

COMBINED MANAGEMENT STATEMENT, FINANCIAL MEMORANDUM AND NATIONAL LOTTERY DIRECTIONS

Signed by: Chief Executive of the National Heritage Memorial Fund and Head of Architecture and Historic Environment Division of the Department for Culture Media and Sport

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PART ONE: MANAGEMENT STATEMENT

Introduction

1. This document has been drawn up by the Department for Culture, Media and Sport in consultation with the National Heritage Memorial Fund and the devolved administrations in Scotland and Wales and the Northern Ireland Office. It will be reviewed by the Department at least every fifth year, and as part of any other review of the National Heritage Memorial Fund (see paragraphs 58-59 below). The National Heritage Memorial Fund or the Secretary of State may propose amendments to either document at any time. Following consultation with the National Heritage Memorial Fund and the devolved administrations in Scotland and Wales and the Northern Ireland Office, the Secretary of State will determine what changes, if any, are to be incorporated in the document. Significant variations to the document will be cleared with the Treasury or the Cabinet Office as appropriate.
2. The Department is responsible for resolving any questions regarding the interpretation of this document after consultation with the National Heritage Memorial Fund, the devolved administrations in Scotland and Wales and the Northern Ireland Office and, where necessary, with the Treasury or Cabinet Office.
3. Copies of this document and any subsequent substantive amendments will be placed in the Libraries of both Houses of Parliament. Copies should be made available by both bodies to members of the public on request.

Legislative background

4. The National Heritage Memorial Fund was established by the National Heritage Act 1980 to provide financial assistance within the United Kingdom for the acquisition, maintenance and preservation of land, buildings and objects of outstanding importance to the national heritage. The National Lottery etc. Act 1993 subsequently designated the National Heritage Memorial Fund as the distributor for the whole of the United Kingdom of the heritage share of the proceeds from the National Lottery, which it does under the trading name Heritage Lottery Fund. The National Heritage Act 1997 extended the powers of the National Heritage Memorial Fund to assist projects directed to increasing public understanding and enjoyment of the heritage and to interpreting and recording important aspects of the nation's history, natural history and landscape. The National Lottery Act 1998 allowed the National Heritage Memorial Fund to delegate Lottery grant decisions to staff and to committees containing some independent members.
5. The National Heritage Memorial Fund has two discrete flows of income in support of its work. The first is the grant-in-aid from the Department and other resources that go to grants from the National Heritage Memorial Fund. The second is income from the National Lottery Distribution Fund that goes to grants from the Heritage Lottery Fund. In line with the National Lottery etc. Act 1993, administrative costs are apportioned between the two funds in line with the *Treasury's Fees and Charges Guide*.
6. Part 1 of this document, the Management Statement, sets out the overall framework of governance and accountability within which, unless otherwise stated, the National Heritage Memorial Fund undertakes both its grant-aided and Lottery-funded activities. The sources of income for these activities are, however, separately regulated. The National Heritage Memorial Fund's grant-aided activities are governed by the Financial Memorandum in Part 2 of this document. Its Lottery distribution activities are governed in detail by the policy, financial and accounts directions issued by the Secretary of State under sections 26(1, 3, 3A, 4), 35(3) of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998). These are in Part 3 of this document.

Classification

7. The National Heritage Memorial Fund is classified as an executive Non-Departmental Public Body for policy and administrative purposes, and to the central government sector for national accounts purposes.
8. References to the National Heritage Memorial Fund include all its subsidiaries and joint ventures that are classified to the public sector for national accounts purposes. Where such a subsidiary or joint venture is created there will be a document setting out the arrangements between it and the National Heritage Memorial Fund.

AIMS, OBJECTIVES AND TARGETS

9. The National Heritage Memorial Fund's purposes are defined in the statutes set out in paragraph 4:
 - Sections 1(1), 3(1, 3, 6), 4(1) of the National Heritage Act 1980;
 - Sections 44(1) of the National Lottery etc. Act 1993;
 - Section 1(1, 2), schedule part 1 (sections 1(3), 2(3), 4, 5) of the National Heritage Act 1997
10. The Department determines the framework within which the National Heritage Memorial Fund's annual objectives and targets are set. The National Heritage Memorial Fund's objectives and key targets are agreed through the Funding Agreement process and, where relevant, are consistent with the Department's Public Service Agreement (PSA) with the Treasury.
11. The objectives of the Heritage Lottery Fund are set out in the founding legislation (see paragraph 9) and the associated policy directions made by the Secretary of State (see Part 3).

RESPONSIBILITIES AND ACCOUNTABILITY

The Secretary of State

12. The Secretary of State is accountable to Parliament for the activities and performance of the National Heritage Memorial Fund. Her responsibilities include:
 - Approving the policy and performance framework within which the National Heritage Memorial Fund will operate;
 - Providing information about the National Heritage Memorial Fund to Parliament as required;
 - Determining the grant in aid for the National Heritage Memorial Fund and seeking Parliamentary approval for that amount;
 - Carrying out responsibilities specified in the founding legislation including determining the remuneration of the Board and laying the annual report and accounts before Parliament and the Devolved Assemblies.

The Permanent Secretary

13. The Permanent Secretary, as the Department's Accounting Officer, is responsible for the overall organisation, management and staffing of the sponsor Department, and for ensuring that there is a high standard of financial management in the Department as a whole. In particular:

- she is responsible for ensuring that the financial and other management controls applied by the Department to the National Heritage Memorial Fund are appropriate and sufficient to safeguard public funds and for ensuring the National Heritage Memorial Fund's compliance with those controls ("public funds" include funds granted to the National Heritage Memorial Fund by Parliament, from the National Lottery Distribution Fund and other funds within the stewardship of the National Heritage Memorial Fund);
- she must be satisfied that the internal controls applied by the National Heritage Memorial Fund conform to the requirements of regularity, propriety and good financial management;
- she is accountable to Parliament for the issue of grant in aid, for ensuring that the subvention is within the ambit and the amount of the Resource Estimate, and that Parliamentary authority has been sought and given.

14. The responsibilities of a departmental Accounting Officer are set out in Chapter 4 of *Government Accounting*.

The sponsoring team in the Department

15. The sponsoring team is the primary source of advice to the Secretary of State and the Permanent Secretary on the discharge of their responsibilities in respect of the National Heritage Memorial Fund, and the primary point of contact for the National Heritage Memorial Fund itself within the Department.

16. The main functions of the sponsoring team are:

- To communicate and maintain an effective relationship with the National Heritage Memorial Fund and to ensure timely consultation about policy, resources and other relevant matters;
- To communicate relevant Government policy to the National Heritage Memorial Fund and advise on the interpretation of that policy; and to provide specific advice to the National Heritage Memorial Fund as necessary;
- To advise the Secretary of State on an appropriate level of grant-in-aid for the National Heritage Memorial Fund within the Department's overall public expenditure provision, and on appropriate Funding Agreement performance targets;
- To monitor and review the National Heritage Memorial Fund's performance against Funding Agreement targets and the use of its resources, and to take action where appropriate; and
- To advise the Secretary of State, at a strategic level, on how well the National Heritage Memorial Fund is achieving its current objectives and whether it is delivering value for money.

The Chair of the National Heritage Memorial Fund

17. The Chair is appointed by the Prime Minister in accordance with guidance issued by the Commissioner for Public Appointments.

18. The Chair is responsible to the Secretary of State for ensuring that the National Heritage Memorial Fund's policies conform with statutory requirements and are consistent with the Secretary of State's broader policy objectives, and that the National Heritage Memorial Fund's affairs are conducted with probity.

19. The Chair has a particular responsibility for providing effective strategic leadership on the following matters:
- formulating the Board's strategy for discharging its statutory duties;
 - encouraging high standards of propriety and promoting the efficient and effective use of staff and other resources throughout the National Heritage Memorial Fund;
 - ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Secretary of State or the Department;
 - representing the views of the Board to the general public; and,
 - providing an assessment of performance of individual Board members, on request, when they are being considered for re-appointment to the Board.
20. The Chair will ensure that all members of the Board, when taking up office, are fully briefed on the terms of their appointment and on their other duties, rights and responsibilities.
21. When Board vacancies arise, the Chair is responsible for advising the Secretary of State of the needs of the National Heritage Memorial Fund with a view to ensuring a proper balance of professional, financial and other expertise.
22. The Chair will ensure that a Code of Practice for Board members is in place, based on the model Code of Practice for Board Members of Public Bodies produced by the Cabinet Office. The Code will commit the Chair and other Board members to the Nolan seven principles of public life, and will include a requirement for a comprehensive and publicly available register of interests.
23. Communications between the Board and the Secretary of State will normally be through the Chair.

The National Heritage Memorial Fund's Board

24. The Members of the Board of the National Heritage Memorial Fund are appointed by the Prime Minister in accordance with guidance issued by the Commissioner for Public Appointments.
25. Board Members have corporate responsibility for ensuring that the National Heritage Memorial Fund fulfils the aim and objectives set out in the relevant legislation, or by the Secretary of State, and complies with any statutory or administrative requirements for the use of public funds. Other important responsibilities of Board members are:
- ensuring that high standards of corporate governance are observed at all times;
 - establishing the overall strategic direction of the National Heritage Memorial Fund within the relevant statutes and, in the case of the National Heritage Memorial Fund, the policy and resources framework agreed with the responsible Minister;
 - ensuring that the Board operates within the limits of its statutory authority and any delegated authority agreed with the Department, and in accordance with any other conditions relating to the use of public funds;
 - ensuring that, in reaching decisions, the Board takes into account any guidance issued by the Department;

- appointing a Chief Executive;
 - ensuring that a distinction is drawn and maintained between strategic planning and management, which are the responsibility of the Board, and day-to-day management issues which have been delegated to the Chief Executive. These arrangements should be set down in writing.
26. The Board will also set up and maintain an Audit Committee as a committee of the Board in accordance with paragraph 8.3.17 of *Government Accounting* and the Cabinet Office's *Guidance on Model Codes of Practice for Board Members of Public Bodies* (February 2000), and other such committees as may be necessary to conform to best standards of corporate governance and risk management.
27. Individual Board members should also be aware of their wider responsibility as members of the Board, namely:
- to comply at all times with the Code of Practice that is adopted by the National Heritage Memorial Fund and with the rules relating to the use of public funds and to conflicts of interest;
 - to act in good faith and in the best interests of the National Heritage Memorial Fund;
 - not to misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations; and
 - to comply with the Board's rules on the acceptance of gifts and hospitality, and on business appointments.

The Chief Executive

28. The Chief Executive of the National Heritage Memorial Fund is normally designated as the National Heritage Memorial Fund's Accounting Officer by the Accounting Officer of the Department.
29. As the National Heritage Memorial Fund's Accounting Officer the Chief Executive is personally responsible for safeguarding the public funds for which they have charge, for propriety and regularity in the handling of those public funds and for the day-to-day operations and management of the National Heritage Memorial Fund. They should 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 Chief Executive will receive on appointment.
30. As the National Heritage Memorial Fund's Accounting Officer the Chief Executive will, in particular:
- advise the Board on the discharge of its responsibilities as set out in statute, in this document and in any other relevant instructions and guidance that may be issued from time to time;
 - ensure that the grant-in-aid and other resources of the National Heritage Memorial Fund are used for purposes intended by Parliament, and that assets, equipment and staff are used economically, efficiently and effectively;
 - that funds made available to the Heritage Lottery Fund from the National Lottery Distribution Fund and Lottery related income (e.g. interest on bank accounts, and claw-back of grants) are

distributed in accordance with the Directions issued from time to time by the Secretary of State;

- ensure that timely monitoring information and forecasts are provided to the Department; that the National Heritage Memorial Fund keeps within any expenditure limits determined by the Secretary of State in respect of the National Heritage Memorial Fund; that corrective action is taken to avoid overspends; and that the Department is notified promptly when overspends or underspends are likely;
 - ensure that the 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 is practical;
 - ensure that adequate internal management and financial controls are maintained by the National Heritage Memorial Fund, including that sums receivable are collected, and that there are effective measures against fraud and theft;
 - ensure the National Heritage Memorial Fund's compliance with the financial and other management controls applied by the Department, and maintain systems for compliance with this document;
 - ensure that suitable arrangements are made for the provision of internal audit in a manner which represents best value for money; maintain a comprehensive system of internal delegated authorities which should be notified to all staff, together with a system for regularly reviewing compliance with these delegations;
 - ensure that appropriate personnel management policies are introduced and maintained;
 - be responsible for signing the accounts and 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; and for signing a Statement of Accounting Officer's responsibilities for inclusion in the annual report and accounts;
 - take action as set out in paragraphs 14-18 of *"The Responsibilities of a NDPB Accounting Officer"* if the Board, or its Chair, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration or efficiency or effectiveness;
 - give evidence, normally with the Accounting Officer of the sponsor Department, when summoned before the Public Accounts Committee on the use and stewardship of public funds by the National Heritage Memorial Fund;
 - ensure that effective procedures for handling complaints about the National Heritage Memorial Fund are established and made widely known within it.
31. For the purposes of Whole of Government Accounts the Treasury normally designates the Chief Executive of the National Heritage Memorial Fund as its Consolidation Officer. As Consolidation Officer the Chief Executive shall comply with the requirements of the Consolidation Officer Memorandum.
32. The Chief Executive may delegate the day-to-day administration of these Accounting Officer and Consolidation Officer responsibilities to the Director of Resources and Planning or other employees in the National Heritage Memorial Fund. However, she shall not assign absolutely to any other person any of the responsibilities set out in this document.

33. The Chief Executive is the Principal Officer for the purpose of the handling of cases involving the Parliamentary Commissioner for Administration. The Principal Officer is responsible for informing the Permanent Secretary of the Department about any complaints accepted by the Ombudsman for investigation, and about the National Heritage Memorial Fund's proposed response to any subsequent recommendations from the Parliamentary Ombudsman.

PLANNING, BUDGETING AND CONTROL

The Funding Agreement (National Heritage Memorial Fund only)

34. The National Heritage Memorial Fund will agree with the Department a Funding Agreement in respect of the activities of the National Heritage Memorial Fund. The National Heritage Memorial Fund will have agreed with the Department the issues to be addressed in the Agreement and the timetable for its preparation.
35. The Agreement will reflect the National Heritage Memorial Fund's statutory duties and, within those duties, the priorities agreed with the Secretary of State from time to time. In particular the Agreement will ensure that the National Heritage Memorial Fund contributes where relevant to the achievement of the Department's PSA objectives and targets. The Funding Agreement should be made available to the public, by appropriate means.
36. The Agreement will set out the National Heritage Memorial Fund's key objectives and associated key performance targets. The main elements of the Agreement will be agreed between the Department and the National Heritage Memorial Fund in the light of the Department's decisions on policy and resources taken in the context of the Government's wider public expenditure decisions.

Business Planning

37. To operate its business effectively, the National Heritage Memorial Fund should produce management planning and information documents. These will take the form of a strategic plan (for five years ahead), and business plan (for one year ahead).
38. The Department should be sent copies of each of the completed planning documents. The Department will draw on these plans in agreeing targets and measures to be incorporated in the Funding Agreement, and in determining pay and staffing issues. These plans should be made available to the public on the National Heritage Memorial Fund's web site and on request.
39. The first year of the planning document can include the business plan incorporated as a single document. In order for the Department to assess the affordability of pay proposals, the business plan should include:
40. A forecast of income and expenditure suitably classified by activity and key objectives, taking account of guidance on resource assumptions and policies provided by the Department at the beginning of the planning round. These forecasts should represent the National Heritage Memorial Fund's best estimate of its available income, including any grant or grant in aid and other funding within the National Heritage Memorial Fund.

Performance against targets (National Heritage Memorial Fund only)

41. The National Heritage Memorial Fund will operate management information and accounting systems for the National Heritage Memorial Fund which enable it to review its financial and non-financial performance against budgets and targets in line with the Funding Agreement, and its planning documents.

42. The National Heritage Memorial Fund's performance against the Funding Agreement targets will be reported to the Department on a regular basis. Performance will be formally reviewed twice yearly by officials, and Ministers may wish to meet the Chair and Chief Executive formally each year to discuss the National Heritage Memorial Fund's performance, its current and future activities and any policy developments relevant to those activities.
43. The National Heritage Memorial Fund's performance against key targets will be reported in its annual report and accounts (see paragraph 50 below).
44. The National Heritage Memorial Fund should inform the Department of changes in external conditions which may affect the achievement of its Funding Agreement objectives, or which may require a change to the resources or objectives set out in the Funding Agreement.

Risk Management

45. The National Heritage Memorial Fund should have a process of risk management which is embedded into its planning, operational, monitoring and review activities. This should be appropriate to the business and circumstances of the National Heritage Memorial Fund. The Treasury publication, *Management of Risk, a Strategic Overview, with Supplementary Guidance for Smaller Bodies*, provides guidance.

Internal audit

46. The National Heritage Memorial Fund will establish and maintain arrangements for internal audit in accordance with the Treasury's *Government Internal Audit Standards*.
47. The Department reserves a right of access to carry out independent reviews of internal audit in the National Heritage Memorial Fund. The Department will assess the effectiveness of the National Heritage Memorial Fund's internal audit arrangements by periodic peer reviews of its Internal Audit Service, and by scrutiny of the National Heritage Memorial Fund's Head of Internal Audit's annual report and opinion on the adequacy and effectiveness of the National Heritage Memorial Fund's internal control systems. Once this report has been passed to the Audit Committee, a copy should be forwarded as soon as possible to the Internal Audit Unit at the Department and to the sponsoring team by the National Heritage Memorial Fund.

EXTERNAL ACCOUNTABILITY

The annual report and accounts

48. The National Heritage Memorial Fund must keep proper accounts and records in relation to the National Heritage Memorial Fund and Heritage Lottery Fund, and must retain financial records as appropriate. After the end of each financial year the National Heritage Memorial Fund will publish an annual report of its grant-aided and Lottery-funded activities, together with separate audited annual accounts. The report will also cover the activities of any corporate bodies under the control of the National Heritage Memorial Fund.
49. The report and accounts will comply with the Treasury's guidance on executive NDPB Annual Reports and Accounts, and the accounts will be prepared in accordance with the Accounts Directions issued by the Secretary of State under the National Heritage Act 1980 and the National Lottery etc. Act 1993.

50. The Accounts Directions will specify the form and content of the accounts, the information to be contained in any accompanying statements, the manner in which the information is to be presented, and the principles according to which the statements are to be prepared.
51. The report and accounts will outline the National Heritage Memorial Fund's main activities and performance during the previous financial year. Information on performance against key targets which are relevant to financial performance will be included in the notes to the accounts, and will therefore be within the scope of the audit, subject to agreement on their suitability for audit purposes.
52. The report and accounts will be laid before Parliament and the Scottish Assembly by the Comptroller and Auditor General, and should be made available to the public on the National Heritage Memorial Fund's web site, and on request.
53. Draft accounts including full notes and the foreword/report must be submitted to the sponsoring team and the Department's Finance and Planning Division by 31 July, and final accounts by 30 September. The publication of annual reports and accounts should take place by 31 October. If accounts have to be laid in Parliament before the Summer Recess, the Department should receive draft accounts as soon as is practicable.

External audit

54. The Comptroller and Auditor General (C&AG), audits the National Heritage Memorial Fund's expenditures and receipts; examines their regularity and propriety; and lays the accounts before Parliament. In addition, the C&AG will have access to the National Heritage Memorial Fund'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 National Heritage Memorial Fund has used its resources and controlled its income in discharging its functions
55. The sponsoring team should be given an opportunity by the National Heritage Memorial Fund's management to contribute to the risk analysis underpinning internal and external auditors' planning assumptions.

STAFF MANAGEMENT

General

56. Subject to the requirements of the Financial Memorandum, which apply for these purposes to the National Heritage Memorial Fund's grant-aided and Lottery-funded activities, the National Heritage Memorial Fund will have responsibility for the recruitment, retention and motivation of its staff.
57. The National Heritage Memorial Fund will ensure that:
 - its rules for the recruitment and management of staff provide for appointment and advance on merit on the basis of equal opportunities for all applicants and staff;
 - the level and structure of its staffing, including gradings and numbers of staff, is appropriate to its functions and the requirements of efficiency, effectiveness and economy;
 - the performance of staff at all levels is satisfactorily appraised for the purposes of performance pay and that the NHMF's performance measurement systems are reviewed from time to time;
 - its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the National Heritage Memorial Fund's objectives;

- proper consultation with its staff takes place on issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- 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*.

COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE

Instructions and guidance

58. The National Heritage Memorial Fund shall comply with the following documents or their successors:

- This document;
- Government Accounting;
- Non-Departmental Public Bodies – a Guide for Departments (the “NDPB Guide”), published by the Cabinet Office;
- The Government Internal Audit Manual and The Government Information Systems Audit Manual;
- The Treasury’s Fees and Charges Guide;
- The Treasury’s guidance Departmental Banking: A Manual for Government Departments;
- *Executive NDPBs – Annual Reports and Accounts Guidance*, issued by the Treasury;
- Relevant *Dear Accounting Officer* letters;
- The Treasury guidance document *Regularity and Propriety*;
- Other relevant instructions and guidance issued by central departments and the Department;
- Recommendations made by the Public Accounts Committee or other Parliamentary authority which have been accepted by the Government and which are relevant to the National Heritage Memorial Fund.

Failure to comply

59. The Department may reduce the National Heritage Memorial Fund’s expenditure limit, withhold grant in aid or amend delegated limits, if any condition or requirement set out in this document or the instructions and guidance listed above is not fulfilled.

REVIEWS

Reviewing the role of the National Heritage Memorial Fund

60. The National Heritage Memorial Fund shall be reviewed periodically, in accordance with the business needs of the Department and of the National Heritage Memorial Fund, and in accordance with Cabinet Office guidance.

61. The terms of this Management Statement and the Financial Memorandum and the National Heritage Memorial Fund's compliance with them shall be reviewed as part of the review. This document may also be reviewed between reviews should the Department so determine.

PART TWO: FINANCIAL MEMORANDUM FOR THE NATIONAL HERITAGE MEMORIAL FUND

INTRODUCTION

62. This Financial Memorandum, which must be read in conjunction with the Management Statement, covers the financial and other management controls to be applied by the National Heritage Memorial Fund (NHMF) to safeguard public funds. Public funds include all monies that are in law the property of the NHMF, not only those derived directly from the Exchequer but also from sources such as charges, gifts or asset sales. However the financial and management controls to be applied to the expenditure of National Lottery money are also covered by the Financial Directions issued under section 26 (3), (3A) and (4) of the National Lottery etc. Act 1993. The NHMF will provide an assurance through its annual Statement of Internal Control that its control systems have been effectively applied.
63. The terms and conditions set out in the Memorandum may be supplemented by guidelines issued by the Secretary of State in respect of the exercise of any individual functions, powers and duties of the NHMF.
64. The NHMF must satisfy the conditions and requirements set out in this Memorandum and in the Management Statement, together with such other conditions as the Secretary of State may from time to time impose, in order to continue to be entitled to grant in aid.
65. If the National Heritage Memorial Fund sets up subsidiaries or engages in joint ventures that are treated in national accounts as part of the National Heritage Memorial Fund, the income, expenditure and financing transactions of such bodies must be consolidated with the National Heritage Memorial Fund's own income, expenditure and financing transactions (subject to any particular treatment required by UK GAAP (Generally Accepted Accounting Practice)).

BUDGETING PROCEDURES

Setting the annual budget

66. Before each three year public expenditure planning round, and following an assessment by the Department of the National Heritage Memorial Fund's own forward projections, the Department will send to the National Heritage Memorial Fund:
- a formal statement of the grant in aid payments under Section 2 of the National Heritage Act 1980 approved by the Secretary of State in the light of competing priorities across the Department; and
 - a statement of any change in policies affecting the National Heritage Memorial Fund.
67. The grant in aid will be subject to annual Parliamentary approval.

General conditions for authority to spend

68. Once the funding allocation has been approved by the Department, and subject to any restrictions imposed by statute and any conditions imposed by this document, the National Heritage Memorial Fund will have authority to incur expenditure without further reference to the Department, on the following conditions:

- the National Heritage Memorial Fund will comply with the delegations set out in Annex B of this document. These delegations may not be altered without the prior agreement of the Department; the National Heritage Memorial Fund must obtain the approval of the Department before incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications or might prove repercussive among other public sector bodies including on staff benefits;
- the National Heritage Memorial Fund will provide the Department with such information about its operations, performance, individual projects or other expenditure as the Department may reasonably require;
- the National Heritage Memorial Fund will closely monitor income and expenditure and ensure that it remains within the grant in aid or endowment fund limit in each financial year;
- the National Heritage Memorial Fund will notify the Department immediately and formally if it becomes apparent at any time that an overspend of its resources is likely to occur or that there is a risk that a continuing extra charge on Exchequer funds is likely to be created.

THE NATIONAL HERITAGE MEMORIAL FUND'S INCOME

Grant in Aid

69. Grant in aid will be paid to the National Heritage Memorial Fund in one annual instalment in the first month of each financial year on the basis of a written application signed by the NHMF's Director of Resources and Planning, or by a person previously notified by him/her to the Department as authorised to sign on the his/her behalf. Unspent grant-in-aid may be carried forward without limit from one financial year to the next within the Endowment Fund. Payment of grant in aid may take account of unspent balances held by the NHMF.

The Endowment Fund

70. Under Section 6 of the National Heritage Act 1980, any portion of grant-in-aid not immediately required for any other purpose may be invested by the Trustees subject to the approval of the Treasury for the manner in which they propose to invest any sums.

71. In fulfilment of its responsibilities the Treasury will maintain membership of the Investment Committee; and the National Heritage Memorial Fund shall send the Treasury:

- a copy of the NHMF's annual report containing information on investment activity and the income therefrom in line with the requirements in the Accounts Direction at Annex A;
- copies of all papers produced for the Investment Committee.

72. The Trustees shall review the performance of the appointed investment managers regularly and put contracts out to tender at least every five years.

73. The NHMF may retain any income generated by the Endowment Fund for reinvestment or spending in connection with its objectives, and may carry over any unexpended end-year balance of such income as notified to the Department.

Fees and charges

74. Fees or charges for services supplied by the National Heritage Memorial Fund should be determined in accordance with the Treasury's *Fees and Charges Guide* and any statutory provisions.

Wider markets activities

75. Subject to the *Fees and Charges Guide* and to Government policy on selling into wider markets (*Selling Government Services into Wider Markets, Policy and Guidance Note*, HM Treasury, July 1998) the National Heritage Memorial Fund should seek to optimise income from non-Exchequer sources where this is consistent with the National Heritage Memorial Fund's main functions and is in line with its Funding agreed with the Department.

Gifts received

76. The National Heritage Memorial Fund should notify the Department before accepting an offer or donation which would create commitments over two or more years of more than £10,000 a year and which would need to be funded by grant-in-aid. There should be a presumption against the acceptance of gifts from third parties by individual trustees or members of staff, save those of an immaterial nature. A record of gifts received should be kept and reported in the National Heritage Memorial Fund's annual reports with their estimated value (where appropriate), and whether they were disposed of or retained.

THE NATIONAL HERITAGE MEMORIAL FUND'S EXPENDITURE - GENERAL PRINCIPLES

Value for money

77. The National Heritage Memorial Fund has a responsibility to ensure best value for money, which is the optimum combination of whole life cost and quality to meet the user's requirement - it is not the lowest price alone. Therefore activities should be benchmarked, periodically and where practicable, against best practice elsewhere. They should be contracted out where the conclusion is reached that this would provide better value for money. Procurement of works, equipment, goods and services (including consultants' fees) should be based on value for money. Appropriate option appraisal procedures should be carried out before procurement decisions are taken.

Competition

78. Contracts should always be placed on a competitive basis, unless there are convincing reasons to the contrary. Tenders should be accepted from suppliers who provide best value for money overall.
79. The National Heritage Memorial Fund will comply with legal requirements, including European Commission and World Trade Organisation regulations on public procurement, and with the guidance contained in the Treasury's revised Consolidated Guidelines on Public Purchasing Policy and in DAO (GEN) 17/96 "Estates and building services procurement: prevention of fraud and irregularity in the award and management of contracts". The tendering procedures will be in accordance with guidance issued by the Office of Government Commerce and any additional guidance issued by the Department.
80. All high risk procurement projects must follow the Office of Government Commerce's *Gateway Process*. Those which score above 30 on the OGC's project profile model must involve the OGC in the process.

81. Before entering into any operating lease (e.g. for equipment hire) the National Heritage Memorial Fund must establish that it offers better value for money than purchase.

Prudence

82. The National Heritage Memorial Fund 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.

Accommodation decisions

83. Decisions about the acquisition and disposal of property should secure best value for money. In managing its accommodation, the National Heritage Memorial Fund should observe Annexes 23.1 and 24.1 of *Government Accounting*.

Timeliness in paying bills

84. The National Heritage Memorial Fund should collect receipts and pay all matured and properly authorised invoices in accordance with the terms of contracts or within 30 days, as provided for in paragraph 16.3.1-2 and Annex 16.2 of *Government Accounting*.

Combating fraud

85. The National Heritage Memorial Fund must have effective internal controls to deter and detect fraud and theft. It must have a fraud policy statement to communicate its approach to fraud, and all staff should be made aware of it. The National Heritage Memorial Fund must have systems in place (including a fraud response plan) to deal effectively with cases of fraud and theft however they might have been identified. If any attempted, suspected or proven fraud occurs, including those involving grant recipients, the National Heritage Memorial Fund's Accounting Officer must be notified promptly.

86. The National Heritage Memorial Fund will be responsible for undertaking a prompt and vigorous investigation of any suspected or actual fraud, and shall inform the Department, the local police, the Serious and Organised Crime Agency and other authorities as appropriate. Legal and/or disciplinary action should be taken in all cases where it can be justified. Appropriate action must be taken to recover public funds, and to ensure that the risk of similar frauds is assessed and that appropriate cost-effective measures are put in place to counter fraud and detect it if it occurs.

87. The National Heritage Memorial Fund should keep a record of all frauds, and will provide the Department's sponsoring team, by the end of April each year, an annual report of all frauds discovered in the financial year in the form specified at Annex C. All cases of attempted, suspected or proven fraud, above the *de minimis* limits listed in Annex C must be reported by the National Heritage Memorial Fund to the Department's sponsoring team as soon as possible.

EXPENDITURE ON STAFF

Pay and conditions of service

88. The National Heritage Memorial Fund will determine the terms and conditions of its staff and may employ staff in such numbers and grades as it judges fit subject to an annual pay negotiating remit, which will be subject to the agreement of the Department and, where required, the Treasury. Except where previously authorised by the Department, pay and grading shall take account of public sector pay policy guidance.

89. The National Heritage Memorial Fund will supply information relating to the terms and conditions of employment of its staff, as the Department may from time to time require, and consult the

Department in respect of significant changes in policy or approach. About three years after any major pay and grading change, the National Heritage Memorial Fund should carry out an evaluation of its pay arrangements comparing the intentions of the original business case with the outcome, and should copy the evaluation to the sponsoring team in the Department.

90. In devising non pay reward schemes for staff, the National Heritage Memorial Fund should pay particular attention to DAO (Gen) 13/01 and the Treasury document on *Regularity and Propriety*. The proposed expenditure should be considered personally by the Accounting Officer and the Department should be consulted if there is any doubt about the regularity or propriety of any scheme, or whether it might be novel or contentious. Any expenditure of this type should be notified in the National Heritage Memorial Fund's accounts if it is greater than £100,000 or 0.5% of gross expenditure, whichever is the lesser.
91. Current terms and conditions for staff of the National Heritage Memorial Fund are those set out in its Staff Handbook. The National Heritage Memorial Fund will provide the Department with a copy of the current Handbook on request.

Board members' remuneration and expenses

92. Under the National Heritage Act 1997, the Chairman and Trustees of the National Heritage Memorial Fund may be remunerated at a rate decided by the Secretary of State.
93. The travel expenses of Board Members which are reimbursed shall be consistent with rates allowed for staff of the National Heritage Memorial Fund, and shall not include a profit element. The reasonable actual costs of accommodation and meals shall be reimbursed, subject to the requirement that due regard shall be paid to value for money.

Pensions

94. The NHMF's staff will normally be eligible for a pension provided by the Principal Civil Service Pension Scheme (PCSPS). Staff are free to take out personal pensions but the employer's contribution will normally be limited to the National Insurance rebate level.
95. The Department should be consulted about any proposal by the National Heritage Memorial Fund to move from the existing pension and compensation arrangements. In particular, the National Heritage Memorial Fund may not contract out or market test the function of administering the PCSPS scheme in respect of its employees. Any tendering exercise in respect of the administration function must be conducted by the Department and it (not the National Heritage Memorial Fund) must be party to any resulting contract or service level agreement.

EXPENDITURE OTHER THAN ON STAFF

Capital expenditure

96. Capital expenditure is defined as expenditure on new construction, land, extensions of, and alterations to, existing buildings and the purchase of any other fixed assets (e.g. machinery, plant, and vehicles) with an expected working life of more than one year.
97. The National Heritage Memorial Fund's delegations for capital expenditure are at Annex B. Above that level, prior approval must be obtained from the Department before expenditure (including that financed by non-Exchequer funds) is incurred, and Treasury approval may also be needed.

Option appraisal

98. Where capital projects will involve expenditure above the National Heritage Memorial Fund's authorised limit, it must conduct an option appraisal and prepare a business case in accordance with the guidance set out in *Appraisal and Evaluation in Central Government (HMSO)*, *Option Appraisal of Expenditure Decisions: A Guide for the Department for Culture, Media and Sport and its Sponsored Bodies (DCMS)*, and *Private Opportunity, Public Benefit: progressing the Private Finance Initiative (HM Treasury/Private Finance Panel)*. The business case should be incorporated in the submission to the Department for approval. The National Heritage Memorial Fund should have regard to any other guidance that is issued from time to time on investment appraisal and public/private partnerships.
99. The National Heritage Memorial Fund should follow appropriate option appraisal procedures for all capital expenditure, even when this is below the authorised limit. The thoroughness of the appraisal should be proportionate to the sums involved.
100. An option appraisal should include how the implementation of the preferred option will be managed. Areas to be covered include a project management structure; roles and responsibilities and accountabilities of parties in the project management structure; an appropriate monitoring and reporting framework; the process for ex-post evaluation of the project, to establish if the promised outputs have been delivered within budget and to identify lessons learnt for future projects.

Public/Private Partnerships

101. The NHMF should seek opportunities to enter into Public/Private Partnerships where this would be more cost effective than conventional procurement. Where cash flow projections may result in delegated spending authority being exceeded the NHMF should consult the Department.
102. Any partnership controlled by the NHMF should be treated as part of the NHMF and consolidated with it subject to any particular treatment required by UK GAAP (See paragraph 65 above).

Borrowing, lending, guarantees, indemnities and contingent liabilities

103. The National Heritage Memorial Fund shall not, without the Department's prior written consent, borrow (including temporarily, such as through prearranged overdraft facilities), lend money, or charge any asset or security. Exceptions are:
- loans under Section 3 of the National Heritage Act 1980;
 - advances of salary for the purpose of staff purchase of season tickets for home to office travel, the purchase of a bicycle to cycle to work and putting down the deposit required when staff first move into rented accommodation in the London area, and/or paying the first month's rent in advance or for deposit; and
 - loans made from money derived solely from non-Government sources to bodies which the National Heritage Memorial Fund have formed (or taken part in forming), except that each loan exceeding £50,000 should be notified to the Department.
104. Similarly, it should not, without prior approval, give guarantees or indemnities or letters of comfort, or incur any other contingent liability (as defined in chapter 26 of *Government Accounting*), whether or not in a legally binding form.

Grants or loan schemes

105. The National Heritage Memorial Fund must have proper guidelines in place for all grant or loan schemes it operates and payments of grant or loan must be made properly and in accordance with these guidelines.
106. NHMF shall ensure that grants and loans are accompanied by appropriate conditions. The terms and conditions of grants and loans shall include a requirement on the recipient to maintain records in relation to the grant or loan and to ensure these are readily available for inspection by NHMF, the Department and the Comptroller and Auditor General. See also paragraphs 58-59, *Recovery of grant-financed assets*.

Losses and special payments

107. Subject to the delegation set out in Annex B, the National Heritage Memorial Fund should only write off losses or make special payments when satisfied that there is no feasible alternative. A record of losses should be maintained. The National Heritage Memorial Fund should consult the Department where cases are novel and contentious or might be repercussive. If the total of losses or special payments in the year exceeds £100,000, the annual accounts of the National Heritage Memorial Fund should include a statement on losses and/or special payments as appropriate. Individual losses and special payments exceeding £100,000 in each case should be specifically identified in the losses statement.

Gifts given

108. Proposals for making gifts outside the delegated limit set out in Annex B to this document must have the prior written approval of the Department. The National Heritage Memorial Fund must keep a record of gifts given. Details of gifts should be noted in the National Heritage Memorial Fund's accounts if, individually or collectively, they exceed the delegated limit set out in Annex B.

Subsidiary companies

109. The National Heritage Memorial Fund shall ensure that:
- it seeks the approval of the Department before forming or taking part in the forming of companies;
 - it charges any company appropriate interest, rent or other costs for the use of publicly funded assets; and
 - where a company is established by the National Heritage Memorial Fund and is either under its control or uses assets funded in whole or part from its grant-in-aid:
 - a that the control of the company will remain with the National Heritage Memorial Fund (including the power to appoint at least half the controlling board of directors of the company); and,
 - b that the provisions of this Memorandum apply to the company where appropriate.
110. The establishment of a company should not lead to any loss of control over any public monies paid to the company and the controls placed on it should be similar to those which apply to the National Heritage Memorial Fund itself. The controls should not be restricted by any powers available to the company through its Memorandum and Articles of Association.

Commercial insurance

111. NHMF may consider purchasing commercial insurance for all its activities and assets on the basis that the Exchequer might otherwise have to bear a disproportionate share of the costs of any claim against NHMF when more than half its funding comes from the National Lottery. In doing so, its Accounting Officer must satisfy him/herself that, in any particular case, commercial insurance offers good value for money having regard to the costs of the insurance and the likelihood of a claim being made. This does not affect insurance which is a statutory obligation.
112. A certificate of exemption for Employers' Liability (Compulsory Insurance) (Amendment) Regulations 1974 was issued to the National Heritage Memorial Fund on 1 April 1981, a copy of which is attached at Annex E.

BANKING; CASH MANAGEMENT

Banking arrangements

113. The National Heritage Memorial Fund's Accounting Officer is responsible for ensuring that its banking arrangements are in accordance with the requirements of *Government Accounting* and the guidance in the Treasury document *Departmental Banking: a Manual for Government Departments* - in particular that the banking arrangements safeguard public funds, and are carried out efficiently, economically and effectively.
114. They should therefore ensure that:
- these arrangements are suitably structured and represent value for money;
 - these arrangements are reviewed at least every two years, with a comprehensive review, usually leading to competitive tendering, at least every five years.
 - sufficient information about banking arrangements is supplied when required to the Department's Accounting Officer to enable the latter to satisfy her own responsibilities;
 - the National Heritage Memorial Fund's banking arrangements shall be kept separate and distinct from those of any other person, body or organisation.

MANAGEMENT OF FIXED ASSETS (including land and buildings)

Register of assets

115. The National Heritage Memorial Fund shall maintain an accurate and up-to-date register of its assets.

Disposal of NHMF's assets

116. The National Heritage Memorial Fund shall at all times use its assets in the most cost efficient manner, and dispose of those assets which are surplus to its requirements. Assets will be sold for the best price, taking into account any costs of sale. High value assets should generally be sold by auction or competitive tender unless otherwise agreed by the Department.
117. The National Heritage Memorial Fund may normally retain receipts derived from the sale of assets provided that (i) they are used to finance other capital spending (ii) the Department receives prior notification of sales of items worth £1 million or over and (iii) total sales in any financial year do not exceed a specified limit, currently that the total value of sales in a financial year does not exceed 3 per cent of the National Heritage Memorial Fund's grant in aid allocation or that the value of an

individual sale does not exceed £100 million (see PES(98)5 as extended by Spending Review 2000).

118. Notwithstanding the above, where the National Heritage Memorial Fund disposes of assets which have been purchased, improved or developed with Exchequer funds and the receipts amount to more than £1 million, or where the disposal has unusual features of which Parliament should be aware, Parliamentary approval is needed for the receipts to be reinvested. The receipts should therefore be surrendered to the Department which should then submit an Estimate seeking approval for the receipts to be appropriated in aid by the Department and a corresponding increase in the National Heritage Memorial Fund's grant in aid.

Disposal of publicly funded assets

119. Where the National Heritage Memorial Fund has financed the acquisition or improvement of assets by third parties, appropriate arrangements should be made to ensure that any such assets above a value of £100,000 are not disposed of or put to different use without the National Heritage Memorial Fund's prior consent. Appropriate arrangements would include ensuring that there are contractual terms enabling recovery of funds, if required. Where consent is given, the National Heritage Memorial Fund will decide case by case whether to secure the repayment of a proper proportion of the value of the asset, calculated by reference to the current market value and in proportion to the Exchequer's original investment(s) in the asset. NHMF will follow the guidance in Government Accounting and DAO(GEN)07/05.

ANNEX B

THE National Heritage Memorial Fund's DELEGATED FINANCIAL LIMITS

ALL DELEGATIONS ARE SUBJECT TO THE REQUIREMENT THAT SPENDING PROPOSALS FALLING WITHIN GOVERNMENT ACCOUNTING 2.4.7 SHOULD BE REFERRED TO THE DEPARTMENT

Unlimited (unless otherwise specified)

120. CAPITAL EXPENDITURE (Para. 96-97)

Expenditure on new construction, land, extensions of, and alterations to, existing buildings and the purchase of any other fixed assets (e.g. machinery, plant, and vehicles) with an expected working life of more than one year. Also includes exchanges of fixed assets.	Up to £6m
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121. GIFTS (Paras. 76 and 108)

Gifts received by the NHMF	Unlimited
In a financial year, any one gift or total of gifts to one person/organisation	Up to £1,000

Gifts to staff are subject to DAO (Gen) 13/01

122. NON-STATUTORY CONTINGENT LIABILITIES (Para. 103-104) Up to £100,000

123. LOSSES AND SPECIAL PAYMENTS (Para. 107)

The write-off of losses or approval of special payments should only be carried out by staff authorised to do so by and on behalf of the National Heritage Memorial Fund's Accounting Officer.

Type	Description	Delegation
A	Losses	
i.	Cash losses. Physical losses of cash and equivalents (e.g. banknotes, postal orders, stamps) by any cause.	Unltd
ii.	Bookkeeping losses: because of unvouched or incompletely vouched payments, including cases where vouchers are missing; because of changes to estimates or other accounts to clear inexplicable or erroneous balances.	Unltd Unltd
iii.	Exchange rate fluctuations. Losses due to fluctuations in exchange rates or revaluations of currencies.	Unltd
iv.	Losses of pay allowances and superannuation benefits:	

Type	Description	Delegation
A	Losses	
	overpayments due to miscalculation, misinterpretation of acts, regulations or scheme rules or the full facts not being known;	Unltd
	unauthorised issues, e.g. payments not admissible under the acts, regulations or scheme rules;	Unltd
	losses arising from other causes, e.g. non-disclosure of full facts by the beneficiary, short of proven fraud.	£50,000
v.	Losses arising from overpayments of grants, etc. arising from miscalculation, misinterpretation of acts regulations or scheme rules, or the full facts not being known.	£50,000
vi.	Losses arising from failure to make adequate charges for the use of public property or services.	£50,000
B	Losses of accountable stores:	
i.	because of fraud, whether or not it has been possible to charge anyone with an offence, or proven or suspected theft, arson or sabotage, or any other deliberate act (including repairable damage caused maliciously to buildings, stores; etc. which is not the subject of an identifiable legal claim against some person); wherever possible recovery must be effected and prosecution mounted;	Unltd
ii.	losses arising from other causes.	Unltd
C	Fruitless payments and constructive losses	Unltd
D	Claims waived or abandoned	£50,000
E	Special payments:	None
i.	extra-contractual and <i>ex gratia</i> payments to contractors;	£50,000
ii.	other <i>ex gratia</i> payments;	£50,000
iii.	compensation payments;	£50,000
iv.	extra-statutory and extra-regulatory payments.	£50,000

124. DISPOSAL OF ASSETS (Paras. 116-118) £1,000,000

ANNEX C

FRAUD AND THEFT REPORTING

Introduction

1. The National Heritage Memorial Fund should keep a record of all frauds/theft (“frauds”), and will provide to the Department by the end of April each year, in the form specified in DAO (GEN) 15/02 and subsequent changes to *Government Accounting*, an annual report of all frauds discovered in the year. Individual frauds reported to the Department earlier in the year may be referred to in summary in the annual report if these have been reported in the prescribed form.
2. Frauds below the following *de minimis* levels need not be reported individually, but can be aggregated and reported as a single figure by value or losses incurred and number of frauds discovered, split between separate headings for fraud and theft. This is to ensure the Department has sufficient information with which to answer Parliamentary Questions.
3. In the case of **fraudulent exploitation of assets and information, and abuse of position (including corruption)**, there is no *de minimis* limit because even when no actual loss has occurred, there is a risk that reputational damage may have been caused.

De minimis limits applying to:

Individual frauds/thefts

T & S / allowances / pay	£500
Theft by staff	£2,000
Fraud by staff	£2,000
Theft by outsider	£5,000
Fraud by supplier	£5,000
Fraud by grant recipient	£5,000

Frauds above the de minimis limits

4. Frauds above the de minimis level (**and all novel frauds**) should be reported as soon as possible with as much of the following information as time and circumstances permit:
 - a) when the fraud occurred
 - b) what happened, and does the NHMF consider the fraud novel or unusual,
 - c) information about the perpetrator - staff or external,
 - d) suspected/estimated or actual level of loss,
 - e) action taken to date and planned
 - to investigate the fraud
 - to rectify control failures and prevent recurrence
 - against the perpetrator.
 - f) the extent of any Police involvement
 - g) how soon a full report will be available.

The Department will then decide whether a full report on the basis of DAO (GEN) 15/02 is necessary, and any other action that it considers should be taken. Cases which are novel or unusual will be brought to the attention of the Treasury by the Department so that any lessons can be shared quickly.

Use of fraud reports

5. Full reports of frauds with losses above £10k should be accompanied by a narrative suitable for publication, the content of which should cover the main system weaknesses which allowed the fraud to occur, the method by which the fraud was discovered, the value of the fraud, action taken against the perpetrator, and action taken to reduce the risk of recurrence.
6. Frauds of this magnitude may be reported to the Treasury as part of the Annual Fraud Return by Departments where there are important lessons to be learned. From time to time the Department will make lessons learnt from the Fraud Report available to its sponsored bodies.

ANNEX D

LIST OF MANAGEMENT DOCUMENTS AND TIMETABLE

Document	Timetable
Annual expenditure and grant in aid draw down profile	By 31 March for following financial year
Financial statement and analysis	Quarterly
New or revised Funding Agreement	As agreed with DCMS
Review of last full year of Funding Agreement	As agreed with DCMS
Certificate of agreement of balances/ transaction streams and consolidation pack	According to timetable in relevant DCO/DCM letter
Draft Annual Report and Accounts	By 31 July
Final Annual Report and Accounts	By 31 October
The Head of Internal Audit's annual report	As soon as possible after the report is passed to the Audit Committee
Frauds or attempted fraud	Above the de minimis limits (Annex C), as soon as possible; below the de minimis limits, annually by 31 April each year
Report on level of outstanding Lottery commitments	On a quarterly basis
Lottery - copy of finalised Management Letter, with management response	By 31 October
Return on expected drawdown from the NLDF in the next three months and the current and next three financial years (LOT 61)	On a quarterly basis

ANNEX E

NATIONAL HERITAGE MEMORIAL FUND

CERTIFICATE OF EXEMPTION FROM EMPLOYER'S LIABILITY INSURANCE

In accordance with the provisions of Regulation 9 and paragraph 1 of Schedule 2 to the Employer's Liability (Compulsory Insurance) Regulations 1998 (SI 1998/2573), the Secretary of State for Culture, Media and Sport hereby certifies that any claim established against the National Heritage Memorial Fund in respect of any liability to any National Heritage Memorial fund employees of the kind mentioned in Section 1(1) of the Employer's Liability (Compulsory Insurance) Act 1969 will, to any extent to which it is otherwise incapable of being satisfied by the aforementioned employer, be satisfied out of moneys provided by Parliament.

Signed by authority of the Secretary of State for Culture, Media and Sport

HARRY REEVES

Head of Architecture and Historic Environment Division February 2006