

**MANAGEMENT STATEMENT AND FINANCIAL MEMORANDUM**

**FOR**

**THE REGULATION AND QUALITY IMPROVEMENT AUTHORITY**

**JULY 2009**

**(AMENDED SEPTEMBER 2010)**



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

An Roinn

**Sláinte, Seirbhísí Sóisialta  
agus Sábháilteachta Poiblí**

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The Regulation and  
Quality Improvement  
Authority

# MANAGEMENT STATEMENT AND FINANCIAL MEMORANDUM FOR THE REGULATION AND QUALITY IMPROVEMENT AUTHORITY

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## **Definitions**

In this Management Statement and Financial Memorandum:

“Assembly” means the Northern Ireland Assembly

“Board” means the Board of the Regulation and Quality Improvement Authority (RQIA)

“C&AG” means the Comptroller and Auditor General for Northern Ireland

“Chairman” means the Chairman of the Board of the Regulation and Quality Improvement Authority (RQIA)

“Chief Executive” means the senior executive official of the Regulation and Quality Improvement Authority (RQIA)

“DAO” means Dear Accounting Officer letter

“DEL” means Departmental Expenditure Limit

“Department” means the Department of Health, Social Services and Public Safety

“Departmental Accounting Officer” means the Permanent Secretary of the Department of Health, Social Services and Public Safety as the Department’s Principal Accounting Officer

“DFP” means the Department of Finance and Personnel

“DPFO” means Dear Principal Finance Officer letter

“FD (DFP)” means Finance Director letter issued by the Department of Finance and Personnel

“GIAS” means Government Internal Audit Standards

“Grant” means any form of payment, of which “grant-in-aid” is a subset

“HSC” means the Health and Social Care service in Northern Ireland

“Minister” means the Minister of the Department of Health, Social Services and Public Safety

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“MPMNI” means Managing Public Money Northern Ireland

“MSFM” means the Management Statement and Financial Memorandum documents

“NDPB” means non-departmental public body

“OFMDFM” means Office of the First Minister and Deputy First Minister

“PES” means Public Expenditure Survey

“PFO” means Principal Finance Officer

“PSA” means Public Service Agreement

“RQIA” means the Northern Ireland Health and Personal Social Services Regulation and Improvement Authority and/or the Northern Ireland Health and Social Care Regulation and Quality Improvement Authority (see para 1.1.1)

“Voted” means a provision voted by the Northern Ireland Assembly

## **MANAGEMENT STATEMENT**

### **1. INTRODUCTION**

#### **1.1 Regulation and Quality Improvement Authority**

- 1.1.1 Article 3 of the Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003 established the Northern Ireland Health and Personal Social Services Regulation and Improvement Authority. The Authority currently carries out its functions under the operating title of the Regulation and Quality Improvement Authority and, in accordance with Article 1 (2) (a) of the Health and Social Care (Reform) Act (Northern Ireland) 2009, has formally been renamed the Health and Social Care Regulation and Quality Improvement Authority (RQIA).
- 1.1.2 Throughout this document any reference to the Regulation and Quality Improvement Authority (RQIA) may therefore be taken as reference to the Northern Ireland Health and Personal Social Services Regulation and Improvement Authority or the Health and Social Care Regulation and Quality Improvement Authority as appropriate.

#### **1.2 This Document**

- 1.2.1 This Management Statement and Financial Memorandum (MSFM) has been drawn up by the Department of Health, Social Services and Public Safety (DHSSPS) in consultation with the Regulation and Quality Improvement Authority (RQIA), 9th Floor Riverside Tower, 5 Lanyon Place, Belfast, BT1 3BT.
- 1.2.2 This MSFM has been approved by the Minister for Health, Social Services and Public Safety and DFP Supply.
- 1.2.3 Subject to the legislation noted below, the MSFM sets out the broad framework within which the RQIA will operate, in particular:
- the RQIA's overall aims, objectives and targets in support of the Department's wider strategic aims and current PSA targets;
  - the rules and guidelines relevant to the exercise of the RQIA's functions, duties and powers;
  - the conditions under which any public funds are paid to the RQIA;
  - how the RQIA is to be held to account for its performance.
- 1.2.4 The Financial Memorandum sets out in greater detail certain aspects of the financial provisions, which the RQIA is required to observe. However, the MSFM does not convey any legal powers or responsibilities.
- 1.2.5 The documents should be reviewed by the Department in collaboration with the RQIA at least every four years in line with the review of the Corporate Strategy of the RQIA or earlier in the event of any major changes in the responsibilities/accountabilities of the RQIA.
- 1.2.6 The RQIA, Minister or the Department, may propose amendments to this document at any time. Any such proposals by the RQIA shall be considered in the light of evolving Departmental policy aims, operational factors and the performance of the

RQIA itself. The guiding principle shall be that the extent of flexibility and freedom given to the RQIA shall reflect both the quality of its internal controls and its operational needs. The Department, in collaboration with the RQIA, will 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 Supply after consultation with the RQIA. The definition of 'significant' will be determined by the Department in consultation with DFP.

- 1.2.7 Any question regarding the interpretation of the MSFM shall be resolved by the Department after consultation with the RQIA and, as necessary, with DFP Supply.
- 1.2.8 The MSFM is approved by DFP Supply, and signed and dated by DHSSPS and the Chief Executive of the RQIA. It should be copied to the Public Service Information Unit, Delivery and Innovation Division, DFP for information.
- 1.2.9 Copies of this document and any subsequent substantive amendments shall be placed in the Library of the Northern Ireland Assembly (henceforth the Assembly). Copies shall also be made available to members of the public on the websites of the RQIA and the DHSSPS

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

- 1.3.1 The RQIA is established under the Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003 as a body corporate. The constitution of the RQIA is set out in Schedule 1 of the Order. The RQIA does not carry out its functions on behalf of the Crown.

### **1.4 Subsequent Legislation: The Health and Social Care (Reform) Act (Northern Ireland) 2009**

- 1.4.1 On the implementation of the above Act (1 April 2009) the RQIA became responsible for carrying out the functions undertaken by the Mental Health Commission (MHC) as outlined in the Mental Health (Northern Ireland) Order 1986. These functions are set out in paragraph 1.6.2 below.
  - 1.4.2 In accordance with paragraph 1.2.6 above, further amendments to this management statement may be made at any time in order to comply with new or amended legislation.
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### **1.5 Classification**

- 1.5.1 For policy/ administrative purposes the RQIA is classified as an executive non-departmental public body (NDPB).
- 1.5.2 For national accounts purposes the RQIA is classified to the central government sector.
- 1.5.3 References to the RQIA include 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 the RQIA (paragraphs 64 and 65 of the Financial Memorandum refer).

## 1.6 The Duties, Functions and Powers of the RQIA

### 1.6.1 Duties:

The duties and powers of the RQIA set out in the Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003 (“the Order”) and the Mental Health (Northern Ireland) Order 1986, include:

- Keeping the Department informed about the provision of services and in particular about their availability and their quality, and encouraging improvement in the quality of services [Part II (Article 4) of the Order].
- Providing advice, reports or information relating to the provision of services or the exercise of its functions at the request of the Department. [Part II (Article 5 (1) of the Order]
- Providing advice to the Department on any changes which the RQIA thinks should be made in respect of appropriate changes to the minimum standards published in accordance with Article 38 of the Order and any other matter connected with the provision of services [Part II (Article 5 (2))]
- Regulation of establishments and agencies [Part III of the Order]
- Responsibility for keeping under review the care and treatment of patients with a mental disorder.

### 1.6.2 Functions:

Certain functions of the RQIA are set out in Article 35 of the Order. These functions are:

- Conducting reviews of, and making reports on, arrangements by the statutory bodies for the purpose of monitoring and improving the quality of the health and social care for which they have responsibility.
- Carrying out investigations into, and making reports on, the management, provision or quality of the health and social care for which statutory bodies have responsibility.
- Conducting reviews and reporting on, the management of, provision or quality of, or access to or availability of, particular types of health and social care for which statutory bodies or service providers are responsibility.
- Carrying out inspections of statutory bodies and service providers, and persons who provide or are to provide services for which such bodies or providers have responsibility, and reporting on the inspections.
- Such functions as may be prescribed relating to the management provision or quality of or access to or availability of services for which prescribed statutory bodies or service providers have responsibility.

In addition, following transfer of the functions of the MHC it shall be the duty of the RQIA under Part VI of the Mental Health (Northern Ireland) Order 1986 [as amended by the Health and Social Care (Reform) Act (Northern Ireland) 2009]:



- To make inquiry into any case where it appears to the RQIA that there may be ill-treatment, deficiency in care or treatment, or improper detention in hospital or reception into guardianship of any patient, or where the property of any patient may, by reason of his mental disorder, be exposed to loss or damage [Article 86 (2) (a)];
  - As often as the RQIA thinks appropriate to visit and interview in private patients who are liable to be detained in hospital under this Order [Article 86 (2) (b)];
  - Under Article 86 (2) (c), bring to the attention of the Department, the Secretary of State, the HSC Board, an HSC trust or the person carrying on a private hospital, residential care home, voluntary home or nursing home the facts of any case in which in the opinion of the RQIA it is desirable for the Department, the Secretary of State, to exercise any of their functions to secure the welfare of any patient by—
    - i. preventing his ill-treatment;
    - ii. remedying any deficiency in his care or treatment;
    - iii. terminating his improper detention in hospital or reception into guardianship; or
    - iv. preventing or redressing loss or damage to his property; [Article 86 (2) (c)];
  - To advise the Department, the Secretary of State, the HSC Board, an HSC trust or any body established under a statutory provision on any matter arising out of this Order which has been referred to the RQIA by the Department, the Secretary of State, the HSC Board, the HSC trust or the body, as the case may be [Article 86 (2) (d)];
  - To bring to the attention of the Department, the Secretary of State, the HSC Board, an HSC trust or any other body or person any matter concerning the welfare of patients which the RQIA considers ought to be brought to their attention [Article 86 (2) (e)];
- 
- Where it thinks fit, refer to the Review Tribunal the case of any patient who is liable to be detained in hospital or subject to guardianship under this Order [Article 86 (3) (a)];
  - At any reasonable time visit, interview and medically examine in private any patient in a hospital, private hospital, residential care home, voluntary home or nursing home or any person subject to guardianship under this Order [Article 86 (3) (b)];
  - Require the production of and inspect any records relating to the detention or treatment of any person who is or has been a patient in a hospital, private hospital, residential care home, voluntary home or nursing home or relating to any person who is or has been subject to guardianship under this Order [Article 86 (3) (c)];

### 1.6.3 Powers:

The RQIA's powers include:

- To issue improvement notices to persons registered under Part III of the 2003 Order, the HSC Board or an HSC trust where there is failure to comply with a minimum standard under Article 38 of the (2003) Order [Article 39];
- To require information and power of entry and inspection [Part VI of the (2003) Order (Articles 40 & 41)];
- Take any action which appears to it to be necessary or expedient for the purpose of, or in connection with, the exercise of its functions. [Article 3 & Schedule 1, paragraph 2 of the (2003) Order];
- To recommend that the Department take special measures in relation to the body or service provider in question with a view to improving the health and personal social services for which it is responsible or the way the body, service provider or other person is being run [Article 35, paragraph 5 of the (2003) Order].

## 2. AIMS, OBJECTIVES AND TARGETS

### 2.1 Overall Aims

2.1.1 The Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003 makes provision for the duties and responsibilities of the RQIA. These can be summarised as 3 main aims:

- Keeping the Department informed about the overall state and provision of health and social care services, and in particular, about their availability and their quality.
- Encouraging improvement in the quality of services by conducting reviews of health and social care organisations' clinical and social care governance arrangements against quality standards; and thematic and service reviews; and specific investigations as directed by the Department.
- Regulation of relevant establishments and agencies.

2.1.2 Article 25 of the Health and Social Care (Reform) Act (Northern Ireland) 2009 makes provision for the functions of the Mental Health Commission to be transferred to the RQIA. The new arrangements will guarantee the delivery of an effective service. The combined powers and functions of the RQIA following this change will build upon the functions set out in Article 86 of the Mental Health (Northern Ireland) Order 1986 and will include:

- Retention and further development of a focus on the individual and the rights of service users and carers under the current functions of the MHC whilst incorporating the powers of enforcement and improvement on organisations under the Health and Personal Social Services Quality, Improvement and Regulation (NI) Order 2003.
  - Promotion of multi-professional and lay working in a manner not available to the MHC through the RQIA's programme of inspection and governance reviews.
  - Placement of an additional emphasis on the promotion and sharing of good practice across services.
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- Creation of an opportunity for wider promotion of mental health, advocacy, service user and carer engagement.

## **2.2 Objectives and Key Targets**

- 2.2.1 The Department determines the performance framework of the RQIA in the light of its wider strategic aims and current PSA objectives and targets.
- 2.2.2 The RQIA must self-assess and secure internal audit verification of its compliance with relevant Controls Assurance Standards on an annual basis, as required by the Department.
- 2.2.3 The following key objectives underpin the work of the RQIA. Additional objectives, targets and performance measures will be agreed with the Department as part of the corporate and business planning process for the RQIA.

### Improving the Quality of Care

The RQIA will work to bring about measurable and enduring improvements in the safety and quality of health and social care services for the people of Northern Ireland, by:

- undertaking an agreed programme of service reviews and inspections and using evidence-based practice to inform an overall assessment of health and social care in Northern Ireland;
- reporting on the results of investigations into, and reviews of, specific service failures in health and social care services and recommending actions to improve the quality of these services;
- monitoring and evaluating the impact of the work of the RQIA.

### Informing, Influencing and Enforcing

The RQIA will publicly report and advise on the safety, quality and availability of healthcare and will use its powers to raise service standards, sustain good practice and build public confidence, by:

- sharing and disseminating learning and good practice with partners and service providers;
- developing and implementing effective information and communication strategies;
- contributing to the development and improvement of regional policies and standards;
- ensuring the achievement of minimum standards through compliance with the regulations;
- providing appropriate and timely information to the Department, the public and other stakeholders;
- publishing annual reports on the work of the RQIA.

### Safeguarding Rights

The RQIA will act to protect the rights of all vulnerable people using health and social care services, by:

- taking account of the principles of Human Rights and Equality;
- discharging its functions under the Mental Health (Northern Ireland) Order 1986.

### Developing People and Partnerships

The RQIA will provide an environment which promotes learning, growth and development for all its staff, and will talk and listen to its stakeholders and seek opportunities to work in partnership, by:

- having in place clear and effective human resources and organisational development strategies;
- developing strategic partnerships with other regulators, public representatives and service users to ensure a sensitive, service-user focus;
- developing the profile of the RQIA to ensure that its responsibilities are understood, and encouraging feedback from, and engagement with, stakeholders and other interested parties.

### Managing Resources Effectively, Efficiently and Economically

The RQIA will manage and deploy its resources effectively and efficiently in support of overall policy and strategy, and will maintain robust governance framework arrangements to ensure effective systems of internal control, by:

- ensuring that resources are allocated in line with strategic priorities and that Value for Money is achieved;
- complying with legislative requirements and best practice in relation to good governance, risk management and independent assurance;
- demonstrating a culture of continuous improvement and encouraging and supporting individuals to identify and achieve personal and organisational development targets.

## **2.3 Performance Management**

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

- Bi-annual accountability meetings with the Department;
- Regular update meetings between the Chief Executive of the RQIA and the Director of the Sponsoring Branch;
- Annual audit conducted by the Northern Ireland Audit Office;
- Occasional inspections arranged by the Department in consultation with the RQIA.

### **3 RESPONSIBILITIES AND ACCOUNTABILITY**

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

- 3.1.1 The Minister is accountable to the Assembly for the activities and performance of the RQIA. The Minister's responsibilities include:
- approving the strategic objectives of the RQIA and the policy and performance framework within which the RQIA will operate (as set out in this MSFM and associated documents);
  - agreeing the amount of grant-in-aid to be paid to the RQIA, and securing Assembly approval;
  - keeping the Assembly informed about the performance of the RQIA;
- 3.1.2 The Minister will meet annually with the Chairman and the Chief Executive of the RQIA.

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

- 3.2.1 The Permanent Secretary, as the Department's principal Accounting Officer (the Departmental Accounting Officer), is responsible for the overall organisation, management and staffing of the Department and for ensuring that there is a high standard of financial management in the Department as a whole. The Departmental Accounting Officer is accountable to the Assembly for the issue of any grant-in-aid to the RQIA. The Departmental Accounting Officer designates the Chief Executive of the RQIA as the Accounting Officer of the RQIA, 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:
- the strategic aims and objectives of the RQIA support the Department's wider strategic aims and current PSA objectives and targets;
  - the financial and other management controls applied by the Department to the RQIA are appropriate and sufficient to safeguard public funds and for ensuring that the RQIA's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to the RQIA by the Assembly but also any other funds generated by approved activities or falling within its stewardship);
  - the internal controls applied by the RQIA conform to the requirements of regularity, propriety and good financial management;
  - any grant-in-aid to the RQIA 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 a Departmental Accounting Officer are set out in more detail in chapter 3 of MPMNI.

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

- 3.3.1 Within the Department, the Safety, Quality and Standards Directorate is the sponsoring branch under the auspices of the Chief Medical Officer for the RQIA. The Directorate is the primary source of advice to the Minister on the discharge of Ministerial responsibilities in respect of the RQIA and the primary point of contact for the RQIA in dealing with the Department. The Chief Executive of the RQIA and the Chief Medical Officer will maintain an effective communication system on matters of significant importance.
- 3.3.2 The Safety, Quality and Standards Directorate shall advise the Minister on:
- appropriate objectives and targets for the RQIA in the light of the Department's strategic aims and current PSA targets;
  - an appropriate budget for the RQIA in the light of the requirements on the RQIA and the Department's overall public expenditure priorities;
  - how well the RQIA is achieving its strategic objectives and whether it is delivering value for money.
- 3.3.3 In support of the Departmental Accounting Officer, the Safety, Quality and Standards Directorate shall:
- be the primary communication point with the RQIA through which investigations and reviews are commissioned by the Department. The Directorate will, in collaboration with the RQIA, agree a specific scope, Terms of Reference, timetable and publication process for each 'commissioned' investigation or review in advance of each investigation or review;
  - monitor the activities of the RQIA on a continuing basis through an adequate and timely flow of information from the RQIA on performance, budgeting, control and risk management, including early sight of the RQIA's Statement on Internal Control;
  - ~~address in a timely manner any significant problems arising in the RQIA, whether financial or otherwise, making such interventions in the affairs of the RQIA as the Department and/ or the Board of the RQIA judges necessary;~~
  - periodically carry out a risk assessment of the activities of the RQIA to inform the Department's oversight of the RQIA; strengthen these arrangements if necessary; and amend the MSFM accordingly. The risk assessment shall take into account the nature of the activities of the RQIA; the public monies at stake; its corporate governance arrangements; its financial performance; internal and external auditors' reports; and any other relevant matters;
  - inform the RQIA of relevant Government policy in a timely manner; advise on the interpretation of that policy; and issue specific guidance to the RQIA as necessary;
  - through the Chief Medical Officer, bring concerns about the activities of the RQIA to the attention of the Chairman, Chief Executive and, where

necessary, the full Board of the RQIA, and require explanations and assurances that appropriate action has been taken.

### **3.4 The Chairman of the RQIA**

3.4.1 The Chairman is appointed by the Department in accordance with Schedule 1 of the Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003 and the Regulation and Improvement Authority (Appointments and Procedure) Regulations (Northern Ireland) 2004 for a period not exceeding four years in line with the Code of Practice for Ministerial Appointments to Public Bodies issued by the Commissioner for Public Appointments for Northern Ireland.

3.4.2 The Chairman is accountable to the Minister. The Chairman shall ensure that the policies and actions of the RQIA support the wider strategic policies of the Department and that the affairs of the RQIA are conducted with probity. The Chairman shares with other Board members the corporate responsibilities set out in paragraph 3.5.2 and in particular for ensuring that the RQIA fulfils the aims and objectives set by the Department and approved by the Minister.

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

- formulating the Strategy of the RQIA;
- ensuring that the Board of the RQIA, in reaching decisions, takes proper account of guidance provided by the Minister or the Department;
- promoting the efficient, economic and effective use of staff and other resources;
- encouraging high standards of propriety;
- ensuring the RQIA 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;
- representing the views of the Board of the RQIA to the general public.

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3.4.4 The Chairman shall also:

- ensure that all Board members, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction training, including on the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice;
- advise the Department of the needs of the RQIA when Board vacancies arise, with a view to ensuring a proper balance of professional and financial expertise; and
- assess the performance of individual Board members when they are being considered for re-appointment to the Board.

3.4.5 Performance appraisal of Board members should be regular and open and should be conducted on an annual basis. Members should be aware that they are being



appraised, the standards against which they are being appraised and have an opportunity to contribute to and view their report.

- 3.4.6 The chairman shall ensure that a Code of Practice for Members is in place, based on the Cabinet Office's model Code of Practice for Board Members of Public Bodies, (FD (DFP) 03/06 refers). The Code shall commit the Chairman and other Board Members to the Nolan 'seven principles of public life', and shall include a requirement for a comprehensive and publicly available register of Board Members' interests. The register and any updates should be copied to Safety, Quality and Standards Directorate.
- 3.4.7 The Commissioner for Public Appointments is of the view that ongoing assessment of members is vital, not only for compliance with the Code of Practice, but also to meet best practice and provide members with feedback; to recognise their contribution; to motivate them; and, where necessary, to provide them with advice on improving performance.
- 3.4.8 Communications between RQIA and the Minister shall normally be through the Chairman and shall include an annual meeting. The Chairman shall ensure that the other RQIA Board Members are kept informed of such communications.

### **3.5 The Board**

- 3.5.1 The Board Members are appointed in accordance with Schedule 1 of the Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003 and the Regulation and Improvement Authority (Appointments and Procedure) Regulations (Northern Ireland) 2004 by DHSSPS for periods not exceeding four years and in line with the Code of Practice for Ministerial Appointments to Public Bodies issued by the Commissioner for Public Appointments for Northern Ireland.
- 3.5.2 The Board has corporate responsibility for ensuring that the RQIA complies with any statutory or administrative requirements for the use of public funds and fulfils the aims and objectives set by the Department, and for promoting the efficient and effective use of staff and other resources. The Board shall:
- establish the overall strategic direction of the RQIA within the policy and resources framework determined by the Department;
  - ensure that the Department is kept informed of any changes which are likely to impact on the strategic direction of the Board 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 agreed with 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 guidance issued by DFP, OFMDFM and the Department;
  - ensure that the Board receives and reviews regular financial information concerning the management of the RQIA; is informed in a timely manner about any concerns about the activities of the RQIA; and provides positive assurance to the Department that appropriate action has been taken on such concerns;

- demonstrate high standards of corporate governance at all times, including using the independent audit committee (paragraph 5.2.3) to help the Board to address the key financial and other risks facing the RQIA;
- appoint, with the Department's approval, a Chief Executive to the RQIA 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.

3.5.3 Individual Board members shall act in accordance with their wider responsibility as members of the Board – namely to:

- comply at all times with the Code of Practice [paragraph 3.4.6 above] that is 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 profit, 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 the Board's rules on the acceptance of gifts and hospitality, and of business appointments as set out in the Financial Memorandum and elsewhere;
- act in good faith and in the best interests of the RQIA.

3.5.4 A list of matters, which are delegated by the Department for the decision of the RQIA, should be maintained by the RQIA.

3.5.5 The Department shall have access to all Board meeting minutes.

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

### **3.6 The Chief Executive**

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3.6.1 The Chief Executive of the RQIA is designated as the Accounting Officer of the RQIA by the Departmental Accounting Officer.

3.6.2 The Accounting Officer of the RQIA is personally responsible for safeguarding the public funds for 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 RQIA.

3.6.3 As Accounting Officer the Chief Executive shall exercise the following responsibilities in particular:

on planning and monitoring -

- establish, in agreement with the Department, the corporate and business plans of the RQIA in the light of the Department's wider strategic aims and current PSA objectives and targets;

- inform the Department of the progress of the RQIA 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 under spends are likely and that corrective action is taken; 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 legislation and in any other relevant instructions and guidance that may be issued from time to time by DFP, OFMDFM or the Department;
- advise the Board on the performance of the RQIA compared with its aims and objectives;
- ensure 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 appropriately;
- take action in line with section 3.8 of MPMNI if the Board, or its Chair, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration or efficiency or effectiveness;

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 in line with the DHSSPS Assurance Framework;
  - ensure that an effective system of programme and project management and contract management is maintained;
- 
- ensure that all public funds made available to the RQIA (including any approved income or other receipts) are used for the purpose intended by the Assembly, and that such monies, together with the assets of the RQIA, equipment and staff, are used economically, efficiently and effectively;
  - ensure that adequate internal management and financial controls are maintained by the RQIA, including effective measures against fraud and theft;
  - maintain a comprehensive system of internal delegated authorities which are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
  - ensure that effective personnel management policies are maintained;

on accounting for the activities of the RQIA -

- 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 Accountable Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Statement on Internal Control regarding the system of internal control of the RQIA, for inclusion in the annual report and accounts;
- ensure that effective procedures for handling complaints about the RQIA are established and made widely known within the RQIA;
- act 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, DFP or OFMDFM - in particular, Chapter 3 of MPMNI and the Treasury document *Regularity and Propriety* (a copy of which the Chief Executive shall receive on appointment). Section 9 of the attached Financial Memorandum refers to other key guidance;
- give evidence, normally with the Departmental Accounting Officer, if summoned before the Public Accounts Committee on the use and stewardship of public funds by the RQIA;
- ensure that an Equality Scheme is in place and reviewed and that new policies are equality impact assessed as required by the Equality Commission and OFMDFM;
- ensure that the requirements of the Data Protection Act 1998 are complied with;
- ensure that all requests for disclosure made under the Freedom of Information Act 2000 are complied with; and
- ensure that any other relevant policy directives are complied with as appropriate.

### **3.7 The Chief Executive's Role as Consolidation Officer**

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- 3.7.1 For the purposes of Whole of Government Accounts, the Chief Executive of the RQIA is normally appointed by DFP as the Consolidation Officer of the RQIA.
- 3.7.2 As the Consolidation Officer of the RQIA, the Chief Executive shall be personally responsible for preparing the consolidation information that sets out the financial results and position of the RQIA, for arranging its audit and for sending the information and the audit report to the Principal Consolidation Officer nominated by DFP.
- 3.7.3 As Consolidation Officer, the Chief Executive shall comply with the requirements of the NDPB Consolidation Officer Memorandum as issued by DFP and shall, in particular:
- ensure that the RQIA 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 requirements) 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.

### **3.8 Delegation of Duties**

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

### **3.9 The Chief Executive's Role as Principal Officer for Ombudsman Cases**

- 3.9.1 The Chief Executive is the Principal Officer for the purpose of handling cases involving the Northern Ireland Commissioner for Complaints (the Ombudsman). The Principal Officer is responsible for informing the Permanent Secretary of the Department of any complaints about the RQIA accepted by the Ombudsman for investigation, and their outcome, including the proposed response of the RQIA to any recommendations by the Ombudsman.

### **3.10 Customer Service Standards**

- 3.10.1 Nine standards of public service have been adopted across the Northern Ireland Civil Service and its satellite bodies. These general standards, as they apply to the RQIA, are detailed at Appendix 1 and within these standards, and subject to Departmental approval, the RQIA should set its own specific standards and targets for customer service and the handling of complaints.

### **3.11 Consulting Customers**

- 3.11.1 The RQIA will work in partnership with its stakeholders and customers 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 both stakeholders and customers, and will work to deliver a modern, accessible service.

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### **3.12 Relationships**

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

### **3.13 Channels of Communication & Commissioning of Work**

- 3.13.1 The sponsoring branch is the primary point of contact for the RQIA within the Department. RQIA can provide briefing on key findings of its reviews to other relevant Departmental officials on request. Where the RQIA needs to communicate directly with other Directorates and Professional Groups within the Department it

will copy any correspondence with implications for the Business Plan, Budget or the work of the RQIA to the sponsoring branch. Likewise, Directorates and Professional Groups should ensure that correspondence by them to the RQIA, which is relevant to the work of the RQIA, its Business Plan or Budget, is copied to the sponsoring branch.

### **3.14 Communications Protocols**

- 3.14.1 RQIA programmed reviews: these will be handled in accordance with the protocol at Appendix 3.
- 3.14.2 Policy and legislation proposals: where the Department is planning to make policy or legislative changes that affect the business of the RQIA, these should be shared at the earliest possible opportunity and no later than three weeks before they are made public.
- 3.14.3 Private Office Enquiries and Assembly Questions: the Department should share any relevant enquiry or question with the RQIA as soon as it is received;

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

### **4.1 The Corporate Strategy**

- 4.1.1 Consistent with the timetable for public spending reviews the RQIA is required to produce and agree with the Department a Corporate Strategy which includes a description of strategic objectives, initiatives to meet those objectives and key performance indicators over a three year period. The Corporate Strategy shall form the basis of the RQIA's business planning and performance management processes and be subject to annual review. The business planning timetable should inform the PES process.
- 4.1.2 The Corporate Strategy and annual Business Plan shall reflect the statutory duties of the RQIA and, within those duties, the priorities set from time to time by the Minister and the Department.
- 4.1.3 The Corporate Strategy, business planning and performance management cycle shall address:
- the key objectives and associated key performance targets of the RQIA for the next three years, and its strategy for achieving those objectives;
  - a review of the performance of the RQIA in the preceding financial year together with comparable outturns, as appropriate, for the previous three years, and an estimate of performance in the current year;
  - alternative scenarios to take account of factors which may significantly affect the execution of the strategy but which cannot be accurately forecast;
  - a forecast of expenditure and income taking account of guidance on resource assumptions and policies provided by the Department at the beginning of the stratifying round. These forecasts should represent the best estimate of the RQIA of all available income, including any grant or grant-in-aid, and all likely expenditure.
  - additional forecasts derived from alternative forward scenarios and estimates and the impact of these on the achievement of the objectives of the RQIA;
  - wherever possible, external comparators for bench marking the performance of the RQIA;
  - other matters as agreed between the Department and the RQIA.
- 4.1.4 The Corporate Strategy - including the key performance targets - shall be agreed between the Department and the RQIA 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.
- 4.1.5 Once agreed by the Department the corporate strategy shall be forwarded by the sponsor branch to DFP Supply for approval.

## **4.2 The Business Plan**

- 4.2.1 The RQIA will each year prepare and submit for agreement with the Department a costed business plan. The business plan shall include information on objectives, key targets and milestones for the year immediately ahead, linked to budgeting information so that resources allocated to achieve specific objectives can be readily identified.
- 4.2.2 Once agreed by the Department the business plan shall be forwarded by the sponsor branch to DFP Supply for approval.

## **4.3 Publication of Plans**

- 4.3.1 The full corporate strategy and business plans shall be published and also made available to the public on the website of the RQIA. A full version shall be issued to all members of staff.

## **4.4 Reporting of Performance to the Department**

- 4.4.1 The RQIA 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.
- 4.4.2 The RQIA 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 require a change to the budget or objectives set out in the corporate or business plans.
- 4.4.3 The performance of the RQIA in helping to deliver Departmental policies, including the achievement of key objectives, shall be reported to the Department on a quarterly basis. Performance will be formally reviewed twice yearly by officials of the Department. Regular update meetings shall take place between the Chief Executive of the RQIA and the Director of the sponsor branch. Senior officials of the Department shall meet the Board formally on a regular basis to discuss the performance of the RQIA, its current and future activities and any policy developments relevant to these activities (an annual accountability schedule is included at Appendix 2).
- 4.4.4 The performance of the RQIA against key targets shall be reported in the annual report and accounts of the RQIA [see Section 6.1 below].



## **5. BUDGETING AND MONITORING ARRANGEMENTS**

### **5.1 Budgeting Procedures**

- 5.1.1 The budgeting procedures of the RQIA shall be as set out in the Financial Memorandum.

### **5.2 Internal Audit**

- 5.2.1 The RQIA shall establish and maintain arrangements for internal audit in accordance with the circular DAO (DFP) 3/02, 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 The RQIA 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 and shall consult the Department to ensure that the latter is satisfied with the competence and qualifications of the Head of Internal Audit of the RQIA.
- 5.2.3 The RQIA should maintain an independent Audit Committee as a committee of its Board in accordance with guidance on codes of practice for public bodies.
- 5.2.4 The Audit Committee will be chaired by a member of the Board of the RQIA, other than the Chairman or Chief Executive, who has relevant financial management expertise. The Committee will consist of a minimum of three members and will meet on a regular basis. The Chief Executive, in his/her role as Accounting Officer, the Director of Corporate Services, Financial Adviser and the Internal Audit provider will normally attend meetings of the Committee.
- 5.2.5 The Department shall have access to the Audit Committee's minutes and reserves the right to send a representative to meetings of the committee.
- 5.2.6 The RQIA shall arrange for periodic quality reviews of its internal audit in accordance with 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 the RQIA.
- 5.2.7 The Department's Internal Audit Service shall also have a right of access to all documents prepared by the RQIA internal auditor, including where the service is contracted out. The audit strategy, periodic audit plans and annual audit report, including the RQIA's Head of Internal Audit's opinion on risk management, control and governance shall be forwarded as soon as possible to the Department's Safety, Quality and Standards Directorate who shall consult the Department's Head of Internal Audit as appropriate.
- 5.2.8 The RQIA 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 the RQIA shall forward to the Department the annual fraud return, commissioned by DFP, on fraud and theft suffered by the RQIA and notify any changes to the audit committee's terms of reference or the Fraud Policy and Response Plan of the RQIA.

### **5.3 Additional Departmental Access to the RQIA**

- 5.3.1 In addition to the rights of access referred to in paragraphs 3.5.5, 5.2.5 and 5.2.6 above, the Department shall have a right of access to all the records and personnel of the RQIA for purposes such as sponsorship audits and operational investigations.

## **6 EXTERNAL ACCOUNTABILITY**

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

- 6.1.1 After the end of each financial year the RQIA 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 RQIA. The report shall be prepared for publication to a timetable agreed with the Department and a draft of the report shall be submitted to the Department not less than two weeks before the proposed publication date.
- 6.1.2 The report and accounts shall comply with the most recent version of the *Financial Reporting Manual (FReM)* issued by DFP. The accounts shall be prepared in accordance with the relevant statutes and the specific Accounts Direction issued by the Department.
- 6.1.3 The report and accounts shall outline the main activities and performance of the RQIA during the previous financial year and set out in summary form the forward plans of the RQIA. 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 of the accounts.
- 6.1.4 The report and accounts shall be laid before the Assembly and made available, in accordance with the Department and DFP's guidance on the procedures for presenting and laying the combined annual report.
- 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 requires the prior written approval of the Department.

### **6.2 External Audit**

- 6.2.1 The Comptroller and Auditor General (C&AG) audits the annual accounts of the RQIA and passes the accounts to the Department which 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 the RQIA 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 RQIA. The C&AG will also, where asked, consider providing the Department and other relevant bodies with Regulatory Compliance Reports and other similar reports which Departments 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 the RQIA 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, the RQIA 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 the 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 Minister, Department and DFP the RQIA shall have responsibility for the recruitment, retention and motivation of its staff.

7.1.2 To this end the RQIA 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, is appropriate to its functions and the requirements of efficiency, effectiveness and economy;
- the performance of its staff at all levels is satisfactorily appraised and the performance measurement systems are periodically reviewed, and if necessary, revised;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the objectives of the RQIA;
- proper consultation with staff takes place on key issues affecting them;
- 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;
- Whistle-blowing procedures consistent with the Public Interest Disclosure (Northern Ireland) Order 1998 are in place and communicated to staff;
- a code of conduct for staff is in place based on the model at Annex 5a of Public Bodies – A Guide for Northern Ireland Departments found at <http://www.aasdni.gov.uk/>

## 8 REVIEWING THE ROLE OF THE RQIA

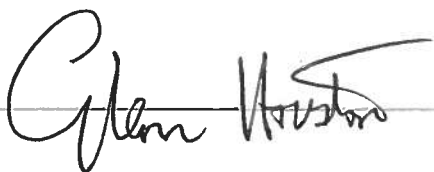
### 8.1 Reviews of RQIA

8.1.1 The Department will conduct a review of the RQIA at least every four years or at such other intervals as the Department may determine. Such reviews will be in three stages:

- The initial stage of the review will focus on whether and how effectively the RQIA fulfils its statutory functions;
- The second stage will focus on the efficiency and effectiveness with which the RQIA carries out its core activities and its financial and other management systems;
- The third stage will examine the efficiency and effectiveness of the Departmental procedures for managing the relationship with RQIA as an Arm's Length Body.

**Signed on behalf of the Regulation  
and Quality Improvement Authority**

**Signed on behalf of the Department  
of Health, Social Services and  
Public Safety**



**Mr G Houston  
Chief Executive  
Date:**

**Dr A McCormick  
Permanent Secretary  
Date: 8 October 2010**

## THE NINE STANDARDS OF CUSTOMER SERVICE

The RQIA 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 as they apply to RQIA are:

### **Standard 1      Publishing Service Standards**

The RQIA 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**

The RQIA 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 the RQIA requires particular actions or information from customers or otherwise considers customers have certain responsibilities, it should explicitly state this.

### **Standard 3      Service Accessibility**

The RQIA 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 the RQIA premises, the RQIA should ensure that its premises are clean, comfortable and welcoming.

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

The RQIA 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**

The RQIA 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**

The RQIA 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**

The RQIA 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**

The RQIA 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**

The RQIA 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. The RQIA will set and report on targets for dealing with complaints.



## ANNUAL ACCOUNTABILITY SCHEDULE

Activity	Purpose	Present (excluding supporting officials)	Date
Biannual Accountability Review	<ul style="list-style-type: none"> <li>• Agree and review Business Plans</li> <li>• Agree and Review Budgets</li> <li>• Strategic Developments</li> </ul>	RQIA: Chairman, CEO and Directors as appropriate  DHSSPS: CMO/DCMO, Director of SQS and Head of SGU	April & Oct
Ministerial Meeting	<ul style="list-style-type: none"> <li>• End of Year Review and overview of planned activities</li> </ul>	Minister, Chairman and, as required, Chief Executive of RQIA & Director of SQS.	May
Update Meetings	<ul style="list-style-type: none"> <li>• Progress against Business Plan</li> <li>• Progress against Budgets</li> <li>• Current Reviews</li> <li>• Emerging Concerns</li> </ul>	RQIA: CEO and Directors as appropriate  DHSSPS: Director of SQS and Head of SQU	Monthly

## Protocol for RQIA Programmed Reviews

### Commissioned and RQIA Initiated

1. In the exercise of its functions under the Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003, RQIA produces a three-year review programme covering the same three-year period as the Corporate Strategy.

### Selection of Topics

2. The topics for review include those commissioned by the Minister and those prioritised by RQIA after a process of consultation with representatives of the Department and the statutory, voluntary and independent sectors. The prioritised list of review topics is selected after careful consideration of all the proposals made during the consultation process in reference to a set of prioritisation criteria and to ensure that the overall programme is appropriately balanced.
3. All RQIA initiated and commissioned reviews are conditional on the resources being available to carry them out.
4. **Commissioned reviews only:** At any time during the three-year review period the Minister may request RQIA to carry out a review, subject to the procedures described in paragraph 7 below and this will then be included within the RQIA review programme. These requests may be for a single piece of work, a piece of follow-up work or for a rolling programme.
5. **RQIA initiated reviews only:** RQIA may also add to the review programme at any time, in accordance with the procedures described in paragraph 8 below and with the agreement of the RQIA Board.
6. The progress of the review programme and potential changes to the programme will be discussed with the Department twice yearly at the accountability meetings chaired by the Chief Medical Officer (CMO).
7. **Commissioned reviews only:** When the Minister wishes to commission a review from RQIA, the CMO will write to the Chief Executive of RQIA, requesting that RQIA undertake the review. ~~The Chief Executive of RQIA will confirm in writing to CMO that the commission has been accepted or, alternatively, may seek further information before confirmation is issued.~~ Representatives of RQIA and the Department will then meet to consider the scope and timeframe of the work to be undertaken. CMO will identify who the policy lead will be within the Department. Further information will be provided subsequently as set out in paragraph 9 below.
8. **Additional RQIA initiated reviews only:** If the RQIA intends to initiate a review of any matter arising from the exercise of its functions, in addition to those already identified in the three-year review programme, the Chief Executive, having first consulted with the RQIA Board, will advise CMO, of the proposal. RQIA will take account of any comments provided by Departmental policy leads and chief professionals. These should be provided by way of a letter from CMO to the Chief Executive of the RQIA. Further information on the review will be provided subsequently as set out in paragraph 11 below.

### Scoping a Review

9. **Commissioned reviews only:** Further to the letter from CMO, the policy/professional lead and a lead official nominated by RQIA will meet, with other

Departmental officials and representatives of other HSC bodies as appropriate, to determine:

- the Terms of Reference
- the standards to be applied (where relevant)
- the organisations subject to the review
- the format of the report
- the timescales that will apply

Initial consideration should also be given to the manner of publication (to be confirmed when the final report is sent to Minister – see paragraphs 24 to 27 below)

Once agreed, these will be the subject of a further letter from CMO to the Chief Executive of the RQIA, copied to the Chief Executives of other HSC bodies as appropriate.

10. The Chief Executive of RQIA will reply to CMO, indicating acceptance of the commission in the terms stated.

11. **RQIA initiated reviews only:** If RQIA, in the exercise of its functions, intends to initiate a review, the Chief Executive should advise CMO in writing. In a written reply CMO will identify the policy/professional lead for that review within the Department. RQIA will seek similar senior contacts to liaise with in other relevant HSC bodies as appropriate (e.g. the HSC Board or Public Health Agency). After consulting the policy lead in the Department (and other contacts as relevant) the lead official in RQIA will determine:

- the Terms of Reference
- the standards to be applied (where relevant)
- the organisations subject to the review
- the format of the report
- the timescales that will apply.

Initial consideration should also be given to the manner of publication (to be confirmed when the final report is sent to Minister – see paragraphs 24 to 27 below)

CMO will be notified in writing by the Chief Executive of RQIA before the review begins about the details of the review as outlined above. The Chief Executive of RQIA will also advise in writing the bodies to be included in the review and the relevant stakeholders of the intention to carry out the review.

12. RQIA will add any agreed new work to the review programme.

13. For both commissioned and RQIA initiated reviews, RQIA will complete a project initiation document/scoping document as appropriate and will forward this to CMO.

### **Conducting a Review**

14. Where a review involves working directly with an HSC organisation, the organisation will be invited by RQIA to appoint an affiliate to liaise with the review team.

15. If any matter comes to light during the conduct of the review that makes it necessary to activate the RQIA escalation policy for reviews, CMO and all relevant statutory agencies will be informed immediately in writing without waiting for the completion or submission of a draft report.

16. Should the Department's policy lead or the RQIA's lead official change within the duration of a review, the other party should be advised in writing within two weeks of any change of personnel.
17. The progress of reviews should be reported regularly by RQIA to the Department at the monthly meeting between the Director of SQSD and the Chief Executive of RQIA and as required between the lead official at RQIA and the policy lead for the Department.
18. As part of the review process, RQIA will provide feedback on initial findings to the bodies (e.g. HSC Trusts) when the fieldwork is completed. Those bodies will also receive draft reports for factual accuracy checking. All proposed corrections will be considered by the review team.
19. A draft report will be shared in confidence with the RQIA Board. This will normally be done during the private session of the Board meeting or at a Board workshop (whichever is the more timely and convenient).

### **The Final Report**

20. Further to the actions in paragraphs 18 and 19 above, the final draft report will be sent by the Chief Executive of RQIA to CMO four weeks prior to its formal presentation at an RQIA Board meeting.
21. RQIA, if required and on request, will provide an oral briefing on its report to Departmental officials and/or Minister during this four-week period.
22. CMO will advise the Chief Executive of RQIA of any factual errors in the final draft report or any major issues that would require additional time to resolve. This should be done at least one week before the relevant RQIA Board meeting.
23. Following acceptance of the draft report by the RQIA Board, the Chairman of RQIA will submit a final report to the Minister, copied to CMO.

### **Publication**

24. **RQIA initiated reviews only:** Normal practice will be for the report to be published by RQIA within one month of submission of the final report to the Department.  
CMO will write to the Chief Executive of RQIA on receipt of the Report, confirming the publication date and, in exceptional circumstances, requesting that publication be deferred to take account of specific considerations.
25. **Commissioned reviews only:** Normal practice will be for RQIA to publish reports on receipt of correspondence from CMO within one month of submission of the final report to the Department or on any other timescale that may be advised to the Chief Executive of RQIA in writing by CMO.
26. The manner of publication may vary. In some cases it could simply involve putting the report on the RQIA website. In others there may be a press release or there could be an official launch. The method of publication should be addressed in the Chairman's letter to Minister (paragraph 23) and finalised in CMO's letter (paragraphs 24 & 25).
27. RQIA press releases relating to the publication of reports will be shared with the Department for information in advance of release. Reports may be made available to the media on an embargoed basis, but in adopting a flexible approach it is important that close contact be maintained between the RQIA and Departmental press offices.

## **Implementation**

28. Where the recommendations contained in a report are accepted, the Department's policy lead, in collaboration with other HSC bodies as appropriate, will ensure that an action plan is developed and implemented within an agreed timescale.
29. The Minister may commission RQIA to carry out a further review to assess the implementation of the recommendations at an appropriate time.

## **FINANCIAL MEMORANDUM**

### **I. INTRODUCTION**

#### **This Document**

1. This Financial Memorandum sets out certain aspects of the financial framework within which the RQIA is required to operate and should be read in conjunction with the Management Statement.
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 or Minister in respect of the exercise of any individual functions, powers and duties of the RQIA.
3. The RQIA shall satisfy the conditions and requirements set out in this Financial Memorandum and in the Management Statement, together with such other conditions as the Minister or Department may from time to time impose.

### **II. INCOME AND EXPENDITURE - GENERAL**

#### **The Departmental Expenditure Limit (DEL)**

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

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

5. The RQIA shall not, without prior written Departmental approval, enter into any undertaking to incur any expenditure which falls outside the RQIA's delegations or which is not provided for in the RQIA's annual budget as approved by the Department.
6. The RQIA's procurement policies shall reflect the public procurement policy adopted by the Northern Ireland Executive in May 2002 and *Procurement Policy Guidelines* as issued by the Procurement Board. The RQIA shall also ensure that it complies with any relevant EU or other international procurement rules.

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7. Procurement activity for the RQIA should be carried out by means of a documented Service Level Agreement with a Centre of Expertise in Procurement recognised by the Procurement Board. The centres of Procurement Expertise for the RQIA are the Business Support Organisation and the Central Procurement Directorate but the RQIA may use the services of any UK centre of Procurement Excellence.

#### **Competition**

8. Contracts shall be placed on a competitive basis and tenders accepted from suppliers who provide best value for money overall.
9. Proposals to let single-tender contracts shall be subject to advice taken from Central Procurement Directorate or a Centre of Expertise in Procurement, and after each financial year the RQIA shall send to the Department a report for that year explaining any contracts above £5000 in which competitive tendering was not employed.

### **Best Value for Money**

- 10 Procurement by the RQIA 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 RQIA's requirements. Where appropriate, a full option appraisal shall be carried out before procurement decisions are taken.

### **Timeliness in Paying Bills**

11. The RQIA shall collect receipts and pay all matured and properly authorised invoices in accordance with Annex 4.6 of *Managing Public Money Northern Ireland*.

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

12. The RQIA shall obtain the prior approval of the Department and DFP as follows:
  - (a) before incurring any expenditure for any purpose which is or might be considered novel or contentious, or which could have significant future cost implications, including on staff benefits;
  - (b) before making any significant change in the scale of operation or funding of any initiative or particular schemes previously approved by the Department; and
  - (c) before making any changes of policy or practice which has wider financial implications (eg because it might prove repercussive among other public sector bodies) or which may significantly affect the future level of resources required. (The Department will advise on what constitutes 'significant' in this context).

### **Risk Management/ Fraud**

13. The RQIA shall ensure that the risks it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practise 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") issued under cover of DAO (DFP) 15/05.
14. The RQIA 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.
15. The RQIA shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with Treasury's guide *Managing the Risk of Fraud*, available at [www.aasdni.gov.uk](http://www.aasdni.gov.uk).
16. All cases of attempted, suspected or proven fraud shall be reported to Department and other relevant authorities as soon as they are discovered, irrespective of the amount involved.

### **Wider markets**

17. In accordance with the wider markets policy, the RQIA will endeavour to maximise receipts from sources other than the NI Consolidation Fund, provided that this is consistent with (a) the RQIA's main functions (b) its corporate plan as agreed with the Department.
18. Fees and charges for services provided by the RQIA shall be determined in accordance with chapter 6 of MPMNI, and the Freedom of Information Act 2000.

### III. RQIA'S INCOME

#### Grant-in-aid

19. The RQIA receives grant-in-aid from the Department under the powers contained in the Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003 Schedule 1 Paragraph 11. The grant-in-aid will be paid in instalments on the basis of a written application showing evidence of need. Applications to draw down grant-in-aid should be signed by the Chief Executive or by the Director of Corporate Services. The signed application should certify that the conditions applying to the use of grant-in-aid have been observed to date and that the grant-in-aid is now required in the current period for the purposes appropriate to the statutory functions of the RQIA.
20. The RQIA 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.
21. Cash balances during the year shall be held at the minimum consistent with the efficient operation of the functions of the RQIA. Any grant-in-aid not paid to the RQIA by the Department by the end of the financial year will not be available for use by RQIA in the year following. However, where draw-down of grant-in-aid is delayed to avoid excess cash balances at year-end, the 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.

#### Fines and Taxes as Receipts

22. Most fines and taxes (including levies and some licenses) are treated as such in National Accounts and are not termed as negative public expenditure receipts. These fines and taxes do not provide additional spending power and should be surrendered to the Department.
23. 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 therefore normally provide additional DEL spending power. However, the RQIA must gain the prior approval of the Department before it retains a receipt or utilises an increase in the level of receipts.
24. If there is any doubt about the correct classification of a receipt, the RQIA shall consult the Department, which may consult DFP as necessary.

#### Interest Earned

25. Any interest earned by the RQIA on its assets shall be given the same budgeting treatment as the cost of capital charge on the assets.
26. Under resource budgeting rules, the cost of capital charge and any interest receipts on most DEL-financed assets score as resource DEL.
27. If the receipts are used to finance additional expenditure by the RQIA, it will need to ensure it has approval from the Department and that the Department has 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



the RQIA'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.

### **Unforecast Changes in In-year Income**

28. If the negative DEL income realised or expected to be realised in-year is less than estimated, the RQIA 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 the RQIA 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, the RQIA will need to reduce its expenditure to £105 to avoid breaching its budget. If the RQIA still needs to spend £110 it will need to secure additional funding of £5 from the Department which will need to find £5 of savings from elsewhere within its total DEL to offset this overspend].
29. If the negative DEL income realised, or expected to be realised, in the year is more than estimated, the RQIA 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.
30. The RQIA must comply with the rule that any expenditure financed by draw-down of deposits counts within DEL and that the build-up of deposits represents a saving to DEL (if the related receipts are negative DEL in the relevant budgets).
31. The RQIA must therefore ensure that it has the necessary DEL provision for any expenditure financed by draw-down of deposits.

### **Gifts and Bequests Received**

32. The RQIA is free to retain any gifts, bequests or similar donations. These will be treated as receipts and must be notified to the Department. (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).

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

### **Borrowing**

34. RQIA is not permitted to borrow monies.

### **Reserves**

35. RQIA is not permitted to hold reserves.

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

##### **Staff Costs**

36. Subject to its delegated levels of authority, the RQIA shall ensure that the creation of any new/additional posts does not incur future commitments which will exceed its ability to pay for them.

##### **Pay and Conditions of Service**

37. The staff of the RQIA, 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. The RQIA has no delegated power to amend these terms and conditions.
38. Current terms and conditions for staff of the RQIA are those set out in its Employee Handbook. The RQIA shall provide the Department and DFP with a copy of the Handbook and subsequent amendments.
39. Annual pay increases require approval from the Department and DFP.
40. Payments shall be made to the RQIA members in respect of travelling expenses, fees or other allowances in accordance with the relevant determination, which the Department may, from time to time, amend.
41. The general pay structure shall be approved by the Department and DFP.
42. The RQIA shall comply with the EU directive on contract workers [Fixed Term Employees Regulations (Prevention of Less Favourable Treatment)].

##### **Pensions: Redundancy/ Compensation**

43. The RQIA's employees shall normally be eligible for a pension provided by membership of the HPSS Superannuation Scheme.
44. Staff may opt out of the occupational pension scheme provided by the RQIA. However, the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall be limited to the national insurance rebate level.

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45. Any proposal by the RQIA 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. Any proposals on severance payments must comply with DAO (DFP) 17/05.

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

##### **Economic Appraisal**

46. The RQIA is 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 designated limits (see Appendix 1).
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 apply to NDPBs can be found in:

- (a) *The Green Book* (supported by additional DFP guidance). It is due to be replaced by the Northern Ireland Guide to Expenditure Appraisal in 2009.
- (b) The HM Treasury Guide, *The Green Book: Appraisal and Evaluation in Central Government*;
- (c) The Capital Investment Manual.

### **Capital Expenditure**

48. Subject to being above an agreed capitalisation threshold in line with guidance from the Department's Financial Accounting Unit, all expenditure on the acquisition or creation of fixed assets (including where appropriate professional fees, salaries and labour costs) 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. Subject to being above an agreed capitalisation threshold in line with guidance from the Department's Financial Accounting Unit, all expenditure on the acquisition or creation of fixed assets (including where appropriate professional fees, salaries and labour costs) shall be capitalised on an accruals basis. Expenditure to be capitalised shall include the:
- 
- (d) acquisition, reclamation or laying out of land;
  - (e) acquisition, construction, preparation or replacement of buildings and other structures or their associated fixtures and fittings; and
  - (f) 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 corporate and business planning process of the RQIA. Subject to paragraph 50, applications for approval within the corporate/business plan by the Department and, if necessary, DFP, 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.

50. Approval of the corporate/business plan does not obviate the responsibility of the RQIA to abide by the economic appraisal process.
51. Within its approved overall resources limit the RQIA 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 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 (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. Under resource budgeting rules, transfers from capital to resource budgets are not allowed.

### **Virement**

53. The RQIA will abide by the guidance on virement issued by DFP.

### **Lending, Guarantees, Indemnities, Letters of Comfort, and Contingent Liabilities**

54. The RQIA shall not, without the prior written consent of the Department (and, where necessary, DFP), lend money, charge any asset or security, give any guarantees 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.

### **Grants or Loans**

55. All grants or loan schemes proposed by the RQIA, and the terms and conditions under which such a grant or loan is made, must be approved by the Department. If grants or loans are to be made under a continuing scheme, statutory authority will be required.
56. The terms and conditions of such grant or loan shall include the requirements 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 for inspection by the RQIA, the Department and Controller and Auditor General. (See also below under the heading *Recovery of Grant-Financed Assets*, paragraphs 77-79).

### **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 Appendix 1 of this document must have the prior approval of the Department 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 DFP (DAO) 05/03.

### **Leasing**

60. Prior Departmental approval must be secured for all property and finance leases. The RQIA must have DEL provision for finance leases and other transactions that are, in substance, a form of borrowing (see paragraph 34).

61. Before entering into any lease the RQIA must demonstrate that the lease offers better value for money than purchase.

### **Public/ Private Partnerships**

62. The RQIA shall seek opportunities to enter into Public/Private Partnerships where this would be more affordable and offer better value for money than conventional procurement. In such cases the RQIA 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.
63. Any partnership controlled by the RQIA shall be treated as part of the RQIA in accordance with guidance in FReM and consolidated with it (subject to any particular treatment required by FReM). 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).

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

64. The RQIA 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.
65. For public expenditure accounts purposes any subsidiary company or joint venture controlled or owned by the RQIA shall be consolidated with it in accordance with guidance in FReM, subject to any particular treatment required by FReM. 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.

### **Financial Investments**

66. ~~The RQIA shall not make any financial investment without the prior written approval of the Department and, where appropriate, DFP nor should it build up cash balances, reserves or net assets in excess of what is required for operational purposes. Equity shares in ventures which further the objectives of the RQIA shall equally be subject to Departmental and DFP approval unless covered by a specific delegation.~~

### **Unconventional Financing**

67. The RQIA shall not enter into any unconventional financing arrangements without the prior approval of the Department and DFP.

### **Commercial Insurance**

68. The RQIA shall not take out any insurance without the prior approval of the Department 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 MPMNI.
69. The Department shall have a written agreement with the RQIA 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 the RQIA's targets shall be considered.

### **Payment/ Credit Cards**

70. The RQIA, 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 DAO (DFP) 24/02 and HSS (F) 11/2003. No payment/credit cards should be issued without the prior written approval of the Director of Corporate Services of the RQIA.

### **Hospitality**

71. The RQIA, in consultation with the Department, 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.

### **Use of Consultants**

72. Fees paid to consultants should be reasonable, provide value for money and be subject to appropriate appraisal. The RQIA shall adhere to guidance from the Department or DFP on the Use of Consultants in Circular HSS (F) 20/06, and any subsequent guidance.

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

### **Register of Assets**

73. The RQIA shall maintain an accurate and up to date registers of its fixed assets.

### **Disposal of assets**

74. The RQIA 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. Generally, assets shall be sold by auction or competitive tender (unless otherwise agreed by the Department) and in accordance with the principles in MPMNI.

75. Subject to any special directions given by the Department, the RQIA is authorised to dispose of by sale or otherwise any articles up to a value of £10,000 of any description, provided that:

(a) the RQIA is satisfied that the articles are worn out, 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 the RQIA without approval of the Department.

76. All receipts derived from the sale of assets (including grant financed assets) must be declared to the Department, which will consult with DFP on the appropriate treatment.

### **Recovery of Grant-Financed Assets**

77. Where the RQIA has financed expenditure on capital assets by third parties, the RQIA shall make appropriate arrangements to ensure that assets are not disposed of without the prior consent of the RQIA.

78. The RQIA shall therefore ensure that such 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.
79. The RQIA shall ensure that if the assets created by grants made by the RQIA cease to be used by the recipient of the grant for the intended purpose, a proper proportion of value of the asset shall be repaid to the RQIA for surrender to the Department. The amount recoverable under the procedures in paragraphs 77 and 78 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

80. Each year, in the light of decisions by the sponsor Department on the RQIA's updated draft corporate plan (see section 4.1 of the Management Statement), the Department will send to the RQIA:
- (a) a formal statement of any funding provision by and as approved by the Department in light of competing priorities across the Department, including any forecast income which may be retained, and
  - (b) a statement of any change in policies affecting the RQIA.
81. The RQIA's approved Business Plan will take account of its approved funding provision and any other forecast receipts. It will also include, 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. These elements form part of the approved business plan for the year in question.
82. 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.

### General Conditions for Spending Authority

83. Once the budget of the RQIA has been approved by the Department [and subject to any restrictions imposed by statute/~~the Minister/this MSFM~~], ~~the RQIA shall have authority to incur expenditure approved in the budget without further reference to the Department, on the following conditions:~~
- (a) the RQIA shall comply with the delegations set out in Appendix 1 of this document. These delegations shall not be altered without the prior agreement of the Department and DFP;
  - (b) the RQIA shall comply with the conditions set out in paragraph 12 above regarding novel, contentious or repercussive proposals;
  - (c) inclusion of any planned and approved expenditure in the budget of the RQIA shall not remove the need to seek formal Departmental (and, where necessary, DFP) approval where such proposed expenditure is above delegated limits as set out in Appendix 1, or is for new schemes not previously agreed; and
  - (d) the RQIA shall provide the Department with such information about its operations, performance, individual projects or other expenditure as the Department may reasonably require (see paragraph 84 below).

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

84. The RQIA shall provide the Department with, as a minimum, information on a monthly basis which will enable the satisfactory monitoring by the Department of:
- (a) the RQIA's cash management;
  - (b) its draw-down of any grant-in-aid;
  - (c) the expenditure for that month
  - (d) forecast outturn by resource headings; and
  - (e) other data required for the DFP Government Expenditure Monitoring Systems.

## **VIII. BANKING**

### **Banking Arrangements**

85. The Chief Executive of the RQIA is responsible for ensuring that the banking arrangements are carried out efficiently, economically and effectively and in accordance with the requirements of Annex 5.7 of MPMNI. In particular, he/ she shall ensure that the arrangements safeguard public funds and that their implementation ensures efficiency, economy and effectiveness.
86. He/she shall therefore 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 2 years, with a comprehensive review to competitive tendering at least every 3-5 years to ensure the best terms are received;
  - (d) the RQIA maintains effective controls over the preparation and authorisation of payments;
  - (e) the banking arrangements of the RQIA are kept separate and distinct from those of any other person, NDPB or organisation; and
  - (f) 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**

87. The RQIA shall comply with the following general guidance documents:
- (a) Its Management Statement and Financial Memorandum;
  - (b) MPMNI;
  - (c) *Public Bodies – A Guide for NI Departments* issued by DFP;



- (d) *Government Internal Audit Standards*, issued by DFP ;
- (e) *The Financial Reporting Manual (FReM)*, issued by DFP;
- (f) Relevant DFP Dear Accounting Officer and Finance Director letters;
- (g) The Treasury guidance document *Regularity and Propriety*;
- (h) Recommendations made by the Public Accounts Committee or other Assembly or Parliamentary authority which have been accepted by the Government and which are relevant to the RQIA;
- (i) The draft Treasury *Fees and Charges Guide*, issued in May 2005;
- (j) *Banking; Annex 5.7 of MPMNI*;
- (k) Treasury document *Managing the Risk of Fraud*;
- (l) The Consolidation Officer Memorandum, issued by DFP;
- (m) Relevant Dear Consolidation Officer and Dear Consolidation Manager letters;
- (n) *Regularity and Propriety*, issued by Treasury;
- (o) Other relevant instructions and guidance issued by the Department, DFP or OFMDFM;

**X. REVIEW OF FINANCIAL MEMORANDUM**

- 88. The Department shall resolve any questions arising from the interpretation of any statement in this Financial Memorandum in writing after consultation with the RQIA.
- 89. In consultation with the RQIA, the Department may, from time to time, amend, revoke or add to any of the terms of this Memorandum. DFP Supply will be consulted on any significant variation proposed to the MSFM.
- 90. This Financial Memorandum will normally be formally reviewed every four years, or following a review of the RQIA's functions as provided for in Section 8 of the Management Statement.

**Signed on behalf of the Regulation  
and Quality Improvement  
Authority**



**Mr G Houston  
Chief Executive  
Date:**

**Signed on behalf of the Department  
of Health, Social Services and  
Public Safety**



**Dr A McCormick  
Permanent Secretary  
Date: 8 October 2010**

**DELEGATED EXPENDITURE LIMITS****General**

These delegated expenditure limits have been agreed by DFP.

**1. PURCHASING ALL GOODS AND SERVICES**

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

<u>THRESHOLDS</u>	<u>NUMBER / TYPE OF TENDER REQUIRED</u>	<u>AUTHORISATION</u>
Up to £1,000	1 or 2 Oral Quotations depending on the need to have a price comparison (fax or e-mail confirmation should be obtained)	An officer of the RQIA nominated by the Chief Executive
£1,000 - £10,000	3 Selected Tenders	An officer of the RQIA nominated by the Chief Executive
>£10,000-£30,000	4 Selected Tenders	The Chief Executive or Director of Corporate Services.
> £30,000 – EU thresholds	Publicly advertised open or restricted tender competition	The Chief Executive.

**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 RQIA should undertake a comprehensive business case for all projects involving expenditure of £250,000 and over.

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

Where the RQIA is unable to obtain a sufficient number of tenders, it must seek the advice of the Director of the Regional Supplies Service.

## 2. CAPITAL PROJECTS (EXCLUDING IT)

The Chief Executive may authorise capital expenditure on discrete capital projects of up to £10,000. Capital projects over this amount require the approval of the Department, and may be subject to quality assurance by DFP if requested. Capital projects over the delegated limit for the Department (see DAO (DFP) 06/05) will require approval by the Department and DFP.

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. 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, System and Equipment**

(All costs exclude VAT)

THRESHOLDS	AUTHORISATION
<i>Up to £10,000</i>	The Chief Executive
£10,000-£500,000	The Chief Executive with prior approval from the Department
Projects over £500,000	The Chief Executive with prior approval from the Department and DFP

## 4. ENGAGEMENT OF CONSULTANTS

### General

The RQIA should follow guidance in HSS (F) 20/06 and any subsequent guidance as may be issued by DFP or the Department.

The RQIA 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.

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.

## **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.

### **5. DISPOSAL OF SURPLUS EQUIPMENT**

The RQIA is authorized to dispose of by sale or otherwise any articles up to a value of £10,000 of any description, subject to the requirements set out in paragraphs 16-19.

### **6. LEASE AND RENTAL AGREEMENTS**

Prior Departmental approval must be secured for all property and finance leases (see paragraphs 80 and 81).

### **7. LOSSES AND SPECIAL PAYMENTS**

#### **Delegated limits to HSC bodies/Non-Departmental Public Bodies to write off losses and authorise special payments**

##### **Limits of authority (per case)**

The Chief Executive, with prior approval from the Department, will have authority to write off losses and make special payments up to:

##### **Losses**

1. Cash losses	£10000
2. Losses of equipment or property in stores or in use	£10,000
3. Constructive losses and fruitless payments.	£10,000
4. Bad debts and claims abandoned or waived	£10,000

##### **Special Payments**

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5. Compensation payments	
(a) made under legal obligation (court order)	Complete
(b) where legal advice is that the RQIA should not fight a court action because it is unlikely to win and all relevant guidance has been applied.	Inc costs £5,000
(c) damage or loss of personal property of staff	£2,000
6. Ex-gratia payments:-	
(a) extra-contractual payments to contractor	Nil
(b) maladministration where there was <u>no</u> financial loss by claimant	Nil
(c) Other ex-gratia payments (including Personal Injury not covered at 5b)	£10,000

7. Extra-statutory payments

Nil

**NOTE:** 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, DFP, is necessary before any write-off or special payment can be action.

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 Chief Executive and the Department where appropriate.

At the end of each financial year the RQIA shall submit to the Department a statement of the annual losses incurred and special payments made.