

**OLYMPIC DELIVERY AUTHORITY MANAGEMENT STATEMENT AND FINANCIAL
MEMORANDUM**

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OLYMPIC DELIVERY AUTHORITY

Part 1: MANAGEMENT STATEMENT

1. Definitions

1.1 This Management Statement is to be read together with the accompanying Financial Memorandum. In this Management Statement:

- "ODA" means the Olympic Delivery Authority
- "The Secretary of State" means the Secretary of State for Culture, Olympics, Media and Sport (the Secretary of State)
- "The Minister" means the Minister for Sport and the Olympics
- "DCMS" means the Department for Culture, Media and Sport
- "DCLG" means the Department for Communities and Local Government
- "DfT" means the Department for Transport
- "GOE" means the Government Olympic Executive
- "GLA" means the Greater London Authority
- "Mayor" means the Mayor of London
- "LOCOG" means the London Organising Committee of the Olympic Games
- "OLD" means the Olympic Lottery Distributor
- "LDA" means the London Development Agency
- "BOA" means the British Olympic Association
- "The Act" means the London Olympic Games and Paralympic Games Act 2006
- "The Games" means the London Olympic Games and Paralympic Games that will take place primarily in London in 2012 as defined in the Act
- "Public funds" are defined in paragraph 2.3 of the Financial Memorandum
- "Master Framework Memorandum" means the memorandum of understanding dated 18 February 2005 between the Secretary of State, the Mayor (in exercise of the functions of the GLA) and the BOA relating to the framework arrangements for the hosting by London of the 2012 Olympic and Paralympic Games
- Host City Contract means the Host City Contract for the Games of the XXX Olympiad in 2012, executed in Singapore on 6th July 2005 between the IOC and the Mayor of London, on

behalf of the GLA for the City of London, and the BOA, to which LOCOG subsequently also became a party.

- "Olympic Board" means the Board established by the then Secretary of State, the Mayor, the BOA and LOCOG to resolve and determine issues raised by Members of the Olympic Board to ensure the delivery of commitments given in the Host City Contract or the Guarantees and generally in relation to the staging of the Games and to ensure a sustainable legacy following the staging of the Games.
- "The Olympic Board Steering Group (OBSG)" means the Group charged with advising the Olympic Board on overall programme direction and resolving conflict. It includes the principal responsible officials from DCMS, LOCOG, BOA and the GLA. OBSG supports the Olympic Board
- Home Affairs (Olympic & Paralympic Games) Cabinet Sub-Committee (HA (OPG)) means the Cabinet Sub-Committee responsible for managing the delivery of the Government's contribution to the 2012 Games, including taking decisions on the use of Funders' contingency. Chaired by the Minister for the Cabinet Office, the following also attend: the Chief Secretary to the Treasury, Secretary of State for Communities and Local Government, Secretary of State for Culture, Olympics, Media and Sport, Secretary of State for Transport, Home Secretary, the Security Minister and the Minister for Sport and the Olympics.
- "Funders" are the contributors to the Public Sector Funding Package (being the LDA, GLA, OLD, Sport England CLG, DfT, and DCMS).
- The "Public Sector Funding Package (PSFP)" means:
 - o the funding, as described in the revised Memorandum of Understanding between the Government and the Mayor of London dated June 2007 and any successor documents, to be provided by the Funders to support, among other things, the provision of the Olympic Games venues and associated infrastructure and to support the training of athletes; and
 - o as revised in July 2010, to reflect the agreement to transfer the LDA's land holdings in the Olympic Park and Three Mills to the Olympic Park Legacy Company, and relieve the LDA of £300m of its contributions to the ODA's budget, in the next spending review period and replacing this with Exchequer funding in return for the LDA committing to reducing its debt position by the equivalent amount

- "Grant-in-aid" is funding from DCMS/GOE, including contributions from CLG and DfT, to enable the ODA to deliver its statutory functions .
- "ODA Programme" is the programme of works to deliver the Games venues, transport and infrastructure and their legacy.
- Words importing the feminine gender include the masculine and words importing the masculine gender include the feminine.
- Annual ODA Plan and Budget is an amalgamated document to meet the requirements of the ODA to produce a Corporate Plan, Business Plan and Budget annually

2. Introduction

2.1 This Management Statement and its associated Financial Memorandum have been drawn up by DCMS/GOE in consultation with Olympic Delivery Authority (ODA). It has also been prepared in consultation with Funders.

2.2 Subject to the legislation noted below, the Management Statement sets out the framework of accountability within which the ODA will operate, in particular:

- the rules and guidelines relevant to the exercise of ODA's functions, duties and powers;
- the conditions under which the ODA is to receive, hold and spend any public funds; and
- how the ODA is to be held to account for its performance.

2.3 The Management Statement and Financial Memorandum are subject to the provisions of all relevant law, and legislative changes will take precedence over the terms therein.

2.4 The Financial Memorandum (see Part 2) sets out in greater detail certain aspects of the financial provisions that ODA is required to observe.

2.5 This Management Statement will be reviewed as necessary by DCMS/GOE, in consultation with the Funders.

2.6 ODA, or DCMS/GOE, may propose amendments to the Management Statement and Financial Memorandum at any time. Any such proposals will be considered in the light of evolving policy and operational needs, as well as the ODA's track record. The guiding

principle is that the extent of flexibility and freedom given to ODA should reflect both the quality of its internal controls and its operational needs. Following consultation with Funders, DCMS/GOE will determine what changes, if any, are to be incorporated in the document. Significant variations to the Management Statement or Financial Memorandum shall be cleared with Treasury or Cabinet Office, as appropriate. (The definition of "significant" will be determined by DCMS/GOE in consultation with the Treasury/Cabinet Office.)

2.7 Any question regarding the interpretation of the document shall be resolved by DCMS/GOE after consultation with ODA and, as necessary, with the Treasury and/or the Cabinet Office and Funders.

2.8 Copies of the Management Statement and Financial Memorandum and any subsequent substantive amendments will be placed in the Libraries of both Houses of Parliament. The ODA will also make copies available on its website and to the public on request.

Founding legislation: status

2.9 The ODA is a body corporate established by section 3 of the London Olympic Games and Paralympic Games Act 2006.

Classification

2.10 For administrative purposes the ODA is classified as an executive non-departmental public body. For National Accounts purposes, the ODA is classified to the central government sector. Reference to the ODA includes any subsidiaries and joint ventures that are classified to the public sector for national accounts purposes. The arrangements between such a subsidiary and joint venture and the ODA shall be set out in the normal corporate constitutional documents, such as the Memorandum and Articles of Association. Any additional understanding reached between the entity and ODA must also be set out in writing (see also paragraphs 4.22 and 4.23 of the Financial Memorandum).

3. Functions, Aims, Objectives and Targets

General functions, aims and core objectives

3.1 Under Section 4(1) of the Act the ODA may take any action that it thinks necessary or expedient for the purpose of:

- a) preparing for the Games
- b) making arrangements in preparation for or in connection with the use or management, before during or after the Games, of premises and other facilities acquired, constructed or adapted in preparation for the Games, or
- c) ensuring that adequate arrangements are made for the provision, management and control of facilities for transport in connection with the Games.

3.2 Section 4(3) of the Act requires the ODA to exercise its functions, where relevant, with regard to the desirability of maximising the benefits that may be derived from the preparations for the Games, whilst contributing to sustainable development. The ODA's powers derive from these general functions, and from other sections of the Act granting specific powers to the ODA, in particular Section 4(2).

3.3 In short, the tasks of the ODA are to deliver the Games venues and infrastructure in time for the Games in a way which embeds equality and diversity and contributes to the delivery of a sustainable legacy and to plan and co-ordinate the transport plans for the Games in line with the decisions taken by the Olympic Board in fulfilment of the Host City's obligations within the Host City Contract. These tasks, and the approach that the ODA proposes to take in achieving them, should be reflected in the ODA's Annual Plan.

3.4 Under an Order made under the Local Government Planning and Land Act 1980, the ODA is the Local Planning Authority within the boundary defined in the Order. The Mayor has the power to direct the Authority to refuse an application for planning permission in a specified case.

3.5 The objectives and targets are set out in the ODA's Annual Plan and Budget.

4. The framework of Governance

The Master Framework Memorandum

4.1 The overall Governance framework for the delivery of the Olympic Games is set by the Master Framework Memorandum agreed on 18 February 2005 between the Secretary of State, the Mayor and the BOA, and to which the LOCOG is also a party. The Master

Framework Memorandum is not legally binding but sets out the terms of reference for the Olympic Board which in turn approves the ODA's Annual ODA Plan and Budget.

The Olympic Board

4.2 The role of the Olympic Board, advised by the Olympic Board Steering Group (OBSG) is to co-ordinate the overall Games Programme. The Membership of the Board comprises the Secretary of State, the Mayor and the Chairs of BOA and LOCOG.

4.3 Although ODA is not itself one of the four key members on the Olympic Board the Chair of the ODA is invited by the Olympic Board to attend in view of its major role in the delivery of the Games. The ODA is overseen by the Secretary of State who is represented on Olympic Board.

4.4 The functions of the Olympic Board are to ensure:

- a. the delivery of commitments given in the Host City Contract and the Guarantees and generally in relation to the staging of the Games; including by resolving and determining issues raised by members of the Olympic Board
- b. that a sustainable legacy is achieved following the staging of the Games.

4.5 In order to discharge these functions the Olympic Board has rights and powers which include:

- the right to receive reports and plans from all bodies involved in the staging of the Games and take action arising from those reports and plans as it thinks fit;
- the right to determine the Annual ODA Plan and Budget. In practice the Annual ODA Plan and Budget proposals are made through DCMS/GOE as the sponsoring Department;

Within this framework, the intention is to allow the ODA considerable operational autonomy to deliver the Games infrastructure on time and to budget.

Home Affairs (Olympic & Paralympic Games) Cabinet Sub-Committee (HA (OPG))

4.6 HA (OPG) has been established to determine access to Funders' contingency within the PSFP that is intended to address the

financial impact of events outside the ODA's control. The Membership is set out in the "Definitions" section above.

The Government Olympic Executive (GOE)

4.7 The Government Olympic Executive (GOE) is part of DCMS. It is responsible for the sponsorship of the ODA as a Non Departmental Public Body and for oversight of LOCOG and for putting in place the arrangements for the delivery of the Games' legacy. It is also responsible for ensuring that the Games are delivered on time, on budget and benefit the whole of the UK. It does this by:

- overseeing the entire London 2012 project;
- identifying and solving problems;
- delivering the public sector effort; and
- being accountable to Parliament and the public.

ODA Objectives and Key Targets

4.8 The Secretary of State is responsible, whilst acting within the context of the Master Framework Memorandum, for ensuring that the objectives and targets of the ODA are compatible with the requirements of the Government and Parliament, that costs are firmly controlled, that the plans and budgets are deliverable and that the resources are available to support them.

ODA Funding

4.9 The activities of the ODA are funded from the PSFP comprising separate streams of funding from the DCLG, DfT and DCMS, the Olympic Lottery Distributor (OLD); the Sports Lottery distributor; the Mayor and from the LDA. The PSFP meets expenditure on venues, transport and infrastructure including the Olympic Village, as well as the ODA's running costs. The ODA also receives some income from transactions with the private sector.

5. Responsibilities and Accountability

The Secretary of State for Culture, Olympics, Media and Sport

5.1 The Secretary of State is accountable to Parliament for the activities and performance of ODA. The responsibilities include:

- the appointment of the Chair and Board Members of the ODA, subject to consultation with the Mayor of London;
- the appointment of the first Chief Executive of the ODA and the approval of the appointment by ODA of subsequent Chief Executives (both of which are subject to consultation with the Mayor of London);
- approving the policy and performance framework within which ODA will operate;
- providing information about ODA to Parliament, as required;
- overseeing the funding of ODA from the Public Sector Funding Package;
- the Secretary of State is a Member of HA (OPG);
- determining the resource and capital expenditure limits to be applied to the ODA, the amount of Grant in Aid paid to the ODA, including any funds loaned from the Exchequer or National Loans Fund, and seeking Parliamentary approval for that amount;
- overseeing, with the support of the sponsoring team in DCMS/GOE, the cash flow to the ODA, from Funders and the profile of the ODA's expenditure;
- carrying out the responsibilities specified in the Act, including -
 - o approval of members of Committees who are not members of the ODA,
 - o approval of the appointment by the ODA of a finance director and a transport director,

- o issuing of guidance and directions,
- o receiving and laying before Parliament the combined Annual Report and Accounts of the ODA.

5.2 The Secretary of State is responsible for liaising with and obtaining the approval of the Olympic Board before setting and/or agreeing with the ODA its policies, targets, objectives, priorities, performance measures and budget. The Secretary of State is also responsible for obtaining the approval of the Funders to the use of Funders' contingency.

The Accounting Officer for DCMS

5.3 The Permanent Secretary as the Accounting Officer for DCMS is responsible through the Director General GOE for the overall organisation, management and staffing of the GOE and for ensuring that there is a high standard of financial management in GOE as a whole. In particular, the Accounting Officer:

- is accountable for the resources committed directly by DCMS/GOE to the Olympic Programme (but not for those grants to ODA for which GLA and LDA are separately accountable), as well as the resources required to run GOE;
- designates the Chief Executive of ODA as its Accounting Officer, and may withdraw the accounting officer designation from the Chief Executive, if he/she believes that the incumbent is no longer suitable for the role;
- is responsible for securing from CLG and DfT their contributions to the grant-in-aid issued by DCMS/GOE to the ODA;
- is responsible for ensuring that the financial and other management controls applied by DCMS/GOE to the ODA are appropriate and sufficient to safeguard public funds and for ensuring ODA's compliance with those controls;
- must be satisfied that the internal controls applied by ODA conform to the requirements of regularity, propriety and good financial management; and that an adequate flow of information is supplied by ODA to DCMS/GOE on matters of performance, budgeting, control and risk management, including the ODA's Statement on Internal Control;

- is accountable to Parliament for the issue of grant-in-aid, and for ensuring that the grant-in-aid is within the ambit and the amount of the Resource Estimate, and that Parliamentary authority has been sought and given;
- will call on the services of DCMS internal audit as required.

5.4 The responsibilities of a departmental Accounting Officer are set out in more detail in the annex to Chapter 3 of *Managing Public Money*.

The Director General GOE

5.5 The Director General of the Government Olympic Executive (GOE) sponsors the ODA. He is the primary source of advice to the Secretary of State and the Accounting Officer on the discharge of their responsibilities in respect of the ODA. The Director General is responsible for the ODA's sponsoring team in GOE. His role is to oversee for Government the delivery of the Games and effective preparations for a lasting legacy i.e. to :

- oversee the entire Olympic project;
- protect the Government's investment;
- ensure Government-wide engagement that secures benefits to the whole of the UK;
- spread the benefits of the Games across the UK; and
- ensure that the project is accountable.

The Sponsoring Team

5.6 The sponsor team is part of GOE reporting to the Director General. The main functions of the sponsoring team in relation to the ODA are to:

- advise the Secretary of State on the cash flows and funding for ODA, having regard to the projected costs for which it is responsible in relation to the Games Programme, to the views of the Olympic Board and to the availability of funds from the Funders within the agreed PSFP; and on appropriate performance measures;
- co-ordinate the Funders with a view to ensuring a smooth flow of funds to meet the ODA's requirements. In this context GOE has established an Olympic Funders' Forum - a working group the primary purposes of which is to assist Funders and the ODA to maintain the effective cash flow management of resource and capital funds, to help ensure a smooth flow of funding to the ODA and to assist the Funders and the ODA to resolve cash flow problems;
- brief the Funders on the requirement for Funders' Contingency
- oversee the investment in venues and infrastructure and to advise the Secretary of State on cost control in relation to the Games. This includes overseeing the operation of the ODA's Project control procedures, and managing the operation of the Olympic Project Review Group (OPRG) (see Financial Memorandum) which recommends to the Secretary of State, the Mayor and Treasury projects for approval, where their value is in excess of £20 million and which also controls cost changes and the ODA's access to Programme Contingency and the ring-fenced Legacy transformation budget of the ODA;
- advise the Secretary of State at a strategic level on how well the ODA is achieving its current objectives and whether it is delivering value for money;
- ensure that any impact on the ODA of the decisions made by Other Government Departments is understood and taken into account;

- ensure that information from ODA about factors which might influence the delivery of the Olympic targets in their Annual Plan and Budget , particularly those with a significant impact upon the PSFP, is passed promptly to Funders;
- co-ordinate discussion between ODA and its Funders, providing a single point of contact, where possible;
- ensure that effective processes including risk assessment, are used to produce plans and to set objectives and targets;
- monitor and review ODA's performance against targets and against its total financial provision; and to act on any significant problems in ODA, whether financial or otherwise, in a timely fashion;
- communicate and maintain an effective relationship with the ODA and ensure timely consultation about policy, resources and other relevant matters;
- communicate and advise on relevant Government policy to the ODA, to advise on the interpretation of that policy; and to provide advice and guidance to ODA, as necessary;
- consult the Funders immediately on all decisions which have a significant impact on their funding.

The Chairman of ODA

5.7 The Chairman is appointed by the Secretary of State after consultation with the Mayor. The current Chairman has been appointed for the period up to the end of September 2012. The appointment may be renewed for a further period at the Secretary of State's discretion and following consultation with the Mayor. The appointment of the Chairman is made in accordance with the Code of Practice issued by the Commissioner for Public Appointments.

5.8 The Chairman is responsible to the Secretary of State for ensuring that ODA's policies are consistent with those of the Secretary of State, and the Olympic Board, and that ODA's affairs are conducted with probity.

5.9 The Chairman has particular responsibility for providing effective strategic leadership on the following matters:

- formulating the ODA's strategy for discharging its statutory duties and ensuring that the ODA's actions are within its statutory powers;
- encouraging high standards of propriety and promoting the efficient and effective use of staff and other resources throughout ODA
- ensuring that the ODA's Board, in reaching decisions, takes proper account of the guidance provided by the Secretary of State or officials;
- representing the views of the ODA to the general public;
- providing an assessment of performance of individual Members of the ODA when they are being considered for re-appointment and as requested by DCMS/GOE in accordance with guidelines from the Office of the Commissioner for Public Appointments; and
- seeking the approval of the Secretary of State to the appointment of non-ODA members as Committee members.

5.10 The Chairman shall ensure that all Members of the ODA, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities and that they receive appropriate induction training. When vacancies arise, he shall advise the Secretary of State on the needs of the ODA with a view to ensuring a proper balance of professional, financial and other expertise. The Chairman may appoint from the members a Deputy Chairman to support him in leading the ODA.

5.11 The Chairman shall ensure that a Code of Practice for Members of the ODA is in place based on the Cabinet Office's model "Guidance on Codes of Practice for Board Members of Public Bodies." The Code commits the Chairman and other Board Members to "The Seven Principles of Public Life" and includes a requirement for a comprehensive and publicly available register of Board Members' interests.

5.12 Formal Communications between the ODA and the Secretary of State shall normally be through the Chairman.

The Members of the ODA

5.13 The Members of the ODA are appointed by the Secretary of State, having consulted the Mayor. The Act requires the Secretary of State, in appointing the Members of the ODA to have regard to the desirability of their having experience relevant to the nature of the ODA's functions and the places in relation to which those functions are likely to be exercised.

5.14 The Members of the ODA have corporate responsibility for ensuring that the ODA fulfils the overall aim and objectives set out in the Act and the priorities determined by the Secretary of State, (who will represent the views of the Olympic Board), and that it complies with any statutory or administrative requirements for the use of public funds. Other important responsibilities of the Members are:

- ensuring the discharge of the ODA's statutory duties;
- ensuring that high standards of corporate governance and financial management and control are observed at all times;
- establishing the overall strategic direction of ODA in the discharge of its statutory duties within the policy and resources framework agreed by the Secretary of State (who will represent the views of the Olympic Board);
- ensuring that the ODA operates within the limits of its statutory authority and any delegated authority agreed with DCMS/GOE, and in accordance with any other conditions relating to the use of public funds;
- ensuring that the ODA complies with any guidance or directions issued by the Secretary of State (working with the Olympic Board), and that in reaching decisions the ODA takes into account guidance issued by DCMS/GOE;
- ensuring that DCMS/GOE (who will inform Funders, in accordance with paragraph 5.6) and, through DCMS/GOE, the Olympic Board is made aware of any changes which might impact on the strategic direction or attainability of targets;

- ensuring that an adequate flow of information is supplied by ODA to DCMS/GOE and through DCMS/GOE to the Olympic Board, on matters of performance, budgeting, control and risk management, including ODA's Statement on Internal Control;
- ensure that a distinction is drawn and maintained between strategic planning and management, which is the responsibility of the Board, and day-to-day management issues which have been delegated to the Chief Executive. These arrangements should be set down in writing;
- assessing the performance of the Chief Executive and determining his remuneration in accordance with the terms of his contract.

Committees of the Board

5.15 The ODA will maintain an Audit Committee as a committee of the Board in accordance with paragraph 9.1 to Annex 7.4 of *Managing Public Money* and the Cabinet Office's *Guidance on Code of Practice for Public Bodies and the Audit Committee Handbook* and other such committees as may be necessary to conform to best standards of corporate governance and risk management. (Please see section on Internal Audit at paragraph 6.19 below.) GOE will participate as an observer at meetings of the Audit Committee, together with representatives of the NAO as ODA's external auditor.

Wider responsibility of Members of the ODA

5.16 Individual Members of the ODA must also be aware of their wider responsibility as Members - namely to:

- comply at all times with the Code of Practice that is adopted by the ODA and with all relevant rules relating to the use of public funds and to conflicts of interest;
- act in good faith in the best interests of the ODA;
- 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; and

- comply with the ODA's rules on the acceptance of gifts and hospitality and of business appointments.

The Chief Executive's Role as Accounting Officer

5.17 The Chief Executive of ODA is designated as the ODA's Accounting Officer by the Accounting Officer of DCMS.

5.18 As the ODA's Accounting Officer, the Chief Executive is personally responsible for safeguarding the public funds for which he 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 ODA. He shall act in accordance with: the terms of this Management Statement and the accompanying Financial Memorandum; with the instructions and guidance in *Managing Public Money*; and other instructions and guidance issued from time to time by DCMS, the Treasury and the Cabinet Office - in particular, the Treasury Documents:

- " *The Responsibilities of an NDPB Accounting Officer* (Annex 7.4 of *Managing Public Money* refers) - http://www.hm-treasury.gov.uk/psr_mpm_index.htm
- *Regularity, Propriety and Value for Money* - http://www.hm-treasury.gov.uk/psr_governance_valueformoney.htm

(A copy of both of which the Chief Executive received on appointment. The Financial Memorandum refers to other key guidance.)

5.19 As Accounting Officer of ODA the Chief Executive shall, in particular:

- establish, in agreement with the other Members of the ODA and with DCMS /GOE (who shall reflect the views of the Olympic Board and secure their agreement), the ODA's Annual Plan and Budget, and within that framework inform Funders of ODA's progress in the delivery of the Games venues and infrastructure and in demonstrating how resources are being used to achieve those objectives;
- advise Members of the ODA on its performance in relation to the achievement of its aims and objectives;

- advise the Members of the ODA on the discharge of their responsibilities as set out in the Management Statement and Financial Memorandum, in the Act and other legislation and in any other relevant instructions and guidance that may be issued from time to time;
- ensure that funding to the ODA, from whatever source, is used for the purposes for which it is intended, by Parliament or by other relevant authority, and that such moneys, together with the ODA's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that timely monitoring information and accurate forecasts are provided to DCMS/GOE and through DCMS to the Olympic Board;
- ensure that ODA keeps within the resource and expenditure limits set by the Secretary of State; that corrective action is taken to avoid overspends; and that DCMS/GOE – and through them Funders are notified promptly if overspends, or under spends, are likely to occur and that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to DCMS/GOE and through them to the Funders as appropriate (in accordance with paragraph 5.6), and to the Olympic Board in a timely fashion;
- ensure that the Chairman and Members of ODA are briefed fully on the financial considerations prior to reaching and executing decisions, and that standard financial appraisal techniques are followed as far as this is practical;
- 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 the ODA's compliance with the financial and other management controls applied by DCMS/GOE and maintain systems for compliance with this Management Statement and the associated Financial Memorandum;
- ensure the ODA's compliance with the conditions, requirements, instructions and guidance set out in the grant letters of DCMS/GOE, GLA, LDA, OLD and other lottery distributors;

- ensure that adequate internal management and financial controls are maintained by ODA, including that sums receivable are collected and that there are 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 appropriate personnel management policies are introduced and maintained;
- 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 DCMS/GOE;
- sign a Statement of Accounting Officer's responsibilities for inclusion in the annual report and accounts;
- sign a Statement of Internal Control regarding the ODA's system of internal control, for inclusion in the annual report and accounts;
- take action as set out in Chapter 3 of *Managing Public Money* if the ODA, 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;
- give evidence, normally with the Accounting Officer of DCMS/GOE, when summoned before the Committee of Public Accounts on the use and Stewardship of public funds by the ODA;
- ensure that effective procedures for handling complaints about ODA are established and made widely known within the organisation;
- maintain a full, accurate and up to date register of assets.

Consolidation Officer

5.20 For the purposes of Whole of Government Accounts the Treasury normally designates the Chief Executive of the Olympic Delivery Authority as its Consolidation Officer. As Consolidation Officer the Chief Executive shall comply with the requirements of the Consolidation Officer Memorandum (copy attached at Annex B).

Delegation of Duties

5.21 The Chief Executive may delegate the day-to-day administration of his Accounting Officer responsibilities to other employees in ODA. However, he shall not assign absolutely to any other person any of the responsibilities set out in this document. In particular, he may not delegate the duty of signing the annual accounts; this must remain the personal responsibility of the Accounting Officer.

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

5.22 The Chief Executive is the Principal Officer for handling cases involving the Parliamentary Commissioner for Administration. As Principal Officer he shall inform the Permanent Secretary of DCMS (and the nominated representative of the GLA) of any complaints about ODA accepted by the Ombudsman for investigation, and about ODA's proposed response to any subsequent recommendations from the Parliamentary Ombudsman.

6. Planning, Budgeting and Control

The Annual ODA Plan and Budget

6.1 Consistent with the timetable for public spending reviews, ODA shall normally submit to DCMS/GOE and to the OLD each year a draft of the Annual ODA Plan and Budget covering the lifetime of the Olympic Programme and its ongoing legacy and the year in question in more detail. DCMS/GOE will review the Plan and subject to revisions, the ODA will submit the Plan to the Olympic Board for their agreement. ODA must agree with DCMS/GOE, and with the OLD, the issues to be addressed in the Plan and the timetable for its preparation (see Annex A).

6.2 The Annual ODA Plan and Budget shall reflect ODA's statutory duties and the commitments entered into by the parties to the Host City Contract and, within those duties, the priorities set by the Secretary of State having regard to the views of the Olympic Board. In particular the plan shall demonstrate how ODA contributes to the achievement of the Games Programme and its legacy.

6.3 The Plan shall set out:

- ODA's key objectives, targets and expenditure plans for the lifetime of the Olympic Programme up to the wind-up of the ODA; it will include key ODA targets and milestones for the year immediately ahead, linked to budgeting information so that resources allocated to achieve specific objectives can be identified readily by DCMS/GOE;
- a review of ODA's performance in the preceding financial year together with comparable outturns for each of the

previous years, 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 forecast accurately;
- other matters as agreed between ODA and DCMS/GOE, who will coordinate with Funders to ensure that their views are appropriately reflected.

6.4 The main elements of the plan - including the key targets - shall be agreed between DCMS/GOE, and the OLD and the ODA, following the agreement of the Olympic Board, and having regard to the availability of resources in the light of the Government's public expenditure plans and to the need for tight cost control.

6.5 In reaching annual decisions on ODA's Annual ODA Plan and Budget and in monitoring progress, DCMS/GOE will normally aim to give ODA as much planning flexibility as possible within the parameters set by Treasury. These principles are summarised in the Financial Memorandum.

6.6 The ODA should ensure that the Annual ODA Plan and Budget is consistent with achieving the ODA's objectives.

6.7 The ODA shall submit a copy of the draft Annual Plan and Budget to DCMS/GOE, and to the Funders and members of the Olympic Board a reasonable period prior to the ODA Board meeting at which the Plan is to be considered. If any Funder or member of the Olympic Board considers the draft Annual Plan and Budget to be materially inconsistent with achieving the ODA's obligations, then they should reflect these concerns to ODA, who will seek to achieve a prompt resolution and, if necessary will refer the matter to DCMS/GOE.

6.8 The Annual ODA Plan and Budget shall be agreed with DCMS/GOE, who will seek the approval of the Olympic Board. If any concerns raised by any Funder or Member of the Olympic Board under 6.7 remain unresolved, they may at the same point refer their concerns to the Olympic Board for determination.

Publication of the Plan

6.9 Subject to any commercial considerations, a summary of the Plan shall be published and be made available on ODA's web-site.

The Annual ODA Plan and Budget

6.10 The ODA shall submit their budget for the coming year, within the Annual ODA Plan and Budget, to DCMS/GOE, who shall assess it in accordance with paragraph 5.6. DCMS/GOE shall then refer it to the Olympic Board for approval. The ODA's budget shall set out:

- the delivery programme to be met from the budget;
- the amount to be spent on each programme;
- the amount to be spent on administration;
- the milestones/targets to be reached in each year;
- any amendments introduced in the course of the annual budget review.

6.11 The budget will reflect the ODAs statutory duties, the members of the Olympic Board's obligations arising from the Host City Contract and the priorities agreed by the Secretary of State.

6.12 The budget will be reflected in the ODA's Plan and will be subject to annual review together with the Plan.

6.13 ODA's budgeting procedures are set out in the Financial Memorandum.

Performance against key targets

6.14 ODA 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 business plans.

6.15 ODA's financial performance shall be reported to DCMS/GOE, and to Funders by way of monthly finance and quarterly performance reports. Performance will be formally reviewed monthly by DCMS/GOE and Funders. The Secretary of State will meet the Chairman from time to time to discuss ODA's performance, its current and future activities and any policy or other developments relevant to those activities.

6.16 ODA shall take the initiative in informing DCMS/GOE (who will inform Funders, in accordance with paragraph 5.6) and the Olympic Board 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 Annual ODA Plan and Budget

6.17 ODA's performance against targets shall also be reported in its Annual Report and Accounts.

Risk Management

6.18 The ODA should have a process of risk management which is embedded into its planning, operational, monitoring and review activities and from which the ODA should provide GOE with information on risks. This should be appropriate to the business and circumstances of the ODA but should also inform GOE's responsibility for managing risk across the Olympic Programme. The Treasury publication: *The Orange Book, Management of Risks - Principles and Concepts*, provides guidance.

Internal Audit

6.19 ODA shall establish and maintain arrangements for internal audit in accordance with the Treasury's Government Internal Audit Standards. ODA shall consult DCMS/GOE to ensure that DCMS/GOE is satisfied with the competence and qualifications of the Head of Internal Audit (or the nearest equivalent post) and the requirements for approving the appointment in accordance with *Government Internal Audit Standards (GIAS)*.

6.20 ODA shall set up and maintain an 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 contained in its handbook.

6.21 ODA shall arrange for periodic quality reviews of its internal audit in accordance with the GIAS. DCMS/GOE shall consider whether it can rely on these reviews to provide assurance on the quality of internal audit. However, DCMS/GOE reserves a right of access to carry out independent reviews on internal audit in ODA.

6.22 DCMS/GOE's internal audit service will also have a right of reasonable access to all documents prepared by ODA's internal auditor, including where the service is contracted out. The audit strategy, periodic audit plans and annual audit report, including ODA's Head of Internal Audit's opinion on risk management, control and governance shall be forwarded as soon as possible to the sponsoring team who shall consult the DCMS Head of Internal Audit as appropriate. The sponsoring team also has the right to call for selected individual audit reports.

6.23 In addition ODA shall notify DCMS/GOE, and the Funders **immediately** of any reasonably substantiated suspected or actual fraud or theft from ODA and shall forward to DCMS/GOE and Funders an annual report on fraud and theft suffered by ODA; and notify any changes to Internal Audit's terms of reference or the Audit Committee's terms of reference. DCMS/GOE will inform the Olympic Board Steering Group of any fraudulent activity, who will decide whether this needs to be notified to the Olympic Board.

Departmental Access to ODA

6.24 In addition to the rights of access referred to above, DCMS/GOE shall have a right of access to all ODA's records and personnel for purposes such as sponsorship audits, operational investigations and other purposes that they may from time to time require.

External Accountability - The Annual Report and Accounts

6.25 In accordance with the Act, the ODA must keep proper accounts and records in relation to them, and must retain financial records as appropriate. After the end of each financial year ODA shall, in accordance with the Act, publish an Annual Report of its activities together with its audited Annual

Accounts. The report will also cover the activities of any corporate bodies and subsidiary companies under the control of the ODA.

6.26 The Report and Accounts shall comply with the Treasury document: "The Finance Reporting Manual FREM." The Accounts must be prepared in accordance with the relevant statutes and the Accounts Direction issued by the Secretary of State.

6.27 The Report and Accounts shall outline ODA's main activities and performance during the previous financial year and set out its forward plans in summary form.

6.28 More specifically the Annual Report should include:

- a statement by the Chairman;
- a report by the Chief Executive;
- a detailed report on ODA's activities;
- a Financial Summary;
- the specification of performance targets and the extent to which these have been met;
- information requests - to include, for example, the number of requests received and the ODA's performance in meeting its obligations under -
 - a) the Freedom of Information Act 2000,
 - b) the Environmental Information Regulations,
 - c) The Data Protection Act 1998, and
 - d) The Re-use of Public Sector Information Regulations 2005;
- the amount of any individual private or corporate donations of funding exceeding £5000

6.29 A draft of the report must be submitted to the sponsoring team in DCMS/GOE and then to the Olympic Board at least one month before the proposed publication date to allow comment.

6.30 The Annual Report and Accounts will be laid before Parliament by the C&AG before Parliament rises for the Summer

Recess each year. Neither the Report and Accounts nor information taken from them must be made public before being laid before Parliament. The Report and Accounts will be made available to the Olympic Board and must be made available subsequently on the ODA's website.

External Audit

6.31 The ODA must send a statement of its Accounts in respect of each financial year to the Secretary of State and to the Comptroller and Auditor General (C&AG). The C&AG audits the ODA's Accounts. The ODA then sends the Accounts to the Secretary of State for his agreement. The C&AG then signs-off the accounts and the ODA arranges for them to be laid before Parliament in conjunction with the sponsor tam and DCMS Parliamentary Branch.

6.32 The sponsoring team in DCMS/GOE should be given an opportunity by the ODA's management to contribute to the risk analysis underpinning the audit assumptions.

Value for Money Examinations

6.33 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the ODA 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 the National Audit Act 1983. ODA shall provide, in conditions to grants and contracts, for the C&AG to have access to documents held by contractors as may be required for such examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by him which are held by other bodies.

7. Staff Management

General

7.1 Within the arrangements approved by DCMS/GOE, and subject to the requirements of the Act, ODA shall have responsibility for the recruitment, retention and motivation of its staff. To this end ODA shall ensure that:

- ODA's rules for the recruitment and management of staff provide for appointment and advancement on merit on the basis of equal opportunities for all applicants and staff,

regardless of race, colour, ethnic or national origin, age, religion, gender, marital status, disability or sexual orientation. (ODA is subject to the requirements of the Race Relations (Amendment) Act 2000);

- The level and structure of ODA's staffing, including grading and numbers of staff, is appropriate to its functions and the requirements of efficiency, effectiveness and economy;
- The performance of ODA's staff at all levels is appraised satisfactorily and ODA's performance measurement systems are reviewed from time to time;
- ODA's staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve ODA's objectives;
- Proper consultation with ODA's staff takes place on key issues affecting them;
- Adequate grievance and disciplinary procedures are in place;
- A code of conduct for ODA's staff is in place based on the Cabinet Office document Model Code of Staff for Executive Non-Departmental Public Bodies.

7.2 DCMS/GOE will ensure GLA are consulted on the appointment of the Chair, the Chief Executive, and the Directors of Finance and Transport or where there might be significant implications for the Olympic Programme.

8. Compliance with Instructions and Guidance

Instructions and Guidance

8.1 The ODA shall comply with the following documents or their successors:

- this Management Statement and its associated Financial Memorandum;
- Managing Public Money;

- Public Bodies: A Guide for Departments (the NDPB Guide), published by the Cabinet Office;
<http://beta.civilservice.gov.uk/about/work/codes/public-bodies.aspx>
- The Government Internal Audit Standards and The Government Information Systems Audit Manual;
http://www.hm-treasury.gov.uk/psr_governance_gia_guidance.htm
- Fees and Charges guidance (Managing Public Money, Chapter 6);
- Departmental Banking guidance (Managing Public Money, Annex 5.7);
- The Government Financial Reporting Manual (FRm);
<http://www.financial-reporting.gov.uk/>
- relevant Dear Accounting Officer letters:
http://www.hm-treasury.gov.uk/psr_governance_dao_letters.htm
- Regularity and Propriety and Value for Money;
- Directions and guidance issued by the Secretary of State, HMT, Cabinet Office or other central departments;
- Recommendations made by the Public Accounts Committee or other Parliamentary authority which have been accepted by the Government and which are relevant to the ODA;
- The Parliamentary Ombudsman's Principles of Good Administration
www.ombudsman.org.uk/improving_services/good_administration/index.html
- Managing the Risk of Fraud;
http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf
- relevant Freedom of Information Act guidance and instructions (Ministry of Justice).

Compliance

8.2 The ODA is expected to comply with any condition or requirement set out in this document and/or the instructions and guidance listed and with the conditions of funding set out in the grant letters of DCMS/GOE and other Funders. In the event of failure of compliance the ODA will be required by DCMS/GOE to initiate remedial action and to confirm completion.

9. Reviews

Reviewing the role of the Olympic Delivery Authority

9.1 The ODA may be reviewed periodically, by DCMS/GOE in accordance with:

- the business needs of DCMS/GOE and of the ODA;
- Cabinet Office guidance; and
- in accordance with paragraph 5.6, in consultation with the Funders.

9.2 The terms of this Management Statement and the Financial Memorandum and of the degree of the ODA's compliance shall be reviewed as part of any such review.

10. Wind-up

10.1 The ODA is required to wind-up its affairs as soon as practicable after the Games and to put in place a plan for its demise. This will include arrangements for the handover of its residual business and assets and liabilities. An Olympic Park Legacy Company has been established and is likely to be a recipient of many residual ODA functions, assets and liabilities.

10.2 The draft wind-up plan should be forwarded to the Sponsor team in DCMS/GOE for consideration not later than 31 December 2010, prior to consideration by the Olympic Board.

Signed by: David Higgins

Chief Executive of the Olympic Delivery Authority

Dated: 4th October 2010

Signed by: Jonathan Stephens

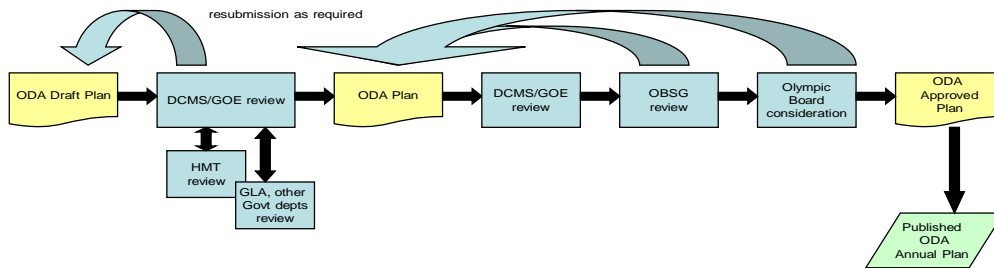
Accounting Officer and Permanent Secretary of the Department for Culture, Media and Sport.

Dated: 1st October 2010

ANNEX A:

ANNUAL ODA PLAN AND BUDGET APPROVAL PROCESS

ANNUAL BUDGET APPROVAL PROCESS



Notes :

- separate approvals for the ODA Annual Corporate Business Plan and Budget are required from OLD Board

ANNEX B: CONSOLIDATION OFFICER MEMORANDUM

Introduction

1. Under Section 9 of the Government Resources and Accounts Act 2000 ("the Act"), the Treasury is required to prepare Whole of Government Accounts (WGA) for each financial year. WGA are prepared on an accruals basis and must include a statement of financial performance, a statement of financial position and a cash flow statement. The accounts must give a true and fair view of the state of affairs of the Government, total recognised gains and losses and cash flows for the financial year.
2. WGA comprise a consolidation of the individual accounts for all the public sector bodies and accounts designated for this purpose under Section 10 of the Act. HM Treasury's Accounting Officer has overall responsibility for the preparation of WGA. In preparing WGA, HM Treasury's Accounting Officer is required to comply with the *Resource Accounting Manual* and any other relevant guidance issued by the Treasury, and in particular to:
 - a. observe relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
 - b. make judgements and estimates on a reasonable and consistent basis;
 - c. state whether applicable accounting standards, as set out in the *Resource Accounting Manual* and any other relevant guidance, have been followed, and disclose and explain any material departures in the accounts; and
 - d. prepare the accounts on a going concern basis.
3. Consolidation Officers, for the purpose of obtaining information for each of the bodies designated under Section 10(1) of the Act for inclusion in WGA, are appointed by the Treasury in compliance with Section 10(5) of the Act. The Chief Executives (or their equivalents) of designated bodies are appointed as Consolidation Officers. The duties of a Consolidation Officer are the subject of this memorandum.

4. Under Section 10(8) of the Act, the Treasury may also make arrangements for departments to undertake intermediate consolidations on its behalf. In line with the convention that the Permanent Secretary of a Department of State (or permanent head of a minor department who may be of a lower rank) is appointed as Principal Accounting Officer, the Permanent Secretary of a department will also be appointed as Principal Consolidation Officer and is responsible for implementing the arrangements made by the Treasury. The duties of a Principal Consolidation Officer are also set out in this memorandum.

The specific responsibilities of Consolidation Officers

5. Consolidation Officers are responsible for preparing the consolidation information that sets out the financial results and position of the designated body, arranging for its audit, and for sending the information and the audit report to the Principal Consolidation Officer nominated by the Treasury.
6. As Consolidation Officer you must:
 - a. ensure that the body has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process;
 - b. observe relevant accounting and disclosure requirements, and apply accounting policies suitable for WGA on a consistent basis;
 - c. make any judgements and estimates on a reasonable and consistent basis;
 - d. prepare the consolidation information on a going concern basis;
 - e. prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions issued by the Treasury and its directions on the form, manner and timetable for delivery of such information;

- f. certify that the consolidation information is consistent with the financial results and position of the body, has been prepared using the accounting policies set out in the *Resource Accounting Manual* and/or any other relevant guidance and instructions issued by the Treasury, and disclose and explain any material departures; and
 - g. establish procedures to identify and report to the Treasury any material post balance sheet events that occur between the date of submitting the consolidation information and the date WGA are laid before Parliament.
- 7. As Consolidation Officer you must send the consolidation information to the relevant statutory auditor in accordance with the timetable directed by the Treasury. The auditor shall examine the information with a view to satisfying himself that it is consistent with the financial results and position of the body.
- 8. Where the statutory auditor for your body is not the Comptroller and Auditor General, you must ensure that your auditor is:
 - a. aware of and has agreed to any additional work required to support the auditor's report on the consolidation information and the nature of the additional report required. In relation to additional information, the auditor should be required to confirm whether the information is consistent with the financial results and position of the body and that the audit work has been conducted in accordance with auditing standards issued by the Auditing Practices Board (APB);
 - b. aware of the directions made by the Treasury under Section 11(6), specifying the dates by which the specified information is required; and
 - c. made aware of the obligation under Section 10(9) of the Act to give the Comptroller and Auditor General such information and explanations as he

may reasonably require for the purposes of his audit of WGA.

9. As Consolidation Officer you must sign and certify the consolidation information and send it and the auditor's report thereon to the nominated Principal Consolidation Officer for consolidation into WGA, or any subset thereof, in accordance with the Treasury's directions on the form, manner and timetable for delivery of such information.
10. The responsibilities of a Consolidation Officer are additional to those of an Accounting Officer appointed by the Treasury under s5(6) of the Act.

The specific responsibilities of Principal Consolidation Officers

11. Principal Consolidation Officers are responsible for preparing the intermediate consolidation information that consolidates the financial results of the department and the other bodies that have been designated by the Treasury for inclusion in WGA, where the Treasury has made arrangements for their consolidation information to be submitted to the department. The Principal Consolidation Officer will also arrange for the audit of the intermediate consolidation information and will send this, together with the audit report, to the Treasury.
12. As Principal Consolidation Officer you must:
 - a. ensure that the department has in place appropriate and reliable systems and procedures to carry out the consolidation process;
 - b. observe relevant accounting and disclosure requirements, and apply accounting policies suitable for WGA on a consistent basis;
 - c. make any judgements and estimates in the department's accounts on a reasonable and consistent basis;
 - d. prepare the departmental consolidation information on a going concern basis;

- e. prepare the departmental consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions issued by the Treasury and its directions on the form, manner and timetable for preparation of such information;
 - f. consolidate the departmental consolidation information, and that of the relevant designated bodies which the Treasury has made arrangements for the department to receive, in accordance with the consolidation instructions issued by the Treasury and its directions on the form, manner and timetable for delivery of such information;
 - g. make the judgements involved in the consolidation process on a reasonable and consistent basis;
 - h. certify that the intermediate consolidation information is consistent with the financial results and position of the department and the relevant designated bodies included within this consolidation, has been prepared using the accounting policies set out in the *Resource Accounting Manual* and any other relevant guidance and instructions issued by the Treasury, and disclose and explain any material departures; and
 - i. establish procedures to identify and report to the Treasury any material post balance sheet events that occur between the date of submitting the consolidation information and the date WGA are laid before Parliament.
13. As Principal Consolidation Officer you must send the consolidation information for your departmental consolidation group to the relevant statutory auditor in accordance with the timetable directed by the Treasury. The auditor shall examine the information with a view to satisfying himself that it is consistent with the financial results and position of the department and relevant designated bodies.
14. As Principal Consolidation Officer you must sign and certify the consolidation information and send it and the auditor's

report thereon to the Treasury for consolidation into WGA, or any subset thereof, in accordance with the Treasury's directions on the form, manner and timetable for the delivery of such information.

15. The responsibilities of a Principal Consolidation Officer are additional to those of an Accounting Officer appointed by the Treasury under s5(6) of the Act.

Additional responsibilities of HM Treasury's Accounting Officer

16. In addition to the responsibilities set out in the above paragraphs, HM Treasury's Accounting Officer will:
 - a. ensure that the Treasury has in place appropriate and reliable systems and procedures to carry out the consolidation process;
 - b. ensure that designated bodies have been given appropriate consolidation instructions and directions on the form, manner and timetable for delivery of the consolidation information to enable them to put in place and maintain sets of accounting records, systems and procedures that will provide the necessary information for the consolidation process;
 - c. arrange for, and monitor, the receipt of consolidation information and any other information from the Principal Consolidation Officers, and Consolidation Officers as appropriate, and inform the Comptroller and Auditor General if any department or designated body is unlikely to meet agreed deadlines and the effect on the final consolidation process;
 - d. obtain confirmation, by way of certificates from Principal Consolidation Officers, and Consolidation Officers as appropriate, that all consolidation information is consistent with the financial results and position of departments and designated bodies included with the consolidations, has been prepared using the accounting policies set out in the *Resource Accounting Manual* and any other relevant guidelines and instructions issued by the

Treasury, and disclose and explain any material departures;

- e. establish procedures to identify, and take appropriate accounting action on, post balance sheet events;
- f. prepare WGA, to include all bodies designated for the relevant year by the Treasury under Section 10(1) of the Act, by consolidating the consolidation information transmitted to the Treasury by Principal Consolidation Officers and Consolidation Officers as appropriate;
- g. prepare and sign the Statement of the Responsibilities of HM Treasury's Accounting Officer in relation to the Whole of Government Accounts;
- h. certify that the WGA give a true and fair view and conform to the *Resource Accounting Manual* and any other relevant guidance issued by the Treasury by signing the Whole of Government Accounts balance sheet;
- i. send the signed WGA to the Comptroller and Auditor General for his examination in accordance with the deadline made by order under Section 11(6) of the Act; and
- j. receive the certified WGA, together with the Comptroller and Auditor General's report thereon, and lay these before the House of Commons in accordance with the deadline made by order under Section 11(6) of the Act.

**OLYMPIC DELIVERY AUTHORITY MANAGEMENT STATEMENT
AND FINANCIAL MEMORANDUM**

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1. Definitions

1.1 In this Financial Memorandum

- "ODA" means the Olympic Delivery Authority
- "The Secretary of State" means the Secretary of State for Culture, Olympics, Media and Sport
- "Minister" means Minister for Sport and Olympics
- "DCMS" means the Department for Culture, Media and Sport
- "DCLG" means the Department for Communities and Local Government
- "DfT" means the Department for Transport
- "GOE" means the Government Olympic Executive
- "GLA" means the Greater London Authority
- "Mayor" means the Mayor of London
- "LOCOG" means the London Organising Committee of the Olympic Games
- "OLD" means the Olympic Lottery Distributor
- "LDA" means the London Development Agency
- "BOA" means the British Olympic Association
- "The Act" means the London Olympic Games and Paralympic Games Act 2006
- "The Games" means the London Olympic Games and Paralympic Games that will take place in London in 2012 as defined in the Act
- "Public funds" are defined in paragraph 2.3 below.
- "Olympic Board" means the Board established by the Secretary of State, the Mayor and the BOA to resolve and determine issues raised by members of the Olympic Board to ensure the delivery of commitments given in the Host City Contract or the Guarantees and generally in relation to the staging of the Games; and to ensure a sustainable legacy following the staging of the Games.
- Home Affairs (Olympic & Paralympic Games) Cabinet Sub-Committee (HA(OPG)) means the Cabinet Sub-Committee responsible for managing the delivery of the Government's contribution to the 2012 Games, including taking decisions on the use of Funders' contingency. Chaired by the Minister for the Cabinet Office, the following also attend: the Chief Secretary to the Treasury, Secretary of State for Communities and Local Government, Secretary of State for Culture, Olympics, Media and Sport, Secretary of State for

Transport, Home Secretary, the Security Minister and the Minister for Sport and the Olympics.

- "Funders" are the contributors to the Public Sector Funding Package (being the DCLG, DCMS, DfT, GLA, LDA, OLD, Sport England,). References to "Funders" are to be read in context to the issue under consideration and the involvement of Funders with this.
- The Programme Baseline Report (PBR) of November 2007 is a comprehensive summary of the ODA Olympic programme and risks. It is the basis for all forward reporting (from November 2007) of Programme status.
- The Baseline budget is the £6.1 billion budget for the ODA (excluding Programme and Funders' contingency), confirmed in December 2007. The budget is revised to include allocated contingency less savings utilised to offset expenditure, within maximum funding available of £8.1 billion.
- Annual ODA Plan and Budget is consolidated document to meet the requirements of the ODA to produce a Corporate Plan, Business Plan and Budget annually.
- AO means the Accounting Officer of the organisation appointed in accordance with Managing Public Money.
- The approval of DCMS/GOE means the approval of the Finance Director of GOE (or a formally delegated representative e.g. the Head of Financial Control). If required DCMS/GOE will seek the approval of the Treasury or the Secretary of State as necessary.
- The "Public Sector Funding Package (PSFP)" means:
 - o the funding, as described in the revised Memorandum of Understanding between the Government and the Mayor of London dated June 2007 and successor documents, to be provided by the Olympic Lottery, Sports Lottery and other lottery distributors, the GLA and the LDA to support, among other things, the provision of the Olympic Games venues and associated infrastructure and to support the training of athletes; and
 - o as revised in July 2010, to reflect the agreement to transfer the LDA's land holdings in the Olympic Park and Three Mills to the Olympic Park Legacy Company, and relieve the LDA of £300m of its contributions to the ODA's budget, in the next spending review period and replacing this with Exchequer funding in return for the LDA committing to reducing its debt position by the equivalent amount

- "Grant-in-aid" is funding from DCMS/GOE, including contributions from DCLG and DfT to enable the ODA to deliver its statutory functions..
- The "ODA Programme" is the programme of works to deliver the Olympic venues, transport and infrastructure and their legacy.
- Words importing the feminine gender include the masculine and words importing the masculine gender include the feminine.
- "Olympic Project Review Group" (OPRG) is the group which reviews all ODA projects above delegation against established investment and project criteria. It makes recommendations to the Secretary of State, the Mayor of London and Treasury. "

2. Introduction

2.1 The ODA is a body corporate established by Section 3 of the Act.

2.2 This Financial Memorandum is to be read in conjunction with the accompanying Management Statement. It defines the framework of controls on financial, staffing and related matters for ODA, necessary to safeguard public funds.

2.3 The ODA's Public Funds include all monies that are in law the property of the ODA, including those provided to the ODA by the GLA, the OLD, Sport England, the London Development Agency (LDA), Exchequer grant and income from charges, gifts, asset sales and any income received from other sources.

2.4 The terms and conditions set out in this Financial Memorandum may be supplemented by other specific guidance and directions issued by the Secretary of State from time to time in respect of the exercise of any individual functions, powers and duties of the ODA.

2.5 This Financial Memorandum operates in addition to (but not in substitution for) statutory requirements or any specific directions or determinations or guidance made by DCMS/GOE under such statutory powers or other terms as the Secretary of State may specify in relation to the payment of lottery funding or grant-in-aid or the Mayor may specify in relation to the Olympic element of the London Council Tax.

2.6 ODA, or DCMS/GOE, may propose amendments to the Management Statement and Financial Memorandum at any time. Any such proposals will be considered in the light of evolving policy and operational needs, as well as its track record. The guiding principle will be that the extent of flexibility and freedom given to ODA will reflect both the quality of its internal controls and its operational needs. Following consultation with the Funders, DCMS/GOE will determine what changes, if any, are to be incorporated in the document. Significant variations to the Management Statement or Financial Memorandum shall be cleared with Treasury or Cabinet Office, as appropriate. (The definition of "significant" will be determined by DCMS/GOE in consultation with the Treasury/Cabinet Office).

2.7 The Management Statement and Financial Memorandum will be agreed by both DCMS/GOE and ODA, following consultation with the Funders, including the GLA, LDA and OLD.

2.8 Any question regarding the interpretation of the document shall be resolved by DCMS/GOE after consultation with ODA and, as necessary, with the Treasury and/or the Cabinet Office and Funders.

2.9 Copies of the Management Statement and Financial Memorandum and any subsequent substantive amendments will be placed in the Libraries of both Houses of Parliament. The ODA will also make copies available on its website and to the public on request.

Compliance with instructions and guidance

2.10 ODA shall comply with the instructions or guidance set out in:

- a) the Financial Memorandum and the Management Statement
- b) any Funding Agreements with or grant letters issued by the Funders
- c) the Accounts Directions
- d) *Public Bodies: A Guide for Departments* (the NDPB Guide), published by the Cabinet Office
- e) *The Government Internal Audit Standards* and *The Government Information Systems Audit Manual*;
- f) the following guidance/publications issued by Treasury:
 - Managing Public Money,
 - Executive NDPBs - Financial Reporting Manual (FReM)

- Relevant Dear Accounting Officer letters
 - Regularity and Propriety
 - Managing the Risk of Fraud
 - The Green Book (Appraisal and Evaluation in Central Government) and any supplementary guidance
 - Fees and Charges guidance (Managing Public Money, Chapter 6);
 - Departmental Banking guidance (Managing Public Money, Annex 5.7);
- g) guidelines on sponsorship and its role in support of Government Activities Issued by the Cabinet Office
- h) recommendations made by the Public Accounts Committee or other Parliamentary Authority which have been accepted by the Government and which are relevant to ODA
- i) other relevant instructions and guidance issued either by the Treasury, DCMS/GOE, or other central government departments.

Interpretation

2.11 Where there is disagreement between ODA and DCMS/GOE over the interpretation of the Financial Memorandum the Secretary of State's decision is final.

Review

2.12 The Financial Memorandum will be reviewed as necessary during the life of the ODA. Funders and any other relevant parties will be consulted on any significant variations proposed.

3. Allocations, Budgeting and Funding

General

3.1 For the purpose of financial accounting the ODA is classified as a Non-Departmental Public Body.

The Departmental Expenditure Limit (DEL)

3.2 ODA will be expected to comply with the RAB rules and to report monthly, as required by DCMS/GOE.

3.3 The following points should be noted:

(a) The acquisition and disposal of fixed assets and investment items, both land and non-land, are scored against capital (but see 3.18);

(b) The rules on capital charging are set out in the FReM.

3.4 ODA must not exceed (or plan to exceed) its budget limits without the prior approval of the Secretary of State and the DCMS AO, who will consult the Olympic Board.

Annual Budget

3.5 Before each public expenditure round and following an assessment by DCMS/GOE of the ODA's own forward projections DCMS/GOE will send to the ODA:

- A formal statement of grant-in-aid payments projected
- A summary of the payments potentially available to the ODA from all sources
- A statement of any changes in policy affecting the ODA.

3.6 This information will inform the development of the Annual Plan and Budget of the ODA.

3.7 ODA must prepare as part of the Annual Plan, a draft annual budget and submit it to DCMS/GOE and through them, to the Funders and then to the Olympic Board, by the end of February each year (please see Annex A "Budget Approval Process"). The budget shall relate as fully as possible to the Annual Plan for the year to which the budget relates and to the cash flows available in that year from all Funders. It shall identify those expenditures to be met from the PSFP and those to be met from DCMS grant-in-aid. It will include a staffing plan and pay proposals and will set out the milestones and/or targets to be reached in each year. Any proposed pay increases must be noted and will be required to be in line, overall, with public sector pay policy. The budget will set out:

- The delivery programme to be met from the budget
- The amount to be spent on each programme
- The amount to be spent on administration costs

- Any amendments introduced in the course of the annual budget review
- The relevant cost limits

3.8 A final version of the budget should be submitted to DCMS/GOE, and copied to Funders as soon as is practicable after the end of the financial year and by the end of May at the latest. The Secretary of State reserves the right to change these dates if necessary, but will consult the Funders before doing so.

Pay

3.9 In accordance with guidance issued by the Treasury, the ODA must prepare for each financial year, a Pay Remit and submit this to GOE for approval. GOE will consult the Secretary of State if necessary and seek his agreement to the ODA's proposals.

General conditions for authority to spend

3.10 ODA's annual budget shall be approved by the Secretary of State as the sponsor of the ODA following consultation with Funders in accordance with paragraph 5.6 of the Management Statement. The Secretary of State shall then pass it to the Olympic Board for final determination. Subject to any restrictions imposed by statute, the Secretary of State, this Financial Memorandum, or Funding Agreements between ODA and the other Funding Parties (OLD, Sport England, GLA and LDA), ODA shall then have authority to incur expenditure approved in the budget without reference to DCMS/GOE or to the Olympic Board. This shall be subject to the following conditions:

- ODA shall comply with the delegations set out in Sections 4 and 5 of this document and with the conditions set out in Section 4 regarding novel, contentious or repercussive proposals
- Inclusion of any planned or approved expenditure in the ODA's budget shall not remove the need to seek formal approval from DCMS/GOE and the Olympic Board where any proposed expenditure is outside the delegated limits or is for new projects not approved previously.
- ODA shall provide such information to the Funders as they may reasonably require and via DCMS/GOE to the Olympic Board

with such financial information about its operations, performance, individual projects or other expenditure.

Baseline Budget

3.11 All proposed changes to the Baseline Budget, will be referred to the OPRG and Funders and changes only made once all appropriate approvals have been formally agreed.

Financial Reporting Requirements (see Annex B - LIST OF MANAGEMENT DOCUMENTS AND TIMETABLE)

3.12 In accordance with a timetable determined separately by DCMS/GOE, ODA must provide DCMS/GOE with:

- cash flow and expenditure data (expressed in terms of DEL used, and both non-cash and near cash) for the previous month and year to date;
- forecast outturn data for the current month and each remaining month of the financial year; and
- variances between the previous forecasts and the outturns for the previous month and year to date, and between the previous forecasts and the new forecasts for the current month and each remaining month of and total for the financial year, together with explanations of significant variances.

The data is to be provided on workbook spreadsheets in a format provided by DCMS/GOE. ODA will provide cash flow information direct to other Funders e.g. OLD where they have requested it specifically, for example, as a condition of grant.

Expenditure beyond delegation

3.13 Without prior written DCMS/GOE approval, which will be subject to the recommendations of the OPRG, ODA must not enter into any undertaking to incur any expenditure which falls outside its delegations (see para; 4.11 and 4.12) or which would exceed its approved expenditure limits or which would involve the giving of Financial assistance under the 2006 Act. The giving of financial assistance requires the prior approval of the Secretary of State (see paragraph 3.41 below).

Interest earned

3.14 ODA Cash balances should be kept to a minimum consistent with prudent management of its activities, but any interest earned on cash balances may be used towards the ODA's costs (see 3.29).

Administration Costs

3.15 ODA's gross administration expenditure (which includes staff and premises costs) will be agreed by DCMS/GOE as part of the process of approving the Annual ODA Plan and Budget. This expenditure is scored against resource consumption DEL and DCMS/GOE will monitor such costs throughout the year, along with other expenditure.

End Year Flexibility (EYF)

3.16 If the ODA under spends its budget in any one year it may, subject to end-year-flexibility arrangements in place at the time, carry forward the equivalent amount to the following year. However, its use of that part of its EYF that relates to the element of its budget that is financed by grant-in-aid from DCMS is subject to the agreement of DCMS/GOE within the constraints of the Treasury's budgetary control framework, including the Treasury's normal scrutiny of any take-up of EYF on the basis of need and realism (see paragraph 3.25 below).

Discount Rate

3.17 The discount rate for investment appraisal purposes is based on the Green Book, and for accounting purposes is as prescribed by HM Treasury.

Cost of Capital and Depreciation

3.18 The cost of capital charge that was applied in prior years at the rate of 3.5% is not required to be used from 1 April 2010 onwards. The ODA will have appropriate accounting policies, agreed with the Department and the Treasury for calculating the cost of depreciation. The cost of depreciation score against Resource Consumption DEL. Historically, Lottery and local authority funding, (including GLA and LDA funding) and assets funded by the lottery were not capital charged and depreciation is not charged on assets in the course of construction.

Lottery Funding, GLA funding, London Development Agency and Grant-in-aid (GiA)

3.19 ODA funding from the Lottery will contribute to meeting the administrative and operational costs of the ODA as well as the planning, design and construction of the Games venues and Infrastructure.

3.20 The ODA will draw down Lottery Funding from the Olympic Lottery Distribution Fund, and Sport England and grant from the GLA and the LDA. The ODA will draw down GiA from DCMS/GOE.

3.21 ODA will be free to use the funds available to it for all relevant purposes associated with its functions, subject to the requirements set out in the grant letters and memorandums of the OLD, the GLA and other Funders.

3.22 Payments will be made as follows:

- Grant-in-aid will normally be paid in monthly instalments, on the basis of a written application showing evidence of need (see paragraph 3.24 below);
- Grant from the OLD will be paid to the ODA monthly in advance;
- GLA payments, to the extent that they draw upon London Council Tax revenues will reflect the fact that the precept is paid in 10 instalments per annum.

Other funds will be paid in accordance with the terms set out in the respective grant letters and memorandums. All applications for funds must be signed by the Chief Executive or the Director of Finance, or by a person notified in advance to DCMS/GOE or the relevant funding body as having delegated authority to sign applications.

3.23 Claims for GiA must be submitted to the sponsor team in GOE in accordance with an agreed format prepared by DCMS. All claims for GiA must certify that the conditions applying to the use of GiA have been observed to date and that further GiA is now required for purposes appropriate to the ODA's functions.

3.24 The information required in the claim is specified by DCMS and those funding the GiA to the ODA. The following data will be provided:

- Resource budgeting and GiA data required by DCMS and posted on the DCMS partnership website;
- Appendix 5: Funding Budget 2009-10, providing information to Funders of GiA of the profiled spend, forecast, budget and variances; and
- ODA's accompanying monthly report on forecast for GiA, expenditure and accruals.

3.25 This information is to allow Funders of GiA to determine whether requests for grant-in-aid are reasonable and ensure that money is not paid in advance of need. GiA which has not been drawn down lapses at the end of the financial year. Therefore DCMS/GOE will need to seek approval through its Estimate for GiA for the following year for expenditure that is to be covered by EYF (see paragraph 3.16 above).

3.26 ODA's forecasts of its future grant-in-aid requirements should be as accurate as possible and ODA may be set targets for the accuracy of its forecasts, and undertake periodic review of the accuracy of its forecast.

3.27 Any payments such as refunds of unused grant, which ODA intends to make to DCMS/GOE, should be notified at least 7 working days in advance. This will enable DCMS/GOE to take such amounts into account when considering its overall daily cash position.

3.28 Should ODA wish to engage in tradable financial instruments the prior approval of DCMS/GOE and HM Treasury, will be required.

Cash balances and cash carried forward over the year end

3.29 ODA should keep cash balances to the minimum consistent with prudent management of its activities. Any cash above this minimum balance should be placed on deposit, taking account of the need to safeguard funds and manage risk.

Vote Estimates Timetable (Grant-in-aid)

3.30 DCMS/GOE will notify ODA of the arrangements and timetable for the main and supplementary Vote Estimates as soon as possible after they are established. ODA must provide such information as DCMS/GOE may require for the Estimates.

Banking, Borrowing and Overdrafts

3.31 ODA's Accounting Officer is responsible for ensuring that the organisation's banking arrangements safeguard public funds and that they are carried out efficiently, economically and effectively in accordance with the requirements of Managing Public Money Annex 5.7.

3.32 He must therefore ensure that:

- These arrangements are structured suitably and represent value for money, and are reviewed at least every two years, with a comprehensive review, usually leading to competitive tendering, at least every three to five years;
- Sufficient information about banking arrangements is supplied to DCMS/GOE to enable the latter's Accounting Officer to satisfy his own responsibilities;
- ODA's banking arrangements are kept separate and distinct from those of any other person, public body or organisation;
- Adequate records are maintained of payments and receipts, and that adequate facilities are available for the secure storage of cash.

3.33 Although the Act permits the Secretary of State to make a loan to the ODA it is not expected that ODA will, itself, borrow money. ODA may only borrow, or enter into a financial lease or other arrangement that is akin to borrowing, with the specific approval of both DCMS/GOE and the Treasury. Any such borrowing that is approved will count against DCMS' DEL limit. Should borrowing be necessary it will be for DCMS/GOE to enter into an appropriate arrangement with the Treasury.

Guarantees, indemnities and contingent liabilities etc.

3.34 ODA must obtain the written consent of DCMS/GOE to lend money, or charge any asset as security. Similarly, ODA must obtain the written consent of DCMS/GOE if it intends to give any guarantees or indemnities or letters of comfort (other than those incurred in the normal course of business), or incur any other contingent liability (as defined in Managing Public Money), whether or not in a legally binding form. ODA will retain a record of any contingent liabilities into which it has entered including the amount of each liability.

Leasing

3.35 Prior approval must be secured from DCMS/GOE for all property and finance leases. ODA must have Capital DEL provision for finance leases and any other transactions which are, in substance, borrowing. Before entering into any lease, ODA must be able to demonstrate that the lease offers better value for money than purchase. However, prior DCMS/GOE approval is not required for operating leases.

Gifts and Bequests Received

3.36 ODA is free to retain any gifts, bequests or similar donations made to it. These will be treated as receipts and must be accounted for appropriately. ODA must keep a record of all gifts, bequests and donations received, and of their estimated value and whether they are disposed of or retained. It should also consider very carefully if there are any associated costs of doing so or any conflicts of interest and ethical issues arising. Nothing should be done that in any way compromises the protocols of the International Olympic Committee.

3.37 Donated assets do not attract a capital charge or depreciation charge. (For this purpose funding from the Lottery and from Local authorities (including GLA and LDA) is treated as donated assets). Any gift or bequest of significant monetary value must be reflected appropriately in the annual accounts.

Fees and Charges

3.38 Fees and charges made for any facilities or services provided by ODA shall be determined in accordance with Managing Public Money, Chapter 6. In setting fees for information requested under either the Freedom of Information Act; the Environmental Information Regulations, the Data Protection Act or the re-use of Public Sector Information Regulations, ODA must follow the respective regulations and guidance notes issued for public bodies.

Wider Markets

3.39 In accordance with the Wider Markets Policy (see Managing Public Money, Annex 7.6), the ODA should seek to maximise receipts from non-Exchequer sources, provided that this is consistent with both its main functions and its corporate plan. (See *Selling into Wider Markets, a Policy Note for Public Bodies*

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http://www.partnershipsuk.org.uk/uploads/documents/pending/WMAssessment_guidance3.pdf

ODA will be entitled to retain income generated by sales into wider markets.

Financial Assistance

3.40 The Act contains no formal definition of Financial Assistance, but this can be defined as the giving of grant or value in kind by the ODA to third parties to enable them to meet, or assist the ODA to meet, the objectives of The Act. Each case is considered on its merits by DCMS/GOE.

3.41 With the agreement of the Secretary of State for the Olympics the ODA may provide financial assistance to other bodies to further the achievement of its functions as set out in s4 of the Act. In doing so the ODA will ensure that it exercises proper control of expenditure and other resources e.g. through written funding agreements that comply with the principles of sound financial management set out in Managing Public Money.

4.0 Project Expenditure

Baseline budget

4.1 A Baseline budget has been established for every project within the ODA's programme of works. Changes to the Baseline Budget must only be made after the proper approvals have been obtained, including reference where necessary to the OPRG, to the Secretary of State and when appropriate the Funders, for projects that exceed the ODA's delegation, for the release of Programme contingency, or the commitment of any element of the ODA's budget ring-fenced for legacy transformation works.

Projects

4.2 ODA must agree all new initiatives and programmes that are outwith the ODA's agreed Annual Plan, with DCMS/GOE, who will consult GLA and the other funding parties in accordance with paragraph 5.6 of the MS. These new initiatives and programmes should normally be included initially in the Annual Plan. Material changes to previously agreed initiatives and programmes should also be agreed with DCMS/GOE. ODA must be satisfied in all instances that its proposals are consistent with EU law and

regulations. Where appropriate, the necessary approval should be sought from the European Commission via DCMS/GOE.

4.3 ODA shall make available to DCMS/GOE and the Funders such information about any projects or expenditure as they may require.

Project Procedure

4.4 Subject to the provisions of the Acts, any consents, guidance or directions issued by the Secretary of State pursuant to these Acts, and any relevant external considerations, ODA may fund projects either on its own account or as joint ventures, where those projects meet the requirements of the Games and their legacy.

4.5 Any expenditure (or risk of expenditure) which cannot properly be treated as part of a project should be considered as Resource Consumption expenditure.

4.6 Each project must be individually appraised, controlled and monitored, in accordance with guidance issued from time to time. The appraisal should normally:

- a) Demonstrate the rationale, purpose and need for the project;
- b) Make clear the objectives of the project;
- c) Consider the options for the delivery of the project including a do nothing or do minimum case;
- d) Identify the project costs and benefits;
- e) Identify the risks and explain how these will be managed;
- f) Provide a value for money judgement in relation to ODA's investment (and, where appropriate, the total public sector investment);
- g) Provide a discounted cash flow for ODA's investment and appropriate sensitivity analysis;
- h) Provide, where relevant, the views of Funders and stakeholders;
- i) Make clear the potential outcome of each option;
- j) Apportion, where appropriate, output between Funders;
- k) Make a firm and reasoned recommendation; and
- l) Explain the proposed procurement approach.

4.7 The amount of any guarantee, indemnity or other form of contingent liability entered into by ODA will be included in

project appraisal processes. All such liabilities must be consistent with ODA's statutory powers and are subject to the requirements of Managing Public Money. DCMS/GOE will also set limits for the total value of outstanding guarantees, indemnities and liabilities either in total or by category, or both.

The Olympic Project Review Group (OPRG)

4.8 Where the cost of a project exceeds the ODA's delegation (£20 million) it will require formal approval. Such projects should be submitted for scrutiny to the Olympic Project Review Group (OPRG). The OPRG scrutinises all projects above delegation against established investment and project criteria; including options appraisal, whole life costs, value for money, success criteria, risks, governance, legacy and sustainability. Following its scrutiny OPRG may recommend projects to the Secretary of State, the Mayor and Treasury for approval. The OPRG is chaired by DCMS/ GOE and its membership comprises officials from DCMS/GOE, GLA, Treasury, DCLG, DfT and, OLD and LDA, as required. Representatives of the ODA will also attend meetings. OPRG's recommendation is recorded in the note of the meeting. The project approval process for such projects is set out at Annex C. OPRG will ensure that their recommendations are delivered to the Secretary of State quickly following receipt of the submission of the ODA case for project approval. Separate procedures apply for the approval of contingency - see para 4.15 below.

4.9 OPRG will also advise on cost changes and virements (see paragraphs 4.13 to 4.16).

Home Affairs (Olympic & Paralympic Games) Cabinet Sub-Committee (HA(OPG))

4.10 HA(OPG) means the Cabinet Sub-Committee responsible for managing the delivery of the Government's contribution to the 2012 Games, including taking decisions on the use of Funders' contingency. Its membership is described in the "Definitions" section above.

Financial delegations - Expenditure

4.11 ODA may commit expenditure up to a maximum of £20 million for any individual project which is to be funded in accordance with its statutory powers, and is included in the ODA's Annual Plan.

4.12 Prior DCMS/GOE approval is required for all projects which:

(a) involve ODA expenditure above £20 million. Such projects will also require Treasury approval

(b) are considered novel, contentious or repercussive.

New projects not included in the Plan require the prior approval of the Olympic Board via DCMS/GOE. However, the disposal of all major assets (i.e. buildings and land) will be subject to the approval of DCMS/GOE in consultation with the Funders.

Regulation of Cost Changes

4.13 To facilitate tight cost control of all projects with a value in excess of £20 million any proposals made in any one year for increases in total project cost in excess of £3 million or 5%, whichever is the lowest, will be referred to the OPRG. The OPRG will advise DCMS/GOE (and through them the HA(OPG)) on whether the change is acceptable.

4.14 If the aggregate of project costs is forecast to exceed the approved costs by more than £30m in any one year, the cost increase will be referred to OPRG. The OPRG will advise the Secretary of State on whether the change is acceptable.

Regulation of the use of Contingency

4.15 The controls on contingency cover:

- ODA Project contingency - the ODA Finance Director holds overall control of project contingency. Where there is a need to access project contingency the ODA's change control procedures will be followed to manage the release of Project Contingency. This is overseen by the DCMS/GOE Project Assurance Managers and through GOE participation in the ODA Change Control Board;
- Programme Contingency - should cost pressures arise DCMS/GOE and the ODA will review the causes of the pressures to establish if these represent an appropriate call on Programme (or Funders' Contingency). Once the review is complete and application will be made to the OPRG for release of Programme Contingency (or a recommendation made to Funders for the release of Funder's Contingency);

- Funders' Contingency - if the review of cost pressures determines that Funders' Contingency is required, the case is put to OPRG and, if agreed, the application will be referred to the Funders for approval.

Separate procedures apply to the release of the OLD element of contingency. The process is summarised in Annex C. Full details on the controls over the use of contingency are contained in the agreed procedures titled: '*Olympics Programme: Contingency & Reporting Arrangements for the ODA Programme*'.

Virements

4.16 To permit the most cost-effective application of resources, the ODA may switch funds from one project to another without reference to the OPRG where the amount involved is no more than £3 million in any year. Any virement above this level will require the prior approval of DCMS/GOE subject to the recommendation of the OPRG.

Financial Delegations - Sales and disposal of Assets and treatment of receipts from these

Disposals

4.17 ODA has a general delegation for the disposal of assets it holds in its name of £1,000,000, except in the following circumstances where it must seek the prior approval of DCMS/GOE:

- a) the disposal of all land and buildings;
- b) all instances where ODA proposes to dispose of assets for less than the best consideration reasonably obtainable;
- c) where it is proposed to dispose of any development asset, or package of development assets, valued at over £5 million net, or valued at over £3 million net, where there has been no price competition;
- d) where a disposal is likely to be novel, contentious or repercussive;
- e) where DCMS/GOE may from time to time determine.

Treatment of receipts from disposals

4.18 The policy on the disposal of receipts as agreed by funding Departments and HMT is set out at Annex E 6. The position in respect of the GLA is to be agreed later in the Olympic Programme.

Novel, contentious or repercussive expenditure

4.19 ODA must discuss with DCMS/GOE at an early stage any novel, contentious or repercussive proposals likely to arise on a particular piece of business. ODA must obtain the approval of DCMS/GOE before making:

- a) any commitment to incur, or actually incurring, any expenditure for any purpose which is or might be considered novel or contentious or which has or could have future cost implications, including on staff benefits;
- b) any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by DCMS/GOE;
- c) any changes of policy or practice which have wider financial implications (e.g. because it might prove repercussive or set precedents among other public sector bodies) or which may significantly affect the future level of resources required.

4.20 Treasury approval may also be required in these cases, irrespective of the financial amounts involved.

Project Monitoring by DCMS

4.21 DCMS/GOE reserves the right to "call in " at any time for examination, and discussion with ODA, papers relating to any ODA project or other expenditure or commitment.

Interests in bodies corporate and joint ventures

4.22 Under s4 (2) m of the Act the ODA has the power to make arrangements for the establishment of bodies corporate, which includes subsidiary companies. However the ODA must obtain DCMS/GOE's prior approval to form, or acquire interests in, bodies corporate, subsidiary companies and joint ventures, irrespective of the amount of money involved. In considering such approaches, DCMS/GOE will take into account its wider strategic aims and objectives. If agreement is given, ODA must ensure that the financial arrangements and conditions applying to payments between the bodies are documented appropriately.

4.23 Under s4 (2) n of the Act the ODA has the power to acquire interests in bodies corporate or other undertakings. Subject to the approval of DCMS/GOE the ODA may acquire equity shares in ventures that further its objectives. Any subsidiary company or joint venture controlled or owned by ODA shall be consolidated with it in accordance with GAAP for public expenditure accounting purposes, subject to any particular treatment required by GAAP. Where the judgement over the level of control is a close one, DCMS/GOE will consult Treasury (who may need to consult the Office of National Statistics about national accounts treatment). Unless agreed specifically with Treasury, such subsidiary companies or joint ventures shall be subject to the controls and requirements set out in the Management Statement and Financial Memorandum, and to the further provisions set out in supporting documentation.

Public Private Partnerships (PPPs)

4.24 Having regard to the viability of legacy use and the potential for finding a legacy user, the ODA should look for opportunities to enter into Public Private Partnerships (PPP) to secure its objectives in relation to projects, where PPP could offer better value for money than conventional procurement. The PPP label covers Private Finance Initiatives (PFIs) in which the public sector contracts services on a long-term basis with the private sector; the introduction of private sector ownership into state-owned businesses; and the selling of Government services into wider markets.

4.25 ODA must involve DCMS/GOE as soon as a PPP/PFI project is identified. DCMS will consult Treasury and the GLA and other funding bodies.

4.26 Any partnership controlled by ODA shall be treated as part of ODA, in accordance with GAAP and consolidated with it (subject to any particular treatment required by GAAP).

Unconventional Financing

4.27 Unless otherwise agreed with DCMS/GOE and Treasury, ODA must not enter into any unconventional financing agreement.

5.0 Miscellaneous Financial Issues

Housekeeping

5.1 ODA is responsible for the effective use and management of all its assets, including property. It is also responsible for ensuring that adequate arrangements are in place to:

- maintain full accurate and up-to-date records, including adequate asset and contract registers; and
- ensure that the properties are maintained (as a minimum to comply with Health and Safety legislation and recommendations) and are used and managed cost effectively.

Records should include a market valuation (as defined by the Royal Institution of Chartered Surveyors) of property held by ODA. This should be updated prior to disposal.

5.2 When considering accommodation requirements for its own needs, ODA should liaise closely with Treasury, through the sponsor team in DCMS/GOE, and should inform Treasury of any material change in its accommodation requirements.

Risk Management

5.3 ODA should ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with the relevant aspects of best practice in corporate governance. It should also develop and maintain a risk management strategy. Guidance is contained in Managing Public Money and the Treasury "Orange Book" Management of Risk - Principles and Concepts.

5.4 ODA must take all reasonable steps to appraise the financial standing of any firm or other body with which it is intended to enter into a contract.

Insurance

5.5 The ODA will justify any proposed use of commercial insurance on grounds of value for money. In view of the scale, nature and risks of the Olympic programme there are likely to be a number of such instances. In all other circumstances except in the case of third party insurance required by the Road Traffic Acts and any other insurance which is a statutory obligation or which is permitted in Managing Public Money, the ODA must obtain the prior approval of DCMS/GOE.

Ethics

5.6 ODA will be required to operate at all times with the highest ethical standards and practices in accordance with the requirements set out in its HR Policies (published on its website) and, in particular, the Code of Conduct and Business Ethics. The Code provides guidance on a wide range of issues including the ODA's policy on the handling of staff concerns about improper or unethical conduct.

Fraud and Theft

5.7 ODA must adopt and implement policies and practices to safeguard itself against fraud and theft, in line with the Treasury's guide, *Managing the Risk of Fraud*. Please see Annex D.

5.8 In particular, ODA should:

- a) ensure that it communicates its policy on fraud to staff in a formal policy statement;
- b) prepare an annual report on fraud and theft;
- c) notify DCMS/GOE of all cases of known and suspected (which have been reasonably substantiated as suspected) fraud immediately [above the de minimis limits (ref Annexes B and D)] and provide DCMS no later than the end of May of each year with a list of all cases of fraud or suspected (which have been reasonably substantiated as suspected) fraud in the previous financial year. DCMS/GOE will inform Funders, and will then report to the Olympic Board Steering Group;
- d) expect periodic checks by DCMS/GOE on whether any new or suspected frauds have been detected.

Losses, write-offs, special payments and gifts

5.9 Proposals for making gifts or other special payments (including write-offs outside the limits below) must have prior DCMS/GOE approval. Gifts made by management to staff are subject to Cabinet Office guidance on non-pay rewards. The Chief Executive, as Accounting Officer, has authority to write-off losses and make special payments to the value shown below providing all reasonable attempts at recovery have proved successful. For cases which fall outside these conditions, DCMS/GOE authority is required before any action is taken.

5.10 The delegations to the ODA for losses, write-off, special payments and gifts are shown in Annex E.

5.11 The Chief Executive may formally delegate authority to write off losses and make special payments, within specific limits, to officers at appropriate levels. These delegations should be kept under review.

5.12 ODA must maintain a record of all losses written off and special payments made, detailing the circumstances of the event and stating the action taken to prevent a recurrence; a record of gifts made should also be maintained. These records shall be available to DCMS/GOE and to GLA and other funding parties for inspection on request and a copy formally provided annually no later than the end of May each year.

5.13 ODA shall notify DCMS/GOE of all recommendations made to it by the Parliamentary Commissioner for Administration. DCMS/GOE will inform other Funders.

Procurement

5.14 The ODA will have a procurement policy. The policy must reflect guidance from the Office of Government Commerce including Procurement Policy Guidelines and is subject to the approval of the Olympic Board. ODA must also ensure that it complies with any relevant EU or other international procurement rules as well as all domestic procurement rules. The Department will provide advice on the application of such rules as necessary.

5.15 Subject to the requirements of Section 4(3) of the Act (legacy and sustainable development), procurement of works, equipment, goods and services must be based on value for money, i.e., quality (in terms of fitness for purpose) and delivery against price. Where appropriate, a full option appraisal shall be carried out before procurement decisions are taken.

5.16 ODA's procurement practices should be benchmarked against best practice elsewhere and contracted out where this would achieve better value for money.

5.17 ODA should take all reasonable steps to appraise the financial standing of any firm or body with which it intends to enter into a contract, and should not proceed into making a contract unless it is appropriately satisfied.

5.18 Wherever practicable, ODA should expose activities undertaken by its own employees to outside competition and arrange for them to be contracted out, where this would provide improved value for money.

Letting contracts by competitive tender or single tender

5.19 Contracts must be placed on a competitive basis and tenders accepted from suppliers who provide the best value for money overall. All contracts should therefore normally be let by means of full competitive tender.

5.20 It is recognised, however, that this may not always be appropriate for smaller contracts:

- De minimis contracts worth less than £3,000 may be let by single tender, although ODA must ensure that value for money is achieved;
- If contracts worth less than £25,000 are not let by full competitive tender, ODA must ensure that at least three written quotations are received before any decision is taken to award such a contract.

5.21 Single tenders should be avoided, wherever possible. However, contracts up to £100,000 [for any standalone items of expenditure] may be let by single tender where there is no reasonable alternative (for example, for certain specialised or fixed price services) or in cases of extreme urgency (for example, to remove a risk to public safety). Any proposals for single tender for contracts above £100,000 require prior DCMS/GOE approval.

5.22 The Chief Executive may formally delegate authority to let contracts, within specific limits, to officers at appropriate levels. These delegations should be kept under review.

Timeliness in paying Bills

5.23 ODA shall collect receipts and pay all matured and properly authorised invoices in accordance with the terms of contracts or within 30 days, as provided for in Annex 4.6 of Managing Public Money and shall endeavour to pay small and medium sized enterprises within working 10 days. It must comply with the British Standard for Achieving Good Payment Performance in

Commercial Transaction (BS7890), and with the Late Payment of Commercial Debts (Interest Act) 1998, as amended (which allows creditors to claim statutory interest and compensation on late payment of commercial debts) and other instructions and guidance issued from time to time by DCMS, the Treasury or other government departments.

Fixed and Investment Assets

5.24 The ODA shall at all times use its own assets in the most cost-efficient manner, and dispose of those assets which are surplus to its requirement. On wind-up the ODA's own assets, e.g. office equipment etc., will be disposed of for best price. The receipts on wind-up will be treated in accordance with the guidance at paragraph 4.17. The disposal of venues and other assets which have been used for the staging of the Games will be determined in the context of a disposal plan.

5.25 ODA must keep the overall level of its fixed and investment assets under regular review, with a view to disposing of any that are surplus to requirements. It should therefore maintain an accurate and up to date register of such assets. The register should be made available for inspection by DCMS/GOE on request.

5.26 Disposal of fixed and investment assets must be undertaken in accordance with the requirements of the Annual ODA Plan and Budget and/or legacy plan or otherwise in accordance with the requirements set out in "Managing Public Money.

5.27 The disposal of development assets is subject to the delegation limits set out in paragraphs 4.17 and 4.18 above.

6. Staffing Matters

London Olympic Games and Paralympic Games Act 2006

6.1 The Act sets out the specific legal provisions relating to the appointment of the Members of the ODA, Chief Executive, Director of Finance, Director of Transport and the establishment of committees.

Chief Executive - Performance targets and performance related pay

6.2 The Board should set the Chief Executive's personal annual performance targets. These should be clearly defined, challenging

and realistic, reflecting the ODA's strategy objectives and its Annual ODA Plan and Budget. A separate objective, covering personal responsibility as Accounting Officer, should also be included. If targets need subsequently to be revised because of a significant change of circumstances, the revisions should be formalised at the time and not retrospectively. The Chief Executive is eligible for performance related pay as set out in his contract.

6.3 On or before 1 April the Chairman should send a copy of the Chief Executive's targets for the forthcoming period to DCMS/GOE for their comment.

6.4 The Chairman should inform DCMS/GOE of any performance awards made to the Chief Executive.

Other staff - terms and conditions

6.5 Except for the Chief Executive (where separate arrangements apply), ODA should establish and operate a unified set of terms and conditions for all staff whether on permanent or temporary contract. These should cover both pay and non-pay matters.

6.6 The terms are to be approved by DCMS/GOE and should take account of information provided in this Financial Memorandum and any separate Management Guidance.

6.7 Current terms and conditions for ODA staff should be set out in its HR Policies (published on the website). A copy of the Handbook and subsequent amendments should be provided to DCMS/GOE.

Remuneration

6.8 ODA shall operate an open and fair annual appraisal system for its staff and a performance-related pay scheme which shall form part of the general pay structure that is approved by DCMS/GOE.

6.9 Before any annual pay settlement can be agreed with its staff, ODA must seek the prior approval of the DCMS/GOE, and provide DCMS/GOE with the information DCMS may require in order to enable it to assess the ODA's compliance with the Government's policy on public sector pay. The proposed pay settlement will be included within the Annual ODA Plan and Budget.

Recruitment

6.10 When recruiting, ODA shall select staff on merit on the basis of fair and open competition, save where an appointment is justified for exceptional reasons relating to the needs of ODA and the proven ability of the person proposed for appointment. Prior DCMS/GOE approval is required for the creation of any new senior staff posts where the basic salary exceeds £120,000 per annum. The approval of the Chief Secretary to the Treasury will be required for any pay and remuneration levels of £150,000 p.a. and above and any new proposals which might create a legal entitlement to a bonus of £50,000 or more in a financial year. This applies to new appointments and the contract renewal and covers all staff including the Chief Executive.

6.11 ODA must comply with the EU Directive on contract workers, Fixed Term Employees Regulations (Prevention of Less Favourable Treatment).

6.12 Wherever appropriate, ODA must take account of the Transfer of Undertakings (Protection of Employment) regulations 2006, SI 2006/246 or the Cabinet Office's Statement of Practice - Staff Transfers in the Public Sector issued in January 2000, where these are relevant.

6.13 ODA shall operate severance arrangements that are in accord with the requirements of Managing Public Money para 4.11.4 and Annexe 4E refers, these make clear that HMT approval is required for all special severance payments.

6.14 ODA shall ensure that it has proper mechanisms for monitoring and controlling manpower resources. ODA shall periodically review the output of these mechanisms, and allow access to DCMS/GOE for the purpose of carrying out audits.

6.15 From time to time DCMS/GOE may request specific information from ODA on staffing and personnel matters, including for the purposes of reporting on the performance and policies of the wider DCMS family (i.e. DCMS and its sponsored bodies as a group) or in order to fulfil Accounting Officer responsibilities. ODA shall submit such information as DCMS/GOE may require.

Provision of Pensions

6.16 ODA must ensure that there are clear legal and administrative arrangements covering the provision of its pension

schemes in respect of benefits and contributions, the administration of the schemes and the management of the funds. ODA must report to DCMS/GOE on the organisation of its pension schemes and the management of the funds as soon as possible after the end of each financial year, or as agreed with DCMS/GOE.

6.17 ODA employees shall normally be eligible to join the ODA Stakeholder Pension, or to retain their existing arrangements in, for example, the Local Government Pension Scheme (LGPS) or other public sector schemes etc. The ODA shall ensure that it has proper procedures and processes in place to ensure the efficient administration of pension arrangements for all schemes to which it contributes to for its staff. This includes having appropriate processes to comply with the membership of other public sector schemes.

6.18 The employer's contribution to the Stakeholder Pension scheme is set out in the rules governing the ODA's Stakeholder Pension.

6.19 Any proposal by the ODA to make changes to its Stakeholder Pension Scheme requires prior DCMS/GOE approval to the proposals.

7.0 Accounts and Audit

Annual Accounts (See also Section 6 of the Management Statement)

7.1 ODA must publish its accounts and a report of its activities annually.

7.2 The accounting requirements for ODA are set out in the Accounts Directions issued to the ODA by DCMS/GOE. ODA must retain accounting documents in line with the requirements of Managing Public Money.

7.3 ODA must adhere to the timetable agreed with DCMS/GOE each year for the preparation and publication of the accounts. This timetable is intended to allow ODA's annual report and accounts to be laid before Parliament before the summer recess.

7.4 ODA shall submit a copy of its accounts to DCMS/GOE, and may share the drafts with other Funders as appropriate, before they are signed and before the auditors sign their report on the accounts. This is to give DCMS/GOE and other Funders the opportunity to comment on the text and presentation in the

accounts. The Accounts should normally be signed by the Chairman (on behalf of the Board) and by the Accounting Officer.

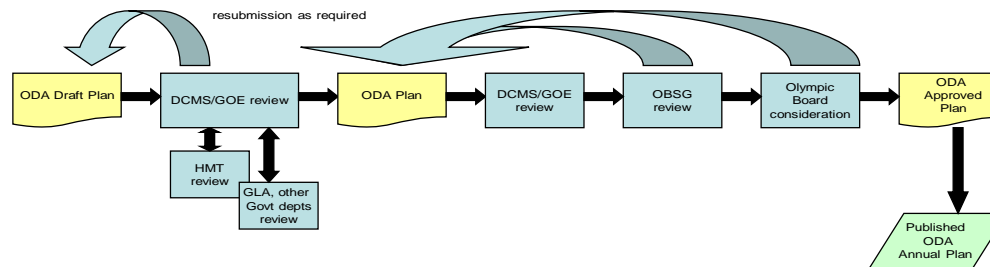
7.5 No information from the accounts must be made public before the accounts have been laid before Parliament.

Audit

7.6 The main arrangements for internal and external audit are set out in the Management Statement.

ANNEX A:

ANNUAL BUDGET APPROVAL PROCESS



Notes :

- separate approvals for the ODA Annual Corporate Business Plan and Budget are required from OLD Board

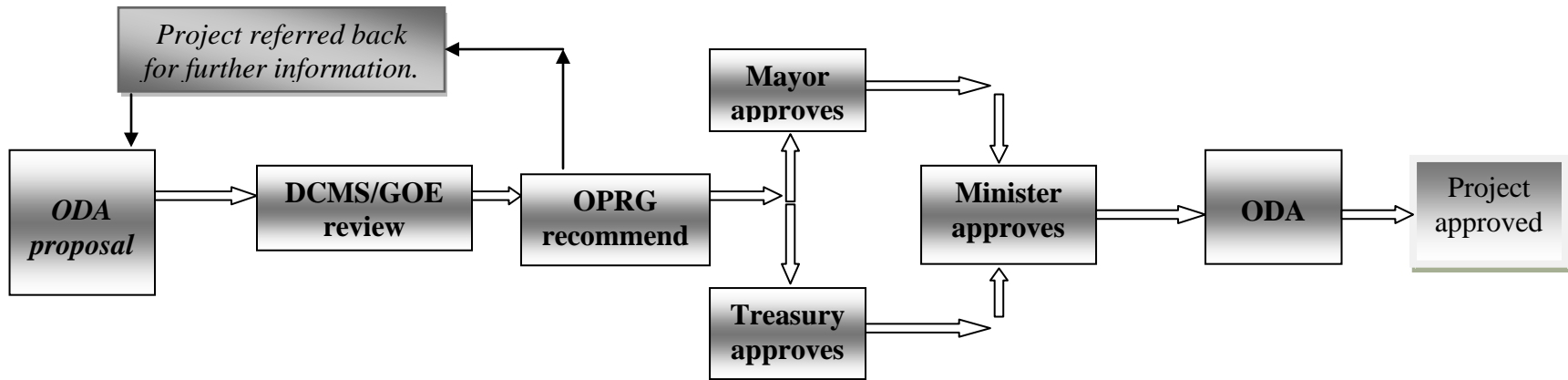
**ANNEX B:
LIST OF MANAGEMENT DOCUMENTS AND TIMETABLE**

Document	Timetable
Annual expenditure and profile of draw down from : Grant-in-aid Olympic Lottery Sports Lottery National Lottery Council Tax Precept LDA Other	By 31 March, for the following financial year
Financial statements forecasts and analysis	Monthly
New or revised Funding Agreement	As agreed with DCMS/GOE
Review of last full year of Funding Agreement	As agreed with DCMS/GOE
Draft Annual Report and Accounts	As agreed with DCMS/GOE, section 7 of this Financial Memorandum refers
Final Annual Report and Accounts	As agreed with DCMS/GOE, section 7 of this Financial Memorandum refers
The Head of Internal Audit's annual report	As soon as possible after the report is passed to the Audit Committee
Frauds or suspected fraud	Above the de minimis limits (see Annex D), as soon as possible; below the de minimis limits, annually by

	31 April each year
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ANNEX C:

PROJECT APPROVAL PROCESS FOR: PROJECTS OVER £20 MILLION (excluding VAT); NEW PROJECTS OUT WITH THE ANNUAL CORPORATE BUSINESS PLAN; PROJECTS REQUIRING RELEASE OF CONTINGENCY; COMMITMENT OF ODA'S RING-FENCED BUDGET FOR LEGACY TRANSFORMATION, OR THOSE INVOLVING NOVEL OR CONTENTIOUS EXPENDITURE



NB: For the specific process for the approval of the release of contingency please refer to "The Olympics Programme: Contingency & Reporting Arrangements for the ODA Programme"

**ANNEX D:
FRAUD AND THEFT REPORTING**

Introduction

1. The ODA should keep a record of all frauds/theft ("frauds"), and will provide to the Department by the end of April each year, in the form specified in DAO (GEN) 15/02 and subsequent changes to *Managing Public Money*, an annual report of all frauds discovered in the year. Individual frauds reported to the Department earlier in the year may be referred to in summary in the annual report if these have been reported in the prescribed form.

2. All frauds and suspected frauds should be reported **immediately** on suspicion to the sponsoring team in DCMS/GOE with as much of the following information as time and circumstances permit:

- a) when the fraud occurred
- b) what happened, and does the ODA consider the fraud novel or unusual,
- c) information about the perpetrator - staff or external,
- d) suspected/estimated or actual level of loss,
- e) action taken to date and planned to investigate the fraud to rectify control failures and prevent recurrence against the perpetrator.
- f) the extent of any Police involvement
- g) how soon a full report will be available.

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

Use of fraud reports

4. Full reports of frauds with losses above £10k should be accompanied by a narrative suitable for publication, the content of which should cover the main system weaknesses which allowed the fraud to occur, the method by which the fraud was discovered, the value of the fraud, action taken against the perpetrator, and action taken to reduce the risk of recurrence.

5. Frauds of this magnitude may be reported to the Treasury as part of the Annual Fraud Return by Departments where there are important lessons to be learned. From time to time the Department will make lessons learnt from the Fraud Report available to its sponsored bodies.

ANNEX E:

**THE OLYMPIC DELIVERY AUTHORITY'S (DRAFT) DELEGATED
FINANCIAL LIMITS**

ALL DELEGATIONS ARE SUBJECT TO THE REQUIREMENT THAT SPENDING PROPOSALS FALLING WITHIN MANAGING PUBLIC MONEY SHOULD BE REFERRED TO THE DEPARTMENT

Unlimited (unless otherwise specified)

1. CAPITAL EXPENDITURE

<p>Expenditure on new construction, land, extensions of, and alterations to, existing buildings and the purchase of any other fixed assets (e.g. machinery, plant, and vehicles) with an expected working life of more than one year. Also includes exchanges of fixed assets.</p> <p>Virements :</p> <p>Contingency release</p> <ul style="list-style-type: none"> • Retained Savings¹ • Programme Contingency • Funders' Contingency <p><i>1. Retained Savings may be used to fund cost changes to existing projects or scoping works on new projects to bring forward a business case.</i></p>	<p>Up to £20m</p> <p>Up to £3m</p> <p>Up to £3m</p> <p>Nil</p> <p>Nil</p>
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2. GIFTS

<p>Gifts received by the Olympic Delivery Authority</p>	<p>Unlimited</p>
<p>In a financial year, any one gift or total of gifts to one person/organisation</p>	<p>Up to £10,000</p>

Gifts to staff are subject to separate Cabinet Office guidance.

3. NON-STATUTORY CONTINGENT LIABILITIES Up
to £100,000

4. LOSSES AND SPECIAL PAYMENTS

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

Type	Description	Delegation
------	-------------	------------

A	Losses	
---	--------	--

- | | | |
|------|---|--|
| i. | Cash losses. Physical losses of cash and
£250,000
equivalents (e.g. banknotes, postal orders,
stamps)
by any cause. | |
| ii. | Bookkeeping losses:

because of un-vouched or incompletely vouched
£250,000
payments, including cases where vouchers are
missing;

because of changes to estimates or other accounts
to £250,000
clear inexplicable or erroneous balances | |
| iii. | Exchange rate fluctuations. Losses due to
fluctuations £250,000
in exchange rates or revaluations of currencies. | |
| iv. | Losses of pay allowances and superannuation
benefits:

overpayments due to miscalculation,
misinterpretation £250,000
of acts, regulations or scheme rules or the full
facts
not being known;

unauthorised issues, e.g. payments not admissible
£250,000
under the acts, regulations or scheme rules;

losses arising from other causes, e.g. non-
disclosure £250,000 | |

of full facts by the beneficiary, short of proven fraud.

- v. Losses arising from overpayments of grants, etc. arising £250,000 from miscalculation, misinterpretation of acts regulations or scheme rules, or the full facts not being known.
- vi. Losses arising from failure to make adequate charges £250,000 for the use of public property or services.

B Losses of accountable stores:

- i. because of fraud, whether or not it has been possible to £250,000 charge anyone with an offence, or proven or suspected theft, arson or sabotage, or any other deliberate act (including repairable damage caused maliciously to buildings, stores; etc. which is not the subject of an identifiable legal claim against some person); wherever possible recovery must be effected and prosecution mounted;
- ii. losses arising from other causes. £250,000

C Fruitless payments and constructive losses
£250,000

D Claims waived or abandoned
£250,000

E Special payments*

- :
 - i. extra-contractual and *ex gratia* payments to contractors; £250,000

- ii. other *ex gratia* payments;
£250,000
- iii. compensation payments;
£250,000
- iv. extra-statutory and extra-regulatory payments.
£250,000

** NB the delegations above exclude any special (i.e. extra-contractual) severance payments to staff when leaving public service employment. Such payments should be exceptional. They always require Treasury approval because they are usually novel, contentious and potentially repercussive. Para 6.13 above refers.*

5. DISPOSAL OF ASSETS
£1,000,000

In accordance with para 4.17 above the ODA may dispose of assets which it holds in its name to the value of £1,000,000, without seeking the approval of DCMS/GOE except in the following circumstances:

- a) the disposal of all land and buildings;
- b) all instances where ODA proposes to dispose of assets for less than the best consideration reasonably obtainable;
- c) where it is proposed to dispose of any development asset, or package of development assets, valued at over £5 million net, or valued at over £3 million net, where there has been no price competition;
- d) where a disposal is likely to be novel, contentious or repercussive;
- e) where DCMS/GOE may from time to time determine.

In these cases the prior approval of DCMS/GOE must be obtained before any disposal action is undertaken.

6. TREATMENT OF RECEIPTS FROM DISPOSALS

Principles

7. The principle of the receipts policy is that the ODA must have sufficient funds to deliver the overall agreed programme scope. Therefore:

- a) protection of the ODA base budget, including delivery of the Village Vertical Build takes priority;
- b) Funders' Contingency should be preserved in accordance with the original PSFP and Baseline Budget, until the final accounts post Games; and
- c) any receipts beyond those required to preserve contingency represent a genuine benefit to Funders.

8. The Village receipts will be used as follows:

- The £268 million from the Triathlon sale will be used by ODA to fund the vertical build;
- Of the first £650 million of private sales :
 - o The first £177 million of receipts from private sales will be used to fund the vertical build; but
 - The next £473 million of receipts will be allocated to Funders' Contingency.

9. Any receipts distributed to Government Departments will remain within their ring-fenced Olympics DEL until the sign off of the ODA's final accounts and will then be dealt with in accordance with the existing 2007 co-Funders' Agreement.

10. Receipts from private sales beyond £650 million are a genuine benefit to the public sector and will therefore be shared between all bodies funding the ODA programme, except Sport England, including GLA and LDA, on an agreed percentage. This could be based either on the proportionate contribution to the entire ODA programme, or on proportions of funding of the Village. The arrangements established in the Grant memorandum between ODA and OLD, and which are underpinned by OLD's Olympic Funding Memorandum with DCMS will stand in relation to the OLD.

The share of receipts to which OLD would be entitled is the proportion of the ODA's budget net of taxation which has been funded by OLD. Other Funding bodies will need to agree an approach.

11. It is likely that any receipts over £650m would be subject to corporation tax, so funding bodies should not expect to receive their entire gross proportion of any surplus receipt. The OLD arrangements are calculated against total ODA project cost net of tax, as the cost of tax is covered by the Government and not by OLD.

12. A "final account" for the whole PSFP will be drawn post-Olympics according to the strategy pursued to wind up the Olympic Delivery Authority.

13. We currently expect that this final account will be drawn as at March 2014. At that time the arrangements under the existing co-Funders' agreement will, with one important exception, be applied to unspent contingency, including any arising from Village receipts. The exception is that the GLA will have a right to a portion of those Village receipts not required, at the end of the ODA programme, to offset ODA costs of delivering its programme. The portion of receipts due to the GLA would be subtracted from receipts that would have otherwise been due to Government Departments under the co-Funders' agreement, with no implications for OLD. These receipts would be employed by the GLA towards the capital funding obligations of the OPLC.

14. To the extent that the public sector still owns Village assets at the wind down of ODA, funding bodies will retain a right to their share of any future receipts that accrue. These rights, and the above arrangements, will prevail beyond the final accounts until all village receipts have been realised. For receipts attributable to the OLD the arrangements set out in the OLD Grant Memorandum will apply.

15. If the total receipts accrued by the time of the final accounts sum to less than £650 million the approach set out above will continue to apply i.e. further receipts up to the level of £650 million will continue to be distributed to Funders after final accounts according to the proportions that would have applied if the contingency pots were still in place.

Other Receipts

16. The ODA may receive receipts from other sources, for example:

- overage on Westfield retail development; and
- utilities concessions.

17. Such receipts may be used to fully fund the base or to replenish Funders' Contingency.

18. A "final account" for the PSFP will be drawn as at March 2014. At that time the arrangements under the existing co-Funders' Agreement will be applied to all unspent contingency, including any arising from receipts. To the extent that further receipts accrue after the final account, funding bodies will retain their right to their share until all receipts have been accounted for. In the case of the OLD the arrangements set out in the OLD Grant Memorandum will apply.

Mechanics

19. DCMS is responsible for co-ordinating the sharing of receipts in liaison with ODA. Receipts that come in after the wind-up of the ODA (i.e. after final accounts) should come direct to DCMS or to the appropriate successor to ODA, who will re-distribute them according to the arrangements above. The share-out of receipts by the successor must be transparent. A table of receipts and their distribution between recipients should be distributed to each of the potential recipient bodies or their successor.