

FRAMEWORK AGREEMENT FOR THE SPONSORSHIP RELATIONSHIP
BETWEEN
THE INDEPENDENT COMMISSION FOR AID IMPACT (ICAI)
AND
THE FOREIGN, COMMONWEALTH AND DEVELOPMENT OFFICE (FCDO)

Framework Document NDPB

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ANNEXES

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Introduction and Background

Purpose of document

This Framework Document (the “Framework Document”) has been agreed between the Foreign Commonwealth and Development Office (FCDO) and the Independent Commission for Aid Impact (ICAI) in accordance with HM Treasury’s handbook Managing Public Money (“MPM”) (as updated from time to time) and has been approved by HM Treasury. Although Annex A relates to the interaction between ICAI and FCDO, as its sponsoring department, it should be noted that other Government departments that administer Official Development Assistance (ODA) have agreed to identical ways of working with ICAI.

- 1.1. The Framework Document sets out the broad governance framework within which ICAI and the FCDO operate, these are designed to ensure ICAI’s propriety and value for money while safeguarding its independence from the FCDO in view of its role in scrutinising UK aid. It sets out ICAI’s core responsibilities; describes the governance and accountability framework that applies between the roles of the FCDO, ICAI, and the oversight role of the International Development Committee (IDC), to which ICAI reports to preserve its independence; and sets out how the day-to-day relationship works in practice, including in relation to governance and financial matters.
- 1.2. Nothing in this framework agreement is intended, nor should be interpreted, as imposing or seeking to impose any limitations on ICAI’s independent operational decision-making, including (but not limited to) its decisions on carrying out its functions to examine spending by Government departments on ODA.
- 1.3. This agreement is intended to set out a governance framework through which assurance will be provided that ICAI is operating in a way which satisfies Government requirements for the operation of non-departmental public bodies and the expenditure of public money in support of FCDO and ICAI’s responsibilities to Parliament and others.
- 1.4. The associated financial memorandum, which forms part of this document, sets out the financial provisions that ICAI shall observe.
- 1.5. This amended version of the Framework Agreement applies from the date of its signing until 30 June 2025. In accordance with the Cabinet Office’s Public Bodies Reform agenda, a formal review of ICAI took place in 2017 and relevant recommendations from that review, and the FCDO review conducted in 2020, are reflected in this Agreement. The agreement will be subject to a light touch annual review by FCDO and ICAI to ensure it remains relevant and accurate. Should the document remain relevant and accurate no changes will be made. ICAI, or the Foreign Secretary for Foreign, Commonwealth and Development Affairs (hereafter referred to as Foreign Secretary) may propose amendments to this document at any time and revisions can be made with the agreement of both parties. Any such proposals by ICAI shall be considered in the light of evolving Government policy aims,

operational factors and the track record of ICAI itself. The guiding principle shall be that the extent of flexibility and freedom given to ICAI shall reflect both the quality of its internal controls and its operational needs. The Foreign Secretary may choose to consult the IDC on proposed changes to be incorporated in the document. Legislative provisions shall take precedence over any part of the document. Significant variations to the document shall be confirmed with HM Treasury or the Cabinet Office as appropriate (the definition of “significant” will be determined by FCDO in consultation with HM Treasury and/or the Cabinet Office). Any question regarding the interpretation of the document shall be resolved by FCDO and ICAI mutually after consultation, as necessary, with HM Treasury and/or the Cabinet Office.

- 1.6. This document is to be signed and dated by FCDO and ICAI.
- 1.7. The document does not convey any legal powers or responsibilities but both parties agree to operate within its terms.
- 1.8. Copies of the document and any subsequent amendments shall be placed in the Libraries of both Houses of Parliament and made available to members of the public on FCDO and ICAI’s websites and shared with all ODA providing Government departments.
- 1.9. This Framework document should be reviewed and updated at least every 3 years unless there are exceptional reasons that render this inappropriate that have been agreed with HM Treasury and the Principal Accounting Officer of the sponsor department.

Objectives

- 1.10. The FCDO and ICAI share the common objective of ensuring independent evaluation of the extent to which ODA provided by the UK represents value for money]. To achieve this ICAI and the FCDO will work together in recognition of each other’s roles and areas of expertise. ensuring that ICAI also supports the strategic aims and objectives of the UK government as a whole – in so far as they relate to the independent scrutiny of ODA effectiveness – while retaining its operational independence.

Classification

- 1.11. ICAI is classified to the central government sector by the ONS.
- 1.12. It has been administratively classified by the Cabinet Office as an Advisory Non-Departmental Public Body.
- 1.13. References to ICAI include all its subsidiaries and joint ventures that are classified to the public sector for national accounts purposes. If ICAI establishes a subsidiary or

joint venture, there shall be a document setting out the arrangements between it and ICAI agreed with FCDO.

Purposes Aims and Duties

Purposes

1.14. The International Development (Official Development Assistance Target) Act 2002 and the International Development (Official Development Assistance Target) Act 2015 set out the provisions under which ICAI operate. In order to comply with section 5 of the International Development (Official Development Assistance Target) Act 2015, the Foreign Secretary appoints ICAI for the period of this Framework Agreement to provide independent evaluation of the extent to which ODA provided by the UK represents value for money. However, the management statement and financial memorandum do not convey any legal powers or responsibilities.

Aims

1.15. The ICAI's strategic aims and remit, reaffirmed in its 2017 Tailored Review and reviewed in the FCOD's review of ICAI in 2020, are to provide independent evaluation and scrutiny of the impact and value for money of all UK Government ODA. ICAI will carry out a small number of well-prioritised, well-evidenced, credible, thematic reviews on strategic issues faced by the UK Government's aid spending;

- consider the Government's strategic objectives for ODA when undertaking reviews;
- support Government learning on aid work through an emphasis on practical recommendations for future aid work;
- use the annual meeting to inform the FCDO and Directors-General from key ODA spending departments of key learning and reflections from ICAI reviews;
- consider how to expand ICAI's toolkit beyond reviews and reports to include more informal ways of helping organisational learning, and how ICAI's reviews and annual report can capture best practice;
- inform and support Parliament in its role of holding the UK Government to account; and
- ensure its work is made available to the public.

Role of the department

The Responsible Minister

1.16. The Foreign Secretary will account for ICAI on all matters concerning ICAI in Parliament.

1.17. As set out in the International Development Act 2015, these are:

- The Foreign Secretary must make arrangements for the independent evaluation of the extent to which ODA provided by the United Kingdom represents value for money in relation to the purposes for which it is provided.
- The Foreign Secretary must include in each annual report a statement as to how he or she has complied with the duty under subsection

The Minister is responsible for:

- the policy and corporate governance framework within which ICAI operates as set out in this Framework Agreement;
- appointing a senior policy lead for ICAI;
- answering for ICAI in Parliament given the FCDO's sponsorship responsibilities (ICAI will also be called regularly in its own right to give evidence before the IDC – and other select committees as appropriate - in respect of its reviews);
- securing Parliamentary approval for the amount of funds to be paid to ICAI
- ensuring the strategic aims and objectives of ICAI are consistent with those of the department and government – in so far as they relate to the independent scrutiny of ODA effectiveness;
- carrying out responsibilities specified in the Framework Agreement including appointments to the ICAI Board of Commissioners, approving the terms and conditions of Commissioners, appointment of and periodic meetings with the Chief Commissioner;
- engaging as the Foreign Secretary deems necessary with ICAI in support of the Foreign Secretary's duties under Section 5 of the International Development (Official Development Assistance Target) Act 2015;
- and has a power of appointment in relation to the appointment of the Chief Commissioner in line with the Governance Code on Public Appointments and

with support from an advisory assessment panel comprised of a senior independent panel member and representatives from ICAI, the IDC, and FCDO.

The Principal Accounting Officer (PAO)

- 1.18. The Principal Accounting Officer is the Permanent Secretary of the department. The PAO is responsible for FCDO's overall organisation, management and staffing and for ensuring that there is a high standard of financial and other management in the Department as a whole. The Principal Accounting Officer is accountable to Parliament for funding to ICAI.
- 1.19. FCDO's accounting officer's specific accountabilities and responsibilities as Principal Accounting Officer (PAO):
- 1.20. The Principal Accounting Officer (PAO) of the FCDO designates the Head of the Secretariat accounting officer and ensures that he / she is fully aware of his or her responsibilities. The PAO issues a letter appointing the Accounting Officer, setting out his or her responsibilities and delegated authorities. The Principal Accounting Officer may withdraw the accounting officer designation if he or she believes that the incumbent is no longer suitable for the role.
- 1.21. The respective responsibilities of the PAO and accounting officers for ALBs are set out in Chapter 3 of Managing Public Money, which is sent separately to the ICAI Accounting Officer on appointment.
- 1.22. The PAO is accountable to Parliament for the issue of any grant-in-aid to ICAI.
- 1.23. The PAO via the sponsorship team is also responsible for ensuring arrangements are in place in order to:
- address significant problems in ICAI, making such interventions as are judged necessary;
 - periodically and at such frequency as is proportionate to the level of risk carry out an assessment of the risks both to the department and ICAI's objectives and activities in line with the wider departmental risk assessment process;
 - inform ICAI of relevant government policy in a timely manner; and
 - bring Ministerial or departmental concerns about the activities of ICAI to the full ICAI board, and, as appropriate to the departmental board requiring explanations and assurances that appropriate action has been taken.

The Policy Lead for ICAI in FCDO

1.24. The FCDO policy lead will undertake quarterly dialogues with ICAI on substantive policy and strategic development. These meetings will also include a discussion on ICAI's workplan, over which ICAI will continue to exercise full control and decisions making.

The role of the Sponsorship team

1.25. The ODA Governance and Accountability (OGA) Team in the department is the primary contact for ICAI. The responsible Senior Civil Servant for this relationship is Director-General Humanitarian and Development. They are the main source of advice to the Responsible Minister on the discharge of his or her responsibilities in respect of ICAI. They also support the PAO on his or her responsibilities toward ICAI.

1.26. The policy lead and DG sponsor could either be the same or different people and FCDO will notify ICAI in writing, who these individuals are and when they change.

1.27. Officials of the OGA team in the FCDO will liaise regularly with ICAI officials to review performance against allocated resources. The OGA team will also take the opportunity to explain wider policy developments that might have an impact on ICAI.

1.28. Officials will ensure an annual evaluation of the performance of the Chief Commissioner is carried out, led by a non-executive member of the FCDO Board, and involving substantial input from the Chair of the IDC, alongside other stakeholders, including an assessment of whether ICAI is operating in line with functions set out in this Framework Agreement. The outcome of that evaluation should be made available to the Foreign Secretary.

1.29. The sponsorship team shall, after appropriate consultation with ICAI and the IDC, advise FCDO's Director General – Humanitarian and Development, Permanent Under-Secretary and Foreign Secretary on:

- an appropriate budget for ICAI in the light of the UK Government's overall public expenditure priorities bearing in mind the indicative four-year spending ceiling agreed by the FCDO and ICAI at the start of the Board's term;
- how well ICAI is meeting its corporate governance obligations and other matters as set out in this Framework Agreement;
- internal committees and reporting structures to monitor recommendation uptake, ensure Government responses are completed on time, and consider systemic issues and wider learning points ; and
- options for secondments of Government staff to the ICAI Secretariat and review teams, and vice versa, putting sufficient conflict of interest protocols in place.

1.30. In support of the Principal Accounting Officer, the sponsorship team will:

- engage with ICAI on its budgeting, finance and governance control and risk management and address any issues arising while respecting ICAI’s operational independence;
- inform ICAI of relevant Government policy and directives relating to NDPBs in a timely manner; advise on the interpretation of that policy; and issue specific guidance to ICAI as necessary; and
- bring any concerns about activities to the attention of the delegated Accounting Officer and Commissioners and ensure that ICAI has taken appropriate action.

Resolution of disputes between ICAI and FCDO

1.31. Any disputes relating to the interpretation of this agreement will be resolved in as timely a manner as possible. The Department and ICAI will seek to resolve any disputes through an informal process in the first instance. If this is not possible, then a formal process, overseen by the Senior Sponsor, will be used to resolve the issue. Failing this, the Senior Sponsor will ask the relevant policy Director General to oversee the dispute. They may then choose to ask the Permanent Under-Secretary to nominate a non-executive member of the Department’s Board to review the dispute, mediate with both sides and reach an outcome, in consultation with the Foreign Secretary.

The UK Parliament

1.32. The parties agree and understand that they will seek the agreement of Parliament through the IDC to:

- agree ICAI’s annual work plan, and any significant changes to the work plan (see section 1.81)
- monitor the performance of ICAI against its plans and targets; and
- monitor the performance of the Chief Commissioner and contribute to the assessment of the Chief Commissioner’s performance as set out in 3.5 below.

Freedom of Information requests

1.33. ICAI is a public authority under Schedule 1 of the Freedom of Information Act 2000. The Chief Commissioner will be the “Qualified Person” for the purposes of engaging the exemption at section 36 of the Act. FCDO will provide support and advice to ICAI in fulfilling this responsibility. While respecting each party’s mutual obligations under the relevant legislation, where a request for information is received by either party under the Freedom of Information Act 2000, or the Data Protection

Act 1998 or 2018, the party receiving the request will consult with the other party prior to any disclosure of information that may affect the other party's responsibilities.

Reporting on legal risk and litigation

1.34. ICAI shall provide a quarterly update to the Sponsor on the existence of any active litigation and any threatened or reasonably anticipated litigation. The parties acknowledge the importance of ensuring that legal risks are communicated appropriately to the Sponsor in a timely manner.

1.35. In respect of each substantial piece of litigation involving the ALB, the parties will agree a litigation protocol which will include specific provisions to ensure appropriate and timely reporting on the status of the litigation and the protection of legally privileged information transmitted to the Sponsor to facilitate this. Until such time as a protocol is agreed, the parties will ensure that:

- material developments in the litigation are communicated to the Sponsor in an appropriate and timely manner;
- legally privileged documents and information are clearly marked as such;
- individual employees handling the legally privileged documents are familiar with principles to which they must adhere to protect legal privilege; and
- circulation of privileged information within government occurs only as necessary.

ICAI Governance and Structure

Governance and Accountability

1.36. ICAI consists of the following elements:

- a full time Chief Commissioner who heads a small Board including two part-time Commissioners (all appointed by the Foreign Secretary) who, together, take strategic decisions on what should be evaluated, gather evidence about results, identify opportunities for learning and oversee a contracted service provider which carries out work on ICAI's behalf; and
- a Secretariat consisting of civil servants led by a Head of Secretariat. The role of the Secretariat is to support the Commissioners in their work, manage the work of the service provider on a day-to-day basis and act as a liaison point between the

Commissioners and Parliament, the public, the media and government departments.

1.37. ICAI shall operate corporate governance arrangements that, so far as practicable and in the light of the other provisions of this Framework Document or as otherwise may be mutually agreed, accord with good corporate governance practice and applicable regulatory requirements and expectations.

1.38. In particular (but without limitation), ICAI should:

- comply with the principles and provisions of the Corporate Governance in Central Government Departments Code of Good Practice (as amended and updated from time to time) to the extent appropriate and in line with their statutory duties or specify and explain any non-compliance in its annual report;
- comply with Managing Public Money;
- in line with Managing Public Money (Annex 3.1) have regard to the relevant Functional Standards as appropriate and in particular those concerning Finance, Commercial and Counter Fraud; and
- take into account the codes of good practice and guidance set out in Annex D of this Framework Document, as they apply to Arms' Length Bodies

1.39. In line with Managing Public Money, ICAI shall provide an account of corporate governance in its annual governance statement including the Board's assessment of its compliance with the Code with explanations of any material departures. To the extent that the Company does intend to materially depart from the Code, the Sponsor should be notified in advance and their agreement sought to this approach.

The Head of the Secretariat

Appointment

1.40. The Head of the Secretariat is a civil servant.

Responsibilities of the Head of the Secretariat as accounting officer

1.41. The Head of the Secretariat as Accounting Officer is personally responsible for safeguarding the public funds for which they have charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of ICAI. In addition, they should ensure that the ICAI as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management, that are set out in Box 3.1 of Managing Public Money. These responsibilities include the below and those that are set in the Accounting Officer appointment letter issued by the Principal Accounting Officer of the Sponsor Department.

Responsibilities for accounting to Parliament and the Public

1.42. Responsibilities to Parliament and the public include:

- 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 Foreign Secretary;
- preparing and signing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts;
- ensuring that effective procedures for handling complaints about ICAI in accordance with Parliamentary and Health Service Ombudsman's Principles of Good Complaint Handling are established and made widely known within ICAI and published [on gov.uk/ICAI's website];
- acting in accordance with the terms of Managing Public Money and other instructions and guidance issued from time to time by the Department, the Treasury and the Cabinet Office;
- ensuring that as part of the above compliance they are familiar with and act in accordance with:
 - any governing legislation
 - this framework document,
 - any delegation letter issued to body as set out in paragraph 1.65
 - any elements of any settlement letter issued to the sponsor department
 - that is relevant to the operation of the ALB; and
 - any separate settlement letter that is issued to the ALB from the sponsor department.
 - ensuring they have appropriate internal mechanisms for the monitoring, governance and external reporting regarding compliance with any conditions arising from the above documents.

1.43. As Accounting Officer, the Head of Secretariat shall exercise the following responsibilities, in particular:

On planning and monitoring -

- together with the Board of Commissioners, ensure that ICAI functions in accordance with this Framework Agreement, its annexes and any agreed amendments to these;
- ensure ICAI's annual forward budget proposal is prepared in accordance with section 1.89;
- ensure that timely forecasts and monitoring information on finance and governance performance are provided to FCDO; that FCDO is notified promptly if over- or underspends are likely and that corrective action is agreed and taken, including any adjustments required to FCDO's Main or Supplementary Estimates; and that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to FCDO in a timely fashion;

On advising Commissioners and ICAI staff –

- advise Commissioners and ICAI staff on the discharge of their responsibilities as set out in this document and in any other relevant instructions and guidance that may be issued from time to time;
- advise Commissioners on ICAI's performance, including progress against Key Performance indicators, compared with its aims and objectives;
- ensure that financial considerations are taken fully into account by Commissioners 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 Managing Public Money, if ICAI, or the Chief Commissioner, is contemplating a course of action involving a transaction which the Delegated Accounting Officer considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration or efficiency or effectiveness, is of questionable feasibility, or is unethical;
- maintain a comprehensive system of internal delegated authorities which are notified to staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that effective personnel management policies are maintained;
- ensure that all Commissioners, 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;

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 ICAI including any approved income or receipts are used for the purpose intended by Parliament, and that such monies together with ICAI's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by ICAI, including effective measures against fraud and theft;

On accounting to Parliament for ICAI's activities –

- sign the accounts and be responsible for ensuring that proper records are kept relating to the Annual Report, including accounts and that the accounts are properly prepared and presented in accordance with any directions issued by FCDO;
- prepare and sign a Statement of Assurance regarding ICAI's system of risk management and internal control, for inclusion in the Annual Report and Accounts;
- ensure that effective procedures for handling complaints about ICAI are established and made widely known within ICAI;
- act in accordance with the terms of this document and with the instructions and guidance in Managing Public Money and other instructions and guidance issued from time to time by the Treasury and the Cabinet Office; and
- give evidence, normally with FCDO's Accounting Officer, when summoned before the Committee of Public Accounts on the use and stewardship of public funds by ICAI.

On responsibilities to ICAI

- advise ICAI on the discharge of its responsibilities as set out in this document and in any other relevant instructions and guidance that may be issued from time to time.

Delegation of Duties

1.44. The Head of Secretariat may delegate the day-to-day administration of the Accounting Officer responsibilities to appropriate staff, in circumstances approved by the Chief Commissioner. However, he or she shall not assign absolutely to any other person any of the responsibilities set out in this document.

Principal Officer for Ombudsman Cases

1.45. The Chief Commissioner is the Principal Officer for handling cases involving the Parliamentary Commissioner for Administration. As Principal Officer he or she shall inform the Permanent Under-Secretary of FCDO of any complaints about ICAI accepted by the Parliamentary and Health Service Ombudsman for investigation, and about ICAI's proposed response to any subsequent recommendations from the Ombudsman.

Chief Commissioner

Appointment

1.46. The Chief Commissioner is appointed by the Foreign Secretary in relation to the points below. FCDO oversees the recruitment process for the Chief Commissioner and is supported by an advisory assessment panel comprised of a senior independent panel member and representatives from ICAI, the IDC and FCDO. This appointment is subject to the Public Appointments Order in Council and as such must comply with the Governance Code on Public Appointments.

Responsibilities for accounting to Parliament and the Public

1.47. Reporting on ICAI's performance directly to Parliament, through the IDC, as set out in the exchange of letters between a previous Secretary of State for International Development and the Chair of the IDC on reporting arrangements for ICAI.

1.48. Giving evidence, along with other Commissioners, to the International Development Committee's ICAI sub-committee in respect of ICAI's reviews,

1.48. The Chief Commissioner shall aim to ensure that ICAI's affairs are conducted with probity.

- 1.49. The Chief Commissioner shares with other Commissioners and the Secretariat the responsibility for ensuring ICAI adheres to this Framework Agreement and its annexes, including any agreed amendments to these.
- 1.50. The Foreign Secretary will approve the terms and conditions of the Chief Commissioner. The role, functions and remuneration for the Chief Commissioner are set out in a formal job description included in his or her letter of appointment
- 1.51. The Foreign Secretary will approve the terms and conditions of the Chief Commissioner. The role, functions and remuneration for the Chief Commissioner are set out in a formal job description included in his or her letter of appointment.

Responsibilities to the FCDO

- 1.52. Responsibilities to FCDO include:

Set ICAI's direction & oversee reviews

- leading the development of ICAI's work programme, ensure that commissions are strategically focused and prioritised, consider the Government's strategic objectives for ODA and focus on the delivery of well-evidenced, high quality, reports
- informing the department of progress in helping to achieve the department's policy objectives and in demonstrating how resources are being used to achieve those objectives;
- leading the ICAI Board, oversee and set direction for the delivery of reviews that provide independent evaluation and scrutiny of the impact, value for money and learning of all UK Government Official Development Assistance;
- informing and supporting Parliament in its role of holding the UK Government to account, reporting to the International Development Committee on ICAI's work;
- establishing ICAI's overall strategic direction within the policy and resource framework determined by Government and ensure those resources are managed effectively and reflect the organisation's role and values;
- ensuring review consistency and impact through detailed engagement across and within reviews;
- where there are lessons that have wider implications beyond the subject in focus, including specific learning points in reviews and follow up, helping Government build up a body of best practice in establishing and managing aid programmes;
- developing clear, practical recommendations for future aid work;
- contributing to continuous improvement in the impact of UK aid, through monitoring implementation of ICAI findings and ensuring their dissemination;

- providing leadership, challenge and direction to ICAI Commissioners, the Secretariat and contractors, enabling these component parts to operate as one first-class aid scrutiny body;
- encouraging the maintenance of the highest standards of propriety;

Build effective relationships with key stakeholders

- building effective relationships with key stakeholders, including the International Development Select Committee and government departments providing Official Development Assistance;
- overseeing implementation of recommendations from the 2020 Review of ICAI and contributing to an effective transition to Phase 4.

Ensuring strong statutory and administrative governance

- ensuring that any statutory or administrative requirements for the use of public funds are complied with; that ICAI operates within the limits of its delegated authority agreed with FCDO, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, ICAI takes account of guidance issued by FCDO;
- ensuring that mechanisms are in place to review regular financial information concerning the management of ICAI; that ICAI has sufficient information to perform its functions and is able to provide positive assurance to FCDO that appropriate action has been taken on any concerns which it has expressed on the activities of ICAI;
- acting in a way that promotes high standards of public finance, including the promotion of regularity, propriety, value for money and feasibility

The Chief Commissioner shall also:

- represent ICAI on the appointment panel for the other Commissioners (but not future Chief Commissioners);
- ensure that all Commissioners, 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 Foreign Secretary, through the sponsorship team, of the needs of ICAI when Commissioner vacancies arise, with a view to ensuring a proper balance of professional, financial and other relevant expertise; and
- assess the performance of individual Commissioners.
- The Chief Commissioner shall also ensure that ICAI follows the Code of Practice for Board Members of Public Bodies, and that Commissioners complete an annual return on personal codes of conduct. The Code shall commit the Chair and other Commissioners to the Nolan principles of public life and shall include a requirement for a comprehensive register of Commissioners' interests to be put in place, available to the public on request.
- Communications between ICAI and the Foreign Secretary shall normally be through the Chief Commissioner. The Chief Commissioner shall ensure that the other Commissioners are kept informed of such communications.
- The performance of the Chief Commissioner will be evaluated on an annual basis by a Non-Executive Director at FCDO

Responsibilities to the FCDO Management board

- 1.53. On at least an annual basis, the ICAI Commissioners will meet the Directors General of the FCDO and other ODA-spending Departments, as appropriate, to:
- consider the findings from the reports ICAI has undertaken in the preceding year;
 - assess whether there are any broad lessons that government should draw from the totality of ICAI studies and consider government's progress in implementing ICAI's recommendations; and follow up.
 - discuss any other issues relating to recent reports and follow-up of recommendations

Commissioners

- 1.54. The maximum number of Commissioners is two members, plus the Chief Commissioner. Commissioners are appointed by the Foreign Secretary. FCDO oversees the recruitment process for Commissioners, following the Governance Code on Public Appointments, which, for the Chief Commissioner, involves an independent assessor, and representatives of the IDC and ICAI on the advisory assessment panel, with the Foreign Secretary making the final decision. Unless stated otherwise, each

appointment lasts until the end of the Commission to which the Commissioner was appointed. Consideration will be given to staggering the appointment of one or more Commissioners to further facilitate effective transition between phases. The performance of individual Commissioners will be evaluated on an annual basis by the Chief Commissioner.

1.55. The Commissioners are independent from Government and report to the Chief Commissioner, and through them, to Parliament via the IDC. The responsibilities of each Commissioner are set out in formal role descriptions and included in their letter of appointment. Collectively, Commissioners have corporate responsibility for ensuring that ICAI fulfils its aims and objectives and for promoting the efficient and effective use of staff and other resources by ICAI and supporting the Chief Commissioner in the matters set out in this Framework.

1.56. Individual Commissioners shall act in accordance with their wider responsibility, namely to:

- comply at all times with the Code of Practice that is adopted by ICAI and with the rules relating to the use of public funds and to conflicts of interest;
- demonstrate adherence to the 12 Principles of Governance for all Public Body Non-Executive Directors as appropriate
- 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;
- consult the ICAI Delegated Accounting Officer concerning potential conflicts of interest concerning future employment;
- comply with ICAI's rules on the acceptance of gifts and hospitality, and of business appointments;
- act in good faith and in the best interests of ICAI; and
- ensure they are familiar with any applicable guidance on the role of Public Sector non-executive directors and Boards that may be issued from time to time by the Cabinet Office, HM Treasury or wider government.
- In accordance with government policy, and per their Honorarium agreements, FCDO will ensure that, where a Commissioner has acted honestly, reasonably, in good faith and without negligence, he or she will not have to meet out of their own personal resources any personal civil liability which is incurred in execution or purported execution of their ICAI functions.

ICAI Board meetings

- 1.57. ICAI will publish the agendas for meetings of its Board of Commissioners in advance on its website.

Managing conflicts

- 1.58. The Chief Executive (this will be the head of secretariat) should follow the advice and direction of the Board, except in very exceptional circumstances with a clear cut and transparent rationale for not doing so. If the Commissioners are contemplating a course of action involving a transaction which the Head of Secretariat considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility, or is unethical the Head of Secretariat in their role as Delegated Accounting Officer should reject that course of action and ensure that the Board have a full opportunity to discuss the rationale for that rejection. The Head of Secretariat should make their reservations clear, preferably in writing.
- 1.59. Such conflicts should be brought to the attention of the Principal Accounting Officer and the Responsible Minister as soon as possible. Furthermore and if agreed with the Responsible Minister, the Head of Secretariat must write a letter of justification to the Commissioners setting out the rationale for not following the advice and recommendation of the Board and copy that letter to the Treasury Officer of Accounts.
- 1.60. If the both the Responsible Minister and the Board agree the course inconsistent with Accounting Officer duties should be taken, then the Head of Secretariat should seek their written direction to carry it out, asking the Sponsor Department to inform HM Treasury. They should proceed to implement without delay, following the process set out in 3.6.6 of MPM.
- 1.61. If the Responsible Minister and the Board are in disagreement, the default position is that the accounting officer should follow the course of action they feel is consistent with their duties as Accounting Officer.

Management and financial responsibilities and controls

Delegated authorities

- 1.62. ICAI's delegated authorities are set out in the delegation letter [attached to this Framework Document.] This delegation letter may be updated and superseded by later versions which may be issued by the sponsor department in agreement with HM Treasury.
- 1.63. In line with Managing Public Money Annex 2.2 these delegations will be reviewed on an annual basis.

- 1.64. ICAI shall obtain the department's and where appropriate HM Treasury's prior written approval before:
- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in ICAI's annual budget as approved by the department;
 - incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications;
 - making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the department;
 - making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required; or
 - carrying out policies that go against the principles, rules, guidance and advice in Managing Public Money.

Spending authority

- 1.65. Once the budget has been approved by the sponsor department ICAI shall have authority to incur expenditure approved in the budget without further reference to the sponsor department, on the following conditions.
- ICAI shall comply with the delegations set out in the delegation letter. These delegations shall not be altered without the prior agreement of the sponsor department and as agreed by HM Treasury and Cabinet Office as appropriate;
 - ICAI shall comply with Managing Public Money regarding novel, contentious or repercussive proposals;
 - inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed;
 - ICAI shall provide the sponsor department with such information about its operations, performance, individual projects or other expenditure as the sponsor department may reasonably require.

Banking and Managing Cash

- 1.66. FCDO finance is responsible for ICAI's banking and managing cash. ICAI and FCDO will operate in line with the banking policy and procedures as set out in the rules in Managing Public Money.

Procurement

- 1.67. FCDO provides ICAI with procurement services. ICAI will follow FCDO policy and procedures for the use of such services other than where agreed by FCDO

Risk management

- 1.68. ICAI shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with the Treasury guidance Management of Risk: Principles and Concepts¹.
- 1.69. ICAI reviews are considered at FCDO's Audit and Risk Assurance Committee (ARAC); and as part of a closed door session, ICAI Commissioners and Secretariat staff will attend a meeting of the ARAC annually to discuss reports as necessary.

Counter Fraud and Theft

- 1.70. ICAI should adopt and implement policies and practices to safeguard itself against fraud and theft (FCDO provides ICAI with counter-fraud services).
- 1.71. ICAI should act in line with guidance as issued by the Counter Fraud Function and in compliance with the procedures and considerations as set in in Managing Public Money Annex 4.9 and the Counter Fraud Functional Standard². It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter a contract or to provide grant or grant-in-aid.
- 1.72. ICAI should keep records of and prepare and forward to the department an annual report on fraud and theft suffered by ICAI and notify the sponsor department of any unusual or major incidents as soon as possible. ICAI should also report detected loss from fraud, bribery, corruption and error, alongside associated recoveries and prevented losses, to the counter fraud centre of expertise in line with the agreed government definitions as set out in Counter Fraud Functional Standard.

¹ http://www.hm-treasury.gov.uk/orange_book.htm

² <https://www.gov.uk/government/publications/government-functional-standard-govs-013-counter-fraud>

Secretariat responsibilities for staff

- 1.73. ICAI will use FCDO's recruitment, human resources and payroll systems to engage staff. ICAI will formally submit a proposal to FCDO where ICAI proposes to increase or otherwise amend its agreed headcount. Secretariat staff may be employed on permanent or fixed-term FCDO contracts, on loan from other Government departments, or on secondment from non-civil service organisations. ICAI do not need to seek exceptions panel approval for their cross Government recruitment. All external recruitment will be conducted in line with current FCDO policy.
- 1.74. FCDO will facilitate appropriate level(s) of Security Clearance for Secretariat staff, Commissioners and external suppliers with due regard to balancing HMG's security requirements and ICAI's remit and ability to carry out its role without hindrance.
- 1.75. Where an extension is proposed for staff on loan, ICAI will obtain permission for this through the relevant home Government department.
- 1.76. Within the arrangements approved by the Foreign Secretary, ICAI shall have responsibility for the recruitment, retention and motivation of its staff. To this end ICAI shall ensure that it conforms to FCDO's rules for the recruitment and management of staff, i.e. ICAI:
- creates 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 age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation;
 - the level and structure of its staffing, including grading and staff numbers, is appropriate to its functions and the requirements of efficiency, effectiveness and economy;
 - the performance of its staff at all levels is satisfactorily appraised;
 - its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve ICAI'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 1998 are in place; and

1.77. a code of conduct for staff is in place based on the Cabinet Office document Model Code for Staff of Executive Non-Departmental Bodies (<http://www.civilservice.gov.uk/modelcode>). The broad responsibilities toward its staff are to ensure that:

- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit: there is no discrimination on grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation;
- the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness;
- the performance of its staff at all levels is satisfactorily appraised and the ALB performance measurement systems are reviewed from time to time;

Work Plans Financial Reporting and Management information

Corporate and work plans

The Annual Work Plan

1.78. ICAI will agree an annual work plan with the IDC. The work plan will set out the studies ICAI intends to carry out for the year ahead. The work plan may be varied from time to time, subject to the agreement of the IDC.

1.79. In order to ensure the independence of ICAI's decision-making, the annual work plan is not subject to approval by FCDO or any other Government department.

1.80. FCDO, other Government departments and ICAI understand that the IDC may monitor the performance of ICAI against its plans and targets and may monitor the performance of the Chief Commissioner and contribute to the assessment of the Chief Commissioner's performance.

1.81. Annual meetings will take place between the ICAI Chief Commissioner and the Foreign Secretary to discuss the annual work plan and other priority issues.

1.82. Subject to any commercial considerations, the work plan will be published or made available on ICAI's website.

1.83. ICAI will produce a corporate plan setting out the details of how it will deliver its objectives. This will be published on ICAI's website. ICAI shall submit annually to the sponsor department a draft of the corporate plan covering at least a year ahead. ICAI shall agree with the department the issues to be addressed in the plan and the timetable for its preparation. The plan shall reflect ICAI's statutory and/or other duties (including decisions taken on policy and resources in the light of wider public expenditure decisions).

The Annual Forward Budget Proposal

1.84. ICAI will submit an annual forward budget proposal to FCDO in accordance with dates agreed with FCDO. The proposal will set out ICAI's budget plans for the next financial year.

1.85. In submitting the proposal, ICAI will ensure that the following matters have been taken into account and that appropriate records are maintained and made available for internal and external audit:

- a review of ICAI's performance in the preceding financial year together with comparable outturns for the previous two years, and an estimate of performance in the current year;
- key non-financial performance targets;
- a plan for delivering agreed efficiency savings;
- an assessment of key risks which may significantly affect the execution of the plan but which cannot be accurately forecast, and alternative scenarios to take account of these; and
- other matters as agreed between FCDO and ICAI.

Financial reporting

1.86. ICAI 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 planning documents.

1.87. ICAI and FCDO shall take the initiative in informing each other and the IDC at the earliest opportunity of substantial changes in external conditions, of which each might reasonably be expected to be aware, which make the achievement of objectives more or less difficult, or which may require a change to its budget or plans.

1.88. ICAI's performance against key targets will be reported in ICAI's Annual Report (see section 1.99)

Budgeting procedures

- 1.89. ICAI's financial performance shall be reviewed formally at each meeting of the ICAI Board of Commissioners. It shall also be reviewed jointly, and regularly by ICAI and the FCDO sponsorship and finance teams, involving FCDO HR as necessary on headcount issues. The Head of Secretariat has designated responsibility for advising the Chief Commissioner and Commissioners on any financial issues which he or she considers should be brought to their attention between meetings. For this purpose, the Chief Commissioner will meet with appropriate senior staff at regular intervals and receive reports on financial performance at intervals of not less than one month.
- 1.90. The ICAI Board of Commissioners will consider budget proposals for the following financial year in the preceding year and recommend a budget for submission to FCDO in accordance with dates agreed with FCDO.
- 1.91. The recommended budget will be within the overall financial limit agreed by FCDO.

Annual report and accounts

- 1.92. The Annual Report: ICAI must publish an Annual Report, including accounts information for the most recent financial year.
- 1.93. ICAI shall additionally provide to FCDO annual accounts, produced in accordance with the provisions of this agreement, for each government financial year fully covered by this Framework Agreement by no later than three months after the end of the year in question. A draft of the accounts shall be provided to FCDO by 30 April each year for consolidation in the draft FCDO Annual Report and Accounts.
- 1.94. The Chief Commissioner will share a copy of the Annual Report with FCDO a minimum of two working days before the proposed publication date.
- 1.95. The Annual Report shall be made available on ICAI's website by the end of June each year or before Parliamentary recess if there is a delay and that has been agreed between FCDO and ICAI.
- 1.96. The Annual Report must cover any corporate, subsidiary, or joint venture under its control; be prepared in accordance with the relevant statutes, comply with the Treasury's Financial Reporting Manual (FrEM); and outline main activities and performance during the previous financial year and set out in summary forward plans. It must also include information about the full and average cost of its reviews and any progress in achieving agreed efficiency plans.
- 1.97. The Annual Report shall be made available on ICAI's website by the end of June each year

Correspondence, Information Sharing and Data Protection

- 1.98. The department has the right of access to all ICAI's records and personnel for any purpose including, for example, sponsorship audits and operational investigations.
- 1.99. ICAI shall provide the sponsor department with such information about its operations, performance, individual projects or other expenditure as the sponsor department may reasonably require.
- 1.100. The department and HM Treasury may request the sharing of data held by ICAI in such a manner as set out in central guidance except insofar as it is prohibited by law. This may include requiring the appointment of a senior official to be responsible for the data sharing relationship.
- 1.101. As a minimum, ICAI shall provide the department with information monthly that will enable the department satisfactorily to monitor:
- forecast outturn by resource headings;
 - other data required for the Online System for Central Accounting and Reporting (OSCAR).;
 - data as required in respect of its compliance with any Cabinet Office Controls pipelines or required in order to meet any condition as set out in any settlement letter.
- 1.102. FCDO, in its capacity as sponsoring department, will remain responsible for responding to Parliamentary Questions in relation to ICAI and will consult with ICAI as appropriate in doing so. Where a Parliamentary Question relates to ICAI recommendations directed at another Government department, it will be that department's responsibility to respond.
- 1.103. ICAI and FCDO will be responsible for responding to correspondence received from third parties which relate to their activity. ICAI and FCDO will consult each other where appropriate before responding to correspondents (again, other departments will be responsible for correspondence directed at them).
- 1.104. ICAI will establish a protocol in consultation with FCDO for the handling of any correspondence and allegations it receives which relate to fraud and safeguarding issues, to include correspondence and allegations relating to other Government departments and programmes those departments fund.
- 1.105. Correspondence relating to FCDO's engagement with ICAI will be addressed by FCDO.
- 1.106. ICAI is responsible for ensuring that ICAI and its contractors comply with data protection legislation when processing personal data, including the General Data Protection Regulation. FCDO will provide support and advice to ICAI in fulfilling this responsibility.

- 1.107. The Secretariat and Commissioners will create and maintain its official records using designated folders on FCDO's electronic document and records management system to support obligations under the Public Records Acts. For the avoidance of doubt, ICAI Commissioners will also use FCDO's IT and records systems when performing their ICAI roles.
- 1.108. When processing personal data ICAI will be the controller of that data for the purposes of the UK General Data Protection Regulation as supplemented by the Data Protection Act 2018 (as revised and superseded from time to time) (DPA 2018)).
- 1.109. In this regard it will abide by all applicable Data Protection Legislation which for these purposes means the GDPR, DPA 2018 and any other applicable laws relating to data privacy.
- 1.110. In particular, it will ensure that it:
- (a) Complies with the data protection principles and rights of data subjects as set out in the GDPR.
 - (b) Ensures that its personnel have had appropriate data protection training and only process personal data (as defined by the GDPR) in accordance the applicable Data Protection Legislation.
 - (c) Takes all reasonable steps to ensure the reliability and integrity of any personnel who have access to personal data.
 - (d) Takes appropriate steps to ensure that the data are kept secure and in particular protected against a personal data breach (as defined by Article 4(12) of the GDPR) taking account of the nature of the data to be protected, the harm that might result, the state of technological development and the cost of implementing any such measures.
 - (e) Ensures that personal data are not transferred outside the UK save in accordance with Chapter V of the GDPR.
 - (f) Notifies the Data Protection Officer (DPO) in the event of a personal data breach as soon as they become aware and provide the DPO with all reasonable assistance in connection with the investigation and resolution of such event.
 - (g) Notifies the DPO immediately if it receives a request from a data subject seeking to exercise their rights under the Data Protection Legislation, (including but not limited to the right of access to personal data, to rectify, block or erase personal data and to complain about the handling of their personal data under the Data Protection Legislation) and shall provide the DPO with all reasonable assistance in connection with such request.
 - (h) Notifies the DPO immediately if it receives any complaint or communication from the Information Commissioner or any other regulatory authority in connection with the processing of personal data by it and co-operate with the DPO to resolve such complaint.
 - (i) Notifies the DPO if it receives a request from any third party for disclosure of personal data where compliance with such request is required or purported to be required by law.
 - (j) Allows audits of its data processing by the FCDO or the FCDO's designated auditor.
 - (k) Maintains complete and accurate records to demonstrate its compliance with all relevant Data Protection Legislation.

- (l) Takes account of any guidance issued by the Information Commissioner's Office.

Audit

Internal audit

- 1.111. ICAI, following appropriate consultation with FCDO, will annually agree internal audit coverage based on governance, risk management and control issues. The extent of such coverage should be proportional to the scale, complexity and key risks facing ICAI in order to enable the Delegated Accounting Officer to provide assurance over its operations. Confirmation of this assurance shall then be published in the Governance Statement in the Annual Report and Accounts. Conclusions of the review will be the sole property of ICAI. Internal audit reports in respect of ICAI will be made to FCDO's Audit, Risk and Assurance Committee. ICAI Commissioners and Secretariat staff will attend a meeting of the Audit, Risk and Assurance Committee annually to discuss reports as necessary. The Delegated Accounting Officer must make the Principal Accounting Officer aware of any serious issues found by internal audit or otherwise along with detailed plans for resolving the issues.
- 1.112. The internal audit activity will be undertaken in accordance with HM Treasury's Public Sector Internal Audit Standards. All such activity will be subject to the terms of a Service Level Agreement between ICAI and FCDO's Internal Audit Department, setting out the terms and level of expected service performance, including the formalisation of the independence and integrity of the ICAI audit.
- 1.113. In addition, ICAI shall forward to FCDO an annual report on fraud and theft suffered by ICAI; notify any unusual or major incidents as soon as possible; and notify any changes to internal audit's terms of reference, the audit committee's terms of reference or ICAI's Fraud Policy and Fraud Response Plan.

Annual Assurance Arrangements

- 1.114. In order to support FCDO's NDPB sponsorship obligations, ICAI will provide FCDO with a self-certified annual statement of assurance. ICAI and FCDO will determine the format of the statement. The statement will:
- be submitted by the end of April each year;
 - confirm that ICAI is continuing to perform its functions and is operating in accordance with the governance arrangements as set out in this framework agreement;
- 1.115. On at least an annual basis, the FCDO Management Board and invited Director-Generals from other key ODA spending departments will meet the ICAI Board of Commissioners to:

- discuss recent reports and follow-up recommendations ;
- consider the findings from the reports ICAI has undertaken in the preceding year;
- focus on where ICAI reviews are helping Government to learn more and to learn better from ICAI, both from what works and where Government must do better, to drive improvements in the way UK ODA delivers impact.
- assess whether there are any broad lessons that ODA spending departments should draw from the totality of ICAI studies and consider progress in implementing ICAI's recommendations.

External audit

1.116. The National Audit Office (NAO) is the external auditor of FCDO and as such the Comptroller and Auditor General (C&AG) will have rights of access to ICAI for all the NAO's statutory functions.

1.117. The NAO audits FCDO's annual accounts and lays them before parliament, together with his report.

Reviews and Winding up arrangements

Review of ICAI's status

1.118. ICAI will be reviewed as part of the wider Public Bodies Reviews programme, at a time determined by the department's ministers and their PAO.

Arrangements in the event that the ALB is wound up

1.18. The sponsor department shall put in place arrangements to ensure the orderly winding up of ICAI. In particular it should ensure that the assets and liabilities of ICAI are passed to any successor organisation and accounted for properly. (In the event that there is no successor organisation, the assets and liabilities should revert to the sponsor department.) To this end, the department shall:

- have regard to Cabinet Office guidance on winding up of ALBs ;
- undertake to meet all obligations of ICAI on the date at which notice of winding up was given, and to any supplier of goods and services for any period for which ICAI is committed;

- ensure that procedures are in place in ICAI 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 ALB’s assets and liabilities;
- specify the basis for the valuation and accounting treatment of ICAI’s assets and liabilities, if any exist;
- ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that, for non-Crown bodies funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his report on the accounts;
- arrange for the most appropriate person to sign the closing accounts. In the event that another ALB takes on the role, responsibilities, assets and liabilities, the succeeding ALB AO should sign the closing accounts. In the event that the department inherits the role, responsibilities, assets and liabilities, FCDO’s AO should sign.

List of Annexes

Annex A: Principles, Roles and Responsibilities for Interaction between Government Departments and ICAI on reviews

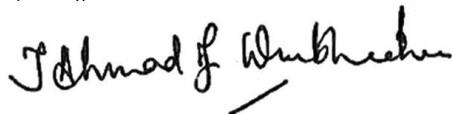
Annex B: Financial Memorandum

Annex C: FCDO Service Provision

Annex D: List of Government- wide Corporate Guidance Instructions

Annex E: Recommendations from the FCDO Review of ICAI (December 2020)

Signed by the FCDO Minister of State responsible for ICAI,
Lord (Tariq) Ahmad of Wimbledon



Date: 21.07.2022

Signed by the Chief Commissioner of ICAI



Date: 21st July 2022

Annex A: Principles, Roles and Responsibilities for Interaction between FCDO and ICAI on reviews

1. Context

- 1.1 The aim of this annex is to set out respective roles and responsibilities and principles for interaction between FCDO and ICAI in the course of the review process. ICAI has the mandate to scrutinise any UK Government Official Development Assistance (ODA) spend. ICAI does not have a mandate to scrutinise ODA spend of the Devolved Administrations. Where an ICAI review involves more than one department, ICAI will engage directly with those departments during the review process. Where appropriate, FCDO should play a coordination role on behalf of Government on joint responses.
- 1.2 In addition to the broad responsibilities outlined in the main part of the Framework Agreement (the management statement), the parties agree the following broad principles of engagement.

2. Principles

- 2.1 The following principles should guide interaction between FCDO and ICAI.

ICAI should:

- ensure independence of staff, decision-making and the process of undertaking studies;
- demonstrate value for money, objectivity and use of evidence in its operations and approach;
- specify in the Terms of Reference / scope of each review how it complements and does not duplicate other external scrutiny processes;
- identify, if advised sufficiently in advance, whether new policy announcements will have a material impact on the findings of reviews nearing completion and consult with FCDO officials on any impacts to timescales for completion”;
- operate transparently, publishing reports on the ICAI website and ensuring they are factually accurate; and
- comply with HMG security policies, including the protection of sensitive information and should document (and therefore be able to demonstrate, if requested, how it does so);

- consider developing, in consultation with the Government, partners and the IDC an improved approach to assessment ratings in reviews, by 2023;
- consider the recommendations from the World Bank report and continue to reflect best practice in their own recommendations; and
- ensure it has the right skills and expertise, both in house and through its supplier, to ensure it can review effectively an expanding range of ODA instruments and programmes.

2.2 FCDO should:

- respect the independence of ICAI staff, decision-making and reports;
- co-operate fully with ICAI in the undertaking of each study;
- provide full and unrestricted access to all relevant information and documents in a timely manner up to but not beyond Official (including Official-Sensitive) material. Material marked 'above' Official-Sensitive may be shared with ICAI, in full or as an extract of the document, where there is a clear and justifiable need and where ICAI can provide assurance that any of its personnel in receipt of the material have the appropriate level of security clearance and the information can be shared with ICAI securely; and
- ensure a timely response and follow up to recommendations of each report.

3. Roles and Responsibilities

3.1 The following sets out roles and responsibilities for how FCDO and ICAI will approach the undertaking of reports, ongoing interaction and media engagement.

3.2 ICAI should:

- publish its rolling work plan on its website following agreement by the IDC, and notify the IDC and FCDO of ad hoc reports in advance;
- prior to the commencement of fieldwork on each study, provide the study terms of reference to the senior official nominated by the relevant Government department for the study;
- prior to the commencement of fieldwork on each study, agree a timetable, including dates of any proposed country visits with the senior nominated official and agree in advance any subsequent variation to study dates or countries with the senior nominated official;

- publish all reports directly on its website and send a copy to the IDC and relevant Secretaries of State or Junior Ministers; and
- monitor progress on follow up of recommendations and report to the IDC, including at public evidence sessions.

3.3 FCDO should:

- assign a senior official (at Senior Civil Service level) for each report, responsible for providing relevant information, a timely management response and follow-up of recommendations;
- provide a complete response to ICAI's request for information (RFI) within three weeks of the RFI being issued.
- provide a complete fact check response to ICAI approach papers within five working days, and to final reports within ten working days.
- issue a written response to each report within six weeks of publication (or contribute to a joint government response where appropriate). The response should be approved at the appropriate senior level in the department (for FCDO this is the Foreign Secretary), sent to the Chief Commissioner and copied to the IDC;
- provide information to enable ICAI to monitor follow up and ensure implementation of recommendations.

4. Media engagement

4.1 ICAI should:

- undertake media and press engagement through the Chief Commissioner or Commissioners;
- focus media comment on its reports, providing relevant information and correcting any factual inaccuracies or incorrect interpretation; and
- share press releases with relevant departmental press offices, for information only, 48 hours before report publication.

4.2 FCDO should:

- issue a press release as appropriate, providing a government response to an ICAI review.

5. Overseas Visits

- 5.1 If ICAI proposes an exceptional, ad hoc, review, for a particular purpose (e.g. to review a humanitarian response) and the IDC agrees such a review should be carried out, departments under review will take all reasonable steps to accommodate country visits.
- 5.2 In preparing for and carrying out overseas visits, ICAI's Commissioners and Secretariat staff will:
- inform Development Directors or UK Government Head of Mission in good time (at least 8 weeks) in advance of planned travel arrangements;
 - take the advice of the designated country security officer regarding planned dates and regions for travel;
 - request permission from the relevant local authorities as appropriate; and
 - take direction from Heads of Office/UK Government Head of Mission and designated security officer regarding timing, safety and suitability of planned travel.
- 5.3 FCDO's duty of care policy and procedures apply to ICAI secretariat staff and commissioners who are required to adhere to them. The Service Provider always has a separate duty of care for its staff in country, as well as responsibility for their own logistics in country.
- 5.4 FCDO recognises that ICAI secretariat staff and Commissioners work as a unified team with staff from their service providers during overseas visits.
- 5.5 When travelling with an ICAI Commissioner or Secretariat staff FCDO will, where possible, provide staff from the service with shared accommodation and transport noting suppliers retain responsibility for their own duty of care.

Annex B: Financial Memorandum

ICAI - Delegation of Financial Responsibilities 2019 to 2023

This annex sets out the formal delegation for the Independent Commission for Aid Impact (ICAI) from 2019-2023.

ICAI is provided with a total delegated budget. The ICAI Board of Commissioners will consider annual budget proposals for the following financial year and recommend a budget for submission to FCDO in accordance with dates agreed with FCDO. The recommended budget will be within the overall delegated budget agreed by FCDO and ICAI at the beginning of each four-year Commission term. The annual budgets approved will form the basis of the business plan for the following year.

The delegated budget is an indicative commitment for the years 2019/20 to 2022/23. Final figures will be set on an annual basis following agreement between FCDO and ICAI. Setting a multi-year funding indicative commitment supports ICAI’s independence and ability to manage its resources effectively in the medium-term.

In line with HMG policy, if there is any request for increase in budgets outside the limits specified in this annex, ICAI will prepare a business case that FCDO will consider.

ICAI has complete discretion in the performance of its duties and a duty to do so efficiently and cost effectively, within its budgetary delegation, and in line with the budgetary authority provided for by a multi-year settlement. ICAI has maximum discretion over its use of resources. No further restrictions to the delegated authority provided to ICAI are specified beyond those required by guidance applying across government and the framework for the proper, regular and efficient use of public funds.

Government and HM Treasury policies will apply to ICAI. ICAI’s financial management responsibilities include:

- **the guidance set out in Managing Public Money:** in particular, ICAI cannot incur expenditure for any purpose which is or might be considered novel or contentious, or be repercussive without HM Treasury approval. If ICAI wish not to follow this guidance, permission should first be sought from HM Treasury. Please see <https://www.gov.uk/government/publications/managing-public-money>
- **cross government expenditure limits:** a table of limits for expenditure in certain operational areas where HM Treasury will not normally approve spending without Cabinet Office agreement is provided below.

<p>HM Treasury will not normally approve without Cabinet Office agreement:</p>	<p>Spend over</p>
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Advertising, marketing and communications	£100,000 or above.
Commercial Control, and dispute disclosure	Any commercial transaction valued over £10 million or more.

	<p>Any material change to services affecting a contract, with an estimated value of £10 million or more, which results in a contract variation.</p> <p>Organisations should inform the Cabinet Office of all disputes with any supplier which are likely to result in a payment, either from or to the supplier, in excess of £10 million (including legal costs).</p>
Digital and technology, including ID assurance	<p>£0 (no lower limit) for any digital projects using ID assurance for general public, domain registration, external facing digital transaction, website or mobile apps.</p> <p>£100,000 for digital expenditure.</p> <p>£1 million for expenditure on services also delivered by Independent Shared Service Centres (current or new back office/administrative systems, including ERP systems, HR systems, finance/accounting systems, procurement systems.</p> <p>£5 million for technology expenditure, including all sub components in a request e.g. a website and service supported by a series of contracts such as hosting, data centres, voice and video, security, securing third party support. Includes expenditure related to PSN.</p>
Consultancy	All consultancy expenditure above £20,000 in cases where: new contracts are expected to exceed 9 months, existing contracts are to be extended beyond 9 months, or the expenditure is on procurement related consultancy.
Property, including facilities management (FM)	<p>Rental expenditure above £100,000 during the life of the lease commitment.</p> <p>Approval must be sought for all new and extended FM contracts, regardless of financial commitment.</p>
Redundancy and compensation	<p>All schemes must be approved by Cabinet Office.</p> <p>Access to any ring-fenced expenditure will not normally be agreed by HM Treasury without Cabinet Office approval for the scheme.</p>

<p>External recruitment</p>	<p>Cabinet Office is not directly involved in recruitment approvals.</p> <p>In ministerial departments and in scope nondepartmental public bodies (NDPBs), approval is the responsibility of the Foreign Secretary. In nonministerial departments, it is the responsibility of the chief executive.</p> <p>Departments are required to submit quarterly recruitment forecasts and accompanying narrative to Cabinet Office.</p>
<p>Learning and development (Civil Service Learning)</p>	<p>Generic learning and development (L&D) services (new or contract extensions) outside core curriculum.</p> <p>Department-specific L&D services above £10,000 (new or contract extensions).</p>

- **cross government transparency guidance**
<https://www.gov.uk/government/publications/guidance-for-publishing-spend-over25000>
- **cross government guidance** that departments and other public bodies should only use Government Banking Service bank accounts and not commercial accounts.

These arrangements will be reviewed and revised as necessary.

Annex C: FCDO Service Provision to ICAI

FCDO will provide services to ICAI as set out below. The precise terms of each service may be agreed and set out between FCDO and ICAI outside of this framework agreement.

FCDO provides ICAI with:

- IT infrastructure
- Access to FDCO information systems
- Human resources services
- Procurement services
- Finance services
- Counter-fraud services
- Information rights advice
- Support with the provision of independent legal advice
- Estates services

ICAI will follow FCDO policy and procedures for the use of such services other than where agreed by FCDO.

Annex D – List of Government-wide Corporate Guidance Instructions

ICAI will comply with the following general guidance documents and instructions:

- This Framework Agreement;
- Relevant content of Corporate Governance in Central Government Departments: Code of Good Practice³;
- Managing Public Money;
- Management of Risk: Principles and Concepts ('The Orange Book');
- Government Financial Reporting Manual (FReM);
- Relevant Dear Accounting Officer letters;
- The Parliamentary Ombudsman's Principles of Good Administration;
- Other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts;
- Other relevant instructions and guidance issued by central Government departments
- Specific instructions and guidance issued by FCDO;
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, including the International Development Committee, that have been accepted by the Government and which are relevant to ICAI.

³ [Corporate governance in central government departments: code of good practice - guidance \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/67122/corporate-governance-in-central-government-departments-code-of-good-practice-guidance.pdf)

Annex E – Recommendations from the FCDO review of ICAI (December 2020)

ICAI should work together with FCDO to implement the recommendations from the FCDO review of ICAI listed below.

#	Recommendation
1	Focus ICAI's overarching remit to better support Government learning through an increased emphasis on practical recommendations for future aid work, in addition to its current focus on independent evaluation and scrutiny.
2	FCDO to appoint a lead senior official for ICAI, who should have quarterly dialogues with the Commissioners.
3	ICAI should plan its work with the Government's strategic objectives for ODA in mind, which Government should share with them. This will enable ICAI to assess Government delivery against those objectives.
4	ICAI should specify in the Terms of Reference / scope of each review how it complements and does not duplicate other external scrutiny processes.
5	ICAI Commissioners will continue to exercise full control and make final decisions over ICAI's workplan. The quarterly dialogues with the new ICAI lead senior official should be used to have regular discussions about the workplan with FCDO.
6	To help build up a body of best practice in establishing and managing aid programmes, where there are lessons that have wider implications beyond the subject in focus, ICAI should include specific learning points in its reviews.
7	ICAI should consider developing, in consultation with the Government, partners and the IDC an improved approach to assessment ratings in reviews, by 2023.
8	ICAI should consider the recommendations from the World Bank report and continue to reflect best practice in their own recommendations.
9	FCDO should determine the best internal committees and reporting structures to monitor recommendation uptake, ensure Government responses are completed on time, and consider systemic issues and wider learning points arising from recommendation 6 – and make that process clear to ICAI.
10	The FCDO Management Board will meet annually with ICAI Commissioners, with the option of including Directors-General from key ODA spending departments as needed. This meeting should focus on learning and reflection on where ICAI reviews are having most impact now and could have most impact in the future.
11	ICAI and FCDO to consider together how to expand ICAI's toolkit beyond reviews and reports to include more informal ways of helping organisational learning (e.g. workshops, roundtables, webinars), and how ICAI's reviews and annual report can capture best practice.
12	ICAI should continue to develop and adapt its KPIs alongside refocusing its remit in order to give effect to recommendations in this report by March 2021.
13	Going forward, new Commissioners should continue to be appointed for a single term, but their appointments should be staggered. Timing could also be better sequenced with supplier procurement.
14	To ensure it can review effectively an expanding range of ODA instruments and programmes, ICAI should ensure it has the right skills and expertise, both in house and through its supplier.
15	FCDO to investigate options for secondments of Government staff to the ICAI Secretariat and review teams, and vice versa, putting sufficient conflict of interest protocols in place.

HM Treasury contacts

This document can be downloaded from www.gov.uk

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