

WEST NORTHAMPTONSHIRE URBAN DEVELOPMENT CORPORATION MANAGEMENT STATEMENT

Page no:

1. INTRODUCTION	2
1.1 This document.....	2
1.2 Founding legislation; status	3
1.3 The functions, duties and powers of the UDC	3
1.4 Classification	4
2. AIMS, OBJECTIVES AND TARGETS	5
2.1 Overall aim	5
2.2 Objectives and key targets	5
3. RESPONSIBILITIES AND ACCOUNTABILITY	5
3.1 The First Secretary of State	5
3.2 The Accounting Officer of the sponsor Office	7
3.3 The sponsoring team in the ODPM	7
3.4 The Chairman of the UDC	8
3.5 The UDC's Board	9
3.6 The Chief Executive's role as Accounting Officer	11
3.7 The Chief Executive's role as Consolidation Officer	13
3.8 Delegation of duties.....	13
3.9 The Chief Executive's role as Principal Officer for Ombudsman cases	13
4. PLANNING, BUDGETING AND CONTROL	13
4.1 The corporate plan	13
4.2 The business plan	14
4.3 Publication of plans	14
4.4 Reporting performance to the ODPM	14
4.5 Budgeting procedures	15
4.6 Internal audit	15
4.7 Additional Departmental access to the UDC	16
5. EXTERNAL ACCOUNTABILITY	16
5.1 The annual report and accounts.....	16
5.2 External audit	16
5.3 VFM examinations.....	17
6. STAFF MANAGEMENT	18
6.1 General	18
7. REVIEWING THE ROLE OF THE UDC.....	18

ATTACHMENTS:

- *Financial memorandum*

1. INTRODUCTION

1.1 This document

1.1.1 This management statement and its associated financial memorandum have been drawn up by the Office of the Deputy Prime Minister (ODPM) in consultation with the West Northamptonshire Urban Development Corporation (UDC)

1.1.2 Subject to the legislation noted below, the management statement sets out the broad framework within which the UDC will operate, in particular:

- the UDC's overall aim, objectives and targets in support of the sponsor Office's wider strategic aims and current Public Service Agreement (PSA);
- the rules and guidelines relevant to the exercise of the UDC's functions, duties and powers;
- the conditions under which any public funds are paid to the UDC;
- how the UDC is to be held to account for its performance.

However, the management statement and financial memorandum do not convey any legal powers or responsibilities.

1.1.3 The associated financial memorandum sets out in greater detail certain aspects of the financial provisions which the UDC shall observe.

1.1.4 The document shall be periodically reviewed by the ODPM in accordance with the timetable referred to in Section 7 below.

1.1.5 The UDC, or the First Secretary of State, may propose amendments to this document at any time. Any such proposals by the UDC shall be considered in the light of the ODPM's evolving policy aims, operational factors and the track record of the UDC itself. The guiding principle shall be that the extent of flexibility and freedom given to the UDC shall reflect both the quality of its internal controls and its operational needs. The First Secretary of State shall determine what changes, if any, are to be incorporated in the document. Legislative provisions shall take precedence over any part of the document. Significant variations to the document shall be cleared with the Treasury or Cabinet Office as appropriate. (The definition of "significant" will be determined by the ODPM in consultation with the Treasury/Cabinet Office.)

1.1.6 The combined document is to be signed and dated by the ODPM and the UDC.

1.1.7 Any question regarding the interpretation of the document shall be resolved by the ODPM after consultation with the UDC and, as necessary, with the Treasury and/or the Cabinet Office.

1.1.8 Copies of this document and any subsequent substantive amendments shall be placed in the Libraries of both Houses of Parliament. Copies shall also be made available to members of the public on the ODPM and the UDC website.

1.2 Founding legislation; status

1.2.1 The UDC is established under the Local Government, Planning and Land Act 1980. The constitution of the UDC is set out in Schedule 26 of the Act. The UDC does not carry out its functions on behalf of the Crown.

1.3 The functions, activities and powers of the UDC

1.3.1 The Act gives the UDC the following:

function:

- to secure the regeneration of its area.

activities:

- bringing land and buildings into effective use,
- encouraging the development of existing and new industry and commerce,
- creating an attractive environment and
- ensuring that housing and social facilities are available to encourage people to live and work in the area.

powers:

- acquire, hold, manage, reclaim and dispose of land and other property;
- carry out building and other operations;
- seek to ensure the provision of water, electricity, gas, sewerage and other services;
- carry on any business or undertaking for the purposes of the object;
- and generally do anything necessary or expedient for the purposes of the object or for purposes incidental to those purposes.
- may, with the consent of the Secretary of State, contribute such sums as he with the Treasury's concurrence may determine towards expenditure incurred or to be incurred by any local authority or statutory undertakers in the performance of any statutory functions of the authority or undertakers, including expenditure so incurred in the acquisition of land; and
- may, with the like consent, contribute such sums as the Secretary of State with the like concurrence may determine by way of assistance towards the provision of amenities.

1.4 Classification

- 1.4.1 For policy/administrative purposes the UDC is classified as an executive non-Departmental public body (NDPB).
- 1.4.2 For national accounts purposes the UDC is classified to the central government sector.
- 1.4.3 References to this UDC 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 UDC (paragraphs 65-66 of the financial memorandum).

2. AIM, OBJECTIVES AND TARGETS

2.1 Overall aim

2.1.1. The overall aim for the WNDC, to be fully set out in the Corporate Plan, is:

- To promote and deliver the sustainable regeneration and growth of West Northamptonshire, within the context of the national policy set out in the Sustainable Communities Plan, the plans for the wider Milton Keynes and South Midlands sub-region, and for the East Midlands region as a whole.

2.2 Objectives and key targets

2.2.1 The ODPM determines the UDC's performance framework in the light of its wider strategic aims and current PSA (paragraph 1.1.2). The UDC's objectives and key targets shall be agreed within the UDC's corporate and business planning process (Section 4 below).

2.2.2 Guidance on these matters is available on the Treasury's public website.

3. RESPONSIBILITIES AND ACCOUNTABILITY

3.1 The First Secretary of State

3.1.1 The First Secretary of State is accountable to Parliament for the activities and performance of the UDC. His responsibilities include:

- approving the UDC's strategic objectives and the policy and performance framework within which the UDC will operate (as set out in this management statement and financial memorandum and associated documents);
- keeping Parliament informed about the UDC's performance through an annual report and accounts;
- approving the amount of grant-in-aid/grant/other funds to be paid to the UDC, and securing Parliamentary approval;
- carrying out responsibilities specified in the founding legislation including appointments to the Board, approving the terms and conditions of Board members and laying of the annual report and accounts before Parliament.

3.1.2 As set out in Schedule 26 clauses 11 and 12 of the Local Government, Planning and Land Act 1980:

- A corporation may, with the approval of the Secretary of State, appoint such officers and servants as the corporation may determine;

- Employees of a corporation shall be appointed at such remuneration and on such terms and conditions as the corporation may determine.

3.2 The Accounting Officer of the sponsor Office

3.2.1 The Permanent Secretary, as the ODPM's principal Accounting Officer, is responsible for the overall organisation, management and staffing of the sponsor Office and for ensuring that there is a high standard of financial management in the Office as a whole. The principal Accounting Officer is accountable to Parliament for the issue of any grant-in-aid to the UDC. The principal Accounting Officer designates the Chief Executive of the UDC as the UDC's Accounting Officer, and may withdraw the accounting officer designation if he/she believes that the incumbent is no longer suitable for the role.

3.2.2 In particular the principal Accounting Officer of the ODPM shall ensure that:

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

3.2.3 The responsibilities of a Departmental Accounting Officer are set out in more detail in the annex to Chapter 4 of *Government Accounting*.

3.3 The sponsoring team in the ODPM

3.3.1 Within the ODPM, the Growth Areas Division is the sponsoring team for the UDC. The Team, in consultation as necessary with the relevant Departmental Accounting Officer, is the primary source of advice to the First Secretary of State on the discharge of his responsibilities in respect of the UDC, and the primary point of contact for the UDC in dealing with the ODPM. The sponsoring team shall carry out its duties under a senior officer who shall have primary responsibility for overseeing the activities of the UDC.

3.3.2 The sponsoring team shall advise the First Secretary of State on:

- an appropriate framework of objectives and targets for the UDC in the light of the ODPM's wider strategic aims and current PSA;
- an appropriate budget for the UDC in the light of the ODPM's overall public expenditure priorities;

- how well the UDC is achieving its strategic objectives and whether it is delivering value for money.

3.3.3 In support of the Departmental Accounting Officer the sponsoring team shall:

on performance and risk management -

- monitor the UDC's activities on a continuing basis through an adequate and timely flow of information from the UDC on performance, budgeting, control and risk management, including early sight of the UDC's Statement on Internal Control;
- address in a timely manner any significant problems arising in the UDC, whether financial or otherwise, making such interventions in the affairs of the UDC as the ODPM judges necessary;
- periodically carry out a risk assessment of the UDC's activities to inform the ODPM's oversight of the UDC; strengthen these arrangements if necessary; and amend the management statement accordingly. The risk assessment shall take into account the nature of the UDC's activities; the public monies at stake; the body's corporate governance arrangements; its financial performance; internal and external auditors' reports, the openness of communications between the body and the ODPM; and any other relevant matters;

on communication with the UDC -

- inform the UDC of relevant Government policy in a timely manner; advise on the interpretation of that policy; and issue specific guidance to the UDC as necessary;
- bring concerns about the activities of the UDC to the attention of the full Board, and require explanations and assurances from the Board that appropriate action has been taken.

3.4 The Chairman of the UDC

3.4.1 The Chairman is appointed by the First Secretary of State for a three-year term. This term can be extended for up to a further three years with the mutual agreement of both sides. The appointment is made in line with the Code of Practice issued by the Commissioner for Public Appointments.

3.4.2 The Chairman is responsible to the First Secretary of State. The Chairman shall aim to ensure that the UDC's policies and actions support the wider strategic policies of the First Secretary of State; and that the UDC's affairs are conducted with probity. The Chairman shares with other Board members the corporate responsibilities set out in paragraph 3.5.2, and in particular for ensuring that the UDC fulfils the aims and objectives set by the First Secretary of State.

3.4.3 The Chairman has a particular leadership responsibility on the following matters:

- formulating the Board's strategy;
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the First Secretary of State or ODPM;
- promoting the efficient and effective use of staff and other resources;
- encouraging high standards of propriety;
- representing the views of the Board to the general public.

3.4.4 The Chairman shall also:

- ensure that all members 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;
- advise the First Secretary of State of the needs of the UDC when Board vacancies arise, with a view to ensuring a proper balance of professional and financial expertise;
- on request, assess the performance of individual Board members when they are being considered for re-appointment to the Board.

3.4.5 The Chairman shall also ensure that a Code of Practice for Board Members is in place, based on the Cabinet Office's model Code of Practice for Board Members of Public Bodies. The Code shall commit the Chairman 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.

3.4.6 Communications between the Board and the First Secretary of State shall normally be through the Chairman. The Chairman shall ensure that the other Board members are kept informed of such communications.

3.5 The UDC's Board

3.5.1 The Board Members are appointed by the First Secretary of State, initially for one, two or three years, then for terms of up to three years.

3.5.2 The Board has corporate responsibility for ensuring that the UDC fulfils the aims and objectives set by the First Secretary of State and for promoting the efficient and effective use of staff and other resources by the UDC. To this end, and in pursuit of its wider corporate responsibilities, the Board shall:

- establish the overall strategic direction of the UDC within the policy and resources framework determined by the First Secretary of State;

- ensure that the First Secretary of State is kept informed of any changes which are likely to impact on the strategic direction of the UDC or on the attainability of its targets, and determine the steps needed to deal with such changes;
- ensure that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the sponsor Office, 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 sponsor Office;
- ensure that the Board receives and reviews regular financial information concerning the management of the UDC; is informed in a timely manner about any concerns about the activities of the UDC; and provides positive assurance to the ODPM that appropriate action has been taken on such concerns;
- demonstrate high standards of corporate governance at all times, including by using the independent audit committee (paragraph 4.6.2) to help the Board to address the key financial and other risks facing the UDC;
- appoint a Chief Executive to the UDC and, in consultation with the ODPM, set performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use of public monies.

3.5.3 Individual Board members shall act in accordance with their wider responsibility as Members of the Board – namely to:

- comply at all times with the Code of Practice (paragraph 3.4.5 above) that is adopted by the UDC 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, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments;
- act in good faith and in the best interests of the UDC.

3.6 The Chief Executive's role as Accounting Officer

3.6.1 The Chief Executive of the UDC is designated as the UDC's Accounting Officer by the ODPM's Accounting Officer.

3.6.2 The Accounting Officer of the UDC 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 UDC.

3.6.3 As Accounting Officer the Chief Executive shall exercise the following responsibilities in particular:

on planning and monitoring -

- establish, in agreement with the ODPM, the UDC's corporate and business plans in the light of the ODPM's wider strategic aims and current PSA;
- inform the ODPM of the UDC's progress in helping to achieve the ODPM's policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensure that timely forecasts and monitoring information on performance and finance are provided to the ODPM; that the ODPM 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 ODPM in a timely fashion;

on advising the Board -

- advise the Board on the discharge of its responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time;
- advise the Board on the UDC's performance compared with its aims and objectives;
- 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 Chairman, 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;

on managing risk and resources -

- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives 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 UDC, including any approved income or other receipts, are used for the purpose intended by Parliament, and that such moneys, together with the UDC's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by the UDC, including effective measures against fraud and theft;
- maintain a comprehensive 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;

on accounting for the UDC'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 First 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 UDC's system of internal control, for inclusion in the annual report and accounts;
- ensure that effective procedures for handling complaints about the UDC are established and made widely known within the UDC;
- 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 ODPM, 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 shall receive on appointment. Section IX of the attached financial memorandum refers to other key guidance;
- give evidence, normally with the Accounting Officer of the sponsor Office, when summoned before the Committee of Public Accounts on the use and stewardship of public funds by the UDC.

3.7 The Chief Executive's role as Consolidation Officer

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

3.7.2 As the UDC'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 UDC, for arranging for its audit and for sending the information and the audit report to the Principal Consolidation Officer nominated by the Treasury.

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

- ensure that the UDC 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.

3.8 Delegation of duties

3.8.1 The Chief Executive may delegate the day-to-day administration of his/her Accounting Officer and Consolidation Officer responsibilities to other employees in the UDC. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in this document.

3.9 The Chief Executive's role as Principal Officer for Ombudsman cases

3.9.1 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 the sponsor Office of any complaints about the UDC accepted by the Ombudsman for investigation, and about the UDC's proposed response to any subsequent recommendations from the Parliamentary Ombudsman.

4. PLANNING, BUDGETING AND CONTROL

4.1 The corporate plan

4.1.1 Consistent with the timetable for public spending reviews the UDC shall submit annually to the ODPM a draft of the UDC's updated corporate plan covering three years ahead. The UDC shall have agreed with the ODPM the issues to be addressed in the plan and the timetable for its preparation.

4.1.2 The plan shall reflect the UDC's statutory duties and, within those duties, the priorities set from time to time by the First Secretary of State. In particular, the plan shall demonstrate how the UDC contributes to the achievement of the ODPM's PSA targets.

4.1.3 The corporate plan shall set out:

- the UDC's key objectives and associated key performance targets for the three forward years, and its strategy for achieving those objectives;
- a review of the UDC's performance in the preceding financial year, and an estimate of performance in the current year;
- alternative scenarios to take account of factors which may significantly affect the execution of the plan but which cannot be accurately forecast;
- other matters as agreed between the ODPM and the UDC.

4.1.4 The main elements of the plan - including the key performance targets - shall be agreed between the ODPM and the UDC in the light of the ODPM's decisions on policy and resources taken in the context of the Government's wider public expenditure plans and decisions.

4.1.5 In reaching annual decisions on the UDC's rolling corporate plan and in monitoring progress, the ODPM shall aim to give the UDC greater planning certainty by observing the principles set out in paragraph 15 of PES(2000)25 concerning three year planning and end year flexibility (EYF). These principles are summarised in paragraph 21 of the financial memorandum.

4.2 The business plan

4.2.1 The first year of the corporate plan, amplified as necessary, shall form the business plan. The business plan shall be updated to include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the ODPM.

4.3 Publication of plans

4.3.1 Subject to any commercial considerations the corporate and business plans shall be published and made available on the Internet. A summary version shall be made available to staff.

4.4 Reporting performance to the ODPM

4.4.1 The UDC 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 corporate and business plans.

4.4.2 The UDC shall take the initiative in informing the ODPM of changes in external conditions which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives set out in the corporate or business plans.

4.4.3 The UDC's performance in helping to deliver Ministers' policies, including the achievement of key objectives, shall be reported to the ODPM on a three-monthly basis. Performance will be formally reviewed twice yearly by officials of the ODPM. The First Secretary of State shall meet the Board formally each year to discuss the UDC's performance, its current and future activities and any policy developments relevant to those activities.

4.4.4 The UDC's performance against key targets shall be reported in the UDC's annual report and accounts [see Section 5.1 below].

4.5 Budgeting procedures

4.5.1 The UDC's budgeting procedures are set out in the financial memorandum.

4.6 Internal audit

4.6.1 The UDC shall establish and maintain arrangements for internal audit in accordance with the Treasury's Government Internal Audit Standards. The UDC shall consult the ODPM 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 Government Internal Audit Standards (GIAS) 5.2.

4.6.2 The UDC shall set up an independent audit committee as a committee of its Board in accordance with the Cabinet Office's Guidance on Codes of Practice for Public Bodies and the Treasury's Audit Committee guidance.

4.6.3 The UDC shall arrange for periodic quality reviews of its internal audit in accordance with the GIAS. The ODPM shall consider whether it can rely on these reviews to provide assurance on the quality of internal audit. However, the ODPM reserves a right of access to carry out independent reviews of internal audit in the UDC.

4.6.4 The ODPM's Internal Audit Service shall have right of access at all times to the documentation prepared by and obtained during the course of audit work, by UDC Internal Audit staff. This requirement shall also apply where the UDC Internal Audit service is contracted out. The audit strategy, the annual or, if appropriate, longer-term audit plan or programme, and the annual report, that includes the UDC's Head of Internal Audit's opinion on risk management, control and governance shall be forwarded as soon as possible, or within agreed timescales to the sponsoring team, who shall consult the Head of Internal Audit as appropriate.

4.6.5 In addition, the UDC shall forward to the ODPM an annual report, within agreed timeframes, on fraudulent activity and instances of theft suffered by the UDC. They should also notify the ODPM in respect of any unusual or major incidents without delay, when any such incidents come to light or are identified. The UDC should also forward details of any changes to their terms of reference, the terms of reference of the Audit Committee or in relation to changes to the UDC's Fraud Policy and Fraud Response Plan in a timely manner.

4.7 Additional Departmental access to the UDC

4.7.1 In addition to the right of access referred to in paragraph 4.6.3 above, the ODPM shall have a right of access to all the UDC's records and personnel for purposes such as sponsorship audits, operational investigations or specify any other purpose.

5. EXTERNAL ACCOUNTABILITY

5.1 The annual report and accounts

5.1.1 After the end of each financial year the UDC shall publish 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 UDC. A draft of the report shall be submitted to the ODPM two weeks before the proposed publication date.

5.1.2 The report and accounts shall comply with the Treasury document *Executive Non-Departmental Public Bodies: Annual Reports and Accounts Guidance*. The accounts shall be prepared in accordance with the relevant statutes and the specific accounts direction issued by the First Secretary of State.

5.1.3 The report and accounts shall outline the UDC's main activities and performance during the previous financial year and set out in summary form the UDC'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.

5.1.4 The report and accounts shall be laid before Parliament and made available on the Internet, in accordance with the guidance on the procedures for presenting and laying the combined annual report and accounts as prescribed in Chapter 13 of the NDPB Annual Reports and Accounts Guidance [NOTE: This guidance is updated every year.]

5.2 External audit

5.2.1 The Comptroller and Auditor General (C&AG) will audit the UDC's annual accounts and pass the accounts to the ODPM who shall lay them before Parliament. 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.

- 5.2.2 The C&AG has agreed to consult the ODPM and the NDPB on who - the NAO or a commercial auditor – shall undertake the actual audit on his behalf. The final decision rests with the C&AG.
- 5.2.3 The C&AG has agreed to share with sponsor Offices information identified during the audit process and the audit report (together with any other outputs) at the end of the audit. This shall apply, in particular, to issues which impact on the ODPM's responsibilities in relation to financial systems within the NDPB. The C&AG has also agreed, where asked, to provide Offices and other relevant bodies with Regulatory Compliance Reports and other similar reports which Offices may request at the commencement of the audit and which are compatible with the independent auditor's role.

5.3 VFM examinations

- 5.3.1 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the NDPB 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 UDC 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.

6. STAFF MANAGEMENT

6.1 General

6.1.1. Within the arrangements approved by the First Secretary of State the UDC shall have responsibility for the recruitment, retention and motivation of its staff. To this end the UDC shall ensure that:

- its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued; 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 its staffing, including gradings and numbers of staff, is appropriate to its functions and the requirements of efficiency, effectiveness and economy;
- the performance of its staff at all levels is satisfactorily appraised and the UDC'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 UDC's objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistleblowing procedures consistent with the Public Interest Disclosure Act 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*.

7. REVIEWING THE ROLE OF THE UDC

7.1 The ODPM shall undertake a full review of the UDC every five years to:

- ensure that procedures are in place in the UDC to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body;
- specify the basis for the valuation and accounting treatment of the UDC's assets and liabilities at wind-up, distinguishing between actual

and potential assets and liabilities, in order to provide a clear basis for assessing the UDC's financial legacy;

- if necessary, secure representation on the UDC's Board to ensure that the wind-up is conducted in a proper and satisfactory manner.

The UDC shall provide the ODPM with full details of all agreements where the UDC or its successors have a right to share in the financial gains of developers.