

PCC Management Statement

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1. INTRODUCTION

1.1 This document

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

in the document. Legislative provisions shall take precedence over any part of the document. Significant variations to the document shall be cleared with DFP after consultation with the PCC, as appropriate. The determination of those issues that are 'significant' will be made by the Department and DFP on a case by case basis.

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

1.2 PCC founding legislation, functions, duties etc

- 1.2.1 The PCC is established under Section 16 (1) of the Health and Social Care (Reform) Act (Northern Ireland) 2009 (hereafter referred to as 'the Act'). The PCC does not carry out its functions on behalf of the Crown.

- 1.2.2 The PCC is established for the purposes specified in section 17(1) of the Act. These include any functions of the Department with respect to the administration of health and social care that the Department may direct. The PCC's general powers etc are listed in Schedule 4 to the Act.

1.3 Classification

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

2. AIM[S], OBJECTIVES AND TARGETS

2.1 Overall aim

- 2.1.1 The overall aim of the PCC is to help create a high quality health and social care system, in particular one that is driven by, and responsive to, the needs and wishes of patients and clients.
- 2.1.2 This aim will be delivered through four core functions of the PCC:
- to represent the interests of the public by engaging with them to obtain their views on services and engaging with Health and Social Care (HSC) organisations to ensure that the needs and expectations of the public are addressed in the planning, delivery and evaluation of health and social care services;

- to promote the involvement of patients, clients, carers and communities in the design, planning, commissioning and delivery of health and social care;
- to provide assistance to individuals making, or intending to make, a complaint relating to health and social care; and
- to promote the provision of advice and information to the public by the HSC about the commissioning and delivery of health and social care.

2.2 Objectives and key targets

- 2.2.1 The PCC's performance framework is determined by the Department in the light of its wider strategic aims and of current Public service Agreement (PSA) objectives and targets. The priorities and objectives serving the PCC's overall aim will be set out in its annual business plan, the key objectives in which will be subject to approval by its sponsor branch in the Department.

3. RESPONSIBILITIES AND ACCOUNTABILITY

3.1 The Minister

- 3.1.1 The Minister is accountable to the Assembly for the activities and performance of the PCC. His/Her responsibilities include:
- approving the PCC's Business Plan
 - keeping the Assembly informed about the PCC's performance, as part of the HSC system;

- carrying out responsibilities specified in the founding legislation, including appointments to the PCC's board (including its Chairman), and the laying of the annual report and accounts before the Assembly; and
- approving the remuneration scheme for non-executive Board members and setting the annual pay increase each year under these arrangements.

3.2 The Accounting Officer of DHSSPS

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

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

- the PCC's Business Plan supports the Department's wider strategic aims and will contribute, as appropriate, to the achievement of Public Service Agreements (PSA) and Priorities for Action (PfA) targets, standards and actions;
- the financial and other management controls applied by the Department to the PCC are appropriate and sufficient to safeguard public funds, and that the PCC's compliance with those controls is effectively monitored ("public funds" include not only any funds

granted to the PCC by the Assembly but also any other funds falling within the stewardship of the PCC); and

- the internal controls applied by the PCC conform to the requirements of regularity, propriety and good financial management.

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

- monitor the PCC's activities on a continuing basis through an adequate and timely flow of information from the BSO on performance, budgeting, control, and risk management, including early sight of the PCC's Statement on Internal Control;
- address in a timely manner any significant problems arising in the PCC, whether financial or otherwise, making such interventions in the affairs of the PCC as the Department judges necessary to address such problems;
- periodically carry out a risk assessment of the PCC's activities to inform the Department's oversight of the PCC;
- inform the PCC of relevant Government policy in timely fashion; and
- bring concerns about the activities of the PCC to the attention of the full Board, and require explanations and assurances from the Board that appropriate action has been taken.

3.2.4 The Planning & Performance Management Directorate within the Department is the sponsoring team for the PCC, forming its primary

point of contact with Department on non-financial management and performance. Regarding such matters, the team is the primary source of advice to the Minister on the discharge of his/her responsibilities in respect of the PCC. It also supports the Departmental Accounting officer on his/her responsibilities towards the PCC.

- 3.2.5 The relationship between the PCC and its Departmental sponsoring team, based on the principle of good public administration, is articulated through direction, guidance on good practice etc as notified to the PCC. The salient requirements are described in Appendix 1.
- 3.2.6 On financial matters, the primary point of Departmental contact for the PCC is Finance Directorate. That Directorate also supports the Departmental Accounting Officer on his/her responsibilities towards the PCC as regards accounting arrangements, budgetary control and other financial matters. In doing so, Finance Directorate liaises as appropriate with the Planning & Performance Management Directorate.

3.3 The Chief Executive's rôle as Accounting Officer

- 3.3.1 The Chief Executive, as the PCC's Accounting Officer, 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 PCC. In addition, he/she should ensure that the PCC as a whole is run on the basis of the standards (in terms of governance, decision-making and financial management) set out in Box 3.1. to MPMNI.
- 3.3.2 In addition, the Chief Executive must, within three months of appointment, attend the training course 'An introduction to Public Accountability for Accounting Officers'.

Responsibilities for accounting to the Assembly

3.3.3 These responsibilities include:

- signing the accounts, and being responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Department or DFP;
- signing a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- signing a Statement on Internal Control regarding the PCC's system of internal control, for inclusion in the annual report and accounts;
- signing a mid-year assurance statement on the condition of the PCC's system of Internal Control;
- acting in accordance with the terms of this document and with the instructions and relevant guidance in *MPMNI* and other instructions and guidance issued from time to time by the Department and DFP; and
- giving evidence, normally with the Accounting Officer of the Department, if summoned before the Public Accounts Committee on the use and stewardship of public funds by the PCC.

Particular responsibilities to the Department

3.3.4 These include:

- establishing, with the approval of the Department, the PCC's Corporate/Business Plan in support of the Department's wider strategic aims and objectives and targets in the Programme for Government, PSAs and PfA;

- informing the Department of the PCC's progress in helping to achieve the Department's wider strategic aims and objectives, and relevant targets in the Programme for Government, PSAs and PfA, while demonstrating how resources are being used to achieve those objectives;
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the Department, including prompt notification of overspends or underspends and that corrective action is taken;
- notifying to the Department any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, as appropriate and in timely fashion;
- ensuring that a system of risk management, based on Departmental guidance, is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensuring that an effective system of programme and project management and contract management is maintained;
- ensuring compliance with procurement policy and with the Programme for Government requirement for procurement to assist in the delivery of Executive commitments
- reporting on compliance with controls assurance and quality standards to the Department;
- ensuring that an Assurance Framework is developed and maintained;
- ensuring that a Business Continuity plan is developed and maintained;
- ensuring compliance with the Northern Ireland Public Procurement Policy;

- ensuring that an Equality Scheme is in place, reviewed and equality impact assessed as required by the Equality Commission and OFMDFM;
- ensuring that Lifetime Opportunities is taken into account;
- ensuring that the requirements of the Data Protection Act 1998 are complied with;
- ensuring that the requirements of the Freedom of Information Act 2000 are complied with and that a publication scheme is in place which is reviewed as required and placed on the website; and
- ensuring that the requirements of relevant statutes, court rulings, and departmental directions are fully complied with.

Responsibilities to the Board of the PCC

3.3.5 The Chief Executive is responsible for:

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

3.4 The Chief Executive's rôle as Consolidation Officer

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

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

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

- ensure that the PCC has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process; and
- prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions and directions ["Dear Consolidation Officer" (DCO) and "Dear Consolidation Manager" (DCM) letters] issued by DFP on the form, manner and timetable for the delivery of such information.

3.5 Delegation of the Chief Executive's duties

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

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

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

3.7 The PCC's Board

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

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

- establish the overall strategic direction of the PCC within the policy and resources framework determined by the Department;
- ensure that the PCC's performance fully meets its aims and objectives as efficiently and effectively as possible;
- ensure that the Department is kept informed of any changes which are likely to impact on the strategic direction of the PCC or on the attainability of its targets, and determine the steps needed to deal with such changes;
- ensure that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority set by the Department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account all relevant guidance issued by the Department and DFP or other relevant authority;
- ensure that the Board receives and reviews regular financial information concerning the management of the PCC; is informed in a timely manner about any concerns about the activities of the PCC; and provides positive assurance to the Department that appropriate action has been taken on such concerns;

- constructively challenge the PCC's executive team in their planning, target setting and delivery of performance;
- ensure that an executive member of the Board has been allocated responsibility for risk management
- demonstrate high standards of corporate governance at all times, including using the independent audit committee (see paragraph 3.7.1) to help the Board to address the key financial and other risks facing the PCC;
- appoint a Chief Executive to the PCC and, in consultation with the Department, set performance objectives and remuneration terms linked to these objectives for the Chief Executive, which give due weight to the proper management and use of public monies.

3.8 The Chairman's personal responsibilities

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

and actions should be clearly communicated and disseminated throughout the PCC.

3.8.2 The Chairman has the following leadership responsibilities:

- formulating the Board's strategy for discharging its duties;
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Department;
- ensuring that risk management is regularly and formally considered at Board meetings.
- promoting the efficient, economic and effective use of staff and other resources;
- encouraging high standards of regularity and propriety;
- representing the views of the Board to the general public; and
- ensuring that the Board meets at regular intervals throughout the year and that the minutes of meetings accurately record the decisions taken and, where appropriate, the views of individual Board members. Meetings must be open to the public, the public should be advised of meetings through the press and the minutes must be placed on the PCC website after formal approval.

3.8.3 The Chairman shall also:

- ensure that all members of the Board, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction training, including on the financial management and reporting requirements of public sector bodies and on any material differences which may exist between private and public sector

practice;

- advise the Department of the needs of the PCC when Board vacancies arise, with a view to ensuring a proper balance of professional, financial or other expertise; and
- assess, annually, the performance of individual Board members,. Board Members will be subject to ongoing performance appraisal, with a formal assessment being completed by the Chair of the Board at the end of each year. Members will be made aware that they are being appraised and will have an opportunity to contribute to and view their report. The Chair of the Board will also be appraised on an annual basis by the Departmental Accounting Officer or an official acting on his behalf; and
- ensure that a Code of Practice for Board Members is in place, based on the *NHS Code of Conduct and Code of Accountability*.

3.9 Individual Board members' responsibilities

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

- comply at all times with the Code of Practice (see paragraph 3.8.3) that is adopted by the PCC 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
- act in good faith and in the best interests of the PCC.

3.10 Consulting Service users and other interest groups

3.10.1 The PCC will work in partnership with its stakeholders and customers to deliver the services and perform the duties 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 etc, and to seek feedback from both stakeholders and customers and will work to deliver a modern, high quality and value-for-money service.

3.10.2 The PCC will, in carrying out its equality duties, consult in a timely, open and inclusive way and in accordance with the Equality Commission's guiding principles. It will monitor its policies to ensure that as each policy is revised it promotes greater equality of opportunity.

4. PLANNING, BUDGETING AND CONTROL

4.1 Corporate/Business Plan

- 4.1.1 Consistent with the timetable for Northern Ireland Executive Budgets, the PCC shall submit annually to the sponsor Department a draft of the PCC's Corporate Plan covering up to three years ahead. Plans will be subject to Departmental approval. The PCC shall have agreed with the sponsor Department the issues to be addressed in the plan and the timetable for its preparation.
- 4.1.2 The plan shall reflect the PCC's statutory duties and, within those duties, the priorities set from time to time by the Minister. The Plan shall, to the extent required by the Department, demonstrate how the PCC contributes to the achievement of the Department's strategic aims and Programme for Government objectives. Its contents will also reflect the sponsor Department's decisions on policy and resources taken in the context of the Executive's wider policy and spending priorities and decisions.
- 4.1.3 The first year of the Corporate Plan, amplified as necessary, shall form the Business Plan. The Business Plan shall include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to specific objectives can be readily identified by the sponsor Department.
- 4.1.4 The Plans will include the following, as directed by the Department

- key objectives and associated key performance targets (financial and non-financial) for the forward years, and the strategy for achieving those objectives;
- alternative scenarios to take account of factors which may significantly affect the execution of the plan, but which cannot be accurately forecast;
- a forecast of expenditure and income, taking account of guidance on resource assumptions and policies provided by the sponsor Department. These forecasts should represent the PCC's best estimate of all its available income i.e. not just grant or grant-in-aid; and
- other matters as specified by the sponsor Department.

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

4.2 Performance measurement

4.2.1 The PCC shall operate management information and accounting systems which enable it to review, in a timely and effective manner, its financial and non-financial performance against the budgets and targets set out in its agreed Corporate/Business Plan.

4.2.2 The PCC 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 as set out in the Corporate/Business Plan.

- 4.2.3 The PCC's performance in meeting its Corporate/Business Plan objectives, shall be reported to the Department as part of the accountability review process.
- 4.2.4 Senior Departmental officials will hold biannual accountability reviews with the PCC to discuss the PCC's overall performance, its current and future activities, any policy developments relevant to those activities, safety and quality issues, financial performance, corporate control/risk management performance, and any other issues as prescribed by the Department.
- 4.2.5 The PCC's performance against key targets shall be reported in the PCC's annual report and accounts.
- 4.2.7 The Department will, at its discretion, request evidence of progress against key objectives.

5.0 BUDGETING PROCEDURES

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

5.2 Internal audit

- 5.2.1 The PCC shall establish and maintain arrangements for internal audit in accordance with FD (DFP) 07/09 the Treasury's *Government Internal Audit Standards (GIAS)*, HSS (F)21/03 *Internal Audit arrangements between a Sponsoring Department and its Non-Departmental Public*

Bodies and HSS (F) 13/2007 Model HPSS Financial Governance Documents.

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

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

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

5.3 Audit Committee

5.3.1 The PCC shall set up an independent audit committee as a committee of its Board, in accordance with the Cabinet Office's Guidance on Codes of

Practice for Public Bodies (FD (DFP) 03/06 refers) and in line with the Audit Committee Handbook DAO (DFP) 07/07.

- 5.3.2 The sponsor Department will attend one PCC audit committee meeting per organisation, per year, as an observer and will not participate in any Audit Committee discussion.
- 5.3.3 The Audit Committees agendas/minutes and papers shall be forwarded as soon as possible to the sponsoring team.
- 5.3.4 The sponsor Department will review the PCC's audit committee terms of reference. The PCC shall notify the sponsor department of any subsequent changes to the audit committee's terms of reference.

5.4 Fraud

- 5.4.1 The PCC should establish and maintain arrangements for preventing, countering and dealing with fraud by:
 - Assessing, identifying, evaluating, and responding to fraud risks;
 - Ensuring the PCC's Audit Committee formally considers the anti-fraud measures in place;
 - Reporting immediately all suspected or proven frauds, including attempted fraud, to the Department; and
 - Complying with all guidance issued by the Department.

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

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

5.5 Additional Departmental access to the PCC

5.5.1 In addition to the right of access referred to in paragraph 5.2.3 above, the Department shall have a right of access to all the PCC's records and personnel for purposes such as audits, operational investigations, and as the Departmental Accounting officer sees fit (subject to any relevant legal guidance)

6. EXTERNAL ACCOUNTABILITY

6.1 The annual report and accounts

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

- 6.1.2 The report and accounts shall comply with the most recent version of the Government Financial Reporting Manual (FReM) issued by DFP.
(NOTE: This guidance is updated every year). The accounts shall be prepared in accordance with any relevant statutes and the specific Accounts Direction issued by the Department.
- 6.1.3 The report and accounts shall outline the PCC's main activities and performance during the previous financial year and set out in summary form the PCC's forward plans. Information on performance against key financial targets shall be included in the notes to the accounts, and shall therefore be within the scope of the audit.
- 6.1.4 The report and accounts shall be laid before the Assembly and made available, in accordance with the guidance on the procedures for presenting and laying the combined annual report and accounts as prescribed in the relevant DAO issued by DFP.
- 6.1.5 Due to the potential accounting and budgetary implications, any changes to accounting policies or significant estimation techniques underpinning the preparation of annual accounts, requires the prior written approval of the Department.

6.2 External audit

- 6.2.1 The Comptroller and Auditor General (C&AG) audits the PCC's annual accounts and passes the accounts to the Department who shall lay them before the Assembly. For the purpose of audit the C&AG has a statutory

right of access to relevant documents as provided for in Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order 2003.

- 6.2.2 The C&AG has agreed to liaise with the PCC 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 sponsor Departments 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 PCC. The C&AG will also consider, where asked, providing Departments 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 VFM examinations

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

7. STAFF MANAGEMENT

7.1 General

7.1.1. Within the arrangements approved by the Department the PCC shall have responsibility for the recruitment, retention and motivation of its staff. To this end the PCC shall ensure that:

- its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued; where appointment and advancement is based on merit; and where there is no discrimination on grounds of gender, marital status, domestic circumstances, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
- the level and structure of its staffing, including grading and numbers of staff, are appropriate to its functions and the requirements of efficiency, effectiveness and economy as agreed by the Department;
- the performance of its staff at all levels is satisfactorily appraised and the PCC's performance measurement systems are reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the PCC's objectives;
- proper consultation with staff takes place on key issues affecting them;

- adequate grievance and disciplinary procedures are in place;
- whistle blowing procedures consistent with the Public Interest Disclosure (Northern Ireland) Order 1998, as amended, are in place;
- a code of conduct for staff is in place based on Annex 5A of Public Bodies: A Guide for NI Departments (available at www.afmdni.gov.uk). This code should be copied to the sponsor team.

8. REVIEWING THE ROLE OF THE NDPB

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

Signed: Mark Hully Date: 29/3/2011

On behalf of the PCC

Signed: Paul M. O'Connell Date: 15 June 2011

On behalf of the Department

APPENDIX 1

1. Documentary requirements

1.1 Documentation to be copied to the Sponsor Branch for information

Monthly (or as the occasion arises)

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

Annually

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

Once, and then when revised

- Code of Conduct for Board members
- Code of Practice for staff
- Audit Committee Terms of Reference
- Audit Strategy
- Assurance/Governance Committee Terms of Reference
- Complaints procedure
- Anti-Fraud Policy
- Fraud Response plan
- Whistle-blowing procedures

- Grievance and Disciplinary procedures
- Equality scheme
- Publication scheme
- Consultation Scheme

1.2 Documentation to be copied to the Sponsor Branch for consideration/comment/approval (by dates specified by the Department)

Quarterly

- Report on quarterly assessment of progress being made in the delivery of the Corporate/Business Plan's aims and objectives

Bi-annual

- Corporate Risk Register every six months

Annually

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

Once

- Inspection reports by external bodies (e.g. RQIA, MHRA), as agreed with the Sponsor branch
- Internal Audit reports with less than satisfactory assurance in line with arrangements agreed with the Sponsor branch

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Financial Memorandum for the Patient & Client Council

I. INTRODUCTION

1. This *Financial Memorandum* sets out certain aspects of the financial framework within which the Patient & Client Council (PCC) is required to operate.
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 DHSSPS/Minister in respect of the exercise of any individual functions, powers and duties of the PCC.
3. The PCC shall satisfy the conditions and requirements set out in the combined document, together with such other conditions as the DHSSPS/Minister may from time to time impose.

II. THE PCC'S INCOME AND EXPENDITURE - GENERAL

The Departmental Expenditure Limit (DEL)

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

Expenditure not proposed in the budget

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

Procurement

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

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

Competition

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

Best Value for money

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

Timeliness In paying bills

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

Novel, contentious or repercussive proposals

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

- incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including on staff benefits;

- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the DHSSPS;

- making any change of policy or practice which has wider financial implications (eg because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of resources required. (The DHSSPS will advise on what constitutes "significant" in this context).

Risk management/Fraud

14 The PCC shall ensure that the risks it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and shall develop a risk management strategy, in accordance with the Treasury guidance *Management of Risk: A Strategic Overview (The "Orange Book")*.

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

16 The PCC shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with DFP's guide *Managing the Risk of Fraud*.

17 All cases of attempted, suspected or proven fraud shall be reported to the DHSSPS who shall report it to DFP and the NIAO as soon as they are discovered, irrespective of the amount involved.

Wider markets

- 18 In accordance with the wider markets policy, the PCC shall seek to maximise receipts from non-Consolidated Fund sources, provided that this is consistent with (a) the PCC's main functions (b) its corporate plan as agreed with the DHSSPS. DHSSPS will confirm with the DFP Supply Officer that such proposed activity is appropriate.

Fees and charges

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

III. THE PCC'S INCOME

Grant-in-aid

- 20 Grant-in-aid will be paid to the PCC in monthly instalments, on the basis of a written application from the PCC showing evidence of need. The application shall certify that the conditions applying to the use of grant-in-aid have been observed to date and that further grant-in-aid is now required for purposes appropriate to the PCC's functions.
- 21 The PCC should have regard to the guidance in DAO (DFP) 04/03 and to the general principle enshrined in Annex 5.1 of *Managing Public Money Northern Ireland* that it should seek grant-in-aid according to need.
- 22 Cash balances accumulated during the course of the year shall be kept at the minimum level consistent with the efficient operation of the PCC. Grant-in-aid not drawn down by the end of the year shall lapse. However, where draw-down of grant-in-aid is delayed to avoid excess cash balances at year-end, the DHSSPS will make available in the next financial year (subject to approval by the Assembly of the relevant Estimates provision) any such grant-in-aid required to meet any liabilities at year end, such as creditors.

Fines and taxes as receipts

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

Receipts from sale of goods or services

24 Receipts from the sale of goods and services (including certain licences), rent of land, and dividends normally provide additional DEL spending power. If a body wishes to retain a receipt or utilise an increase in the level of receipts, it must gain the prior approval of DHSSPS.

25 If there is any doubt about the correct classification of a receipt, the PCC shall consult the DHSSPS, which may consult DFP as necessary.

Interest earned

26 Interest earned on cash balances cannot necessarily be retained by the PCC. Depending on the budgeting treatment of this receipt, and its impact on the PCC's cash requirement, it may lead to commensurate reduction of grant-in-aid or be required to be surrendered to the NI Consolidated Fund via DHSSPS. If the receipts are used to finance additional expenditure by the PCC, DHSSPS will need to ensure it has the necessary budget cover.

Unforecast changes in in-year income

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

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

Build-up and draw-down of deposits

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

30. The PCC shall ensure that it has the necessary DEL provision for any expenditure financed by draw-down of deposits.

Proceeds from disposal of assets

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

Gifts and bequests received

32 PCC is free to retain any gifts, bequests or similar donations, subject to paragraph 33. These shall be treated as receipts and must be notified to the DHSSPS. [NOTE: Donated assets do not attract a cost of capital charge, and a release from the donated assets reserve should offset depreciation in the operating cost statement. The latest FReM requirements should be applied]

33 Before accepting a gift, bequest, or similar donation, the PCC shall consider if there are any associated costs in doing so or any conflicts of interests arising. The PCC shall keep a written record of any such gifts, bequests and donations and of their estimated value and whether they are disposed of or retained.

Borrowing

34 Normally the PCC will not be allowed to borrow but when doing so the PCC shall observe the principles set out in Chapter 5 and the associated annexes of MPMNI when undertaking borrowing of any kind. The PCC shall seek the approval of the DHSSPS and, where appropriate, DFP, to ensure that it has any necessary authority and budgetary cover for any borrowing or the expenditure financed by such borrowing. Medium or long term private sector or foreign borrowing is subject to the value for money test in *Section 5.7 of MPMNI*.

35 Any expenditure by the PCC financed by borrowing counts in DEL

IV. EXPENDITURE ON STAFF

Staff costs

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

Pay and conditions of service

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

38 Current terms and conditions for staff of the PCC are those set out in its Employee Handbook. The PCC shall provide the DHSSPS and DFP with a copy of the Handbook and subsequent amendments.

39 Annual pay increases of PCC staff must be in accordance with the annual FD letter on Pay Remit Approval Process and Guidance issued by DFP. Therefore, all proposed pay awards must have prior approval of DHSSPS and the Minister for Finance before implementation.

40 The travel expenses of Board Members shall be tied to the rates allowed to senior staff of the PCC. Reasonable actual costs shall be reimbursed.

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

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

Pensions; redundancy/compensation

- 43 The PCC's staff shall be eligible for a pension provided by either :
- the Health and Social Care Superannuation Scheme; or
 - the Health and Social Care Pension Scheme.
- 44 Staff may opt out of the occupational pension scheme provided by the PCC. However, the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall be limited to the national insurance rebate level.
- 45 Any proposal by the PCC to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the approval of the DHSSPS and DFP. Proposals on severance payments must comply with DAO (DFP) 17/05.

V. NON-STAFF EXPENDITURE

Economic appraisal

- 46 The PCC 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 delegated limits(see Appendix A).
- 47 Appraisal itself uses up resources. The effort that should go into appraisal and the detail to be considered is a matter for case-by-case judgement, but the general principle is that the resources to be devoted to appraisal should be in proportion to the scale or importance of the objectives and resource consequences in question. Judgement of the appropriate effort should take into consideration the totality of the resources involved in a proposal.

General guidance on economic appraisal that applies to the PCC can be found in:

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

Capital expenditure

- 48 Subject to being above an agreed capitalisation threshold, all expenditure on the acquisition or creation of fixed assets shall be capitalised on an accruals basis in accordance with relevant accounting standards. Expenditure to be capitalised shall include the (a) acquisition, reclamation or laying out of land; (b) acquisition, construction, preparation or replacement of buildings and other structures or their associated fixtures and fittings; and (c) acquisition, installation or replacement of movable or fixed plant, machinery, vehicles and vessels.
- 49 Proposals for large-scale individual capital projects or acquisitions will normally be considered within the PCC's corporate and business planning process. Subject to paragraph 51, applications for approval within the corporate/business plan by the DHSSPS and, DFP if necessary, shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Board. Regular reports on the progress of projects shall be submitted to the DHSSPS.
- 50 Approval of the corporate/business plan does not obviate the PCC's responsibility to abide by the economic appraisal process.
- 51 Within its approved overall resources limit the PCC shall, as indicated in the attached Appendix on delegations, have delegated authority to spend up to £10,000 on any individual capital project or acquisition. Beyond that delegated limit, the DHSSPS' and where necessary, DFP's prior authority must be obtained before expenditure on an individual project or acquisition is incurred.

Transfer of funds within budgets

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

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

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

Grant or loan schemes

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

55The terms and conditions of a grant or loan to a third party shall include a requirement on the receiving organisation to prepare accounts and to ensure that its books and records in relation to the grant or loan are readily available for inspection by the PCC, the DHSSPS and the C&AG.

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

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

57Proposals for making gifts or other special payments (including issuing write-offs) outside the delegated limits set out in the Appendix A of this

document must have the prior approval of the DHSSPS and where necessary DFP.

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

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

Leasing

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

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

Public/Private Partnerships

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

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

Subsidiary companies and joint ventures

64 The PCC shall not establish subsidiary companies or joint ventures without the express approval of the DHSSPS and DFP. In judging such proposals the DHSSPS will have regard to the Department's wider strategic aim[s] objective and current Public Service Agreement.

65 For public expenditure accounts purposes any subsidiary company or joint venture controlled or owned by the PCC shall be consolidated with it in accordance with guidance in the FReM subject to any particular treatment required by the FReM. Where the judgment over the level of control is difficult, the DHSSPS will consult DFP (who may need to consult with the Office of National Statistics over national accounts treatment). Unless specifically agreed with the DHSSPS and DFP, such subsidiary companies or joint ventures shall be subject to the controls and requirements set out in this *Management Statement* and *Financial Memorandum*, and to the further provisions set out in supporting documentation.

Financial investments

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

Unconventional financing

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

Commercial insurance

68 The PCC shall not take out any insurance without the prior approval of the DHSSPS and DFP, other than third party insurance required by the Road Traffic (NI) Order 1981 (as amended) and any other insurance which is a statutory obligation or which is permitted under Annex 4.5 of MPMNI.

69 In the case of a major loss or third-party claim, DHSSPS shall liaise with the PCC about the circumstances in which an appropriate addition to budget out of the DHSSPS' funds and/or adjustment to the PCC's targets shall be considered. DHSSPS will liaise with DFP Supply where required in such cases.

Payment/Credit Cards

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

Hospitality

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

Use of Consultants

- 72 The PCC shall adhere to the guidance issued by DFP, as well as any produced by the DHSSPS in relation to the use of consultants. Please see the delegated limits set out in Appendix A

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

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

VI. MANAGEMENT AND DISPOSAL OF FIXED ASSETS

Register of assets

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

Disposal of assets

- 76 The PCC shall dispose of assets which are surplus to its requirements. Assets shall be sold for best price, taking into account any costs of sale. Generally assets shall be sold by auction or competitive tender [unless otherwise agreed by the DHSSPS], and in accordance with the principles in MPMNI.

- 77 All receipts derived from the sale of assets (including grant financed assets, see below) must be declared to the DHSSPS, which will consult with DFP, if necessary, on the appropriate treatment

Recovery of grant-financed assets

- 78 Where the PCC has financed expenditure on capital assets by a third party, the PCC shall set conditions and make appropriate arrangements to ensure that any such assets individually above a value of £500 are not disposed of by the third party without the PCC's prior consent.

79 The PCC shall therefore ensure that such conditions and arrangements are sufficient to secure the repayment of the NI Consolidated Fund's due share of the proceeds of the sale, in order that funds may be surrendered to the DHSSPS.

- 80 The PCC shall ensure that if the assets created by grants made by the PCC cease to be used by the recipient of the grant for the intended purpose, a proper proportion of the value of the asset shall be repaid to the PCC for surrender to the DHSSPS. The amounts recoverable under the procedures in paragraphs 78-79 above shall be calculated by reference to the best possible value of the asset and in proportion to the NI Consolidated Fund's original investment(s) in the asset.

VII. BUDGETING PROCEDURES

Setting the annual budget

- 81 Each year, in the light of decisions by the DHSSPS on the PCC's updated draft corporate plan, the DHSSPS will send to the PCC:
- a formal statement of the annual budgetary provision allocated by the DHSSPS in the light of competing priorities across the DHSSPS and of any forecast income approved by the DHSSPS;
- and
- a statement of any planned change in policies affecting the PCC.

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

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

General conditions for authority to spend

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

- the PCC shall comply with the delegations set out in Appendix A of this document. These delegations shall not be altered without the prior agreement of the DHSSPS and DFP;
- the PCC shall comply with the conditions set out in paragraph 13 above regarding novel, contentious or repercussive proposals;
- inclusion of any planned and approved expenditure in the PCC's budget shall not remove the need to seek formal Departmental [and where necessary, DFP] approval where such proposed expenditure is above the delegated limits set out in Appendix A or is for new schemes not previously agreed; and
- the PCC shall provide the DHSSPS with such information about its operations, performance individual projects or other expenditure as the DHSSPS may reasonably require (see paragraph 85 below).

Providing monitoring information to the DHSSPS

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

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

VIII. BANKING

Banking arrangements

86The PCC's Accounting Officer is responsible for ensuring that the PCC's banking arrangements are 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.

87He/she shall therefore ensure that:

- these arrangements are suitably structured and represent value-for-money, and are reviewed at least every two years, with a comprehensive review, usually leading to competitive tendering, at least every three to five years;
- sufficient information about banking arrangements is supplied to the DHSSPS' Accounting Officer to enable the latter to satisfy his/her own responsibilities;
- the PCC's banking arrangements shall be kept separate and distinct from those of any other person or organisation; and

- adequate records are maintained of payments and receipts and adequate facilities are available for the secure storage of cash.

IX. COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE

Relevant documents

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

- This document (both the *Financial Memorandum* and the *Management Statement*);
- *Managing Public Money Northern Ireland (MPMNI)*;
- *Public Bodies - a Guide for NI Departments* issued by DFP;
- *Government Internal Audit Standards*, issued by DFP;
- The document *Managing the Risk of Fraud* issued by DFP;
- The Treasury document *The Government Financial Reporting Manual (FReM)* issued by DFP;
- Relevant Dear Consolidation Officer and Dear Consolidation Manager letters issued by DFP;
- *Regularity, Propriety and Value for Money*, issued by Treasury;
- The Consolidation Officer Letter of Appointment, issued by DFP;
- Other relevant guidance and instructions issued by DFP in respect of Whole of Government Accounts;

- Other relevant instructions and guidance issued by the central Departments (DFP/OFMDFM) including Procurement Board and CPD guidance;
- Specific instructions and guidance issued by the DHSSPS;
- Recommendations made by the Public Accounts Committee, or by other Assembly/Parliamentary authority, which have been accepted by the Government and which are relevant to the PCC.

X. REVIEW OF FINANCIAL MEMORANDUM

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

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

Signed: Mark Huddy

Date: 29/3/2011

On behalf of the PCC

Signed: Dr M. G. M.

Date: 13 Feb 2011

On behalf of the Department

APPENDIX A

DELEGATED EXPENDITURE LIMITS

General

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

1. PURCHASING ALL GOODS AND SERVICES

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

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

Economic Appraisal

The principles of economic appraisal should be applied in all cases where expenditure is proposed, whether the proposal involves capital or current expenditure, or both. The effort put into economic appraisal should be commensurate with the size or importance of the needs or resources under consideration. However, the PCC should undertake a comprehensive business case of all projects involving expenditure of £250,000 and over.

Where the minimum number of quotation/tenders is not obtained

For any purchase where the minimum number of quotations/tenders is not obtained the purchase may proceed if the accounting officer is satisfied that every attempt has been made to obtain competitive offers and that value for money will be achieved. In these cases the accounting officer should complete a report, and

records of all correspondence should be retained on file, including any justification given and/or approvals obtained.

2. CAPITAL PROJECTS

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

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

3. DISPOSAL OF SURPLUS EQUIPMENT

See paragraphs 76-77

4. LEASE AND RENTAL AGREEMENTS

See paragraphs 60-61

5. APPROVAL OF INFORMATION TECHNOLOGY PROJECTS

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

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

The purchase of IT equipment and systems should be in line with the guidance Procedures and Principles for Application of Best Practice in Programme/Project Management (PPM), (available at www.dfpni.gov.uk/successful-delivery) and be subject to competitive tendering unless there are convincing reasons to the contrary. The form of competition should be appropriate to the value and complexity of the project, and in line with the Procurement Control Limits in Table 1. Delegated authority for each IT project is set out in Table 2.

Table 2 Delegation Arrangements for Information Technology Projects, Systems And Equipment

(All costs exclude VAT)

THRESHOLDS	AUTHORISATION
Up to £10,000	The Chief Executive/The appropriate officer as notified to the DHSSPS
Projects over £10,000	The Chief Executive with prior approval from the DHSSPS

6. ENGAGEMENT OF CONSULTANTS

General

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

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

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

Economic appraisal

A full business case should be prepared for all consultancy assignments expected to exceed £10,000. A proportionate business case should be prepared for all assignments below this threshold.

7. LOSSES AND SPECIAL PAYMENTS

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

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

(b)Stores/Equipment losses – up to £10,000 per case/incident

©Constructive losses and fruitless payments – up to £10,000 per case.

(d)Compensation payments

- i. Made under legal obligation, e.g. by Court Order – Complete delegation
- ii. For damage to personal property of staff – up to £2,000 per case
- iii. Where written legal advice is that the PCC should not fight a court action because it is unlikely that it would win – up to £250,000 per case

(e) Claims abandoned or waiver of claim – up to £10,000 per case

(f) Extra contractual payments – Nil

(g) Ex gratia payments – up to £10,000 per case (Pensions payments are not covered by this threshold)

(h) Extra statutory and extra regulatory payments – no delegation, all proposals must be submitted to the DHSSPS for approval

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

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

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