

## **Southern HSC Trust Management Statement**

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## 1. INTRODUCTION

### 1.1 This document

- 1.1.1 Subject to the legislation noted below, this *Management Statement* establishes the framework, agreed with the Department of Health, Social Services and Public Safety (the sponsor Department), within which the Southern HSC Trust (hereafter referred to as the Trust) will operate. The term 'Department' throughout this document is used to include the authority of both the Department and its Minister. Only in those cases where reference is intended to his/her personal authority (see, principally, Section 3.1) is the Minister specified.
- 1.1.2 The associated *Financial Memorandum* sets out in greater detail certain aspects of the financial provisions which the Trust shall observe. However, the *Management Statement* and the associated *Financial Memorandum* do not convey any legal powers or responsibilities, nor do they comprise the totality of the guidance, directives etc which have applied and (as determined by the Sponsor Department) continue to apply to the Trust.
- 1.1.3 The document shall be reviewed by the sponsor Department at least every five years. The first review is planned to take place at the end of the 2014-15 financial year
- 1.1.4 In addition, the Trust or the Department may propose amendments to this document at any time. Any such proposals by the Trust shall be considered in the light of evolving Departmental policy aims, operational factors and the record of the Trust itself. The guiding principle shall be that the extent of flexibility and freedom given shall reflect both the quality of the Trust internal controls to achieve performance and its operational needs. The Department shall determine what changes, if any, are to be incorporated in the document. Legislative provisions shall take precedence over any part of the document. Significant variations to the document shall be cleared with DFP after consultation with the Trust, as appropriate. The determination of those issues

that are 'significant' will be made by the Department and DFP on a case by case basis.

- 1.1.5 This MS/FM has been approved by DFP Supply, and signed and dated by the Department after consultation with the Trust.
- 1.1.6 Any question regarding the interpretation of the document shall be resolved by the Department after consultation with the Trust and, as necessary, with DFP (and OFiDfM if appropriate).
- 1.1.7 Copies of this document and any subsequent substantive amendments shall be placed in the Library of the Assembly. Copies shall also be made available to members of the public on the Trust website.
- 1.1.8 A copy of the Management Statement/Financial Memorandum (MS/FM) for the Trust should be given to all newly appointed Board Members, senior executive staff and departmental sponsor staff on appointment. Additionally the MS/FM should be tabled for the information of Board members at least annually at a full meeting of the Board. Amendments made to the MS/FM should also be brought to the attention of the full Board on a timely basis.

## **1.2 Trust Founding legislation, functions, duties etc**

- 1.2.1 The Trust is established by means of an Establishment Order made under Article 10 of the Health and Personal Social Services (Northern Ireland) Order 1991. The Order is the *[Insert name of trust]* Health and Social Services Trust (Establishment) Order (Northern Ireland) 2006. The Trust does not carry out its functions on behalf of the Crown.
- 1.2.2 The Trust is established for the purposes specified in Article 10 (1) of the 1991 Order. These include any functions of the Department with respect to the administration of health and social care that the Department may direct. The Trust's general powers etc are listed in Schedule 3 of the Order.

### **1.3 Classification**

- 1.3.1 For policy/administrative purposes the Trust is classified as a Health and Social Care body (akin to an executive non-departmental public body) and for national accounts purposes the Trust is classified to the central government sector.

## **2. AIMS, OBJECTIVES AND TARGETS**

### **2.1 Overall aims**

- 2.1.1 The approved overall aims for the Trust are as follows:

To improve health and social well-being outcomes, through a reduction in preventable disease and ill-health, by providing effective, high quality, equitable and efficient health and social care.

### **2.2 Objectives and key targets**

- 2.2.1 The Department determines the Trust's performance framework in light of its wider strategic aims and of current Public Service Agreement (PSA) objectives and targets. The key targets, standards and actions to be delivered by the Trust are defined by the Department within Priorities for Action (PfA) and are approved by the Minister. The Department defines the format and content of the Trust's Delivery Plan (TDP) which sets out how the Trust will deliver the PSA and PfA targets, standards and actions.

## **3. RESPONSIBILITIES AND ACCOUNTABILITY**

### **3.1 The Minister**

- 3.1.1 The Minister is accountable to the Assembly for the activities and performance of the Trust. His/her responsibilities include:

- keeping the Assembly informed about the Trust's performance, as part of the HSC system;
- carrying out responsibilities specified in the founding legislation including appointments to the Board (including its Chairman) and laying of the annual report and accounts before the Assembly; and
- approving the remuneration scheme for Non-Executive Board members and setting the annual pay increase each year under these arrangements.

### **3.2 The Accounting Officer of DHSSPS**

3.2.1 The Sponsor Department's Accounting Officer (the 'Departmental Accounting Officer') has designated the Chief Executive of the Trust as the Trust's Accounting Officer, and may withdraw the Accounting Officer designation if he/she believes that the incumbent is no longer suitable for the role. The respective responsibilities of the Departmental Accounting Officer and the Accounting Officers of arm's length bodies are set out in Chapter 3 of *Managing Public Money Northern Ireland (MPMNI)*.

3.2.2 In particular, the Departmental Accounting Officer shall ensure that:

- the Trust's plans support the Department's wider strategic aims and will contribute, as appropriate, to the achievement of PSA and PfA targets, standards and actions;
- the financial and other management controls applied by the Department to the Trust are appropriate and sufficient to safeguard public funds, and that the Trust's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to the Trust by the Assembly but also any other funds falling within the stewardship of the Trust); and
- the internal controls applied by the Trust conform to the requirements of regularity, propriety and good financial management.

3.2.3 The Departmental Accounting Officer is also responsible for ensuring that arrangements are in place to:

- continuously monitor the Trust's activities to measure progress against approved targets, standards and actions, and to assess compliance with safety and quality, governance, risk management and other relevant requirements placed on the organisation;
- address significant problems in the Trust, making such interventions as he/she judges necessary to address such problems;
- periodically carry out an assessment of the risks both to the Department's and the Trust's objectives and activities;
- inform the Trust of relevant Government policy in a timely manner; and
- bring concerns about the activities of the Trust to the full Trust Board, requiring explanations and assurances that appropriate action has been taken.

3.2.4 The Planning & Performance Management Directorate within the Department is the sponsoring team for the Trust, forming its primary point of contact with the Department on non-financial management and performance. Regarding such matters, the team is the primary source of advice to the Minister on the discharge of his/her responsibilities in respect of the Trust. It also supports the Departmental Accounting Officer on his/her responsibilities towards the Trust.

3.2.5 The relationship between the Trust and its Departmental sponsoring team, based on the principles of good public administration, is articulated through direction and guidance, and on good practice as notified to the Trust. The salient requirements are described at **Appendix 1**.

3.2.6 On financial matters, the primary point of Departmental contact for the Trust is Finance Directorate. That Directorate also supports the Departmental Accounting Officer on his/her responsibilities towards the Trust as regards

accounting arrangements, budgetary control and other financial matters. In doing so, Finance Directorate liaises as appropriate with the Planning & Performance Management Directorate.

### **3.3 The Chief Executive's role as Accounting Officer**

- 3.3.1 The Chief Executive, as the Trust's Accounting Officer, is personally responsible for safeguarding the public funds of which he/she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the Trust. In addition he/she should ensure that the Trust as a whole is run on the basis of the standards (in terms of governance, decision making and financial management) set out in Box 3.1 of *MPMNI*.
- 3.3.2 In addition, the Chief Executive must, within three months of appointment, attend the training course 'An introduction to Public Accountability for Accounting Officers'.

#### ***Responsibilities for accounting to the Assembly***

##### **3.3.3 These responsibilities include:**

- signing 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 Department or DFP;
- signing a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- signing a Statement on Internal Control regarding the Trust's system of internal control, for inclusion in the annual report and accounts;

- \* signing a mid-year assurance statement on the condition of the Trust's system of internal control;
- \* acting in accordance with the terms of this document and with the instructions and relevant guidance in *MPMNI* and other instructions and guidance issued from time to time by the Department; and
- \* giving 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 the Trust.

### ***Responsibilities to the Department***

#### **3.3.4 Particular responsibilities to the Department include:**

- \* establishing, with the approval of the Department, the Trust's Corporate/ Business Plan in support of the Department's wider strategic aims and objectives and targets in the PfA and PSAs;
- \* establishing, with the approval of the Department, the Trust's Delivery Plan, in support of the Department's wider strategic aims and objectives and demonstrating how the relevant targets in the PfA and PSAs are to be met;
- \* informing the HSCB of the Trust's progress in helping to achieve the Department's wider strategic aims and objectives, and relevant targets in the PfA and PSAs, demonstrating how resources are being used to achieve those objectives and targets;
- \* ensuring that timely forecasts and monitoring information on performance and finance are provided to the HSCB including prompt notification of overspends or underspends, and that corrective action is taken;



- \* ensuring that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the HSCB or to the Department as appropriate and in timely fashion;
- \* ensuring that a system of risk management, based on Departmental guidance, is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- \* ensuring that an effective system of programme and project management and contract management is maintained; and
- \* ensuring compliance with the Northern Ireland Public Procurement Policy;
- \* reporting on compliance with controls assurance and quality standards to the Department;
- \* ensuring that an Assurance Framework is developed and maintained;
- \* ensuring that a business continuity plan is developed and maintained;
- \* ensuring that effective procedures for handling complaints about the Trust are established and made widely known within the Trust;
- \* ensuring that effective procedures for handling adverse incidents are established and made widely known within the Trust;
- \* ensuring that an Equality Scheme is in place, reviewed and equality impact assessed as required by the Equality Commission and OFMDFM;
- \* ensuring that Lifetime Opportunities is taken into account;
- \* ensuring that the requirements of the Data Protection Act 1998 are complied with;
- \* ensuring that the requirements of the Freedom of Information Act 2000 are complied with and that a publication scheme is in place which is reviewed as required and placed on the website; and
- \* ensuring that the requirements of relevant statutes, court rulings, and departmental directions are fully complied with.

### ***Responsibilities to the Board of the Trust***

3.3.5 The Chief Executive is responsible for:

- \* advising 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, or have been, issued from time to time;
- \* advising the Board on the Trust's performance compared with its aims and objectives;
- \* ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed; and
- \* taking action in line with Section 3.8 of *MPMNI* if the Board, or its Chairman, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency or effectiveness.

### **3.4 The Chief Executive's rôle as Consolidation Officer**

3.4.1 For the purposes of Whole of Government Accounts, the Chief Executive of the Trust is normally appointed by DFP as the Trust's Consolidation Officer.

3.4.2 As the Trust's Consolidation Officer, the Chief Executive shall be personally responsible for preparing the consolidation information, which sets out the financial results and position of the Trust; for arranging for its audit; and for sending the information and the audit report to the Principal Consolidation Officer nominated by DFP.

3.4.3 As Consolidation Officer, the Chief Executive shall comply with the requirements of the Trust Consolidation Officer Memorandum as issued by DFP and shall, in particular:

- \* ensure that the Trust has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process; and
- \* 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.

### **3.5 Delegation of duties**

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

### **3.6 The Chief Executive's role as Principal Officer for Ombudsman cases**

3.6.1 The Chief Executive of the Trust is the Principal Officer for handling cases involving the Northern Ireland Commissioner for Complaints. As Principal Officer, he/she shall inform the Permanent Secretary of the sponsor Department of any complaints about the Trust accepted by the Ombudsman for investigation, and about the Trust's proposed response to any subsequent recommendations from the Ombudsman

### **3.7 The Trust's Board**

3.7.1 The Board must ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control. The Board must set up an Audit Committee, which complies with the requirements of DAO 07/07 and any subsequent relevant guidance, is chaired by an independent non-executive member, and comprises solely independent members, to provide independent advice on the effectiveness of the internal control and risk management systems.

3.7.2 The Board has corporate responsibility for ensuring that the Trust fulfils the aims and objectives set by the Department/Minister, and for promoting the efficient, economic and effective use of staff and other resources by the Trust. To this end, and in pursuit of its wider corporate responsibilities, the Board shall:

- \* establish the overall strategic direction of the Trust within the policy and resources framework determined by the Department/Minister;
- \* ensure that the Trust's performance fully meets its aims and objectives as efficiently and effectively as possible;
- \* ensure that the Department, if appropriate through the HSCB or PHA, is kept informed of any changes which are likely to impact on the strategic

direction of the Trust or on the attainability of its targets, and determine the steps needed to deal with such changes;

- \* ensure that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority set by the Department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account all relevant guidance issued by DFP and the Department or other relevant authority;
- \* ensure that it receives and reviews regular financial information concerning the management of the Trust; is informed in a timely manner about any concerns about the activities of the Trust; and provides positive assurance to the Department that appropriate action has been taken on such concerns;
- \* ensure that an executive member of the Board has been allocated lead responsibility for risk management;
- \* constructively challenge the Trust's executive team in their planning, target setting and delivery of performance;
- \* demonstrate high standards of corporate governance at all times, including using the independent audit committee (see paragraph 3.7.1) to help the Board to address the key financial and other risks facing the Trust; and
- \* appoint a Chief Executive to the Trust and, in consultation with the Department, set performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use of public monies.

### **3.8 The Chairman's personal responsibilities**

3.8.1 The Chairman is accountable to the Minister through the Departmental Accounting Officer. Communications between the Trust Board and the Minister should normally be through the Chairman (who will ensure that the other Board members are kept informed of such communications). He/she is responsible for ensuring that the Trust's policies and actions support the Department's wider strategic policies; and that the Trust's affairs are conducted with probity. Where appropriate, these policies and actions should be clearly communicated and disseminated throughout the Trust.

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

- \* formulating the Board's strategy for discharging its duties;
- \* ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Department, the HSCB or the PHA;
- \* ensuring that risk management is regularly and formally considered at Board meetings;
- \* promoting the efficient, economic and effective use of staff and other resources;
- \* encouraging high standards of propriety;
- \* representing the views of the Board to the general public; and
- \* 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. Meetings must be open to the public, the public should be advised of meetings through the press and the minutes must be placed on the Trust website after formal approval.

### **3.8.3 The Chairman shall also:**

- \* ensure that all members of the Board, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and, within three months of appointment, receive appropriate induction training, including on the financial management, risk management and reporting requirements of public sector bodies and on any material differences which may exist between private and public sector practice within three months of appointment;
- \* advise the Department of the needs of the Trust when Board vacancies arise, with a view to ensuring a proper balance of professional, financial or other expertise;
- \* assess, annually, the performance of individual Board members. Board Members will be subject to ongoing performance appraisal, with a formal assessment being completed by the Chair of the Board at the end of each year. Members will be made aware that they are being appraised, the standards against which they will be appraised and will have an opportunity to contribute to and view their report. The Chair of the Board will also be appraised on an annual basis by the Departmental Accounting Officer or an official acting on their behalf; and
- \* ensure that a Code of Practice for Board Members is in place, based on the NHS *Code of Conduct and Code of Accountability*.

### **3.9 Individual Board members' responsibilities**

- 3.9.1 Individual Board members shall act in accordance with their wider responsibilities as members of the Board – namely to:

- \* comply at all times with the Code of Practice (see paragraph 3.8.3) that is adopted by the Trust and with the rules relating to the use of public funds and to conflicts of interest;
- \* not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organizations; and to declare publicly and to the Board any private interests that may be thought to conflict with their public duties;
- \* comply with the Board's 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 the Trust.

### **3.10 Consulting Service users and other interest groups**

- 3.10.1 The Trust will work in partnership with its patients, clients, other service users and carers, and with stakeholders, to deliver the services/programmes, for which it has responsibility, to agreed standards. It will consult regularly to develop a clear understanding of citizens' needs and expectations of its services, and to seek feedback from patients, clients, other service users and carers, and from stakeholders, and will work to deliver a high quality, safe and accessible service. It will disseminate public information about the services for which it is responsible.
- 3.10.2 The Trust will in carrying out its equality duties consult in a timely, open and inclusive way and in accordance with the Equality Commission's guiding principles. It will monitor its policies to ensure that as each policy is revised it promotes greater equality of opportunity.
- 3.10.3 The Trust must prepare its own consultation scheme to be submitted to the Department for approval and to be reviewed regularly.



#### **4. PLANNING, BUDGETING AND CONTROL**

##### **4.1 Corporate/Business Plan**

- 4.1.1 Consistent with the timetable for Northern Ireland Executive Budgets, the Trust shall submit annually to the sponsor Department a draft of the Trust's Corporate Plan covering up to three years ahead. The Trust shall have agreed with the sponsor Department the Issues to be addressed in the Plan and the timetable for its preparation. The Plan will be subject to Departmental approval.
- 4.1.2 The Plan shall reflect the Trust's statutory duties and, within those duties, the priorities set from time to time by the Minister. The Plan shall, to the extent required by the Department, demonstrate how the Trust contributes to the achievement of the Department's strategic aims and Programme for Government objectives. Its contents will also reflect the sponsor Department's decisions on policy and resources taken in the context of the Executive's wider policy and spending priorities and decisions.
- 4.1.3 The first year of the Corporate Plan, amplified as necessary, shall form the Business Plan. The Business Plan shall include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the sponsor Department.
- 4.1.4 The Plans will include the following, as directed by the Department:
- key objectives and associated key performance targets (financial and non-financial) for the forward years, and the strategy for achieving those objectives;
  - alternative scenarios to take account of factors which may significantly affect the execution of the plan, but which cannot be accurately forecast;
  - a forecast of expenditure and income, taking account of guidance on resource assumptions and policies provided by the sponsor Department. These forecasts should represent the Trust's best estimate of all its available income ie not just grant or grant-in-aid; and

- other matters as specified by the sponsor Department.

4.1.5 The Corporate/Business Plan shall be published by the Trust and made available on its website. A summary version shall be made available to staff.

#### **4.2 Reporting performance to the HSCB and the Department**

4.2.1 The Trust 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/Business Plan.

4.2.2 The Trust shall take the initiative in informing the Department of changes in external conditions which make the achievement of objectives more or less difficult, or which may indicate a change to the budget or objectives as set out in the Corporate/Business plan.

4.2.3 The Trust's performance in meeting its Corporate/Business Plan objectives shall be reported to the Department as part of the accountability review process.

4.2.4 Senior Departmental officials will hold biannual accountability reviews with the Trust to discuss the Trust's overall performance, its current and future activities, any policy developments relevant to those activities safety and quality, financial performance and corporate control/risk management performance, and other issues as prescribed by the Department.

4.2.5 The Trust's performance against key Departmental/Ministerial targets shall be reported in the Trust's annual report and accounts [see Section 6.1 below].

4.2.6 The Department will, at its discretion, request evidence of progress against key objectives.

## 5 BUDGETING PROCEDURES

5.1 The Trust's budgeting procedures are set out in the *Financial Memorandum*.

### 5.2 Internal audit

5.2.1 The Trust shall establish and maintain arrangements for internal audit in accordance with *FD (DFP) 07/09 The Treasury's Government Internal Audit Standards (GIAS)*, *HSS(F)21/03 Internal Audit Arrangements between a Sponsoring Department and its Non-Departmental Public Bodies (Trust's) and HSS(F)13/2007 Model HPSS Financial Governance Documents*.

5.2.2 Those arrangements shall also comply with the Department's requirements on foot of HSC (F) 11/2010 which promulgated DAO (DFP) 01/10 *Internal Audit Arrangements between Departments and Arm's Length Bodies*. These include:

- having input to the Trust's planned internal audit coverage, to ensure that shared assurance requirements (in relation to risk areas/topics) are built into the Trust's audit plan and audit strategy;
- arrangements for the receipt of audit reports, assignment reports, the Head of Internal Audit's annual report and opinion etc;
- arrangements for the completion of Internal and External Assessments of the Trust's internal audit function against GIAS including advising that the sponsor Department reserves a right of access to carry out its own independent reviews of internal audit in the Trust; and
- the right of access to all documents prepared by the Trust's internal auditor, including where the service is contracted out. Where the Trust's audit service is contracted out the Trust should stipulate this requirement when tendering for the services.

- 5.2.3. The Trust shall consult with the Department to ensure that the latter is satisfied with the competence and qualifications of the Head of Internal Audit and that the requirements for approving the appointment are in accordance with GIAS and relevant DFP guidance.

### **5.3 Audit Committee**

- 5.3.1 The Trust shall set up an independent audit committee as a committee of its Board, in accordance with the Cabinet Office's guidance on Codes of Practice for Public Bodies (FD (DFP) 03/06 refers) and in line with the Audit Committee Handbook DAO (DFP) 07/07.
- 5.3.2 The sponsor Department will attend one Trust audit committee meeting per year as an observer, and will not participate in any Audit Committee discussion.
- 5.3.3 The audit committee's meeting agendas, minutes and papers shall be forwarded as soon as possible to the sponsoring team.
- 5.3.4 The sponsor Department will review the Trust's audit committee terms of reference. The Trust shall notify the sponsor department of any subsequent changes to the audit committee's terms of reference.

### **5.4 Fraud**

- 5.4.1 The Trust should establish and maintain arrangements for preventing, countering and dealing with fraud by:
- \* assessing, identifying, evaluating, and responding to fraud risks;
  - \* ensuring that the Trust's Audit Committee formally considers the anti-fraud measures in place;
  - \* reporting immediately all suspected or proven frauds, including attempted fraud to the sponsor Department; and
  - \* complying with all guidance issued by the Department.

5.4.2 The sponsor Department will report suspected and actual frauds immediately to DFP and the C&AG. In addition the Trust shall forward to the sponsor Department the annual fraud return, commissioned by DFP, on fraud and theft suffered by the Trust.

5.4.3 The sponsor Department will review the Trust's Anti-fraud policy and Fraud Response Plan. The Trust shall notify the sponsor Department of any subsequent changes to the policy or response plan.

### **5.5 Additional Departmental access to the Trust**

5.5.1 In addition to the right of access referred to in paragraph 5.2.4 above, the Department shall have a right of access to all the Trust's records, meetings and personnel for purposes such as audits, operational investigations, and as the Departmental Accounting Officer sees fit (subject to any relevant legal restrictions).

## **6. EXTERNAL ACCOUNTABILITY**

### **6.1 The annual report and accounts**

6.1.1 After the end of each financial year the Trust 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 the Trust. A draft of the report shall be submitted to the Department two weeks before the proposed publication date although it is expected that the Department and the Trust will have had extensive pre-publication discussion on the content of the report prior to formal submission to the Department.

6.1.2 The report and accounts shall comply with the most recent version of the Government Financial Reporting Manual (FRoM) issued by DFP. 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 the Trust's main activities and performance during the previous financial year and set out in summary form the Trust'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.
- 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 the relevant finance circular issued by the Department.
- 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 shall require the prior written approval of the Department.

## **6.2 External audit**

- 6.2.1 The Comptroller and Auditor General (C&AG) audits the Trust's annual accounts and passes the accounts to the Department who shall lay them before the Assembly. For the purposes 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 the Trust on who – the NIAO or a commercial auditor – shall undertake the actual audit on his behalf. The final 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 the Trust. The C&AG will also consider, where asked, 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 VFM examinations**

6.3.1 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the Trust 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. Where making payment of a grant, or drawing up a contract, the Trust 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 including those relevant to matters of professional competence, misconduct etc. 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 In line with the arrangements and guidance provided by the Department, the Trust shall have responsibility for the recruitment, retention and motivation of its staff. To this end the Trust shall ensure that:

- \* its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued; where appointment and advancement is based on merit; and where there is no discrimination on grounds of gender, marital status, domestic circumstances, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
- \* the level and structure of its staffing, including grading and numbers of staff, are appropriate to its functions and the requirements of efficiency, effectiveness and economy as agreed by the Department;
- \* the performance of its staff at all levels is satisfactorily appraised;
- \* its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the Trust's objectives;
- \* proper consultation with staff takes place on key issues affecting them;
- \* adequate grievance and disciplinary procedures are in place;
- \* whistle blowing procedures consistent with the Public Interest Disclosure (Northern Ireland) Order 1998, as amended, are in place;
- \* a code of conduct for staff is in place based on Annex 5A of Public Bodies: A Guide for NI Departments (available at [www.afmdni.gov.uk](http://www.afmdni.gov.uk) ). This code should be copied to the sponsor team.

## **8. REVIEWING THE ROLE OF THE TRUST**

- 8.1 The role of, and justification for the Trust shall be reviewed periodically, in accordance with the business needs of the sponsor Department and the Trust. Reference should be made to Chapter 9 of the Public Bodies: a Guide for Northern Ireland Departments.



Signed: Michael M. Corral

Date: 18/1/12

On behalf of the Trust

Signed: Andrew M. Corral

Date: 19/1/12

On behalf of the Department

## Appendix 1

### 1. Documentary requirements

#### 1.1 Documentation to be copied to the Sponsor Branch for information

##### Monthly (or as the occasion arises)

- \* Board meeting papers (including draft minutes) for each meeting as and when issued to Committee members [
- \* Audit Committee papers (including draft minutes) for each meeting as and when issued to Committee members
- \* Assurance Committee papers (including draft minutes) for each meeting as and when issued to Committee members

##### Annually

- \* Register of Board members' interests
- \* The annual report, with the draft submitted to the Department two weeks before the publication date (*separate timetable for the annual accounts, SIC etc, set by Finance Directorate*)
- \* The Assurance Framework (annually)
- \* Business Continuity Plan

##### Once and then when revised

- \* Code of Conduct for Board members
- \* Code of Practice for staff
- \* Audit Committee Terms of Reference
- \* Audit Strategy
- \* Assurance/Governance Committee Terms of Reference
- \* Complaints procedure
- \* Anti-Fraud policy
- \* Fraud Response plan
- \* Whistle-blowing procedures
- \* Grievance and Disciplinary procedures

- \* Equality scheme
- \* Publication scheme
- \* Consultation Scheme

**1.2 Documentation to be copied to the Sponsor Branch for consideration/ comment/ approval**

**Quarterly**

- \* *[Report on quarterly assessment of progress being made in the delivery of the Trust Delivery plan's aims and objectives]*

**BI-annual**

- \* Corporate Risk Register every six months

**Annually**

- \* Annual Statement on Internal Control
- \* Mid-year Assurance Statement (by end-October)
- \* Annual report on Compliance with Controls Assurance Standards
- \* Annual Internal Audit work-plan
- \* Internal Audit Progress Report
- \* Annual Fraud return
- \* Corporate Plan (including the Business Plan)[, and the Trust Delivery Plan] must be produced, for approval by the Department
- \* The Head of Internal Audit's end-of-year and mid-year opinion on risk management, control and governance

**Once**

- \* Inspection reports by external bodies (e.g. RQIA, MHRA), as agreed with the Sponsor Branch
- \* All Internal Audit reports with less than satisfactory assurance in line with arrangements agreed with the Sponsor Branch
- \* NIAO management letters



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## Text of model financial memorandum

### I. INTRODUCTION

1 This *Financial Memorandum* sets out certain aspects of the financial framework within which the Trust is required to operate.

2The terms and conditions set out in the combined *Management Statement* and *Financial Memorandum* may be supplemented by guidelines or directions issued by the DHSSPS/Minister in respect of the exercise of any individual functions, powers and duties of the Trust.

3The Trust shall satisfy the conditions and requirements set out in the combined document, together with such other conditions as the DHSSPS/Minister may from time to time impose.

### II. THE TRUST'S INCOME AND EXPENDITURE - GENERAL

#### The Departmental Expenditure Limit (DEL)

4The Trust's current and capital expenditure form part of the DHSSPS Department's Resource DEL and Capital DEL respectively.

#### Expenditure not proposed in the budget

5The Trust shall not, without prior written DHSSPS approval, enter into any undertaking to incur any expenditure which falls outside the Trust's delegations or which is not provided for in the Trust's annual budget as approved by the DHSSPS.

#### Procurement

6 The Trust's procurement policies shall reflect the public procurement policy adopted by the Northern Ireland Executive in May 2002 (refreshed May 2009); *Procurement Guidance Notes*; and any other guidelines or guidance issued by Central Procurement Directorate and the Procurement Board. The Trust shall also ensure that it complies with any relevant EU or other international procurement rules.

- 7 Regional Supply Service (RSS), within the Business Services Organisation, shall carry out procurement activity on behalf of the Trust, governed by a documented Service Level Agreement. Periodic reviews of the Trust's procurement activity should be undertaken. The results of such review will be shared with DHSSPS.

#### Competition

- 8 Contracts shall be awarded on a competitive basis and tenders accepted from suppliers who provide best value for money overall.
- 9 Single tender action is the process where a contract is awarded to an economic operator (i.e. supplier, contractor) without competition. In light of their exceptional nature, all single tender actions should be subject to Trust Accounting Officer approval. It is advisable that the Trust seek an assurance from RSS, or their legal adviser, to provide assurance for the Accounting Officer that the use of single tender action is legitimate in a particular case. Further information is published in Procurement Guidance Note 02/10 on the 'Award of Contracts without a Competition'. [www.cpdni.gov.uk/index/guidance-for-purchasers/guidance-notes.htm](http://www.cpdni.gov.uk/index/guidance-for-purchasers/guidance-notes.htm)
- 10 The Trust shall send to the DHSSPS after each financial year a report for that year explaining any contracts above £5,000 in which competitive tendering was not employed.

#### Best Value for money

- 11 Procurement by the Trust of works, supplies and services shall be based on best value for money, i.e. the optimum combination of whole life cost and quality (or fitness for purpose) to meet the Trust's requirements. Where appropriate, a full option appraisal shall be carried out before procurement decisions are taken.

#### Timeliness in paying bills

- 12 The NDPB shall collect receipts and pay all matured and properly authorised invoices in accordance with Annex 4.5 and Annex 4.6 of *Managing Public Money Northern Ireland* and any guidance issued by DFP or DHSSPS.

#### Novel, contentious or repercussive proposals

- 13 The Trust shall obtain the approval of the DHSSPS, and DFP, before:



- incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including on staff benefits;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the DHSSPS;
- making any change of policy or practice which has wider financial implications (eg because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of resources required. (The DHSSPS will advise on what constitutes "significant" in this context).

#### **Risk management/fraud**

- 14 The Trust 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: A Strategic Overview (The "Orange Book")*.
- 15 The Trust 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.
- 16 The Trust shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with DFP's guide *Managing the Risk of Fraud ..*
- 17 All cases of attempted, suspected or proven fraud shall be reported to the DHSSPS who shall report it to DFP and the NIAO as soon as they are discovered, irrespective of the amount involved.

#### **Wider markets**

- 18 In accordance with the wider markets policy, the Trust shall seek to maximise receipts from non-Consolidated Fund sources, provided that

this is consistent with (a) the Trust's main functions (b) its corporate plan as agreed with the DHSSPS. DHSSPS will confirm with the DFP Supply Officer that such proposed activity is appropriate.

#### **Fees and charges**

- 19 Fees or charges for any services supplied by the DHSSPS shall be determined in accordance with Chapter 6 of MPMNI.

### **III. THE TRUST'S INCOME**

#### **Grant-in-aid**

- 20 Grant-in aid will be paid to the Trust in instalments, on the basis of need. The Trust shall submit a monthly written application to the Department forecasting its cash requirements and shall certify that the conditions applying to the use of revenue funds have been observed to date and that further grant-in-aid is now required for purposes appropriate to the Trust's functions.
- 21 The Trust should have regard to the guidance in DAO (DFP) 04/03 and to the general principle enshrined in Annex 5.1 of *Managing Public Money Northern Ireland* that it should seek grant-in-aid according to need.
- 22 Cash balances accumulated during the course of the year shall be kept at the minimum level consistent with the efficient operation of the Trust. Grant-in-aid not drawn down by the end of the year shall lapse. However, where draw-down of grant-in-aid is delayed to avoid excess cash balances at year-end, the DHSSPS 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.

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

- 23 Most fines and taxes (including levies and some licences) do not provide additional DEL spending power and should be surrendered to the DHSSPS.

### Receipts from sale of goods or services

- 24 Receipts from the sale of goods and services (including certain licences), rent of land, normally provide additional DEL 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 DHSSPS.
- 25 If there is any doubt about the correct classification of a receipt, the Trust shall consult the DHSSPS, which may consult DFP as necessary.

### Interest earned

- 26 Interest earned on cash balances cannot necessarily be retained by the Trust. Depending on the budgeting treatment of this receipt, and its impact on the Trust'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 DHSSPS. If the receipts are used to finance additional expenditure by the Trust, DHSSPS will need to ensure it has the necessary budget cover.

### Unforecast changes in in-year income

- 27 If the negative DEL income realised or expected to be realised in-year is less than estimated, the Trust shall, unless otherwise agreed with the DHSSPS, ensure a corresponding reduction in its gross expenditure so that the authorised provision is not exceeded. [NOTE: For example, if the Trust is allocated £100 resource DEL provision by the DHSSPS 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 the Trust will need to reduce its expenditure to £105 to avoid breaching its budget. If the Trust still spends £110 the DHSSPS will need to find £5 of savings from elsewhere within its total DEL to offset this overspend.]
- 28 If the negative DEL income realised or expected to be realised in the year is more than estimated, the Trust may apply to the DHSSPS to retain the excess income for specified additional expenditure within the current financial year without an offsetting reduction to grant-in-aid. The DHSSPS 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 DHSSPS.

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

- 29 The Trust shall comply with the rules that any DEL expenditure financed by the draw-down of deposits counts within DEL. The Trust shall maintain and manage cash balances as working balances only. These shall be held at a minimum level throughout the year. Any interest earned on overnight deposits must be returned to DHSSPS.
- 30 The Trust shall ensure that it has the necessary DEL provision for any expenditure financed by draw-down of deposits.

#### **Proceeds from disposal of assets**

- 31 Disposals of land and buildings are dealt with in Section VI below.

#### **Gifts and bequests received**

- 32 The Trust is free to retain any gifts, bequests or similar donations, subject to paragraph 33. These shall be treated as receipts and must be notified to the DHSSPS. [NOTE: Donated assets do not attract a cost of capital charge, and a release from the donated assets reserve should offset depreciation in the operating cost statement. The latest FReM requirements should be applied]
- 33 Before accepting a gift, bequest, or similar donation, the Trust shall consider if there are any associated costs in doing so or any conflicts of interests arising. The Trust shall keep a written record of any such gifts, bequests and donations and of their estimated value and whether they are disposed of or retained.

#### **Borrowing**

- 34 Normally the Trust will not be allowed to borrow but when doing so the Trust shall observe the principles set out in Chapter 5 and the associated annexes of MPMNI when undertaking borrowing of any kind. The Trust

shall seek the approval of the DHSSPS and, where appropriate, DFP, to ensure that it has any necessary authority and budgetary cover for any borrowing or the expenditure financed by such borrowing. Medium or long term private sector or foreign borrowing is subject to the value for money test in *Section 5.7 of MPMNI*.

- 35 Any expenditure by the Trust financed by borrowing counts in DEL

#### **IV. EXPENDITURE ON STAFF**

##### **Staff costs**

- 36 Subject to its delegated levels of authority the Trust shall ensure that the creation of any additional posts does not incur forward commitments which will exceed its ability to pay for them.

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

- 37 The staff of the Trust 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 DHSSPS and DFP. The Trust has no delegated power to amend these terms and conditions.
- 38 Current terms and conditions for staff of the Trust are those set out in its Employee Handbook. The Trust shall provide the DHSSPS and DFP with a copy of the Handbook and subsequent amendments.
- 39 Annual pay increases of Trust staff must be in accordance with the annual FD letter on Pay Remit Approval Process and Guidance issued by DFP. Therefore, all proposed pay awards must have prior approval of DHSSPS and the Minister for Finance before implementation.
- 40 The travel expenses of Board Members shall be tied to the rates allowed to senior staff of the Trust. Reasonable actual costs shall be reimbursed.

41 The Trust shall operate a performance-related pay scheme which shall form part of the general pay structure approved by the DHSSPS and DFP.

42 The Trust shall comply with the EU directive on contract workers [Fixed Term Employees Regulations (Prevention of Less Favourable Treatment)].

#### **Pensions; redundancy/compensation**

43 Trust's staff shall be eligible for a pension provided by :

- **Either** the Health and Social Care Superannuation Scheme or the Health and Social Care Pension Scheme.

44 Staff may opt out of the occupational pension scheme provided by the Trust. However, the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall be limited to the national insurance rebate level.

45 Any proposal by the Trust to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the approval of the DHSSPS and DFP. Proposals on severance payments must comply with DAO (DFP) 17/05.

#### **V. NON-STAFF EXPENDITURE**

##### **Economic appraisal**

46 Trusts are required to apply 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:

- a. involve capital or current spending, or both;
- b. are large or small;

c. are above or below delegated limits(see Appendix A).

47 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 that applies to Trusts can be found in:

- The Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE) See <http://www.dfpni.gov.uk/eag>
- The HM Treasury Guide, *The Green Book: Appraisal and Evaluation in Central Government*.
- Capital Investment Manual

#### Capital expenditure

48 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 in accordance with relevant accounting standards. 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.

49 Proposals for large-scale individual capital projects or acquisitions will normally be considered within the Trust's corporate and business planning process. Subject to paragraph 51, applications for approval within the corporate/business plan by the DHSSPS 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 DHSSPS.

- 50 Approval of the corporate/business plan does not obviate the Trust's responsibility to abide by the economic appraisal process.
- 51 Within its approved overall resources limit the Trust shall, as indicated in the attached Appendix on delegations, have delegated authority to spend up to £500,000 on any individual capital project or acquisition. Beyond that delegated limit, the DHSSPS and where necessary, DFP's prior authority must be obtained before expenditure on an individual project or acquisition is incurred.

#### **Transfer of funds within budgets**

- 52 Unless financial provision is subject to specific Departmental or DFP controls (eg, 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. The one exception to this is that, due to HM Treasury controls, any movement into, or out, of depreciation and impairments within the resource budget will require departmental and possibly DFP approval. [NOTE: Under resource budgeting rules, transfers from capital to resource budgets are not allowed.]

#### **Lending, guarantees, indemnities; contingent liabilities; letters of comfort**

- 53 The Trust shall not, without the DHSSPS' and where necessary, DFP's prior written consent, lend money, charge any asset or security, give any guarantee or indemnities or letters of comfort, or incur any other contingent liability (as defined in Annex 5.5 of MPMNI), whether or not in a legally binding form.

#### **Grant or loan schemes**

- 54 Unless covered by a delegated authority, all proposals to make a loan to a third party, whether one-off or under a scheme, together with the terms and conditions under which such loan is made shall be subject to prior approval by the DHSSPS, and where necessary DFP. If loans are to be made under a continuing scheme, statutory authority is likely to be required.

55 The terms and conditions of a grant or loan to a third party shall include a requirement on the receiving organisation to prepare



accounts and to ensure that its books and records in relation to the grant or loan are readily available for inspection by the Trust, the DHSSPS and the C&AG.

56 See also below under the heading *Recovery of grant-financed assets* (paragraphs 78-80).

#### **Gifts made, write-offs, losses and other special payments**

57. Proposals for making gifts or other special payments (including issuing write-offs) outside the delegated limits set out in the Appendix A of this document must have the prior approval of the DHSSPS and where necessary DFP.

58 Losses shall not be written off until all reasonable attempts to make a recovery have been made and proved unsuccessful.

59 Gifts by management to staff are subject to the requirements of HSS(F)13/2007.

#### **Leasing**

60 Prior Departmental approval must be secured for all property and finance leases. The DHSSPS must have capital DEL provision for finance leases and other transactions which are, in substance, borrowing (paragraphs 34-35 above).

61 Before entering into any lease (including an operating lease) the Trust shall demonstrate that the lease offers better value for money than purchase.

#### **Public/Private Partnerships**

62 The Trust shall seek opportunities to enter into Public/Private Partnerships where this would be more affordable and offer better value for money than conventional procurement. Where cash flow projections may result in delegated spending authority being breached, the Trust shall consult the DHSSPS. The Trust should also ensure that it has the necessary budget cover.

- 63 Any partnership controlled by the Trust shall be treated as part of the Trust in accordance with guidance in the FReM and consolidated with it [subject to any particular treatment required by the FReM]. Where the judgment over the level of control is difficult the DHSSPS will consult DFP (who may need to consult with the Office of National Statistics over national accounts treatment).

#### **Subsidiary companies and joint ventures**

- 64 The Trust shall not establish subsidiary companies or joint ventures without the express approval of the DHSSPS and DFP. In judging such proposals the DHSSPS will have regard to the Department's wider strategic aim[s] objective and current Public Service Agreement.
- 65 For public expenditure accounts purposes any subsidiary company or joint venture controlled or owned by the Trust shall be consolidated with it in accordance with guidance in the FReM subject to any particular treatment required by the FReM. Where the judgment over the level of control is difficult, the DHSSPS will consult DFP (who may need to consult with the Office of National Statistics over national accounts treatment). Unless specifically agreed with the DHSSPS 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.

#### **Financial investments**

- 66 The Trust shall not make any investments in traded financial instruments without the prior written approval of the DHSSPS, and where appropriate DFP, nor shall it aim to build up cash balances or net assets in excess of what is required for operational purposes. Funds held in bank accounts or as financial investments may be a factor for consideration when grant-in-aid is determined. Equity shares in ventures which further the objectives of the Trust shall equally be subject to Departmental and DFP approval unless covered by a specific delegation.

#### **Unconventional financing**

- 67 The Trust shall not enter into any unconventional financing arrangement without the approval of the DHSSPS and DFP

### **Commercial Insurance**

- 68 The Trust shall not take out any insurance without the prior approval of the DHSSPS and DFP, 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 under Annex 4.5 of MPMinI.
- 69 In the case of a major loss or third-party claim, DHSSPS shall liaise with the Trust about the circumstances in which an appropriate addition to budget out of the DHSSPS' funds and/or adjustment to the Trust's targets shall be considered. DHSSPS will liaise with DFP Supply where required in such cases.

### **Payment/Credit Cards**

- 70 The Trust, in consultation with the DHSSPS, shall ensure that a comprehensive set of guidelines on the use of payment cards (including credit cards) is in place. Reference should be made to HSS (F) 11/2003.

### **Hospitality**

- 71 The Trust, in consultation with the DHSSPS, shall ensure that a comprehensive set of guidelines on the provision of hospitality is in place. Reference should be made to DAO(DFP) 10/06 (revised).

### **Use of Consultants**

- 72 The Trust shall adhere to the guidance issued by DFP, as well as any produced by the DHSSPS in relation to the use of consultants. Please see the delegated limits set out in Appendix A.
- 73 The Trust will provide DHSSPS with an annual statement on the status of all consultancies completed and/or started in each financial year.

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

## **VI. MANAGEMENT AND DISPOSAL OF FIXED ASSETS**

### **Register of assets**

75 The Trust shall maintain an accurate and up-to-date register of its fixed assets.

### **Disposal of assets**

- 76 The Trust shall dispose of assets which are surplus to its requirements. Assets shall be sold for best price, taking into account any costs of sale. Generally assets shall be sold by auction or competitive tender [unless otherwise agreed by the DHSSPS], and in accordance with the principles in MPMNI.
- 77 All receipts derived from the sale of assets (including grant financed assets, see below) must be declared to the DHSSPS, which will consult with DFP if necessary, on the appropriate treatment.

### **Recovery of grant-financed assets**

- 78 Where the Trust has financed expenditure on capital assets by a third party, the Trust shall set conditions and make appropriate arrangements to ensure that any such assets individually above a value of £500 are not disposed of by the third party without the Trust's prior consent.
- 79 The Trust shall therefore ensure that such conditions and arrangements 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 DHSSPS.
- 80 The Trust shall ensure that if the assets created by grants made by the Trust 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 the Trust for surrender to the DHSSPS. The amounts recoverable under the procedures in paragraphs 78-79 above 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.

## **VII. BUDGETING PROCEDURES**

### **Setting the annual budget**

81 Each year, in the light of decisions by the DHSSPS on the Trust's updated draft corporate plan the DHSSPS will send to the Trust:

- a formal statement of the annual budgetary provision allocated by the DHSSPS in the light of competing priorities across the DHSSPS and of any forecast income approved by the DHSSPS;
- and
- a statement of any planned change in policies affecting the Trust.

82 The Trust's approved annual delivery plan (TDP) will take account both of its approved funding provision and of any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any Departmental funding and/or other income over the year. These elements will form part of the approved TDP for the year in question.

83 Any grant-in-aid provided by the DHSSPS for the year in question will be voted in the DHSSPS' Estimate and will be subject to Assembly control.

### **General conditions for authority to spend**

84 Once the Trust's budget has been approved by the DHSSPS [and subject to any restrictions imposed by Statute/the Minister /this MSFM], the Trust shall have authority to incur expenditure approved in the budget without further reference to the DHSSPS, on the following conditions:

- the Trust shall comply with the delegations set out in Appendix A of this document. These delegations shall not be altered without the prior agreement of the DHSSPS and DFP;

- the Trust shall comply with the conditions set out in paragraph 13 above regarding novel, contentious or repercussive proposals;
- inclusion of any planned and approved expenditure in the Trust'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 set out in Appendix A or is for new schemes not previously agreed; and
- the Trust shall provide the DHSSPS with such information about its operations, performance, individual projects or other expenditure as the DHSSPS may reasonably require (see paragraph 85 below).

**Providing monitoring information to the DHSSPS**

85 Trust shall provide the DHSSPS with, as a minimum, information on a monthly basis which will enable the satisfactory monitoring by the DHSSPS of:

- the Trust's cash management;
- its draw-down of any grant-in-aid;
- the expenditure for that month;
- forecast outturn by resource headings; and
- other data required for the DFP Outturn and Forecast Outturn Return.

**VIII. BANKING**

#### Banking arrangements

86 The Trust is currently a member of the HSC 'pool' of bank accounts. The Trust's Accounting Officer is responsible for ensuring that the Trust's banking arrangements are in accordance with the requirements of Annex 5.7 of *MPMNI*. This responsibility remains even with the current banking pool arrangements. In particular, he/she shall ensure that the arrangements safeguard public funds and that their implementation ensures efficiency, economy and effectiveness.

87 He/she shall therefore ensure that:

- these arrangements are suitably structured and represent value-for-money. The HSC pool of accounts will be comprehensively reviewed leading to competitive tendering, at least every three to five years;
- sufficient information about banking arrangements is supplied to the DHSSPS' Accounting Officer to enable the latter to satisfy his/her own responsibilities;
- the Trust's banking arrangements shall be kept separate and distinct from those of any other person or organisation; and
- adequate records are maintained of payments and receipts and adequate facilities are available for the secure storage of cash.

#### IX. COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE

##### Relevant documents

88 The Trust shall comply with the following general guidance documents:

- \* This document (both the *Financial Memorandum* and the *Management Statement*);
- \* *Managing Public Money Northern Ireland (MPMNI)*;
- \* *Public Bodies - a Guide for NI Departments* Issued by DFP;

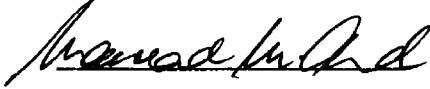
- \* *Government Internal Audit Standards*, issued by DFP;
- \* The document *Managing the Risk of Fraud* issued by DFP;
- \* The Treasury document *The Government Financial Reporting Manual (FR&M)* issued by DFP;
- \* Relevant Dear Consolidation Officer and Dear Consolidation Manager letters issued by DFP;
- \* *Regularity, Propriety and Value for Money*, issued by Treasury;
- The Consolidation Officer Letter of Appointment, issued by DFP;
- \* Other relevant guidance and instructions issued by DFP in respect of Whole of Government Accounts;
- \* Other relevant instructions and guidance issued by the central Departments (DFP/OFMDFM) including Procurement Board and CPD guidance;
- Specific instructions and guidance issued by the DHSSPS;
- Recommendations made by the Public Accounts Committee, or by other Assembly/Parliamentary authority, which have been accepted by the Government and which are relevant to the Trust.

#### X. REVIEW OF FINANCIAL MEMORANDUM

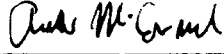
89The *Management Statement* and *Financial Memorandum* will normally be reviewed at least every five years



90 DFP Supply will be consulted on any significant variation proposed to the *Management Statement* and *Financial Memorandum*.

Signed:  Date: 17/1/12

On behalf of the Trust

Signed:  Date: 19/1/12

On behalf of the Department

## APPENDIX A

### 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)

THRESHOLDS	NUMBER/TYPE OF TENDER REQUIRED	AUTHORISATION
Up to £2,000	No Quotations necessary	The Chief Executive/The appropriate officer as notified to the DHSSPS
>£2,000 - £30,000	4 Selected Tenders	The Chief Executive/The appropriate officer as notified to the DHSSPS
> £30,000 – EC Thresholds	Publicly advertised tender competition	The Chief Executive/The appropriate officer as notified to the DHSSPS

#### 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, the Trust 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 Chief Executive [appropriate officer as notified to the DHSSPS], may authorise capital expenditure on discreet capital projects of up to £500,000. Capital projects over this amount require the approval of the DHSSPS, and 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 DHSSPS and DFP

## 3. DISPOSAL OF SURPLUS EQUIPMENT

*See paragraphs 76-77.*

## 4. LEASE AND RENTAL AGREEMENTS

*See paragraphs 60-61.*

## 5. APPROVAL OF INFORMATION TECHNOLOGY PROJECTS

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

The principles of appraisal, evaluation and management apply equally to proposals supported by information communication technology (ICT) as to all other areas of public expenditure. ICT-enabled projects should be appraised and evaluated according to the general guidance in the Northern Ireland Guide to Expenditure Appraisal and Evaluation (*NIGEAE*) and managed using the new *Successful Delivery (NI)* guidance which was issued in June 2009.

The purchase of IT equipment and systems should be in line with the guidance Procedures and Principles for Application of Best Practice in Programme/Project Management (PPM), (available at [www.dfpni.gov.uk/successful-delivery](http://www.dfpni.gov.uk/successful-delivery)) and be subject to 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 £250,000	The Chief Executive/The appropriate officer as notified to the DHSSPS
Projects over £250,000	The Chief Executive with prior approval from the DHSSPS

## 6. ENGAGEMENT OF CONSULTANTS

### General

The Trust has authority to appoint consultants for a **single contract** without recourse to the DHSSPS up to a **total** cost of £20,000, and subject to any guidance as may be issued by DFP or the DHSSPS.

The Trust will provide the DHSSPS 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.

## 7. LOSSES AND SPECIAL PAYMENTS

The [Chief Executive] [appropriate officer as notified to the DHSSPS], with prior approval from the DHSSPS, will have the authority to write off losses and make special payments up to:

- (a) Cash losses – up to £10,000 per case/incident

- (b) Stores/Equipment losses – up to £10,000 per case/incident
- (c) Constructive losses and fruitless payments – up to £10,000 per case.
- (d) Compensation payments
  - i. Made under legal obligation, e.g. by Court Order – Complete delegation
  - ii. For damage to personal property of staff – up to £2,000 per case
  - iii. Where written legal advice is that the Trust should not fight a court action because it is unlikely that it would win – up to £250,000 per case
- (e) Claims abandoned or waiver of claim – up to £10,000 per case
- (f) Extra contractual payments – Nil
- (g) Ex gratia payments – up to £10,000 per case (Pensions payments are not covered by this threshold)
- (h) Extra statutory and extra regulatory payments – no delegation, all proposals must be submitted to the DHSSPS for approval

The prior approval of the DHSSPS must be obtained for amounts above these values.

A summary note of the losses in any financial year should be included in the Trust's accounts.

Details of all losses and special payments should be recorded in a Losses and Special Payments Register, which will be available to auditors. The Register should be kept up-to-date and should show evidence of the approval by the appropriate officer as notified to the DHSSPS, for amounts below the delegated limit, and the DHSSPS, where appropriate.

