

# MANAGEMENT STATEMENT

## BETWEEN

**The Department of Health, Social Services and Public Safety**

**And**

**The Northern Ireland Guardian Ad Litem Agency**

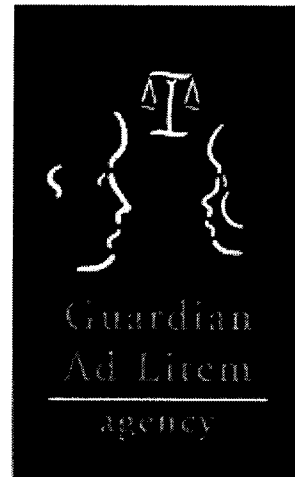
**March 2008**



Department of  
**Health, Social Services  
and Public Safety**

An Roinn  
**Sláinte, Seirbhísí Sóisialta  
agus Sábháilteachta Poiblí**

[www.hssps.gov.uk](http://www.hssps.gov.uk)



**THE NORTHERN IRELAND GUARDIAN AD LITEM AGENCY**  
**MANAGEMENT STATEMENT AND FINANCIAL MEMORANDUM**

**CONTENTS**

	<b>PAGE</b>	
<b>1</b>	<b>Introduction</b>	<b>5</b>
1.1	This Document	5
1.2	Founding Legislation: Status of the Body	6
1.3	Classification	6
1.4	The Duties and Powers of NIGALA	7
<b>2</b>	<b>Aim and Objectives</b>	<b>9</b>
2.1	Overall Aim	9
2.2	Key Objectives, Targets and Performance Measures	9
2.3	Performance Measurement	10
<b>3</b>	<b>Responsibilities and Accountabilities</b>	<b>11</b>
3.1	The Minister of Health, Social Services and Public Safety	11
3.2	The Accounting Officer of the Department of Health, Social Services and Public Safety	11
3.3	The Sponsoring Team in the Department	12
3.4	The Chairman of NIGALA	13
3.5	The Board	14
3.6	The Chief Executive	16
3.7	Customer Service	20
3.8	Relationships	20
<b>4</b>	<b>Planning</b>	<b>21</b>
4.1	The Corporate Plan	21
4.2	The Business Plan	22
4.3	Departmental Monitoring of NIGALA's Performance against Key Targets	22
<b>5</b>	<b>Budgeting and Monitoring Arrangements</b>	<b>23</b>
5.2	Internal Audit	23
5.3	Additional Departmental Access to NIGALA	24
<b>6</b>	<b>External Accountability</b>	<b>25</b>
6.1	The Annual Report and Accounts	25
6.2	External Audit	25
6.3	Value for Money (VFM) examinations	26
<b>7</b>	<b>Staff Management</b>	<b>27</b>
7.1	General	27
<b>8</b>	<b>Reviewing the Role of NIGALA</b>	<b>28</b>
	<b>Appendix 1</b>	<b>29</b>
	Nine Standards of Customer Service	
	<b>Appendix 2</b>	<b>31</b>

	Financial Memorandum	
<b>1</b>	<b>Introduction</b>	<b>33</b>
1.1	This Document	33
<b>2</b>	<b>NIGALA’S Income</b>	<b>33</b>
2.1	Grant-in-aid	33
2.2	Resource and Cash Limit Control	34
2.3	Fees and Charges	35
2.4	Proceeds from Sales of Assets	35
2.5	Receipts from Sales of Goods or Services	35
2.6	Gifts and Bequests Received	36
2.7	Fines and Taxes as Receipts	36
2.8	Interest Earned	36
2.9	Unforecast Changes in In-Year Income	36
2.10	Build-up and Draw-down of Deposits	37
2.11	Other Receipts	37
<b>3</b>	<b>NIGALA’S Expenditure – General Principles</b>	<b>37</b>
3.1	Expenditure Not Proposed in the Budget	37
3.2	Economic Appraisal	37
3.3	Value for Money	38
3.4	Competition	38
3.5	Procurement	39
3.6	Prudence	39
3.7	Timeless in Paying Bills	39
3.8	Novel, Contentious or Repercussive Proposals	40
<b>4</b>	<b>Expenditure on Staff</b>	<b>40</b>
4.1	Staff Costs	40
4.2	Pension Costs	41
<b>5</b>	<b>Expenditure Other Than on Staff</b>	<b>42</b>
5.1	Capital Expenditure	42
5.2	Transfer of Funds	42
5.3	Borrowing, Guarantees or Indemnities	42
5.4	Grants or Loans by NIGALA (if applicable)	43
5.5	Write-offs, Losses and Other Special Payments	43
5.6	Gifts, Hospitality, Awards	43
5.7	Leasing	44
5.8	Public Private Partnerships	44
5.9	Subsidiary Companies and Joint Ventures	44
5.10	Use of Consultants	44
5.11	Financial Control Systems	45
5.12	Risk Management/Fraud	45
5.13	Commercial Insurance	45
5.14	Payment/Credit Cards	45
5.15	Financial Investments	46
5.16	Unconventional Financing	46
<b>6</b>	<b>Budgeting Procedures</b>	<b>47</b>
6.1	Setting the Annual Budget	47

6.2	General Conditions for Spending Authority	47
6.3	Providing Monitoring Information to the Department	48
<b>7</b>	<b>Banking: Cash Management</b>	<b>48</b>
<b>8</b>	<b>Asset Management</b>	<b>48</b>
8.1	Register of Assets	48
8.2	Recovery of Grant – Financed Assets	48
<b>9</b>	<b>Retention of Documentation</b>	<b>49</b>
<b>10</b>	<b>Compliance with Instructions and Guidance</b>	<b>49</b>
<b>11</b>	<b>Review of Financial Memorandum</b>	<b>50</b>
	<b>Annex 1</b>	<b>51</b>
	Delegated Expenditure Limits	

# **MANAGEMENT STATEMENT**

## **BETWEEN**

**The Department of Health, Social Services and Public Safety  
and  
Northern Ireland Guardian Ad Litem Agency**

**February 2008**

## **1 INTRODUCTION**

### **1.1 This Document**

- 1.1.1 This Management Statement, and its associated Financial Memorandum, have been drawn up by the Department of Health, Social Services and Public Safety (henceforth the Department) in consultation with the Northern Ireland Guardian Ad Litem Agency (henceforth NIGALA) Centre House, 79 Chichester Street, Belfast, BT1 4JE.
- 1.1.2 This Management Statement, and its associated Financial Memorandum (APPENDIX 2) have been approved by the Minister for Health, Social Services and Public Safety and the Department of Finance and Personnel (DFP). It should be copied to OFMDFM for information.
- 1.1.3 During the suspension of the Northern Ireland Assembly, all references to the Assembly should be taken to mean the UK Parliament at Westminster and all references to 'The Minister' should be taken to mean the relevant Direct Rule Minister with responsibility for the Department.
- 1.1.4 Taken together, and subject to the legislation noted below, the Management Statement and Financial Memorandum set out the broad framework within which NIGALA will operate, in particular:
- a. NIGALA's overall aims, objectives and targets in support of the Department's wider strategic aims and the outcomes and targets contained in its current Public Service Agreement (PSA);
  - b. The rules and guidelines relevant to the exercise of NIGALA's functions, duties and powers;
  - c. The conditions under which any public funds are paid to NIGALA;
  - d. How NIGALA is to be held to account for its performance.

- 1.1.5 The Financial Memorandum sets out in greater detail certain aspects of the financial provisions, which NIGALA is required to observe.
- 1.1.6 The Management Statement/Financial Memorandum does not convey any legal powers or responsibilities. The documents should be reviewed by the Department at least every fourth year (see Section 8).
- 1.1.7 NIGALA or the Department may propose amendments to either document at any time. Any such proposals shall be considered in the light of evolving departmental policy aims, operational factors and the performance of NIGALA. The guiding principle shall be that the extent of flexibility and freedom given to NIGALA shall reflect both the quality of its internal controls and its operational needs. The Department will determine what changes, if any, are to be incorporated in the document. Requirements resulting from legislative changes will take precedence over any part of this Management Statement. Significant variations to this document will be cleared with the Department of Finance and Personnel (DFP) Supply and, if appropriate, the Public Service Reform Unit (PSRU), Office of the First Minister and Deputy First Minister. The definition of 'significant' will be determined by the Department, in consultation with DFP and/or PSRU as appropriate.
- 1.1.8 Any question regarding the interpretation of these two documents shall be resolved by the Department after consultation with NIGALA, and, as necessary with DFP and/or OFMDFM.
- 1.1.9 The combined document is signed and dated by the Permanent Secretary on behalf of the Department and the Chief Executive on behalf of NIGALA.
- 1.1.10 Copies of these documents and any subsequent substantive amendments will be placed in the library of the Northern Ireland Assembly (henceforth the Assembly). The document will also be placed on the Department's and NIGALA's web sites.

## **1.2 Founding Legislation: Status of the Body**

- 1.2.4 NIGALA was established in 1996 by the then Department of Health and Social Services as a Special Agency within the Health and Personal Social Services using powers conferred on it by the Health and Personal Social Services (Special Agencies) (Northern Ireland) Order 1990. The constitution of NIGALA is set out in Guardian Ad Litem (Panel) Regulations (Northern Ireland) 1996.

## **1.3 Classification**

- 1.3.4 For policy/administrative purposes, NIGALA is classified as a Special Agency.

1.3.4 For national accounts purposes NIGALA is classified to the central government sector.

1.3.4 References to NIGALA include (where they exist), all its subsidiaries and joint ventures that are classified to the public sector for national accounts purposes. If such a subsidiary or joint venture is created, there shall be a document setting out the arrangements between it and NIGALA.

#### **1.4 The Functions, Duties And Powers Of NIGALA**

1.4.1 The Guardian Ad Litem (Panel) Regulations (Northern Ireland) 1996 give NIGALA the following:

Functions:

- I. establish in Northern Ireland, an Agency of suitably qualified persons from whom Guardians ad Litem may be appointed by the Court;
- II. manage and administer the Agency as a regional service for Northern Ireland in accordance with the Agency's statutory responsibilities, while ensuring the professional independence of the service provided by members appointed as guardians ad litem;
- III. provide adequate consultancy, supervision and training for guardians ad litem;
- IV. monitor the work of guardian ad litem staff for the purposes of quality control and the efficient delivery of services within the budget agreed annually with the Department;
- V. provide secretarial, administrative and other support services for guardians ad litem;
- VI. maintain records and to collate and analyse data and information for management and other purposes;
- VII. establish and maintain liaison arrangements with the Northern Ireland Court Service and with statutory and voluntary agencies;
- VIII. appoint, reappoint and, where appropriate, terminate the service of self employed guardians ad litem;
- IX. establish, when necessary, a Complaints Board to investigate any complaint made about the operation of the panel and about any panel member;
- X. establish the level of guardian ad litem fees, allowances and payment to be made to self employed guardians ad litem; and

- XI. appoint an Executive Director/ and other professional and administrative staff as may be necessary;
- XII. publish an Annual Report.



## **2 AIMS AND OBJECTIVES**

### **2.1 Overall Aims**

2.1.1 Within the founding legislation, the Minister has approved the following overall aims for NIGALA:

- provide the courts with independent social work investigation and advice in specified proceedings under the Children (NI) Order 1995 and under the Adoption (NI) Order 1987;
- provide effective representation of the views of children and their interests;
- inform the department of Health and Social Services, the Northern Ireland Court Service, the Family Courts Business Committees, the Children Order Advisory Committee, the Health and Social Services Boards and Trusts and other interests regarding key policy, practice and financial matters affecting NIGALA and its work.

### **2.2 Key Objectives, Targets and Performance Measures**

2.2.1 The Department determines NIGALA's performance framework in the light of its wider strategic aims and current PSA objectives and targets.

2.2.2 The Department has approved the following key objectives and targets for NIGALA:

- i. provide high quality services to the courts by the preparation and presentation of clearly written reports and cogently argued recommendations;
- ii. provide high quality services to children whose interests and views are represented, by the careful scrutiny of all relevant records about them, facilitating and listening to their views, having regard to their age and understanding, and by interviewing all parties to the proceedings;
- iii. disseminate information derived from policy reviews, the collecting and analysis of data and information on practice and on financial matters and the findings of research relating to the service in Northern Ireland and elsewhere;
- iv. prepare and publish an Annual Report on the work of NIGALA; and
- v. ensure value for money by the effective use of the resources made available to NIGALA and efficient financial management.

### **2.3 Performance Measurement**

The following methodologies will be used to assess progress against these objectives by providing a basis for establishing the key performance targets:

- i. Bi-annual accountability meetings with, and arranged by, the Department;
- ii. Annual audit conducted by the Northern Ireland Audit Office;
- iii. Occasional inspections arranged by the Department.

### **3 RESPONSIBILITIES AND ACCOUNTABILITIES**

#### **3.1 The Minister for Health, Social Services and Public Safety**

3.1.1 The Minister is accountable to the Northern Ireland Assembly for the activities and performance of NIGALA. The Minister's responsibilities include:

- Approving NIGALA's strategic objectives and the policy and performance framework within which NIGALA will operate;
- Keeping the Northern Ireland Assembly informed about NIGALA's performance;
- Approving the amount of grant in aid to be paid to the NIGALA, and securing Assembly approval;
- Carrying out responsibilities specified in the founding legislation including appointments to NIGALA, including its Chairman and Vice-Chairman, and laying of the Annual Report and Accounts before the Assembly.

#### **3.2 The Accounting Officer of the Department of Health, Social Services and Public Safety**

3.2.1 The Permanent Secretary of the Department of Health, Social Services and Public Safety is appointed by the Department of Finance and Personnel (henceforth DFP) as the Department's Accounting Officer. The Departmental Accounting Officer is accountable to the Assembly for the issue of any grant-in-aid to NIGALA. The Principal Accounting Officer designates the Executive Director of NIGALA as NIGALA's Accounting Officer, and may withdraw the Accounting Officer designation if he believes that the incumbent is no longer suitable for the role.

3.2.2 In particular the Departmental Accounting Officer shall ensure that:

- NIGALA's strategic aims and objectives support the Department's wider strategic aims and current PSA objectives and targets;
- The financial and other management controls applied by the Department to NIGALA are appropriate and sufficient to safeguard public funds and for ensuring that NIGALA's compliance with those controls is effectively monitored. ("public funds" include not only funds granted to NIGALA by the Assembly but also any other funds falling within its stewardship).

- The internal controls applied by NIGALA conform to the requirements of regularity, propriety and good financial management;
- Any grant-in-aid to NIGALA is within the ambit and the amount of the Request for Resources and that Assembly authority has been sought and given.

3.2.3 The responsibilities of the Departmental Accounting Officer are set out in more detail in annex 4.1 of *Government Accounting Northern Ireland*.

### **3.3 The Sponsoring Team in the Department**

3.3.1 Within the Department, Child Care Policy Directorate is the sponsoring team for NIGALA. The team is the primary source of advice to the Minister on the discharge of Ministerial responsibilities in respect of NIGALA, and the primary point of contact for NIGALA itself within the Department on policy issues.

3.3.2 The sponsoring team shall advise the Minister on:

- objectives and targets for NIGALA in the light of the Department's strategic aims and current PSA targets;
- an appropriate budget for NIGALA in the light of the Department's overall public expenditure priorities;
- how well NIGALA is achieving its strategic objectives and whether it is delivering value for money.

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

#### **on performance and risk management**

- monitor NIGALA's activities on a continuing basis through an adequate and timely flow of information on performance, budgeting, control and risk management, including NIGALA's Statement on Internal Control;
- address in a timely manner any significant problems arising in NIGALA, whether financial or otherwise, making such interventions in the affairs of NIGALA as the Department judges necessary to address such problems;
- periodically carry out a risk assessment of NIGALA's activities to inform the Department's oversight of NIGALA; strengthen these arrangements if necessary; and amend the *Management Statement* and/or *Financial Memorandum* accordingly. The risk assessment shall take into account the nature of NIGALA's activities; the public monies at stake; its corporate

governance arrangements; its financial performance; internal and external auditors' reports; and any other relevant matters;

### **on communication with the Special Agency**

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

## **3.4 The Chairman of NIGALA**

- 3.4.1 The Chairman of NIGALA is appointed through open competition by the Minister. The terms of office for the Chairman are covered in NIGALA (Establishment and Constitution) Order (NI) 1995 and the Capita Review of NIGALA undertaken in May 2004. The 1995 Order provides that the Chairman shall be appointed for a period of 4 years. The Order also provides for the re-appointment of the Chairman for such further period, not exceeding 4 years, as the Department may determine.
- 3.4.2 The Chairman is appointed, not as a representative of any special interest or group but because of the personal skills and experience he possesses, which will benefit the running of the Agency. The appointment of the Chairman is made under the Department's Public Appointment Procedures, which are firmly based on the Code of Practice issued by the Commissioner for Public Appointments for Northern Ireland.
- 3.4.3 The Chairman of NIGALA is accountable to the Minister through the Departmental Accounting Officer for ensuring that NIGALA's policies are compatible with those of the Department and that NIGALA's affairs are conducted with probity. The Chairman shares with other board members the corporate responsibilities set out in paragraph 3.5.3.
- 3.4.4 The Chairman has a special responsibility for providing effective strategic leadership on the following matters in particular:
- i. formulating the Board's strategy for discharging its statutory duties;
  - ii. ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Minister or the Department;
  - iii. promoting the efficient, economic and effective use of staff and other resources

- iv. encouraging high standards of propriety;
- v. ensuring that the Board meets at regular intervals throughout the year and that the minutes of meetings accurately record the decisions taken and where appropriate, the views of individual Board members;
- vi. advising the Minister on the needs of the Board when vacancies arise, with a view to ensuring a proper balance of professional, non-professional and financial expertise.
- vii. representing the views of the Board to the general public; and
- viii. providing an assessment of performance of individual Board members.

3.4.5 The Chairman should ensure that all members of the Board, when taking up office, are briefed on the terms of their appointment and on their duties, rights and responsibilities and receive appropriate induction training. The Chairman shall ensure that a Code of Practice for Members is in place, based on the Cabinet Office publication “Guidance on Codes of Practice for Board Members of Public Bodies” (February 2000). The Code shall commit the Chairman and the other Board members to the Nolan seven principles of public life (available at [www.public-standards.gov.uk](http://www.public-standards.gov.uk)), and shall include a requirement for a comprehensive and publicly available register of Members’ interests. The register should also be copied to Child Care Policy Directorate.

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

### **3.5 The Board**

3.5.1 The Board of NIGALA comprises a non-executive Chair, four non-executive members and an Executive Director. Agency non-executive members are appointed through open competition by the Minister. The terms of office for members are covered in NIGALA (Establishment and Constitution) Order (NI) 1995 and the Capita Review of NIGALA undertaken in May 2004. The 1995 Order provides that the members shall be appointed for a period of 4 years. The Order also provides for the re-appointment of the members for such further period, not exceeding 4 years, as the Department may determine.

3.5.2 Non-executive Board members are appointed, not as representatives of any special interest or group but because of the personal skills and experience they possess, which will benefit the running of the Agency. The appointment of the members is made under the Department’s Public Appointment Procedures, which are firmly

based on the Code of Practice issued by the Commissioner for Public Appointments for Northern Ireland.

- 3.5.3 Board members have corporate responsibility for ensuring that NIGALA complies with any statutory or administrative requirements for the use of public funds and fulfils the aims and objectives set by the Department and approved by the Minister and for promoting the efficient, economic and effective use of staff and other resources. Other important responsibilities of Board members are to:
- i. ensure that high standards of corporate governance are observed at all times, including using NIGALA's internal audit committee to help the Board address the key financial and other risks facing NIGALA;
  - ii. ensure that the Department is kept informed of any changes which are likely to impact on the strategic direction of NIGALA or on the attainability of its targets, and determine the steps needed to deal with such changes;
  - iii. ensure that NIGALA receives and reviews regular financial information concerning its management; is informed in a timely manner about any concerns about its activities; and to provide positive assurance to the Department that appropriate action has been taken on such concerns;
  - iv. establish the overall strategic direction of the organisation within the policy and resources framework agreed with the Department;
  - v. ensure that NIGALA's performance fully meets its aims and objectives as efficiently and effectively as possible;
  - vi. ensure that the Board operates within the limits of its statutory authority and any delegated authority agreed with the Department, and in accordance with any other conditions relating to the use of public funds;
  - vii. ensure that, in reaching decisions, the Board has taken into account any guidance issued by the Department and any other relevant organisations, such as the Equality Commission or the Human Rights Commission.
  - viii. in the development of significant new policies, the Board should ensure that it consults with the Department and other relevant organisations as is considered appropriate.
  - ix. appoint, with Child Care Policy Directorate, an Executive Director and, in consultation with the Department, set remuneration terms for that post.

Individual Board members shall act in accordance with their wider responsibilities to:

- comply at all times with the code of practice adopted by the Board and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political advantage, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations; and to declare publicly and to the Board any private interests that may be perceived to conflict with their public duties;
- comply with rules on the acceptance of gifts and hospitality, and of business appointments as set out in the Financial Memorandum; and
- act in good faith and in the best interests of NIGALA.

3.5.4 A list of matters, which are delegated by the Department for the Board's decision, should be maintained by NIGALA.

3.5.5 Members of the Board (including the Chairman) must not give the Executive Director instructions which conflict with the latter's duties as NIGALA's Accounting Officer.

### **3.6 The Executive Director**

3.6.1 The Executive Director is appointed, by the Departmental Accounting Officer, as the Accounting Officer for NIGALA.

3.6.2 As NIGALA's Accounting Officer, the Executive Director is personally responsible for propriety and regularity in the management of the public funds for which he has charge, and for the day-to-day operations and management of NIGALA.

3.6.3 The Executive Director is responsible for promoting the efficient and effective use of staff and other resources.

3.6.4 As NIGALA's Accounting Officer, the Executive Director shall exercise the following responsibilities, in particular:

#### ***on planning and monitoring -***

- establish, in agreement with the Department, NIGALA's corporate and business plans in support of the Department's wider strategic aim(s) and current PSA objectives and targets;



- inform the Department of NIGALA's progress in helping to achieve the Department's policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensure that timely forecasts and monitoring information on performance and finance are provided to the Department; that the Department is notified promptly if overspends or underspends are likely and that corrective action is taken, as approved by the Department; and that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Department in a timely fashion;

***on advising the Board -***

- advise the Board on the discharge of its responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time by DFP or the Department;
- advise the Board on NIGALA's performance and finance compared with its aim(s) and objectives;
- ensure that financial considerations are taken fully into account by NIGALA at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed appropriately;
- take action as set out in paragraphs 22-24 of the Accounting Officer Memorandum if the Board, or its Chairman, is contemplating a course of action involving a transaction which the Executive Director considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration or efficiency or effectiveness;

***on managing risk and resources -***

- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensure that an effective system of programme and project management and contract management is maintained;
- ensure that all public funds made available to NIGALA (including any approved income or other receipts) are used for the purpose intended by the Assembly, and that such monies, together with NIGALA's assets, equipment and staff, are used economically, efficiently and effectively;

- ensure that adequate internal management and financial controls are maintained by NIGALA, including effective measures against fraud and theft;
- maintain a comprehensive system of internal delegated authorities that are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that effective personnel management policies are maintained;

*on accounting for NIGALA's activities -*

- sign the accounts and be responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Minister, the Department or DFP;
- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Statement on Internal Control regarding NIGALA's system of internal control, for inclusion in the annual report and accounts;
- ensure that effective procedures for handling complaints about NIGALA are established and made widely known within NIGALA;
- act in accordance with the terms of this document and with the instructions and relevant guidance in *Government Accounting Northern Ireland* and other instructions and guidance issued from time to time by the Department and DFP; in particular the DFP document DAO (DFP)2/95 – NDPB Accounting Officer Memorandum and the Treasury document *Regularity and Propriety*, both of which the Executive Director shall receive on appointment. The attached *Financial Memorandum* refers to other key guidance;
- give evidence, normally with the Accounting Officer of the Department, if summoned before the Public Accounts Committee on the use and stewardship of public funds by NIGALA;
- ensure that an Equality Scheme is in place and reviewed and that new policies are equality impact assessed as required by the Equality Commission;
- ensure that New Targeting Social Need (New TSN) is taken into account;

- ensure that the requirements of the Data Protection Act 1998 are complied with; and
- ensure that the requirements of the Freedom of Information Act 2000 are complied with.

***as Consolidation Officer -***

- For the purposes of Whole of Government Accounts, the Executive Director of NIGALA is normally appointed by DFP as NIGALA's Consolidation Officer.
- As NIGALA's Consolidation Officer, the Executive Director shall be personally responsible for preparing the consolidation information, which sets out the financial results and position of NIGALA; for arranging for its audit; and for sending the information and the audit report to the Principal Consolidation Officer nominated by DFP.
- As Consolidation Officer, the Executive Director shall comply with the requirements of the Consolidation Officer Memorandum as issued by DFP and shall, in particular:
  - ensure that NIGALA has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process;
  - prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions and directions ["Dear Consolidation Officer" (DCO) and "Dear Consolidation Manager" (DCM) letters] issued by DFP on the form, manner and timetable for the delivery of such information.

3.6.4 The Executive Director may delegate the day-to-day administration of these Accounting Officer and Consolidated Officer responsibilities to other employees in NIGALA. However, he shall not assign absolutely to any other person any of the responsibilities set out in this document.

3.6.5 The Executive Director is the Principal Officer for the purpose of handling of cases involving the Northern Ireland Commissioner for Complaints (the Ombudsman). The Principal Officer is responsible for informing the Permanent Secretary of the Department about any complaints accepted by the Ombudsman for investigation, and their outcome, including NIGALA's response to any subsequent recommendations from the Ombudsman.

### **3.7 Customer Service**

- 3.7.1 Nine standards of public service, as detailed in **Appendix 1** to this document, have come into effect across the Northern Ireland Civil Service and its satellite bodies. NIGALA should set its own targets, subject to Departmental approval, within the bounds of those standards.

### **3.8 Relationships**

- 3.8.1 Relationships between NIGALA, the Minister and the Department are governed by the “arm’s length” principle, wherein the primary role of the Minister is to set NIGALA’s legal and financial policy and performance framework, including appointments to NIGALA and the structure of its funding and management. Within this framework, it is the role of NIGALA to determine its policy and activities, in keeping with its statutory responsibilities and the requirements of the Northern Ireland Executive policy. The Department has the right of access to carry out any examination of the internal financial control systems as may be required to enable the Department’s Accounting Officer to discharge his/her responsibilities in a proper manner.

## **4 PLANNING**

### **4.1 The Corporate Plan**

- 4.1.1 NIGALA will submit every 3 years to the Department a Corporate Plan covering the next three years. NIGALA will agree with the Department the issues to be addressed in the plan and the timetable for its preparation. The timetable should enable the plan to inform the PES process.
- 4.1.2 The plan will reflect NIGALA's statutory duties and, within those duties, the priorities set from time to time by the Minister. In particular, the plan shall demonstrate how NIGALA contributes to the achievement of the Department's strategic aims and PSA objectives and targets.
- 4.1.3 The Corporate Plan will set out:
- i. NIGALA's key objectives and associated key performance targets for the next three years and its strategy for achieving these objectives;
  - ii. a review of NIGALA's performance in the preceding financial year, together with comparable outturns for the previous 3 years, and an estimate of performance in the current year;
  - iii. alternative scenarios to take account of factors which may significantly affect the execution of the plan, but which cannot be accurately forecast;
  - iv. a forecast of expenditure and income taking account of guidance on resource assumptions and policies provided by the Department at the beginning of the planning round. These forecasts should represent NIGALA's best estimate of its available income, including any grant or grant-in-aid and other expenditure within NIGALA's provision within Total Managed Expenditure;
  - v. additional forecasts derived from alternative forward scenarios and estimates and the impact of these on the achievement of NIGALA's objectives;
  - vi. wherever possible, external comparators for bench marking NIGALA's performance.
  - vii. other matters as agreed between the Department and NIGALA.
- 4.1.4 The main elements of the Plan – including the key performance targets – will be agreed between the Department and NIGALA in the light of the Department's decisions on policy and resources taken in the context of the Government's wider policy and spending priorities and decisions. In reaching annual decisions on NIGALA's rolling corporate plan and in monitoring progress, the Department

shall aim to give NIGALA greater planning certainty by observing the normal end year flexibility (EYF) principles.

4.1.5 DFP reserves the right to request sight of NIGALA's Corporate Plan.

## **4.2 The Business Plan**

4.2.1 A Business Plan will be prepared in consultation with the DHSSPS and submitted on an annual basis (The first year of the Corporate Plan, amplified as necessary, will form the Business Plan for that year). The Business Plan will include key targets and performance measures for the year immediately ahead, together with NIGALA's internal management targets and performance measures linked to budgeting information.

4.2.2 DFP reserves the right to request sight of NIGALA's Business Plan

4.2.3 The Corporate and Business Plans shall be published and also made available on the Internet. A summary version shall be made available to staff.

## **4.3 Departmental Monitoring of NIGALA's Performance against Key Targets**

4.3.1 NIGALA shall operate management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its agreed corporate and business plans.

4.3.2 NIGALA's performance against key targets will be reported to the Department on a quarterly basis. Overall performance will be formally reviewed twice yearly by officials of the Department. Senior officials of the Department will meet NIGALA formally on a regular basis to discuss NIGALA's performance, its current and future activities and any policy developments relevant to these activities.

4.3.3 NIGALA's performance against key targets will be reported in NIGALA's Annual Report and Accounts (see Section 6.1.1 - 4).

4.3.4 NIGALA shall inform the Department promptly of changes in external conditions which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives set out in the Corporate or Business Plans.

## **5 BUDGETING AND MONITORING ARRANGEMENTS**

5.1 NIGALA's budgeting procedures shall be as set out in the Financial Memorandum (see APPENDIX 2).

### **5.2 Internal Audit**

- 5.2.1 NIGALA shall establish and maintain arrangements for internal audit in accordance with DAO (DFP) 3/02 the Treasury's Government Internal Audit Standards (GIAS) and DAO (DFP) 25/02 – Internal Audit Arrangements between a Sponsoring Department and its Non-Departmental Public Bodies (NDPBs).
- 5.2.2 NIGALA should ensure that the competence and qualifications of the Head of Internal Audit meet the requirements for the appointment of such officers in accordance with GIAS 5.2.
- 5.2.3 NIGALA should maintain an Audit Committee in accordance with the Cabinet Office's "Guidance on Codes of Practice for Public Bodies" (January 1997), Appendix 2 (DPFO (DFP), dated 11 March 1997 refers).
- 5.2.4 The Department shall have access to the Audit Committee's minutes.
- 5.2.5 The Audit Committee will be chaired by a member of NIGALA, other than the Chairman or Executive Director, who has relevant financial management expertise. The Committee will consist of a minimum of three members and will meet on a regular basis. The Executive Director, in his role as Accounting Officer, the Director of Finance and the internal audit provider will normally attend meetings of the Committee.
- 5.2.6 NIGALA shall arrange for periodic quality reviews of its internal audit in accordance with the GIAS. The Department shall consider whether it can rely on these reviews to provide assurance on the quality of internal audit. However, the Department reserves a right of access to carry out independent reviews of internal audit in NIGALA.
- 5.2.7 The Department's internal audit service shall also have a right of access to all documents prepared by NIGALA's internal auditor, including where the service is contracted out. The audit strategy, periodic audit plans and annual audit report, including NIGALA's Head of Internal Audit's opinion on risk management, control and governance shall be forwarded as soon as possible to the Childcare Directorate who shall consult the Head of Internal Audit as appropriate.
- 5.2.8 NIGALA shall report immediately to the Department all frauds (proven or suspected), including attempted fraud. The Department shall then report the frauds immediately to DFP and the C&AG. In addition NIGALA shall forward to the Department the annual fraud return, commissioned by DFP, on fraud and theft

suffered by NIGALA; notify any changes to internal audit's terms of reference, the audit committee's terms of reference or NIGALA's Fraud Policy and Fraud Response Plan.

### **5.3 Additional Departmental Access to NIGALA**

- 5.3.1 In addition to the right of access referred to above, the Department shall, in exceptional circumstances as deemed appropriate by the Departmental Accounting Officer, have a right of access to all NIGALA's records and personnel.



## **6. EXTERNAL ACCOUNTABILITY**

### **6.1 The Annual Report and Accounts**

- 6.1.1 After the end of each financial year NIGALA shall publish as a single document an annual report of its activities together with its audited annual accounts. The report shall also cover the activities of any corporate bodies under the control of NIGALA. A draft of the report shall be submitted to the Department two weeks before the proposed publication date or as required to meet Departmental deadlines.
- 6.1.2 The report and accounts shall comply with the Financial Reporting Manual (FReM). The accounts shall be prepared in accordance with any relevant statutes and the specific Accounts Direction issued by the Department.
- 6.1.3 The report and accounts shall outline NIGALA's main activities and performance during the previous financial year and set out in summary form NIGALA's forward plans. Information on performance against key financial targets shall be included in the notes to the accounts, and shall therefore be within the scope of the audit conducted by NIAO.
- 6.1.4 The report and accounts shall be laid before the Assembly and made available, in accordance with the guidance on the procedures for presenting and laying the combined annual report and accounts as prescribed in FD(DFP) 14/06 and any subsequent guidance issued by the Department or DFP .
- 6.1.5 Due to the potential accounting and budgetary implications, any changes to accounting policies or significant estimation techniques underpinning the preparation of annual accounts, require the prior written approval of the Department.

### **6.2 External audit**

- 6.2.1 The Comptroller and Auditor General (C&AG) audits NIGALA's annual accounts and passes the accounts to the sponsor team in the Department who shall lay them before the Assembly. For the purpose of audit the C&AG has a statutory right of access to relevant documents as provided for in Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order 2003.
- 6.2.2 The C&AG has agreed to liaise with NIGALA on who - the NIAO or a commercial auditor – shall undertake the actual audit on his behalf. The decision rests with the C&AG.
- 6.2.3 The C&AG has agreed to share with the Department information identified during the audit process and the audit report (together with any other outputs) at the end of the audit. This shall apply, in particular, to issues which impact on the

Department's responsibilities in relation to financial systems within NIGALA. The C&AG will also, where asked, consider providing the Department and other relevant bodies with Regulatory Compliance Reports and other similar reports which the Department may request at the commencement of the audit and which are compatible with the independent auditor's role.

### **6.3 Value for Money (VFM) examinations**

- 6.3.1 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which NIGALA 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 Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order 2003. When making payment of a grant, or drawing up a contract, NIGALA should ensure that it includes a clause which makes the grant or contract conditional upon the recipient or contractor providing access to the C&AG in relation to documents relevant to the transaction. Where subcontractors are likely to be involved, it should also be made clear that the requirements extend to them.

## 7 STAFF MANAGEMENT

### 7.1 General

7.1.1 Within the arrangements approved by the Department and DFP NIGALA will have responsibility for the recruitment, retention and motivation of its staff.

7.1.2 NIGALA will ensure that:

- i. Its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued; where appointment and advancement is based on merit; and where there is no discrimination on grounds of gender, marital status, domestic circumstances, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
- ii. the level and structure of its staffing, including grading and numbers of staff, is appropriate to its functions and the requirements of efficiency, effectiveness and economy;
- iii. the performance of staff at all levels is satisfactorily appraised and the performance measurement systems are periodically reviewed, and if necessary, revised;
- iv. its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve NIGALA's objectives;
- v. proper consultation with staff takes place;
- vi. adequate grievance and disciplinary procedures are in place- these procedures should comply with the Code of Practice on Disciplinary and Grievance Procedures published by the Labour Relations Agency and should apply to all staff retained by NIGALA;
- vii. a code of conduct for staff is in place based on the Cabinet Office document *Model Code for Staff of Executive Non-Departmental Public Bodies*.
- viii. procedures consistent with the Public Interest Disclosure (Northern Ireland) Order 2003("Whistle-blowing") are in place and communicated to staff.

## 8. REVIEWING THE ROLE OF NIGALA

8.1 The Department will conduct a financial management and policy review of NIGALA at such intervals as the Department may determine. Such reviews will be in two stages:

- The initial stage of the review will focus on whether NIGALA continues to be required and whether Special Agency status is appropriate.
- If it is decided that NIGALA should continue, the second stage of the review will focus on the efficiency and effectiveness with which NIGALA carries out its activities; its financial and other management systems; and the efficiency and effectiveness of the Department's procedures for monitoring NIGALA's activities.

SIGNED ON BEHALF OF THE DEPARTMENT OF  
HEALTH SOCIAL SERVICES AND PUBLIC SAFETY



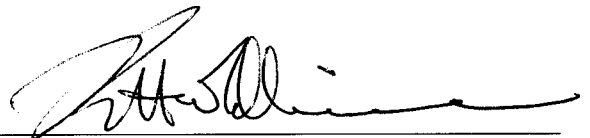
---

Dr A McCORMICK

PERMANENT SECRETARY

DATE: 12<sup>th</sup> March 2008

SIGNED ON BEHALF OF NORTHERN IRELAND GUARDIAN  
AD LITEM AGENCY



---

Mr R WILLIAMSON

EXECUTIVE DIRECTOR

DATE: 7<sup>th</sup> March 2008

## APPENDIX 1

NIGALA should apply the Nine Standards of Customer Service, which apply across the Northern Ireland Civil Service, its Agencies and NDPBs. The Nine Standards of Customer Service are:

### **Standard 1 Publishing service standards**

NIGALA will publish a set of customer service standards setting out the level of service its customers can expect. The standards should be challenging, relevant, measurable and meaningful and should be publicised widely. Performance against the standards should be made available to customers.

### **Standard 2 Informing the Customer**

NIGALA will provide clear and straightforward information about its services and those of related service providers in a variety of ways, including the Internet. The information will include one or more telephone enquiry numbers, text phone numbers and email addresses and should be timely, updated regularly, easily accessible, of professional quality and in plain language. Where NIGALA requires particular actions or information from customers or otherwise considers customers have certain responsibilities, it should explicitly state this.

### **Standard 3 Service Accessibility**

NIGALA will make its services accessible to its customers by doing everything reasonably possible to make its services available to everyone including people with special needs and those whose first language is not English. Where it is necessary for customers to attend NIGALA premises, NIGALA should ensure that its premises are clean, comfortable and welcoming.

### **Standard 4 Consulting with customers**

NIGALA will consult with and will involve customers and potential customers about how its services will be delivered. It will consult in a variety of ways and use their views to improve the services provided. The results of consultation should be reported to customers together with plans for service improvement.

### **Standard 5 Polite and Helpful Staff**

NIGALA will ensure that staff are polite and helpful and that appropriate training in customer care is provided. Staff must be identifiable and should normally wear name badges when dealing with the public.

### **Standard 6 Seeing Callers**

NIGALA will ensure that callers are seen without undue delay by setting a target for seeing callers with and without appointments. Callers should be informed of any likely delays. Procedures should be put in place to ensure that queuing systems are fair and flexible and that, where appropriate, waiting time information is provided.

### **Standard 7 Answering telephone calls**

NIGALA will ensure that telephone calls are answered quickly. The name of the organisation and that of the person answering the call should be given and the person answering the call should be able to deal with the enquiry or transfer the caller to a person who can do so.

### **Standard 8 Answering letters, faxes and emails**

NIGALA will set targets for ensuring that letters, faxes and emails are answered quickly and clearly. Responses will include the name and address of the organisation and contact details. If it is likely to take more than 10 working days to respond, an acknowledgement will be sent within two working days, which will give a target date for the full response. All correspondence, whether letter, fax or email should be clear and presentable.

### **Standard 9 Having a complaints procedure**

NIGALA will have a complaints procedure – or procedures – for services provided which should include its policy on redress. They should be publicised through a variety of means, including on the Internet and should be clear and straightforward with an option for independent review. NIGALA will set and report on targets for dealing with complaints.

**FINANCIAL MEMORANDUM**

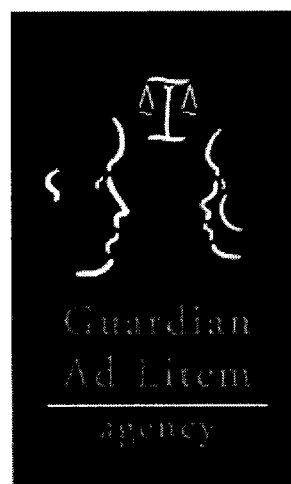
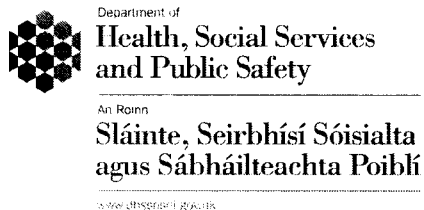
**BETWEEN**

**The Department of Health, Social Services and Public Safety**

**And**

**The Northern Ireland Guardian Ad Litem Agency**

**March 2008**



**FINANCIAL MEMORANDUM**

**BETWEEN**

**THE DEPARTMENT OF HEALTH, SOCIAL SERVICES & PUBLIC SAFETY  
AND  
THE NORTHERN IRELAND GUARDIAN AD LITEM AGENCY**

**Agreement of Terms**

The Financial Memorandum sets out the strategic control framework within which NIGALA is required to operate, including the conditions under which government funds are provided as detailed in Government Accounting Northern Ireland (GANI). It aims to achieve prudent and effective management of resources by NIGALA, combined with a reasonable degree of day-to-day freedom for the Agency to manage its operations.

The Memorandum has been drawn up by the Department, in consultation with NIGALA, who agree to conduct their finances within the conditions contained therein. The contents of the Memorandum have been approved by the Department of Finance and Personnel.

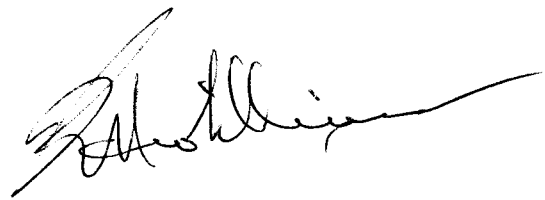
**SIGNED**



---

**Andrew McCormick (Dr)**

(on behalf of the Department  
of Health, Social Services and Public Safety)



---

**Ronnie Williamson (Mr)**

**Executive Director**  
(on behalf of NIGALA)



## FINANCIAL MEMORANDUM

BETWEEN

THE DEPARTMENT OF HEALTH, SOCIAL SERVICES & PUBLIC SAFETY  
AND  
THE NORTHERN IRELAND GUARDIAN AD LITEM AGENCY

### **1 INTRODUCTION**

#### **1.1 This Document**

- 1.1.1 This Financial Memorandum forms part of the Management Statement for the Northern Ireland Guardian ad Litem Agency (henceforth referred to as NIGALA). It sets out in greater detail certain aspects of the financial framework within which NIGALA is required to operate.
- 1.1.2 The terms and conditions set out in the combined Management Statement and Financial Memorandum may be supplemented by guidelines or directions issued by the Department in respect of the exercise of any individual functions, powers and duties of NIGALA.
- 1.1.3 NIGALA must satisfy the conditions and requirements set out in this memorandum and in the Management Statement, together with such other conditions as the Department may from time to time impose in order to be entitled to grant in aid.

### **2 NIGALA'S INCOME**

#### **2.1 Grant-in-Aid**

- 2.1.1 NIGALA is funded by grant-in-aid.
- 2.1.2 The Department will notify NIGALA, normally not later than February in the previous year, of the amount of grant-in-aid which the Department has allocated to it for the forthcoming financial year.
- 2.1.3 NIGALA shall comply with any general procedures, including guidance in Chapter 9 of *Government Accounting Northern Ireland* (GANI), laid down for the allocation of and accounting for grant-in-aid.
- 2.1.4 (a) The grant-in-aid system by which NIGALA is funded is cash limited. Under this system, amounts can be drawn to finance payments made during the year which are properly chargeable against the grant-in-aid provided that in total the cash limit is not exceeded.
- (b) The grant-in-aid will be paid in monthly instalments on the basis of a written application showing evidence of need. This application shall certify that the conditions applying to the use of grant-in-aid have been observed to date and

that further grant-in-aid is now required for purposes appropriate to NIGALA's functions.

- (c) Applications to draw down grant-in-aid should be signed by the Executive Director or by a person notified by him to the Department as authorised to sign on his behalf. The signed application should certify that the grant-in-aid is required now for purposes appropriate to the statutory functions of NIGALA, as approved by the Department.
- (d) NIGALA shall not draw down the grant-in-aid in excess of immediate requirements. Cash balances during the year shall be held at the minimum consistent with the efficient operation of the functions of NIGALA. However, where draw-down of grant-in-aid is delayed to avoid excess cash balances at year-end, the sponsor Department will make available in the next financial year (subject to approval by the Assembly of the relevant Estimates provision) any such grant-in-aid required to meet any liabilities at year end, such as creditors.
- (e) Any grant-in-aid not paid to NIGALA by the Department by the end of the financial year will not be available for use by NIGALA in the year following. NIGALA shall not, except with the prior approval of the Department, carry over grant-in-aid from one financial year to the next. The Department will aim, with the approval of DFP, to allow NIGALA to carry over from one financial year to the next, any grant-in-aid not spent due to slippage.
- (f) NIGALA must notify the Department immediately in writing if it becomes apparent at any time, that an overspend of estimated expenditure for the year is probable. Similarly NIGALA shall notify the Department if an underspend of grant-in-aid is probable.

## **2.2 Resource and Cash Limit Control**

2.2.1 NIGALA is required by statutory provisions not to exceed its cash and resource limits. Resource limits are initially set annually by the Department, but can vary in-year.

NIGALA will:

- prepare and agree annual balanced budgets, which meet all probity, value for money, and effectiveness requirements;
- agree annual service and business plans for approval by the Department;
- provide monthly reports in the form required by the Department;
- ensure money drawn from the Department against financing requirement arising from the resource limit is required for approved expenditure only, and is drawn down only at the time of need; and

- be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable NIGALA to fulfil its statutory responsibility not to exceed its Annual Revenue and Capital Resources Limits.

### **2.3 Fees and Charges**

- 2.3.1 NIGALA will endeavour to maximise receipts from sources other than the NI Consolidated Fund, subject to the Treasury’s Fees and Charges Guide. If in any financial year receipts realised or expected to be realised are less than estimated, NIGALA shall make a corresponding reduction in its gross expenditure. If revenue or capital receipts realised or expected to be realised are greater than estimated, NIGALA should use those receipts against its expenditure and reduce the amount of grant-in-aid required accordingly.
- 2.3.2 Fees and charges for services provided by NIGALA shall be determined in accordance with HM Treasury’s guidance as published in the “Fees and Charges Guide” and Chapter 13 of GANI, and the Freedom of Information Act 2000 and associated regulations covering fees.

### **2.4 Proceeds From Sales of Assets.**

- 2.4.1 NIGALA shall dispose of those assets that are surplus to its requirements. Assets should be sold for best price, taking into account any costs of sale. Assets shall be sold by auction or competitive tender (unless otherwise agreed by the Department) and in accordance with GANI Chapter 24.
- 2.4.2 Subject to any special directions given by the Department, NIGALA is authorised to dispose of by sale or otherwise any articles up to a value of £10,000 of any description, provided that;
- (a) NIGALA is satisfied that the articles are spent, redundant or surplus to requirements, and
  - (b) other than at a public auction, no article shall pass into the possession of any member of staff of NIGALA or member of NIGALA without approval of the Department.
- 2.4.3 All receipts derived from the sale of assets (including grant financed assets, see below) must be declared to the Department, which will consult with DFP on the appropriate treatment.

### **2.5 Receipts from sale of goods or services**

- 2.5.1 Receipts from the sale of goods and services (including certain licences where there is a significant degree of service to the individual applicant), rent of land, and dividends are classified as negative public expenditure in National Accounts and are therefore normally offset against the DEL (i.e. they provide additional spending power). If a body wishes to retain a receipt or utilise an increase in the level of receipts, it must gain the prior approval of the Department.

2.5.2 If there is any doubt about the correct classification of a receipt, NIGALA shall consult the Department, which may consult DFP as necessary.

## **2.6 Gifts and bequests received**

2.6.1 NIGALA is free to retain any gifts, bequests or similar donations. These will be treated as receipts and must be notified to the Department.

2.6.2 NIGALA must keep a written record of gifts, bequests and donations received and of their estimated value and whether (and how) they are disposed of, or retained. Before accepting a gift, bequest or similar donation, NIGALA shall consider if there are any costs associated in doing so or any conflicts arising. NIGALA shall not accept a gift, bequest or similar donation if there are conditions attached to its acceptance that would be inconsistent with NIGALA's function.

## **2.7 Fines and taxes as receipts**

2.7.1 Most fines and taxes (including levies and some licences) are treated as such in National Accounts and are not termed as negative public expenditure receipts. These fines and taxes do not provide additional DEL spending power and should be surrendered to the Department.

## **2.8 Interest earned**

2.8.1 Any interest earned by NIGALA on its assets shall be given the same budgeting treatment as the cost of capital charge on the assets.

2.8.2 Under resource budgeting rules, the cost of capital charge and any interest receipts on most DEL financed assets score as resource DEL.

2.8.3 If the receipts are used to finance additional expenditure by NIGALA, the Department will need to ensure it has the necessary DEL cover. Any interest earned on cash balances arising from grant-in-aid or other NI Consolidated Fund funds shall be treated as a receipt from a NI Consolidated Fund source. Depending on the budgeting treatment of this receipt, and its impact on NIGALA's cash requirement, it may lead to commensurate reduction of grant-in aid or be required to be surrendered to the NI Consolidated Fund via the Department.

## **2.9 Unforecast changes in in-year income**

2.9.1 If the negative DEL income realised or expected to be realised in-year is less than estimated. NIGALA shall, unless otherwise agreed with the Department, ensure a corresponding reduction in its gross expenditure so that the authorised provision is not exceeded. (NOTE: For example, if NIGALA is allocated £100 resource DEL provision by the Department and expects to receive £10 of negative DEL income, it may plan to spend a total of £110. If income (on an accruals basis) turns out to be only £5, NIGALA will need to reduce its expenditure to £105 to avoid breaching its budget. If NIGALA still spends £110 the Department will need to find £5 of savings from elsewhere within its total DEL to offset this overspend.)

If the negative DEL income realised, or expected to be realised, in the year is more than estimated, NIGALA may apply to the Department to retain the excess income for specified additional expenditure within the current financial year without an offsetting reduction to grant-in-aid. The Department shall consider such applications, taking account of competing demands for resources, and will consult with DFP in relation to any significant amounts. If an application is refused, any grant-in-aid shall be commensurately reduced or the excess receipts shall be required to be surrendered to the NI Consolidated Fund via the Department.

## **2.10 Build-up and draw-down of deposits**

2.10.1 NIGALA shall comply with the rules that any DEL expenditure financed by the draw-down of deposits counts within DEL and that the build-up of deposits may represent a saving to DEL (if the related receipts are negative DEL in the relevant budgets).

## **2.11 Other Receipts**

2.11.1 NIGALA should ensure that effective control is maintained, and records kept, of receipts from other sources (e.g. reports etc).

## **3. NIGALA'S EXPENDITURE – GENERAL PRINCIPLES**

### **3.1 Expenditure Not Proposed in the Budget**

3.1.1 NIGALA shall not, without prior written Departmental approval, enter into any undertaking to incur any expenditure which falls outside NIGALA's delegations or which is not provided for in NIGALA's annual budget as approved by the Department.

### **3.2 Economic Appraisal**

3.2.1 NIGALA is required to comply with the principles of economic appraisal, with appropriate and proportionate effort, to all decisions and proposals concerning spending or saving public money, including European Union (EU) funds, and any other decisions or proposals that involve changes in the use of public resources. For example, appraisal must be applied irrespective of whether the relevant public expenditure or resources:

- involve capital or current spending, or both;
- are large or small;
- are above or below delegated limits (see Annex 1)

3.2.2 Business cases must be submitted to the Department in support of expenditure above the delegated limits set out in Annex 1. The Department may also from time to time request sight of the appraisals for projects below these limits.

- 3.2.3 The Executive Director should ensure that the guidelines are being complied with. Information and regular evaluation should be maintained on the project from inception to completion in a form which can be submitted to the Department, if required, and which conforms to requirements for audit and value-for-money scrutiny.
- 3.2.4 Appraisal itself uses up resources. The effort that should go into appraisal and the detail to be considered is a matter for case-by-case judgement, but the general principle is that the resources to be devoted to appraisal should be in proportion to the scale or importance of the objectives and resource consequences in question. Judgement of the appropriate effort should take into consideration the totality of the resources involved in a proposal.

General guidance on economic appraisal can be found in:

- DAO(DFP) 32/03, 'Economic Appraisal and Evaluation in Central Government';
- The DFP Guide, *The Northern Ireland Practical Guide to the Green Book*;
- The HM Treasury Guide, *The Green Book: Appraisal and Evaluation in Central Government*; and
- The Capital Investment Manual

See paragraph 5.1.1 on Capital Expenditure

### **3.3 Value for Money**

- 3.3.1 NIGALA shall not enter into any contracts for procurement of works, equipment, goods or services without ensuring that full regard has been paid to value for money considerations, including quality (in terms of fitness for purpose) and delivery against price, and where appropriate, that it has complied with the EC Supplies Directive and the GATT Agreement on Competitive Tendering. Where appropriate, a full option appraisal shall be carried out before procurement decisions are taken.

### **3.4 Competition**

- 3.4.1 Wherever practicable, NIGALA should expose activities undertaken by its own employees to outside competition and arrange for those activities to be contracted out if external suppliers would provide best value for money.
- 3.4.2 Contracts shall be placed on a competitive basis and tenders accepted from suppliers who provide best value for money overall.
- 3.4.3 Proposals to let single-tender contracts shall be subject to advice being taken from Central Procurement Directorate or a Centre of Procurement Expertise, and NIGALA shall send to the Department after each financial year a report for that year explaining any contracts above £5000 in which competitive tendering was not employed.

### **3.5 Procurement**

- 3.5.1 NIGALA's procurement policies shall reflect the public procurement policy adopted by the Northern Ireland Executive in May 2002 and *Procurement Policy Guidelines* and any subsequent public procurement policy adopted by Ministers. NIGALA shall also ensure that it complies with any relevant EU or other international procurement rules.
- 3.5.2 The Centres of Procurement Expertise for NIGALA are the Regional Supplies Service, Central Services Agency, and the Central Procurement Directorate. This list is not exhaustive, and NIGALA may use the services of UK wide Centres of Procurement Expertise.

### **3.6 Prudence**

- 3.6.1 NIGALA shall take all reasonable steps to appraise the financial standing of any firm or other body with whom it intends to enter into a contract and its capacity to deliver the contract.

### **3.7 Timeliness in Paying Bills**

- 3.7.1 NIGALA 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 Chapter 16 of *Government Accounting Northern Ireland*. NIGALA should comply with the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890) and with the Late Payment of Commercial Debts (Interest) Act, 1998 as amended and supplemented by the Late Payment of Commercial Debts Regulations, 2002. HSS(F)1/99 and Supplements 1 and 2 refer. (NOTE: The 1998 Act allows creditors to claim statutory interest and compensation on late payment of commercial debts.) Invoices must not be paid in advance, unless prior Departmental authority has been received.
- 3.7.2 The payment for goods and/or services before receipt shall be made only in exceptional circumstances. Where advance payment is made, the agreed internal control processes for all other payments shall apply. The following list includes some appropriate instances. However, any payment for items/circumstances which do not appear below must have the prior written approval of the Director of Finance and Performance (or a delegated officer) before payment can be made. This approval must be retained for audit inspection. These payments must come within the normal terms of business, and NIGALA must establish, maintain and provide evidence that appropriate safeguards are in place to ensure that the service is received to a satisfactory standard.

- (a) Annual subscriptions for books or periodicals
- (b) Annual maintenance charges under contract
- (c) Annual or quarterly utility charges (phone, water etc.)
- (d) Annual leasing charges under contract
- (e) Charges for training and professional courses
- (f) Annual insurance premiums
- (g) Cash with order under £250.00

For payments in advance in respect of goods or services, the delivery of which traverses accounting periods, appropriate accounting entries (prepayments, debtors) must be included in the financial records and accounts.

### **3.8 Novel, Contentious or Repercussive Proposals**

3.8.1 NIGALA shall obtain the prior approval of the Department as follows:

- (a) before incurring expenditure on any project (including grant schemes) which is considered novel, unusual or contentious, potentially repercussive, or which has significant cost implications;
- (b) before making any changes to policy or practice which have wide financial implications, or which may affect the future level of the resources required; and
- (c) before making any significant changes in the operation of funding of initiatives or particular schemes previously approved by the Department.

3.8.2 NIGALA shall not, without prior Departmental approval, enter into any undertaking to incur any expenditure outside the remit of NIGALA.

## **4 EXPENDITURE ON STAFF**

### **4.1 Staff Costs**

4.1.1 The number of staff appointed by NIGALA will be subject to a staffing ceiling approved by the Department. The ceiling may be varied from time to time to reflect changes in the scale of NIGALA's operations or functions. In such cases the new ceiling together with the associated pay and related costs will be reflected in the administration costs total.

4.1.2 NIGALA will ensure that the creation of any new/additional posts does not incur future commitments which may exceed its ability to pay for them.

4.1.3 The Executive Director should ensure that staffing is reviewed at least every three years, or more often if necessary, to confirm that levels and costs are appropriate.

### **4.2 Pay and conditions of service**

4.2.1 The staff of NIGALA, whether on permanent or temporary contract, shall be subject to levels of remuneration and terms and conditions of service (including superannuation) as approved by the Department and DFP. NIGALA has no delegated power to amend these terms and conditions.

4.2.2 Current terms and conditions for staff of NIGALA are those set out in its Employee Handbook. NIGALA shall provide the Department and DFP with a copy of the Handbook and subsequent amendments.



- 4.2.3 Annual pay increases of NIGALA staff must have the prior approval of the Department and DFP in the light of government policy on public sector pay remit approval processes (the DFP Finance Director letter of 3 July 2007 refers).
- 4.2.4 The travel expenses of Board members shall be tied to Departmental rates. Reasonable actual costs shall be reimbursed
- 4.2.5 NIGALA shall operate a performance-related pay scheme which shall form part of [the annual aggregate pay budget approved by the Department] [the general pay structure approved by the Department] and DFP.
- 4.2.6 NIGALA shall comply with the EU directive on contract workers [Fixed Term Employee Regulations (Prevention of Less Favourable Treatment)].

### **4.3 Pension Costs**

- 4.3.1 NIGALA's employees shall normally be eligible for a pension provided by the Health Service Voluntary Occupational Pension Scheme.
- 4.3.2 Staff may opt out of the occupational pension scheme provided by NIGALA. However, the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall be limited to the national insurance rebate level.
- 4.3.3 Any proposal by NIGALA to move from the existing pension arrangements, or to pay any redundancy, or compensation for loss of office requires the approval of the Department and DFP.

## **5 EXPENDITURE OTHER THAN ON STAFF**

### **5.1 Capital Expenditure**

- 5.1.1 Subject to being above an agreed capitalisation threshold, all expenditure on the acquisition or creation of fixed assets shall be capitalised on an accruals basis. Expenditure to be capitalised shall include the:
- (a) acquisition, reclamation or laying out of land;
  - (b) acquisition, construction, preparation or replacement of buildings and other structures or their associated fixtures and fittings; and
  - (c) acquisition, installation or replacement of movable or fixed plant, machinery, vehicles and vessels, and
  - (d) salary costs where appropriate.
- 5.1.2 Proposals for large-scale individual capital projects or acquisitions will normally be considered within NIGALA's corporate and business planning process. Applications for approval within the corporate/business plan by the Department and DFP, if necessary, shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Board. Regular reports on the progress of projects shall be submitted to the Department.
- 5.1.3 Approval of the corporate/business plan does not obviate NIGALA's responsibility to abide by the economic appraisal process.
- 5.1.4 Within its approved overall resources limit NIGALA shall, as indicated in the attached annex on delegations, have delegated authority to spend up to £10,000 on any individual capital project or acquisition. Beyond that delegated limit, the Department's and where necessary, DFP's prior authority must be obtained before expenditure on an individual project or acquisition is incurred.

### **5.2 Transfer of Funds**

- 5.1.1 NIGALA shall not have delegated authority to apply virement between the capital and revenue budgets and vice-versa. Any requests for virement shall be made in writing to the Department, in accordance with Chapter 11 of *Government Accounting Northern Ireland*.
- 5.1.2 Unless financial provision is subject to specific Departmental or DFP controls (e.g. where provision is ring-fenced for specific purposes) or delegated limits, transfers between budgets within the total capital budget, or between budgets within the total revenue budget, do not need Departmental approval.

### **5.3 Borrowing, Guarantees or Indemnities**

- 5.3.1 NIGALA shall not, without the prior written consent of the Department (and, where necessary, DFP), borrow money (including prearranged overdraft facilities), lend money, charge any asset or security, give any guarantees or indemnities, letters of comfort, or make any other contingent liability (as defined in Chapter 26 of GANI), whether or not in a legally binding form.

#### **5.4 Grants or loans by NIGALA (if applicable)**

- 5.4.1 All grants or loan schemes proposed by NIGALA, and the terms and conditions under which such grant or loan is made, must be approved by the Department and where necessary DFP before any payments are issued. If grants or loans are to be made under a continuing scheme, statutory authority will be requested.
- 5.4.2 The terms and conditions of such grant or loan to a third party shall include the requirement on the recipient organisation to prepare accounts, and to ensure that its books and records in relation to the grant or loan are readily available to NIGALA, the Department and Comptroller and Auditor General.

#### **5.5 Write-offs**

- 5.5.1 (a) NIGALA shall have delegated authority to make special payments and write off losses within the limits specified in Circular HSS (F) 38/98 and supplemental updates, an extract of which is included in Annex 1.
- (b) NIGALA shall obtain the prior written approval of the Department for all write-offs and special payments beyond those limits and for all cases where fraud is proven or suspected (even where the sum involved is within the delegated limit); and for the assigning of the delegation in whole or part to any other body.
- (c) NIGALA shall keep a record of all losses of cash, equipment and, stores, and abandoned claims and shall notify the Department of write-offs and ex-gratia payments made or sanctioned during the previous 12 months and disclose these in its Statement of Accounts, as required in GANI Annex 12.1.
- (d) NIGALA may authorise ex-gratia payments within the set limits of delegation. Departmental approval must be obtained for all payments in excess of the delegated authority in line with Circular HSS (F) 38/98.
- (e) NIGALA shall maintain a Losses and Compensation Register which details the nature, gross amount and cause of each loss, the action taken, total recoveries, and where appropriate the date of write-off. At the end of each financial year NIGALA shall submit to the Department a statement of the annual losses incurred and special payments made.

#### **5.6 Gifts, Hospitality, Awards**

- 5.6.1 NIGALA should maintain a policy in line with Departmental guidance on the provision and receipt of hospitality, to which all staff must adhere. If in doubt, any queries on the provision or receipt of hospitality should be referred to the Department for advice.
- 5.6.2 Public money should not be used to provide for gifts to members of staff. This shall also apply to members of the Board.

## **5.7 Leasing**

- 5.7.1 Prior Departmental approval is required for all property and finance leases. NIGALA must have DEL provision for finance leases and other transactions that are, in substance, a form of borrowing.
- 5.7.2 Before entering any lease NIGALA must demonstrate that the lease offers better value for money than purchase.

## **5.8 Public Private Partnerships**

- 5.8.1 NIGALA should seek opportunities to enter into public/private partnerships where this is better value for money than conventional procurement.
- 5.8.2 In such cases NIGALA should be aware of the need to consult the Department in cases where different cash flow projections may result in delegated spending authority being breached.
- 5.8.3 Any partnership controlled by NIGALA shall be treated as part of NIGALA and consolidated with it (subject to any particular treatment required by UK-GAAP). Where judgement over the level of control is difficult, the Department will consult DFP (who may need to consult with the Office of National Statistics over national accounts treatment).

## **5.9 Subsidiary Companies and Joint Ventures**

- 5.9.1 NIGALA shall not establish subsidiary companies or joint ventures without the express approval of the Department and DFP. In judging such proposals the Department will have regard to the Department's wider strategic aims, objectives and current Public Service Agreement.
- 5.9.2 For public expenditure accounts purposes any subsidiary company or joint venture controlled or owned by NIGALA shall be consolidated with it in accordance with UK GAAP, subject to any particular treatment required by UK GAAP. Where the judgement over the level of control is difficult, the Department will consult DFP (who may need to consult with the Office of National Statistics over national accounts treatment). Unless specifically agreed with the Department and DFP, such subsidiary companies or joint ventures shall be subject to the controls and requirements set out in this *Management Statement* and *Financial Memorandum*, and to the further provisions set out in supporting documentation.

## **5.10 Use of consultants**

- 5.10.1 Fees paid to consultants should be reasonable and defensible. NIGALA shall also adhere to guidance on the Use of Consultants in Circular HSS (F) 20/06 and any subsequent guidance.

## **5.11 Financial Control Systems**

5.11.1 NIGALA shall maintain to the satisfaction of the Department an appropriate financial control system taking account of guidance issued by the Department. It should also comply with all relevant guidance/instructions as issued periodically. NIGALA should:

- ensure the existence of safeguards against fraud and theft,
- keep within delegated limits, and
- have regard to “Government Accounting Northern Ireland” and
- have regard to FReM

## **5.12 Risk Management/Fraud**

5.12.1 NIGALA shall ensure that the risks it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and shall develop a risk management strategy, in accordance with the Treasury guidance *Management of Risk: Principles and Concepts (“The Orange Book”)* issued under cover of DAO(DFP) 15/05 and DAO(DFP) 07/06.

5.12.2 NIGALA shall take proportionate and appropriate steps to assess the financial and economic standing of any organisation or other body with which it intends to enter into a contract or to which it intends to give grant or grant-in-aid.

5.12.3 NIGALA shall take all reasonable steps to ensure it has adequate safeguards from incidents of fraud and theft. In cases of suspected theft, fraud or misappropriation the Council will provide immediate notification in line with HSS (F) 38/98 Supplement 1, HSS(F) 38/05 and any subsequent amendments, DAO(DFP) 24/2003 and DAO (DFP) 15/04 (issued undercover of HSS(F) 24/2003 and HSS(F) 44/04 respectively).

5.12.4 All cases of attempted suspected or proven fraud shall be reported to the Department and other relevant authorities (see section 5.2. in the Management Statement) as soon as they are discovered, irrespective of the amount involved.

## **5.13 Commercial Insurance**

5.13.1 NIGALA shall not take out any insurance without the prior approval of the Department of Finance and Personnel, other than third party insurance required by the Road Traffic (NI) Order 1981 (as amended) and any other insurance which is a statutory obligation or which is permitted in section 30.2 of *Government Accounting Northern Ireland*.

5.13.2 The Department shall have a written agreement with NIGALA about the circumstances in which, in the case of a major loss or third-party claim, an appropriate addition to budget out of the Department’s funds and/or adjustment to NIGALA’s targets shall be considered.

## **5.14 Payment/Credit Cards**

5.14.1 NIGALA, in consultation with the Department, shall ensure that procedures on the issue of payment cards (inc credit cards) are in place. Reference should be made to

HSS(F) 11/2003. No payment/credit cards should be issued without the prior written approval of the Business Manager.

## **5.15 Financial Investments**

5.15.1 NIGALA shall not make any financial investment nor should it build up cash balances or reserves. Equity shares in ventures which further the objectives of NIGALA shall equally be subject to Departmental and DFP approval unless covered by a specific delegation.

## **5.16 Unconventional Financing**

5.16.1 NIGALA shall not enter into any unconventional financing arrangements without the approval of the Department and DFP.

## **6. BUDGETING PROCEDURES**

### **6.1 Setting the Annual Budget**

- 6.1.2 In advance of each 3-Year Public Expenditure Planning Round, and following an assessment, by the Department, of NIGALA's own forward projects, the Department will send to NIGALA:
- (a) a formal statement of any funding provision by the Department, and as approved by the Secretary of State or Assembly Executive, in light of competing priorities across the Department, and
  - (b) a statement of any change in policies affecting NIGALA.
- 6.1.3 The notified funding provision will be subject to annual Parliamentary or Assembly approval, and will form part of the DEL.
- 6.1.4 NIGALA's Business Plan will take account of its approved funding provision and any other forecast receipts. It will also include, on both a cash and accruals basis, a budget of estimated payments and receipts, along with a profile of expected expenditure and of drawdown of Departmental funding and/or other income during the year.
- 6.1.5 Any Grant-in-Aid provided by the Department for the year in question will be voted in the Department's Estimate and will be subject to Assembly control.

### **6.2 General Conditions for Spending Authority**

- 6.2.1 Once NIGALA's budget has been approved by the Department [and subject to any restrictions imposed by Statute/the Minister/this MSFM], NIGALA shall have authority to incur expenditure approved in the budget without further reference to the Department, on the following conditions:
- NIGALA shall comply with the delegations set out in Annex 1 of this document. These delegations shall not be altered without the prior agreement of the Department and DFP;
  - NIGALA shall comply with the conditions set out in paragraph 3.8 above regarding novel, contentious or repercussive proposals;
  - inclusion of any planned and approved expenditure in NIGALA's budget shall not remove the need to seek formal Departmental (and, where necessary, DFP) approval where such proposed expenditure is above the delegated limits as set out in Annex 1, or is for new schemes not previously agreed; and
  - NIGALA shall provide the Department with such information about its operations, performance, individual projects or other expenditure as the Department may reasonably require (see paragraph 6.3 below).

### **6.3 Providing Monitoring Information to the Department**

6.3.1 NIGALA shall provide the Department with regular financial monitoring information in line with Departmental guidance and any subsequent amendments.

## **7 BANKING: CASH MANAGEMENT**

7.1 The Executive Director is responsible for ensuring that the banking arrangements are carried out efficiently, economically and effectively and in accordance with the requirements of GANI and the principles of the guidance in the Treasury document "Departmental Banking: A Manual for Government Departments". He/she should ensure that:

- (a) the banking arrangements are suitably structured and represent the best value for money;
- (b) sufficient information about banking arrangements is supplied to the Department's Accounting Officer to enable the latter to fulfil his own responsibilities;
- (c) the banking arrangements are subject to review and approval by the Department at least every 3 years, with a comprehensive review to competitive tendering at least every 3-5 years to ensure the best terms are received;
- (d) NIGALA maintains effective controls over the preparation and authorisation of payments;
- (e) NIGALA's banking arrangements are kept separate and distinct from those of any other person or organisation, and
- (f) adequate records are maintained of payments and receipts and adequate facilities are available for the secure storage of cash.

## **8 ASSET MANAGEMENT**

### **8.1 Register of Assets**

8.1.1 NIGALA shall maintain an accurate and up to date register of stocks, stores and assets.

### **8.2 Recovery of Grant – Financed Assets**

8.2.1 Where NIGALA has financed expenditure on capital assets by third parties, NIGALA should make appropriate arrangements to ensure that assets are not disposed of without NIGALA's prior consent.



- 8.2.2 NIGALA shall therefore ensure that such repayment conditions are sufficient to secure the repayment of the NI Consolidated Fund's due share of the proceeds of the sale, in order that funds may be surrendered to the Department.
- 8.2.3 NIGALA shall ensure that if the assets created by grants made by NIGALA cease to be used by the recipient of the grant for the intended purpose, a proper proportion of the value of the asset shall be repaid to NIGALA for surrender to the Department. The amount recoverable shall be calculated by reference to the best possible value of the asset and in proportion to the NI Consolidated Fund's original investment(s) in the asset.

## **9 RETENTION OF DOCUMENTATION**

- 9.1 The Executive Director shall be responsible for maintaining archives for all documents required to be retained under the direction of the Department.
- 9.2 NIGALA will agree with the Department a record management strategy, identifying the resources needed to ensure that records of all types (administrative and operational) are:
- (a) properly controlled
  - (b) readily accessible and available for use, and eventually
  - (c) archived or otherwise disposed of.
- 9.3 Documents held by NIGALA without prescribed retention times shall only be destroyed at the express instigation of the Executive Director (or a delegated officer). Records shall be maintained of documents so destroyed.

## **10 COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE**

- 10.1 NIGALA shall comply with the instructions or guidance set out in:
- (a) *Government Accounting Northern Ireland (GANI)*, in particular the Accounting Officer Memorandum for NDPBs (Annex 8.2 of GANI);
  - (b) *Financial Reporting Manual (FRM)*, issued by the Department of Finance and Personnel;
  - (c) The Treasury guidance document *Regularity and Propriety*;
  - (d) Recommendations made by the UK or Northern Ireland Public Accounts Committees or other Parliamentary authority which have been accepted by the Government and which are relevant to NIGALA.
  - (e) Its Management Statement and Financial Memorandum;

- (f) The guiding principles of the draft Treasury *Fees and Charges Guide*, issued in May 2005 ;
  - (g) The guiding principles of the Treasury's *Guidance on Departmental Banking: A Manual for Government Departments*.
  - (h) Treasury document *Management of Risk - Principles and Concepts*
  - (i) DAO (DFP) 07/06 *Internal Fraud: Communication within the Organisation*, issued under cover of HSS(F)44/06;
  - (j) the Consolidation Officer Memorandum, issued by DFP,
  - (k) relevant Dear Consolidation Officer and Dear Consolidation Manager letters,
  - (l) other relevant guidance and instructions issued by DFP in respect of Whole of Government Accounts.
  - (m) other relevant instructions and guidance issued by DHSSPS, Department of Finance and Personnel and Office of the First Minister and Deputy First Minister.
- 10.2 NIGALA shall provide the Department with such information about the organisation, operational and financial control of its affairs as it may request periodically.

## **11 REVIEW OF FINANCIAL MEMORANDUM**

- 11.1 The Department shall in writing resolve any questions arising from the interpretation of any statement in this Memorandum after consultation with NIGALA.
- 11.2 This Financial Memorandum will be every four years following a review of NIGALA's functions as provided for in Section 8 of the Management Statement.
- 11.3 In consultation with NIGALA, the Department may, with the consent of the Department of Finance and Personnel, from time to time amend, revoke or add to any of the terms of this Memorandum. The Department of Finance and Personnel will be consulted on any significant variation proposed to the Management Statement and Financial Memorandum.

**DELEGATED EXPENDITURE LIMITS**

General

These delegated expenditure limits have been agreed by the Department and the Department of Finance and Personnel.

**1. PURCHASING ALL GOODS AND SERVICES**

**Table 1 Delegated Authority for the Purchase of Goods and Services**  
(All costs exclude VAT)

<b><u>THRESHOLDS</u></b>	<b><u>NUMBER/TYPE OF TENDER REQUIRED</u></b>	<b><u>AUTHORISATION</u></b>
Up to £2,000	1 or 2 Oral Quotations depending on the need to have a price comparison (fax or e-mail confirmation should be obtained)	[The Executive Director]
£2,000 - £10,000	3 Selected Tenders	[The Executive Director]
> £10,000 - £30,000	4 Selected Tenders	[The Executive Director]
> £30,000 – EC Thresholds	Publicly advertised open or restricted tender competition	[The Executive Director]

**Economic Appraisal**

The principles of economic appraisal should be applied in all cases where expenditure is proposed, whether the proposal involves capital or current expenditure, or both. The effort

put into economic appraisal should be commensurate with the size or importance of the needs or resources under consideration. However, NIGALA should undertake a comprehensive business case of all projects involving expenditure of £250,000 and over.

### ***Where the minimum number of quotation/tenders is not obtained***

For any purchase where the minimum number of quotations/tenders is not obtained, the purchase may proceed if the Accounting officer is satisfied that every attempt has been made to obtain competitive offers and that value for money will be achieved. In these cases, the Accounting officer should complete a report and records of all correspondence should be retained on file including any justification given and/or approvals obtained.

## **2. Capital Projects**

The Executive Director may authorise capital expenditure on discreet capital projects of up to £10,000. Capital projects over this amount require the approval of DHSSPS, and may be subject to quality assurance by the Department of Finance and Personnel if requested.

Capital projects over the delegated limit for DHSSPS approval (see DAO(DFP) 06/05) may be subject to quality assurance by the Department of Finance and Personnel if requested.

Any novel and/or potentially contentious projects, regardless of the amount of expenditure, require the approvals of the Department and DFP.

## **3. DISPOSAL OF SURPLUS EQUIPMENT**

See paragraph 2.4

## **4. LEASE AND RENTAL AGREEMENTS**

See paragraph 5.7

## **5. APPROVAL OF INFORMATION TECHNOLOGY PROJECTS**

The appraisal of Information Technology (IT) projects should include the staffing and other resource implications.

*The purchase of IT equipment and systems should be in line with guidance contained in DAO (DFP) 33/03 and the subject of competitive tendering unless there are convincing reasons to the contrary. The form of competition should be appropriate to*

*the value and complexity of the project, and in line with the Procurement Control Limits in Table 1. Delegated authority for each IT project is set out in Table 2.*

**Table 2      Delegation Arrangements for Information Technology Projects, Systems and Equipment**  
(All costs exclude VAT)

<b>THRESHOLDS</b>	<b>AUTHORISATION</b>
Up to £10,000	The Executive Director
£10,000-£500,000	The Executive Director with prior approval from the Department
Over £500,000	The Executive Director with prior approval from the Department and DFP

## **6.      ENGAGEMENT OF CONSULTANTS**

### **General**

NIGALA has delegated authority to appoint consultants for a **single contract** up to a **total** cost of £20,000, subject to HSS(F) 20/06 and any subsequent guidance as may be issued by the Department.

NIGALA will provide the Department with an annual statement on the status of all consultancies completed and/or started in each financial year.

Care should be taken to avoid actual, potential, or perceived conflicts of interest when employing consultants.

### **Economic appraisal**

A full business case should be prepared for all consultancy assignments expected to exceed £10,000. A proportionate business case should be prepared for all assignments below this threshold. (All assignments expected to exceed £50,000 will also be subject to Ministerial

approval, and those expected to exceed £75,000 will be subject to both Ministerial and DFP approval).

## 7. LOSSES AND SPECIAL PAYMENTS

### DELEGATED LIMITS TO HSS BODIES/NON-DEPARTMENTAL PUBLIC BODIES TO WRITE-OFF LOSSES AND AUTHORISE SPECIAL PAYMENTS

#### LIMITS OF AUTHORITY (PER CASE)

	£
<b>Losses</b>	
1. Cash losses due to:-	
a. theft, fraud, arson (whether proved or suspected), neglect of duty or gross carelessness.	5,000
b. overpayments of salaries, wages, fees and other allowances.	5,000
c. other causes, including unvouched or incompletely vouched payments, overpayments other than those included under (b); loss by fire (other than arson); physical cash losses and losses of stamps, or similar cash equivalents.	5,000
2. Fruitless payments (including payments in respect of abandoned capital schemes).	5,000
3. Bad debts and claims abandoned due to:-	
a. Road Traffic Order claims	5,000
b. Others	5,000
4. Losses, etc of Equipment and Property in stores and in use due to:-	
a. incidents of the service (as a result of fire, flood etc motor vehicle accidents, damage to vehicles)	10,000
b. theft, fraud or arson (whether proved or suspected), neglect of duty or gross carelessness	
i. bedding and linen	10,000
ii. other equipment and property	10,000
c. discrepancies and unexplained issues	
i. bedding and linen	10,000
ii. other equipment and property	10,000

- |    |                                   |        |
|----|-----------------------------------|--------|
| d. | malicious damage (see Note below) |        |
| e. | other causes                      | 10,000 |

**Special Payments**

- |    |  |   |
|----|--|---|
| 5. | Compensation payments  |   |
| a. | made under legal obligation (full costs ordered by court)  | Complete                                |
| b. | compensation payments including payments to staff for loss of personal effects   | 1,000                                   |
| 6. | Ex-gratia payments:-   |   |
| a. | extra-contractual payments to contractor.  | NIL                                     |
| b. | for personal injury claims involving negligence where legal advice obtained and relevant guidance has been applied (see Note below). | 5,000<br>including<br>plaintiff's costs |
| c. | other payments (including Personal Injury not covered at 'c' above) (see Note below).  | 5,000                                   |
| d. | maladministration where there was <u>no</u> financial loss by claimant.  | NIL                                     |
| 7. | Extra-statutory payments.  | NIL                                     |

**NOTE:**

Item 4d All cases which result in repair work costing more than £2,000 should be notified to the Department.

For all cases outside these limits, the approval of the Department and, where appropriate, the Department of Finance and Personnel, is necessary before any write-off or special payment can be actioned.