of the Board the corporate responsibilities set out in paragraph 32, and in particular for ensuring that the Board fulfils the aims and objectives set by the Secretary of State.

36. The Chair has a particular leadership responsibility for the following matters:

- ensuring that the Board contributes to the development of the Secretary of State's overall strategic priorities for technology and innovation ;
- ensuring that the Board's own Strategic and Delivery Plans are fully in accord with the Secretary of State's agreed overall strategic priorities for technology and innovation;
- ensuring that the Board's governing body, in reaching decisions, takes proper account of any guidance that may be provided by the Secretary of State or the Department;
- ensuring that the Board takes account of the views of all its stakeholders;
- ensuring that the Board's governing body is provided with regular reports on the delivery of the Board's agreed Strategic Plan and Delivery Plan and related objectives and targets;
- encouraging high standards of propriety; and
- together with the Chief Executive:
  - (a) promoting the effective recruitment, retention and development of staff and efficient use of other resources; and
  - (b) representing the views of the Board to the general public.

37. With respect to appointments the Chair shall:

- advise the Secretary of State of the needs of the Board when vacancies on the Board's governing body arise, with a view to ensuring a proper balance of relevant expertise;

- ensure that all members of the governing body of the Board, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction training, including on the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice;
- in line with the Code of Practice of the Commissioner for Public Appointments and the Cabinet Office Guidance 'Making and Managing Appointments', regularly assess the performance of Board members and, as necessary, provide the Department with an assessment of their performance, including when they are being considered for re-appointment to the Board.

38. The Chair shall also ensure that a Code of Practice for Board members is maintained, based on the Cabinet Office's model Code of Practice for Board Members of Public Bodies. The Code shall commit the Chair and other Board members to the Nolan seven principles of public life, and shall include a requirement for a comprehensive and publicly available register of Board members' interests.

39. The Chair shall work with the sponsor team to ensure that performance objectives are set for the Chief Executive for each year, the appointment term or other relevant period. The Chair shall contribute to in-year and final performance appraisal against those objectives.

#### (C) The Deputy Chair

40. The Deputy Chair of the Board's governing body is appointed as described in article 4 of the Charter.

#### (D) The Chief Executive

41. The Chief Executive is an ex-officio member of the Board's governing body. He/she is appointed by the Secretary of State under the terms of article 4 of the Board's Charter and is the Board's most senior officer. The Chief Executive is responsible to the governing body for the overall direction and management of Board staff and other resources. The key roles are:

- to provide leadership both in relation to technology and innovation and in the direction and management of the Board and to develop dialogue and partnerships with its stakeholder communities and related national and international organizations to inform the development of strategy;
- to develop proposals for both the Strategic and Delivery Plans and to lead the implementation of a programme of work to deliver the Board's agreed plans;
- to ensure that adequate arrangements are in place to measure both the short and long-term impact and effectiveness of the Board's activities; and

- if appointed as the Accounting Officer for the Board, to be responsible for the effective, safe and efficient operation of the Board, according to the objects in its Charter, guidance from the Department and the Board's decisions. This role is described more fully in Annex 4 Accounting Officer of the Board.
42. The Chief Executive is accountable and responsible for the oversight of any institutes or establishments controlled by the Board. This includes a responsibility to ensure proper maintenance of the infrastructure of these establishments. He/she is the line manager of the Directors and heads of all such entities and is responsible for assessing their performance on an annual basis.
  43. The Chief Executive will use his/her best endeavours to arrange for the Board to share back-office services with the Research Councils, where this is in accordance with principles of value for money.
  44. The Chief Executive will ensure that the Board cooperates with the Department on matters of public presentation and develops and operates branding policies in line with overall Government requirements.
  45. The Chief Executive's roles as Consolidation Officer for the Whole of Government Accounts and as Principal Officer for Ombudsman cases are described at Annex 5 Chief Executive's Role as Consolidation Officer.

#### Delegation of Duties

46. The Chief Executive may delegate the day-to-day administration of his/her Accounting Officer and Consolidation Officer responsibilities to other employees of the Board. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in his/her appointment letters, this document or the associated Financial Memorandum.

## **IV. PLANNING, BUDGETING, CONTROL, PERFORMANCE MANAGEMENT AND INTERNAL AUDIT**

#### The Strategic Plan

47. The Department shall notify the Board of the timescale for the submission of a new Strategic Plan at the beginning of each Spending Review settlement allocation process. The Board shall submit to the Department a draft of the Board's Strategic Plan consistent with this

timescale. The Strategic Plan sets out the strategic and technological priorities of the Board covering typically three years ahead. It should support the achievement of the Department's Public Service Agreement target(s), the Secretary of State's policies and strategic objectives for technology and innovation, and any other requirements set out in the Framework Letter. The Strategic Plan shall be drawn up in consultation with stakeholders and subject to approval by the Secretary of State.

48. The Strategic Plan should respond to changes of Government policy and objectives for technology and innovation. A new plan shall normally be prepared every Spending Review period or at such other interval as may be agreed with the sponsor team. The Board shall agree a timetable for its preparation with the team, allowing sufficient time to consult its stakeholders.
49. The Board can set strategic objectives in addition to those of the Secretary of State where these are appropriate to the delivery of its Charter objects in the longer term and might reasonably be expected to be within the future resources available to the Board and agreed with Secretary of State. It is recognised that some aspects of the Board's activities may require continuity of purpose beyond a single spending review and allocation of funding cycle and the intention is for longer-term strategic objectives to reflect this.
50. The Chief Executive, following consultation with the Chair, Secretary of State and sponsor team shall have agreed the issues to be addressed in the Strategic Plan in advance. These should include:
  - the Board's objectives, established in accordance with its Charter, and the policy context in which it operates;
  - details of the Board's stakeholders and how their requirements are being addressed;
  - the Board's objectives and strategies to achieve them with particular reference to its priorities for the use of the budget allocated to it;
  - critical factors bearing on the Board's success in achieving its objectives;
  - how the Board will assess the short and long-term impact and effectiveness of the Board's activities and the activities designed to achieve this during the planning period; and
  - key issues including the use of resources.
51. As far as is practicable, the Chief Executive shall consult with all the Board's stakeholders and take account of relevant national and international activities.

### The Delivery Plan

52. The Department shall notify the Board of the timescale for the submission of a new Delivery Plan at the beginning of each Spending

Review settlement allocation process. The Board shall submit to the Department a draft of the Board's Delivery Plan covering three years' activities consistent with this timescale, and addressing any issues specified by the Department. The final version of the Plan, which shall be subject to approval by the Secretary of State, shall be agreed before the start of the first financial year of the new spending period. Where significant changes to the plan are proposed the revised version should be discussed with the Department.

53. The Delivery Plan should reflect:

- the priorities established in the Strategic Plan (paragraphs 47 to 51);
- the Board's objects as contained in the Charter and, within those, any objectives set from time to time by the Secretary of State;
- any requirements set out in the Framework Letter;
- the Board's own strategy (paragraphs 32, 47);
- the agreed post Spending Review PSA delivery strategy, demonstrating how the Board contributes to the achievement of the Department's PSA target(s); and
- the budget allocation to the Board.

54. The Delivery Plan and associated Scorecard (paragraph 57) shall set out:

- the Board's plans and associated deliverables, targets and milestones, as agreed with the sponsor team and Secretary of State, and its strategy for achieving them;
- the administration resources it requires for the period covered by the Delivery Plan; and
- other such matters as are agreed between the Secretary of State and the Board.

55. The financial information should have regard to the specific requirements stated in the Financial Memorandum and any related guidance from the sponsor team.

#### Publication of plans and reports

56. Subject to any commercial or other confidentiality considerations the Strategic and Delivery Plans and related Scorecard and the Delivery Report (paragraph 59) shall be published and made available on the Board's web site. The Board shall also publish an annual report and accounts (see also paragraphs 70 to 73).

#### Reporting performance to the Department

57. The principal documents will be those comprising the "Performance Management System": The Delivery Plan (paragraph 52); the "Scorecard" setting out the related deliverables agreed with the sponsor team and Secretary of State for the Delivery Plan period, with

their accompanying deliverables, targets and milestones. The Board shall operate management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its agreed Delivery Plan and Scorecard. Annex 6 Reference to the DTI by the Board describes the circumstances in which matters are to be referred to the Department outside the presentation of the Strategic and Delivery Plans and Supply Estimates or under the other terms of this Management Statement.

58. The Board shall take the initiative in informing the Department of significant changes in external conditions which make the achievement of its deliverables more or less difficult, or which may require a change to the budget or objectives set out in the Delivery Plan.

59. The Board's performance in helping to deliver the Secretary of State's policies, including the achievement of deliverables, targets and milestones and any significant actual or expected variances from them, shall be reported to the Secretary of State on a regular basis agreed with the sponsor team. Performance will be formally reviewed at agreed intervals by the sponsor team. By the end of June after the end of each financial year the Board shall publish a "Delivery Report" on its delivery performance for that year in respect of the relevant Delivery Plan and Scorecard. It will reflect any guidance from the Secretary of State provided by the sponsor team and should be submitted to the Secretary of State in draft at least two weeks before the intended publication date. The report should take reasonable account of any comments provided by the sponsor team on behalf of the Secretary of State.

60. The Board's performance against its key deliverables and targets shall be reported in the Board's annual report and accounts (paragraphs 70 to 73). The Delivery Report and the annual report and accounts may be combined in one document.

#### Budgeting procedures

61. The budgeting procedures with which the Board must comply are set out in the Financial Memorandum.

#### Approval of administration costs

62. The Board will submit a proposal annually of the total amount it proposes to spend on administration costs. This total is subject to approval by the Department.

## Internal audit

63. The Board shall establish and maintain arrangements for internal audit in accordance with the Treasury's Government Internal Audit Standards (GIAS). Audit may be by the Research Councils' Internal Audit Service (RCIAS), or such other arrangements as are agreed between the Board and the sponsor team. If the Board is audited by RCIAS, it shall have membership of, and fully contribute to, meetings of the Councils' Internal Audit Supervisory Board with regard to the operation of RCIAS. The Councils' Internal Audit Supervisory Board shall consult the Department to ensure that the latter is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointment in accordance with GIAS paragraph 5.2.
64. The Board shall maintain an independent audit committee as a committee of the Board's governing body in accordance with the Cabinet Office's Guidance on Codes of Practice for Public Bodies and the Treasury's Audit Committee Handbook. The terms of reference of the committee shall be submitted to the sponsor team for comment.
65. The Board shall contribute to periodic quality reviews of its internal audit in accordance with the GIAS, which are undertaken by the Department's Internal Audit Service, and if the internal audit is provided by RCIAS the results of the reviews are reported to the Councils' Internal Audit Supervisory Board.
66. The Department's Internal Audit Service shall have right of access, through the Board's governing body, to all documents prepared by the Board's internal auditor, including where the service is contracted out. The audit strategy, periodic audit plans and annual audit report, including the Board's Internal Auditor's opinion on risk management, control and governance shall be forwarded as soon as possible to the sponsor team who may consult the Department's Head of Internal Audit as appropriate.
67. The Board's Internal Auditors shall have access to all relevant records and will provide an annual report to the Board's Audit Committee, which the Board shall in turn provide to the sponsor team.
68. In addition, the Chief Executive shall forward to the sponsor team an annual report on any fraud and theft suffered by the Board; notify any unusual or major incidents as soon as possible; and notify any changes to internal audit's terms of reference, the audit committee's terms of reference or the Board's Fraud Policy and Fraud Response Plan (see also paragraph 14 of the Financial Memorandum).

## Additional Departmental access to the Board

69. In addition to the right of access referred to in paragraph 66 above, the sponsor team shall have a right of access to all the Board's records and personnel for purposes such as sponsorship audits or operational investigations.

## **V. EXTERNAL ACCOUNTABILITY**

### The Annual Report and Accounts

70. After the end of each financial year the Board shall, in accordance with the requirements of the Science and Technology Act 1965 and the requirements referred to in the following sections, provide an annual report of its activities together with its audited annual accounts. The report shall also cover the activities of any corporate bodies under the control of the Board (including a reference, if relevant, to where the full report and accounts of the body/ies can be obtained). An early draft of the report shall be submitted to the sponsor team for comment. The final proposed report will be submitted to Ministers for clearance at least two weeks before the proposed laying and publication date.

71. The report and accounts shall comply with:

- the requirements of the Government Financial Reporting Manual (FReM). This is available at [www.financial-reporting.gov.uk](http://www.financial-reporting.gov.uk);
- guidance from the Office of Public Sector Information on Official Publications; and
- the reports and accounts guidance from the House of Commons Journal Office.

The accounts shall be prepared in accordance with the relevant statutes and the Accounts Direction issued by the Department.

72. The report and accounts shall reflect the Board's performance against its key deliverables and targets (paragraphs 57 to 60) and other objectives, including the Secretary of State's overall strategic priorities for technology and innovation. It will outline the Board's main activities and performance during the previous financial year and set out in summary form the Board's forward plans. Information on performance against key financial targets shall be included in the notes to the accounts, and shall therefore be within the scope of the audit. The report and accounts shall refer to and complement the Delivery Report (paragraph 59).

73. The report and accounts shall be published as a combined document and laid before Parliament before the summer recess or such other date as shall be agreed with the sponsor team, in accordance with the requirements of Schedule 1 of the Science and Technology Act 1965 and having regard to section 7.5.11 of the FReM.



## External audit

74. The Comptroller and Auditor General (C&AG) or a body appointed by him/her will audit the Board's annual accounts (see paragraph 70). For the purpose of audit the C&AG has a statutory right of access to relevant documents as provided for in the Government Resources and Accounts Act 2000, including by virtue of any Order made under section 25(8) of that Act. (See also paragraph 56 of the Financial Memorandum).
75. The C&AG has agreed to consult the Department and the Board on who - the NAO or a commercial auditor - shall undertake the actual audit on his behalf. The final decision rests with the C&AG.
76. The C&AG has agreed to share with sponsor Departments information identified during the audit process and the audit report (together with any other outputs) at the end of the audit. The sponsor team shall ensure that any issues arising from the audit have already been discussed with the Board. The sharing shall apply, in particular, to issues which impact on the Department's responsibilities in relation to financial systems within the Board. The C&AG has also agreed, where asked, to provide Departments and other relevant bodies with Regulatory Compliance Reports and other similar reports which Departments may request at the commencement of the audit and which are compatible with the independent auditor's role.

## Value for money (VFM) examinations

77. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the Board 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 Board 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.

## **VI. STAFF MANAGEMENT**

78. Within the arrangements approved by the Secretary of State and the Treasury and in accordance with its Royal Charter, the Board members shall, with the exception of the Chief Executive who is appointed on the order of the Secretary of State, and any employee members appointed by the Secretary of State after being nominated by the Chief Executive,

have ultimate responsibility for the appointment of staff and their recruitment, retention and motivation. For the most part, these responsibilities shall be exercised by the Chief Executive who shall ensure that:

- the Board's rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued and where appointment and advancement is based on merit and where 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 the Board's staffing, including grading and numbers of staff, is appropriate to its functions and the requirements of effectiveness, efficiency, flexibility and economy;
- the terms of the delegated authority over pay and grading for staff are observed;
- the Board submits its proposed annual pay remit and any allied changes in conditions of service and grading arrangements to the sponsor team and the Department's Pay Policy Section for approval by the Secretary of State before any formal negotiations take place;
- the performance of staff at all levels is effectively assessed and appropriate development plans are put in place. These performance measurement systems should be reviewed from time to time;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- 'whistle blowing' procedures consistent with the Public Interest Disclosure Act are in place;
- staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the Board's objectives; and
- a code of conduct for staff is in place based on the Cabinet Office document *Model Code for Staff of Executive Non-Departmental Public Bodies*.

## **VII. REVIEWING THE ROLE OF THE BOARD**

79. The Board shall be reviewed in line with the Department's overall review programme for NDPBs.

### **SIGNATORIES**

**Signature**

**Date**

***ALISTAIR DARLING***

***26 JUNE 2007***

.....  
RT HON ALISTAIR DARLING MP  
Secretary of State for Trade and Industry

**Signature**

**Date**

***DAVID EVANS***

***27 JUNE 2007***

.....  
DAVID EVANS  
Interim Chief Executive, Technology Strategy Board (on behalf of the Board's Governing Body and as Accounting Officer).

## Annex 1 Glossary of terms

**The Act** – the Science and Technology Act 1965

**Annual Report and Accounts** – the combined Report and Accounts of the Board produced each year to meet the requirement of Section 2 (2) of the Act and the Treasury guidance.

**C&AG** – Comptroller and Auditor General and Head of the NAO

**Chair** – the Chair of the Board

**The Charter** – the Royal Charter of the Board

**The Chief Executive** – the Chief Executive of the Board

**The Board** – the Technology Strategy Board, being the Royal Charter incorporated body, its members and appointed officers and other employees for the time being

**The Board's Accounting Officer** – the person designated by the Department's Permanent Secretary as the Board's Accounting Officer

**The Board members** – members of the governing body of the Technology Strategy Board

**The governing body of the Board** – the members of the Board acting collectively on behalf of the Board

**The Board Strategic Plan** – the current strategy document of the Board

**The Delivery Unit** – the Prime Minister's Delivery Unit located in No 10 Downing Street

**DGSI** – the Director General of Science and Innovation

**The Department** – the Department of Trade and Industry

**DTI** – the Department of Trade and Industry

**FReM** – Government Financial Reporting Manual

**NAO** – the National Audit Office

**The Delivery Plan** – the Board's plans and targets in respect of delivery of its objectives in the Spending Review period

**The Delivery Report** – the Board's annual report on its delivery of its deliverables in the last financial year.

**The Permanent Secretary** – the Permanent Secretary of the Department of Trade and Industry

**The Principal Accounting Officer** – the Permanent Secretary

**PSA target** – one of the public service agreement targets that the Department has agreed with the Treasury and the Delivery Unit.

**PSA** – the public service agreement that the Department has made with the Treasury and the Delivery Unit which contains a number of targets.

**The research councils** – research councils within the meaning of the Science and Technology Act 1965 or the Arts and Humanities Research Council as defined by section 1 of the Higher Education Act 2004.

**Scorecard** – the deliverables (with accompanying targets and milestones) agreed with the sponsor team for the Delivery Plan period.

**Secretary of State** – the Secretary of State for Trade and Industry.

**Spending Review** – the biennial process through which the Government decides on the allocation of funding.

**The sponsor team/the team** – the staff within DTI dealing with sponsorship of the Board

**Framework Letter** – a letter that accompanies the Board's three-year settlement. It provides an opportunity for the Department to give the Board an indication of the Government's policies and overall strategic objectives for technology and innovation over the spending review period. It informs the Board and ensures that it produces consistent Strategic and Delivery Plans.

## **Annex 2 Technology Strategy Board Charter**

### **ELIZABETH THE SECOND**

by the Grace of God of the United Kingdom of Great Britain and Northern Ireland and of Our other Realms and Territories Queen, Head of the Commonwealth, Defender of the Faith:

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING!

WHEREAS it has been represented unto Us that it is expedient for the better execution of the Science and Technology Act 1965 to make further provision for purposes connected with research and development into science and technology:

AND WHEREAS Our Secretary of State has appointed a person to be a member and proposes to appoint a Chair, a Deputy Chair, a Chief Executive and other members to establish a body for purposes connected with research into, and the development and exploitation of, science, technology and new ideas for the benefit of those engaged in business activities in Our United Kingdom, with the aim of increasing economic growth and improving quality of life, to be known as the Technology Strategy Board:

AND WHEREAS it has been represented unto Us that for the purpose of carrying out the Board's objects and to facilitate the holding of and dealing with property and to encourage the making of gifts and bequests in aid of those objects it is expedient that the said Board should be incorporated:

NOW THEREFORE Know Ye that We, by virtue of Our Prerogative Royal and of all other powers enabling Us so to do, have of Our especial grace, certain knowledge and mere motion granted and declared and do by these Presents for Us, Our Heirs and Successors, grant and declare as follows:

1. The person appointed by Our Secretary of State to be a member and all other such persons as may hereafter become the Chair, Deputy Chair, Chief Executive, and other members of the body corporate hereby constituted, so long as they continue to be members of the Board, shall be one body corporate under the name of "The Technology Strategy Board" ("The Board"), and by the same name shall have perpetual succession and a Common Seal, with power to break, alter and make anew that Seal from time to time at their will and pleasure and by the same name shall and may sue and be sued in all courts and in all manner of actions and suits, and shall have power to enter into contracts, to acquire, hold and dispose of property of any kind, to accept trusts and generally to do all matters and things incidental or appertaining to a body corporate.

2. (1) The Board is established and incorporated for purposes connected with research into, and the development and exploitation of, science, technology and new ideas, with the aim of increasing economic growth and improving quality of life in Our United Kingdom. In fulfilling these purposes it is to have particular regard to the benefits to be gained by those engaging in business activities in Our United Kingdom.

(2) For these purposes, the Board may, in particular—

(a) promote and support research into, and the development and exploitation of, science, technology and new ideas, by those engaged in business activities;

(b) promote and support the use of, and investment in, science, technology and new ideas, by those engaged in business activities;

(c) collect and disseminate knowledge about the use of, and investment in, science, technology and new ideas;

(d) contribute to building public confidence in, and understanding of, research into, and the development and exploitation of, science, technology and new ideas; and

(e) advise Government on strategies for, and respond to questions posed by Government about, the use of, and investment in, science, technology and new ideas, by those engaged in business activities.

(3) The Board may pursue its purposes in Our United Kingdom or elsewhere.

(4) In fulfilling its purposes the Board shall seek to collaborate with Our Government of Our United Kingdom, the Devolved Administrations in any part of Our United Kingdom, Regional Development Agencies, the research councils and other international, national, regional or local bodies with an interest in promoting innovation in Our United Kingdom.

3. All moneys and property of the Board, including any moneys voted by Parliament, shall be applied solely towards the promotion of the purposes of the Board and in accordance with any directions issued, from time to time, by Our Secretary of State, and no portion of such moneys (except as otherwise provided in this Our Charter) shall be paid or transferred directly or indirectly to the members of the Board.

4. (1) In this Our Charter—

“an employed member of the Board” means a person who is both employed by the Board, and appointed as a member to the Board;

“Our Secretary of State” means Our Secretary of State for Trade and Industry; and

“research councils” means research councils within the meaning of the Science and Technology Act 1965 or the Arts and Humanities Research Council as defined by section 1 of the Higher Education Act 2004.

(2) The membership of the Board shall consist of:

(a) the Chair;

(b) the Deputy Chair;

(c) the Chief Executive; and

(d) from nine to twelve other members of whom at any time no more than two shall be employed members of the Board.

(3) A majority of the members of the Board shall be appointed by reason of their knowledge and experience of the exploitation of science, technology and new ideas by business.

(4) Subject to paragraphs (5)-(11) of this Article, the members of the Board shall be appointed by Our Secretary of State and the terms of their appointment and the revocation of their appointment shall be determined by Our Secretary of State.

(5) Before appointing the Chief Executive, Our Secretary of State shall consult the Chair for the time being of the Board who may consult other members of the Board as he or she shall see fit.

(6) Before appointing the Deputy Chair, Our Secretary of State shall consult the Chair for the time being of the Board who may consult other members of the Board as he or she shall see fit.

(7) The Secretary of State may appoint a person employed by the Board in accordance with Article 4(2)(d), where the Chief Executive recommends the appointment and no such recommendation may be made unless the Chief Executive has consulted the Chair for the time being.

(8) A member of the Board who is also employed as a civil servant or officer of a public body or by another research council shall only remain a member of the Board for as long as he or she is so employed.

(9) The Chair shall hold and vacate his or her office solely in accordance with the terms of his or her appointment and shall, on the expiry of an initial term of no more than four years, be eligible for re-appointment to the Board by Our Secretary of State for one further period of no more than four years.

(10) The Deputy Chair shall hold and vacate his or her office solely in accordance with the terms of his or her appointment and shall, on the expiry of an initial term of no more than four years, be eligible for re-appointment to the Board by Our Secretary of State for one further period of no more than four years.

(11) The Chief Executive shall hold and vacate his or her office solely in accordance with the terms of his or her appointment.

(12) Except as provided in paragraphs (8)-(11) of this Article, members of the Board shall on the expiry of their term of appointment be eligible for re-appointment to the Board by Our Secretary of State and the terms of their re-appointment or the revocation of their re-appointment shall be determined by Our Secretary of State.

(13) A Member of the Board may at any time by notice in writing to Our Secretary of State resign his or her office.

(14) Any member of the Board other than the Chief Executive who becomes employed by the Board shall automatically cease to be a member unless appointed to the Board as an employed member of the Board in accordance with paragraph (4) of this Article.

5. (1) Subject to paragraph (3) of this Article, the Board shall in the case of any member as Our Secretary of State may determine:

(a) pay to him or her such remuneration and allowances as may be so determined in his or her case; and

(b) pay to or in respect of him or her such pension, allowance or gratuity on his or her retirement or death, or make such payments towards provision for such pension, allowance or gratuity, as may be so determined in his or her case.

(2) If a person ceases to be a member of the Board, otherwise than on the expiration of his or her terms of office, and it appears to Our Secretary of State that there are special circumstances which make it right that that person should receive compensation, the Board shall pay him or her such amount as Our Secretary of State may determine.

(3) The Board shall not in any circumstances or at any time make to or in respect of any person in his or her capacity as a member of the Board any payment of any kind whatsoever for or in respect of any period when he or she is also a member of the House of Commons, the Scottish Parliament, the National Assembly for Wales or the Northern Ireland Assembly (when so constituted and not suspended), other than a payment by way of reimbursement to him or her of actual out of pocket expenses previously and necessarily incurred by him or her in the performance of his or her duties as a member of the Board.

(4) Paragraphs (1) and (2) of this Article shall not apply to a member who is a civil servant.

6. (1) The validity of any proceedings of the Board shall not be affected by any defect in the appointment of a member of the Board.

(2) The Board may act in any of its proceedings notwithstanding a vacancy among its members.

(3) Subject to paragraph (4) of this Article, the quorum of the Board shall be six members present at any of its proceedings or such greater number as the Board may from time to time determine.

(4) The Chair or Deputy Chair for the time being shall be present.

7. Subject to the provisions of this Our Charter the Board may regulate its own procedure.

8. (1) The Board may appoint any person to exercise, or advise it on the exercise of, any of its functions.

(2) Where the Board appoints as an adviser any person who is not already a civil servant, or member of the Board, it may with the approval of Our Secretary of State pay to that person such remuneration and allowances as may be so determined in his or her case, but Article 5 (3) of this Our Charter shall apply to any such person as though he or she were a member of the Board.

(3) The Board may revoke the appointment of any person as an adviser, who is not a member of the Board, but Article 5(2) of this Our Charter shall apply to any such person who is not already a civil servant as though he or she were a member of the Board.

9. (1) The Board may appoint such officers and employ such other persons as it may determine.

(2) The Board may:

(a) pay to its officers or other persons employed by the Board such remuneration and allowances as the Board may, with the approval of Our Secretary of State, from time to time determine; and

(b) as regards any officers or other persons employed by the Board pay to or in respect of them such pensions and other benefits or compensation (including gratuities), or provide and maintain for them such pension, benefit or compensation schemes (whether contributory or not) as may be so determined.

(3) Where the holder of an office or employment with the Board who is a participant in any pension, benefit or compensation scheme applicable to the

office or employment, is or becomes a member of the Board, he or she may be treated for the purpose of such scheme as if his or her service as a member of the Board were service in an office or employment with the Board, and his or her rights under the scheme shall not be affected by any provision of this Our Charter which requires that pensions, allowances, gratuities, benefits, compensation or payment towards the provision of them payable in the case of members of the Board shall be determined by Our Secretary of State.

10. The application of the Seal of the Board shall be authenticated by the signature of the Chair, or of some other member whom it has authorised generally or especially to act for that purpose, and of any officer of the Board whom it has authorised so to act.

11. The Board may by resolution in that behalf passed at a Board meeting by a majority of not less than three-quarters of the members present and voting (being an absolute majority of the whole number of the Board members) add to, amend or evoke any of the provisions of this Our Charter, and such addition, amendment or evocation, shall, when allowed by Us, Our Heirs or Successors in Council, become effectual, so that this Our Charter shall then continue and operate as though it had been originally granted and made accordingly; and this provision shall apply to this our Charter, as added to, amended or revoked in the manner provided for in this article.

IN WITNESS whereof We have caused these Our Letters to be made Patent.  
WITNESS Ourselves at Westminster the 27 day of March in the fifty-sixth year of Our Reign.  
BY WARRANT UNDER THE QUEEN'S SIGN MANUAL

## **Annex 3 Subsidiaries**

### **SUBSIDIARIES (paragraph 14)**

The Board does not have any subsidiaries or joint ventures that are classified to the public sector for national accounts purposes or any charities or other bodies not being subsidiaries or joint ventures but which are effectively controlled by the Board.

## **Annex 4 Accounting Officer of the Board**

1. The Accounting Officer of the Board is appointed by the Department's Principal Accounting Officer.
2. The Board's Accounting Officer is personally responsible for safeguarding the public funds for which he/she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the Board.
3. The Board's Accounting Officer shall exercise the following responsibilities, in particular:

### (i) on planning and monitoring -

- establish, in agreement with the Board and the Department, the Board's Strategic and Delivery Plans and related Scorecard in the light of the Secretary of State's overall policies and strategic objectives for technology and innovation, the Department's current PSA, the Framework Letter and any relevant wider strategic aims;
- as set out in the requirements agreed with the sponsor team, to inform the Department of the Board's progress in delivering those Strategic and Delivery plans and in demonstrating how resources are being used to achieve the agreed objectives;
- ensure that timely forecasts and monitoring information on performance and finance are provided to the sponsor team; that the sponsor team is notified promptly if overspends or underspends are likely and that corrective action is taken; and that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the sponsor team in a timely fashion;

### (ii) on advising the Board -

- advise the Board on the discharge of its responsibilities as set out in this document, in the Charter, in the post spending review allocations of funds letter and in any other relevant instructions and guidance that may be issued from time to time;
- advise the Board on its performance compared with its Strategic and Delivery Plans and Scorecard;
- ensure that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed as far as this is practical;

- take action as set out in paragraphs 14-18 of the NDPB Accounting Officer Memorandum if the Board, or its Chair, is contemplating a course of action involving a transaction which the Board's Accounting Officer considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration or efficiency or effectiveness;

(iii) on managing risk and resources

(see also the 'Risk Management section of the Financial Memorandum at paragraph 12 on) -

- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives, deliverables, milestones and targets;
- ensure that an effective system of programme and project management and contract management is maintained;
- ensure that all public funds made available to the Board including any approved income or other receipts are used for the purpose intended by Parliament, and that such moneys, together with the Board's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that decision-making is based on consistent, thorough and transparent appraisal systems that are consistent with Government requirements (as set out in the HM Treasury "Green Book") and with any supplementary guidance issued by the Department;
- ensure that adequate internal management and financial controls are maintained by the Board, including effective measures against fraud and theft;
- maintain a appropriate risk-based system of internal delegated authorities which are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that effective personnel management policies are maintained;

(iv) on accounting for the NDPB's activities -

- sign the accounts and be responsible for 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;
- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;

- sign a Statement on Internal Control regarding the Board's system of internal control, for inclusion in the annual report and accounts;
  - ensure that effective procedures for handling complaints about the Board are established and made widely known within the Board and with its stakeholders and customers;
  - act in accordance with the terms of this document and with the instructions and guidance in *Government Accounting* and other instructions and guidance issued from time to time by the Department, the Treasury and the Cabinet Office - in particular, the Treasury documents *The Responsibilities of an NDPB Accounting Officer* and *Regularity and Propriety*, both of which the Board's Accounting Officer shall receive on appointment. The attached Financial Memorandum refers to other key guidance at paragraph 86;
  - give evidence, normally with the Principal Accounting Officer, when summoned to appear before the Committee of Public Accounts, on the use and stewardship of public funds by the Board.
4. The Board's Accounting Officer shall comply with any applicable recommendations made by the Committee of Public Accounts or other Parliamentary authorities as accepted by HM Government and with such administrative and financial practices applicable to expenditure of public funds as the Secretary of State requires.

## **Annex 5 Chief Executive's Role as Consolidation Officer**

1. For the purposes of Whole of Government Accounts the Chief Executive of an NDPB is normally appointed by the Treasury as the NDPB's Consolidation Officer.

2. As the Board's Consolidation Officer, the Chief Executive shall be personally responsible for preparing the consolidation information that sets out the financial results and position of the Board, for arranging for its audit and for sending the information and the audit report to the Principal Consolidation Officer nominated by the Treasury.

3. As Consolidation Officer the Chief Executive shall comply with the requirements of the Consolidation Officer Memorandum and shall, in particular:

- ensure that the Board has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process;
- prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions and directions ("Dear Consolidation Officer" (DCO) and "Dear Consolidation Manager" (DCM) letters) issued by the Treasury on the form, manner and timetable for the delivery of such information.

### **THE CHIEF EXECUTIVE'S ROLE AS PRINCIPAL OFFICER FOR OMBUDSMAN CASES**

4. The Chief Executive is the Principal Officer for handling cases involving the Parliamentary Commissioner for Administration. As Principal Officer he/she shall inform the Permanent Secretary of any complaints about the Board accepted by the Ombudsman for investigation, that have not been routed to the Board via the Permanent Secretary, and about the Board's proposed response to any subsequent recommendations from the Parliamentary Ombudsman.

## **Annex 6 Reference to the DTI by the Board**

(Paragraph 57 refers)

1. Required references include:
  - matters in which Ministers have declared an interest;
  - matters which formally commit a Minister or the Government;
  - matters which require Ministerial reference to Parliament (e.g. proposals implying amendment to the Science and Technology Act 1965);
  - any question regarding the interpretation of this document (paragraph 8)
  - early sight of the annual internal audit report (paragraphs 28, 66)
  - any changes which are likely to have significant impact on the delivery of the Strategic and Delivery Plans (paragraph 32)
  - proposals to fill Board vacancies (paragraph 37)
  - the timing of and issues to be addressed in the strategic and delivery plans (paragraphs 48, 50, 52)
  - any changes in external conditions which make the achievement of objectives and deliverables more difficult and which may impact on its budget or the Delivery Plan and Scorecard (paragraph 58)
  - regular reports on the achievement of its objectives (paragraph 59)
  - capital investment projects requiring expenditure that exceeds the limit in the Financial Memorandum at paragraph 37 and appendix A.
  - proposals to let single-tender or restricted formal contracts outside the delegated limit of Euro 200,000 (£134,000) (paragraph 8 of Financial Memorandum);
  - other expenditure proposals which exceed the limits of delegated authority (set out in the Financial Memorandum at Appendix A);
  - appointment of the head of internal audit (paragraph 63); changes to the Terms of Reference of the internal audit service or the Board's Fraud Policy and Fraud Response Plan (paragraph 67); and the terms of reference for the Board's Audit Committee (paragraph 66);
  - the annual Internal Audit report to the audit committee (paragraphs 28 and 67) and an annual report on fraud and theft (paragraph 67);
  - an early draft of the annual report and the final proposed report (paragraph 70)
  - proposed indemnities, other contingent liabilities other than in the normal course of business, and insurance undertakings as described in the Financial Memorandum at paragraphs 53 and 68;
  - issues of propriety and other matters involving deviations from the guidance in Government Accounting;
  - the award of PFI contracts;
  - variations or modifications to pay, grading or conditions of service judged to be at variance with approved arrangements.
  
2. There will be other instances where, for the smooth and effective working of the partnership between the Department and the Board, the Department needs to be aware of a course of action the Board proposes taking or where, notwithstanding delegated authority, it would be advisable for the Board to

consult or seek the Department's agreement to the proposed action. It is for the Board to decide whether to make reference to the Department and the basis (prior information or approval/agreement) on which the reference is to be made. The Board will have, however, proper regard to the importance of the Department having ample forewarning of sensitive issues and to the following indications of interest:

- contentious or politically sensitive matters and matters for Ministerial resolution;
- activities concerned with promoting public confidence in science, technology and new ideas;
- expenditure which is novel, contentious or politically sensitive;
- major departures from agreed policy or significant interactions or variances with other departmental policies (e.g. education, foreign policy);
- matters meriting or requiring the Department 's involvement in their public presentation, including public announcements, publications and issues relating to branding;
- major points of interpretation of central advice or guidance (e.g. investment appraisal);
- unusual levels of expenditure (in excess of 3% of gross annual expenditure) entailing significant commitment beyond the planning period, with a substantial element of financial risk or giving rise to wider expenses beyond immediate costs;
- assessment of risks or threats to systems which are crucial to the operations of the Board;
- matters which involve significant expenditure abroad or in foreign currency;
- proposals for capital projects to be implemented through PFI; and
- instances where action is being taken against the Board in the Civil or Criminal Courts.