

# GLOSSARY

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Term	Definition
<b>Accounting Officer</b>	a person appointed by the Treasury or designated by a department to be accountable for the operations of an organisation and the preparation of its accounts. The appointee is, by convention, usually the head of a department or other organisation or the Chief Executive of a non-departmental public body (NDPB). See chapter 3.
<b>Accounts direction</b>	a direction issued setting out the accounts which a body must prepare, and the form and content of those accounts.
<b>Affirmative resolution</b>	a Parliamentary procedure for exercising control over secondary legislation (ie a Statutory Instrument in the form of an order or regulation). The positive approval of Parliament is required before the instrument can take effect.
<b>Annually Managed Expenditure, AME</b>	is spending included in Total Managed Expenditure (TME), which does not fall within Departmental Expenditure Limits (DELs). Expenditure in AME is generally less predictable and controllable than expenditure in DEL.
<b>Appropriation Act</b>	annual Act of Parliament, which gives formal approval to departmental Supply Estimates. The Consolidated Fund (Appropriation) Bill when enacted becomes the Appropriation Act.
<b>Appropriations in Aid</b>	income received by a department which it is authorised to retain (rather than surrender to the Consolidated Fund) to finance related expenditure. Such income is voted by Parliament and accounted for in departmental resource accounts.
<b>Arm's length bodies, ALBs</b>	NDPBs, companies in which the department has a significant shareholding and other sponsored bodies.
<b>Capital spending</b>	spending on the purchase of assets, above a certain threshold, which are expected to be used for a period of at least one year. It includes the purchase of buildings, equipment and land. The threshold is set by each body: items valued below it are not counted as capital assets, even if they do have a productive life of more than one year.
<b>Central government bodies</b>	departments and departmental executive agencies, including trading funds, non-departmental public bodies, and NHS health authorities and boards.
<b>Chief executive</b>	title for the head of an arm's length body, normally appointed as accounting officer.
<b>Civil Service Code</b>	a concise statement issued by the Cabinet Office which sets out the framework within which all civil servants work, and the core values and standards they are expected to uphold. See annex 4.2
<b>Clawback</b>	the concept that where an asset financed by public money is sold, all or part of the proceeds of the sale should be returned to the Exchequer.
<b>Commercial banks</b>	bodies other than the OPG which provide banking services, including private sector banks and building societies.
<b>Committee of Public Accounts</b>	a committee of the House of Commons which examines the accounting for, and the regularity and propriety of, government expenditure. It also examines the economy, efficiency and effectiveness of expenditure. Also commonly known as the Public Accounts Committee (PAC).
<b>Common law</b>	one of the historical sources of law in the United Kingdom. Often used to distinguish judge-made case-law and longstanding legal principles from legislation which has been made by Parliament.

<b>Comptroller and Auditor General, C&amp;AG</b>	the head of the National Audit Office, appointed by the Crown, and an Officer of the House of Commons. As Comptroller, the C&AG's duties are to authorise the issue by the Treasury of public funds from the Consolidated Fund and National Loans Fund to government departments and others; as Auditor General, the C&AG certifies the accounts of all government departments and some other public bodies, and carries out value-for-money examinations. See annex 1.1.
<b>Concordat</b>	a long-standing agreement between the Treasury and the Public Accounts Committee that continuing functions of government should be defined in specific statute. See annex 2.1.
<b>Consolidated Fund standing services</b>	payments for services which Parliament has decided by statute should be met directly from the Consolidated Fund, rather than financed annually by voted money.
<b>Consolidated Fund, CF</b>	the government's current account, operated by the Treasury, through which pass most government payments and receipts.
<b>Contingencies Fund</b>	a government fund, controlled by the Treasury, which, subject to certain criteria, can be used to finance urgent expenditure (through issue of repayable advances) in anticipation of parliamentary approval of Estimates, or used to finance expenditure in advance of receipts. See annex 2.5.
<b>Contingent liabilities</b>	potential liabilities that are uncertain but recognise that future expenditure may arise if certain conditions are met or certain events happen.
<b>Control total</b>	the measure used by the government to plan public expenditure for the medium term, and monitor and control it within each financial year.
<b>Corporate governance</b>	the system by which organisations are directed and controlled.
<b>Cost of capital</b>	the cost to the government of financing investment, ie the rate at which it borrows. This is charged to departments to improve transparency under resource accounting and encourage efficient use of assets. It is included in the calculation when setting fees and charges and is calculated as a percentage of the net asset value.
<b>Data Protection Act</b>	legislation (1998) which governs how organisations can use personal information which they hold.
<b>Delegated authority</b>	a standing authorisation by the Treasury under which a body may commit resources or incur expenditure from money voted by Parliament without specific prior approval from the Treasury. Delegated authorities may also authorise commitments to spend (including the acceptance of contingent liabilities) and to deal with special transactions (such as write-offs) without prior approval.
<b>Departmental Expenditure Limit, DEL</b>	expenditure limit within which a department has responsibility for resource allocation though some elements may be demand-led.
<b>Depreciation</b>	a measure of the wearing out, consumption or other reduction in the useful life of a fixed asset whether arising from use, passage of time or obsolescence through technological or market changes.
<b>Derivative</b>	a financial instrument derived from another, usually sold singly or in packages to promote hedging, eg interest rate and exchange rate options.
<b>Detective controls</b>	controls designed to detect error, fraud, irregularity or inefficiency.
<b>Devolved administrations</b>	the administrations established in Scotland, Wales and Northern Ireland under the Scotland Act 1998, the Government of Wales Act 1998 and the Northern Ireland Act 1998.
<b>Discretionary services</b>	services that are not required by statute but are provided, often into competitive markets.
<b>Estimate</b>	a statement of how much money the government needs in the coming financial year, and for what purpose(s), by which Parliamentary authority is sought for the planned level of expenditure and receipts in a department.

<b>Estimates Manual</b>	a practical reference guide issued by the Treasury which provides detailed information on the Supply Estimates process.
<b>Estimates Memorandum</b>	an explanation to the relevant departmental select committee setting out the links to other spending controls and the contents of a departmental Estimate.
<b>Excess vote</b>	a request for resources which, after the year end, is found to have financed expenditure not agreed by Parliament, whether because it exceeds the prescribed amount of expenditure or because part is outside the descriptions Parliament has approved. See section 5.3.
<b>Exchequer</b>	central government's central financing arrangements, based on the Consolidated Fund and National Loans Fund, and managed by the Treasury and the Bank of England.
<b>Exchequer pyramid</b>	a series of accounts operated by the Treasury through which the overnight sweep and funding flows.
<b>Expenditure outside the ambit of a vote, EOTA</b>	expenditure outside the ambit of a vote, ie resources spent on matters which were not included in the relevant ambit in the departmental Estimate and therefore Parliament has not authorised. See section 5.3.
<b>Finance Act</b>	the legislation through which Parliament agrees the government's tax decisions. Normally passed in the summer after the spring budget.
<b>Framework document</b>	a document setting out the key principles of accountability for agencies. See annex 7.4.
<b>Freedom of Information</b>	legislation (2000) designed to promote public access to a wide range of public sector data and information (but not personal data).
<b>Full cost</b>	the total cost of all the resources used in providing a good or service in any accounting period (usually one year). This will include all direct and indirect costs of producing the output (both cash and non-cash costs), including a full proportional share of overhead costs and any selling and distribution costs, insurance, depreciation, and the cost of capital, including any appropriate adjustment for expected cost increases.
<b>Funding</b>	transferring monies to an account, so that they are available when needed for payments.
<b>Gateway™</b>	a review process operated under OGC rules in which people not associated with a programme, policy or project assess its progress and offer pointers to improve its delivery.
<b>Generally accepted accounting practice in the UK, UK GAAP</b>	the accounting and disclosure requirements of the Companies Acts and pronouncements by the Accounting Standards Board (principally accounting standards and Urgent Issues Task Force abstracts), supplemented by accumulated professional judgement.
<b>Grant</b>	payments made by departments to outside bodies to reimburse expenditure on agreed items or functions, and often paid only on statutory conditions.
<b>Grant in aid</b>	regular payments made by departments to outside bodies (eg non-departmental public bodies) to finance their operating expenditure.
<b>Green book</b>	informal title of a document published by the Treasury called <i>Appraisal and Evaluation in Central Government</i> to guide central government organisations in investment appraisal.
<b>Hedging</b>	transaction(s) designed to reduce or eliminate financial risk, eg because of interest rate or exchange rate fluctuations.
<b>Joined-up government</b>	arrangements under which policy-making and service delivery are unhindered by departmental boundaries.
<b>Judicial review</b>	a procedure by which the courts can review the legality of the decisions and actions of public authorities, including the government. Judicial review looks at the fairness of the decision-making process rather than the merits of the decision itself.
<b>Levies</b>	licences to operate public goods, often set to recover associated costs such as supervision by a regulator. See section 6.3.

<b>Maladministration</b>	any form of administrative failing or bad practice. Maladministration can be investigated by various complaints handling authorities, including the Parliamentary and Health Service Ombudsman.
<b>Memorandum Trading Accounts, MTAs</b>	an informal working document, prepared before the start of the financial year in the form of a forecast to determine the appropriate level of fees and charges for a repayment service, and after the end of the year in the form of an outturn statement to provide a record of performance.
<b>Misstatement</b>	a statement which is untrue. The maker of a misstatement can be sued for damages by those who have relied on the misstatement, but only if in the circumstances it was reasonable to rely on it.
<b>National Accounts</b>	accounts produced by the Office for National Statistics in accordance with the European System of Accounts 1995, which promotes standardisation in the way in which public sector income and expenditure is measured.
<b>National Audit Office, NAO</b>	office of the Comptroller and Auditor General, which audits resource accounts. See annex 1.1.
<b>National Insurance Fund, NIF</b>	a government fund used to meet the cost of contribution-based benefits, financed mainly by contributions paid by employers and individuals.
<b>National Loans Fund, NLF</b>	the fund through which passes most of the government's borrowing transactions and some domestic lending transactions.
<b>Near-cash</b>	resource expenditure that has a related cash implication, even though the timing of the cash payment may be slightly different. For example, expenditure on gas or electricity supply is incurred as the fuel is used, though the cash payment might be made in arrears on a quarterly basis. Other examples of near-cash expenditure are: pay, rental.
<b>Net cash requirement</b>	the upper limit agreed by Parliament on the cash which a department may draw from the Consolidated Fund to finance the expenditure within the ambit of its Request for Resources. It is equal to the agreed amount of net resources and net capital less non-cash items and working capital.
<b>Non-cash cost</b>	costs where there is no cash transaction but which are included in a body's accounts (or taken into account in charging for a service) to establish the true cost of all the resources used.
<b>Non-departmental public body, NDPB</b>	a body which has a role in the processes of government, but is not a government department or part of one. NDPBs accordingly operate at arm's length from government Ministers.
<b>Notional cost of insurance</b>	a cost which is taken into account in setting fees and charges to improve comparability with private sector service providers. The charge takes account of the fact that public bodies do not generally pay an insurance premium to a commercial insurer.
<b>Office for National Statistics, ONS</b>	the independent body responsible for collecting and publishing official statistics about the UK's society and economy. (At the time of going to print legislation was progressing to change this body to the Statistics Board).
<b>Office of Government Commerce, OGC</b>	an office of the Treasury, with a status similar to that of an agency, which aims to maximise the government's purchasing power for routine items and combine professional expertise to bear on capital projects.
<b>Office of the Paymaster General, OPG</b>	the government department responsible for discharging the Paymaster General's statutory responsibilities to hold accounts and make payments for government departments and other public bodies.
<b>Orange book</b>	the informal title for <i>Management of Risks: Principles and Concepts</i> , which is published by the Treasury for the guidance of public sector bodies.

<b>Overdraft</b>	an account with a negative balance.
<b>Parliamentary authority</b>	Parliament's formal agreement to authorise an activity or expenditure.
<b>Prerogative powers</b>	powers exercisable under the Royal Prerogative, ie powers which are unique to the Crown, as contrasted with common-law powers which may be available to the Crown on the same basis as to natural persons.
<b>Primary legislation</b>	Acts which have been passed by the Westminster Parliament and, where they have appropriate powers, the Scottish Parliament and the Northern Ireland Assembly. Begin as Bills until they have received Royal Assent.
<b>Private Finance Initiative, PFI</b>	arrangements under which a public sector organisation contracts with a private sector entity to construct a facility and provide associated services of a specified quality over a sustained period. See annex 7.5.
<b>Propriety</b>	the principle that patterns of resource consumption should respect Parliament's intentions, conventions and control procedures, including any laid down by the PAC. See box 2.4.
<b>Public Accounts Committee</b>	see Committee of Public Accounts.
<b>Public corporation</b>	a trading body controlled by central government, local authority or other public corporation that has substantial day to day operating independence. See section 7.8.
<b>Public Dividend Capital, PDC</b>	finance provided by government to public sector bodies as an equity stake; an alternative to loan finance.
<b>Public Service Agreement, PSA</b>	sets out what the public can expect the government to deliver with its resources. Every large government department has PSA(s) which specify deliverables as targets or aims related to objectives.
<b>Public Private partnership, PPP</b>	a structured arrangement between a public sector and a private sector organisation to secure an outcome delivering good value for money for the public sector. It is classified to the public or private sector according to which has more control.
<b>Rate of return</b>	the financial remuneration delivered by a particular project or enterprise, expressed as a percentage of the net assets employed.
<b>Regularity</b>	the principle that resource consumption should accord with the relevant legislation, the relevant delegated authority and this document. See box 2.4.
<b>Request for Resources, RfR</b>	the functional level into which departmental Estimates may be split. RfRs contain a number of functions being carried out by the department in pursuit of one or more of that department's objectives.
<b>Resource account</b>	an accruals account produced in line with the <i>Financial Reporting Manual (FReM)</i> .
<b>Resource accounting</b>	the system under which budgets, Estimates and accounts are constructed in a similar way to commercial audited accounts, so that both plans and records of expenditure allow in full for the goods and services which are to be, or have been, consumed – ie not just the cash expended.
<b>Resource budget</b>	the means by which the government plans and controls the expenditure of resources to meet its objectives.
<b>Restitution</b>	a legal concept which allows money and property to be returned to its rightful owner. It typically operates where another person can be said to have been unjustly enriched by receiving such monies.
<b>Return on capital employed, ROCE</b>	the ratio of profit to capital employed of an accounting entity during an identified period. Various measures of profit and of capital employed may be used in calculating the ratio.

<b>Royal charter</b>	the document setting out the powers and constitution of a corporation established under prerogative power of the monarch acting on Privy Council advice.
<b>Second reading</b>	the second formal time that a House of Parliament may debate a bill, although in practice the first substantive debate on its content. If successful, it is deemed to denote Parliamentary approval of the principle of the proposed legislation.
<b>Secondary legislation</b>	laws, including orders and regulations, which are made using powers in primary legislation. Normally used to set out technical and administrative provision in greater detail than primary legislation, they are subject to a less intense level of scrutiny in Parliament. European legislation is, however, often implemented in secondary legislation using powers in the European Communities Act 1972.
<b>Service-level agreement</b>	agreement between parties, setting out in detail the level of service to be performed. Where agreements are between central government bodies, they are not legally a contract but have a similar function.
<b>Shareholder Executive</b>	a body created to improve the government's performance as a shareholder in businesses.
<b>Spending review</b>	sets out the key improvements in public services that the public can expect over a given period. It includes a thorough review of departmental aims and objectives to find the best way of delivering the government's objectives, and sets out the spending plans for the given period.
<b>State aid</b>	state support for a domestic body or company which could distort EU competition and so is not usually allowed. See annex 4.9.
<b>Statement of Excess</b>	a formal statement detailing departments' overspends prepared by the Comptroller and Auditor General as a result of undertaking annual audits.
<b>Statement on Internal Control, SIC</b>	an annual statement that Accounting Officers are required to make as part of the accounts on a range of risk and control issues.
<b>Subhead</b>	individual elements of departmental expenditure identifiable in Estimates as single cells, for example cell AI being administration costs within a particular line of departmental spending.
<b>Supply</b>	resources voted by Parliament in response to Estimates, for expenditure by government departments.
<b>Supply Estimates</b>	a statement of the resources the government needs in the coming financial year, and for what purpose(s), by which Parliamentary authority is sought for the planned level of expenditure and income.
<b>Target rate of return</b>	the rate of return required of a project or enterprise over a given period, usually at least a year.
<b>Third sector</b>	private sector bodies which do not act commercially, including charities, social and voluntary organisations and other not-for-profit collectives. See annex 7.7.
<b>Total Managed Expenditure, TME</b>	a Treasury budgeting term which covers all current and capital spending carried out by the public sector (ie not just by central departments).
<b>Trading fund</b>	an organisation (either within a government department or forming one) which is largely or wholly financed from commercial revenue generated by its activities. Its Estimate shows its net impact, allowing its income from receipts to be devoted entirely to its business.
<b>Treasury Minute</b>	a formal administrative document drawn up by the Treasury, which may serve a wide variety of purposes including seeking Parliamentary approval for the use of receipts as appropriations in aid, a remission of some or all of the principal of voted loans, and responding on behalf of the government to reports by the Public Accounts Committee (PAC).

<b>Value for money</b>	the process under which organisation's procurement, projects and processes are systematically evaluated and assessed to provide confidence about suitability, effectiveness, prudence, quality, value and avoidance of error and other waste, judged for the public sector as a whole.
<b>Virement</b>	the process through which funds are moved between subheads such that additional expenditure on one is met by savings on one or more others.
<b>Vote</b>	the process by which Parliament approves funds in response to supply Estimates.
<b>Voted expenditure</b>	provision for expenditure that has been authorised by Parliament. Parliament 'votes' authority for public expenditure through the Supply Estimates process. Most expenditure by central government departments is authorised in this way.
<b>Wider market activity</b>	activities undertaken by central government organisations outside their statutory duties, using spare capacity and aimed at generating a commercial profit. See annex 7.6.
<b>Windfall</b>	monies received by a department which were not anticipated in the spending review.

