

Northern Ireland Blood Transfusion Service: Management Statement

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Northern Ireland Blood Transfusion Service: Management Statement

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 Northern Ireland Blood Transfusion Service (hereafter referred to as the NIBTS) will operate. The term 'Department' is used to include the authority of both the Department and its Minister. Only in those cases where reference is intended to his/her personal authority (see, principally, Section 3.1) is the Minister specified.
- 1.1.2 The associated Financial Memorandum sets out in greater detail certain aspects of the financial provisions which the NIBTS 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 NIBTS.
- 1.1.3 The document shall be reviewed by the sponsor Department at least every five years. The first review is planned to take place at the end of the 2014-15 financial year.
- 1.1.4 In addition, the NIBTS or the Department may propose amendments to this document at any time. Any such proposals by the NIBTS shall be considered in the light of evolving Departmental policy aims, operational factors and the record of the NIBTS itself. The guiding principle shall be that the extent of flexibility and freedom given to the NIBTS 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 NIBTS, as appropriate. (The determination of those issues that are “significant” will be made by the Department in consultation with DFP on a case by case basis).

1.1.5 This MSFM has been approved by DFP Supply and signed and dated by the Department after consultation with NIBTS.

1.1.6 Any question regarding the interpretation of the document shall be resolved by the Department after consultation with the NIBTS 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 NIBTS’s website.

1.1.8 A copy of the MS/FM for the NIBTS 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 NIBTS founding legislation, functions, duties etc

1.2.1 NIBTS was established with effect from 1 June 1994 under Article 2 of the Northern Ireland Blood Transfusion Service (Special Agency) (Establishment and Constitution) Order 1994 [SR 1994 No175]. The NIBTS does not carry out its functions on behalf of the Crown.

1.3 Classification

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

2. AIMS, OBJECTIVES AND TARGETS

2.1 Overall aims

2.1.1 The overall aims for the NIBTS are to:

- provide all hospitals in Northern Ireland with sufficient supplies of therapeutic blood products. These products must meet currently accepted standards of quality and safety;
- provide a range of related services to hospitals and other clinical units in Northern Ireland and ensure these meet currently accepted quality standards.

2.1.2 NIBTS functions can be summarised as follows:

Provision of adequate levels of safe and effective blood components derived from donors in Northern Ireland. This involves the following activities:

- (a) recruitment, selection and care of donors;
- (b) blood collection – whole blood and plateletpheresis;
- (c) testing of all blood donations – routine and selected (for specific patients);

- (d) preparation of blood components – includes routine (primary) processing and secondary processing designed to meet the needs of specific patients and patient groups;
- (e) to secure appropriate levels of (manufactured) plasma products to meet patient needs in Northern Ireland;
- (f) distribution of blood components and plasma products to hospitals.

Diagnostic Laboratory Service

- (a) regional antenatal testing service includes red cell serology, screening for hepatitis B, HIV and rubella and organisation of perinatal hepatitis B immunisation;
- (b) blood group reference service: provides specialised reference services for hospital blood banks and other appropriate immunohaematology reference services e.g. platelet immunology.

Bone Marrow Donor Service

- (a) contributes to the British Bone Marrow Donor Registry and includes the organisation and counselling of donors.

Cord Blood Bank

- (a) ongoing establishment of the Belfast Cord Blood Bank as functioning and eventually self-financing service.

Support Bone Bank

- (a) testing services, advice (quality and medical) and IT – based at Musgrave Park Hospital.

Hospital Support

- (a) support the development of improved transfusion practice in hospitals. This includes the provision of training and education in transfusion medicine and science.

2.2 Objectives and key targets

- 2.2.1 The NIBTS's performance framework is determined by the Department in the light of its wider strategic aims, and of current PSA objectives and targets. The key targets, standards and actions to be delivered by the NIBTS are set out in its Business Plan, a sub-set of its three year corporate Strategic Development Plan.

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 NIBTS. His/her responsibilities include:

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

3.2 The Accounting Officer of DHSSPS

3.2.1 The sponsor Department's Accounting Officer (the 'Departmental Accounting Officer') has designated the Chief Executive of the NIBTS as the NIBTS's Accounting Officer, and may withdraw the Accounting Officer designation if he/she believes that the incumbent is no longer suitable for the rôle. 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 NIBTS'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 NIBTS are appropriate and sufficient to safeguard public funds, and that the NIBTS's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to the NIBTS by the Assembly but also any other funds falling within the stewardship of the NIBTS); and
- the internal controls applied by the NIBTS conform to the requirements of regularity, propriety and good financial management.

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

- continuously monitor the NIBTS's activities to measure progress against approved targets, standards and actions and to assess compliance with safety and quality, governance, risk

management and other relevant requirements placed on the organisation;

- address significant problems in the NIBTS, making such interventions as he/she judges necessary;
- periodically carry out an assessment of the risks both to the Department's and the NIBTS's objectives and activities;
- inform the NIBTS of relevant Government policy in timely fashion; and
- bring concerns about the activities of the NIBTS to the full NIBTS board, requiring explanations and assurances that appropriate action has been taken.

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

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

3.2.6 On financial matters, the primary point of Departmental contact for the NIBTS is Finance Directorate. That Directorate also supports the Departmental Accounting Officer on his/her responsibilities towards the NIBTS 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 NIBTS's Accounting Officer, is personally responsible for safeguarding the public funds of which he/she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the NIBTS. In addition he/she should ensure that the NIBTS 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 NIBTS's system of internal control, for inclusion in the annual report and accounts;
- signing a mid-year assurance statement on the condition of the NIBTS'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 – 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 IX of the Financial Memorandum refers to other key guidance; 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 NIBTS.

Responsibilities to the Department

3.3.4 Particular responsibilities to the Department include:

- establishing, with the approval of the Department, the NIBTS's Corporate and Business Plans in support of the Department's wider strategic aims and objectives and targets in the Programme for Government, PSAs and Priorities for Action;
- informing the Department of the NIBTS's progress in helping to achieve the Department's wider strategic aims and objectives, and relevant targets in the current Programme for Government, PSAs and PfA, and in demonstrating how resources are being used to achieve those objectives;
- ensuring that timely forecasts and monitoring information on performance and budgetary control 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 the Northern Ireland Public Procurement Policy;.
- reporting on compliance with controls assurance and quality standards to the Department;
- ensuring that an Assurance Framework is developed and maintained;
- ensuring that a Business Continuity Plan is developed and maintained;
- ensuring that effective procedures for handling complaints about the NIBTS are established and made widely known within the NIBTS;
- 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.
- ensuring that effective procedures for handling adverse incidents are established and made widely known within the NIBTS;

Responsibilities to the Board of the NIBTS

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 NIBTS'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 NIBTS is normally appointed by DFP as the NIBTS's Consolidation Officer.

3.4.2 As the NIBTS'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 NIBTS; 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 NIBTS Consolidation Officer Memorandum as issued by DFP and shall, in particular:

- ensure that the NIBTS 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 Chief Executives'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 NIBTS. 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 rôle as Principal Officer for Ombudsman cases

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

3.7 The NIBTS's board

3.7.1 The board must ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control. The board must set up an Audit Committee which complies with the requirements of DAO 07/07 and any subsequent relevant guidance, is chaired by an independent non-executive board 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 NIBTS fulfils the aims and objectives set by the Department, and for promoting the efficient, economic and effective use of staff and other resources by the NIBTS. To this end, and in pursuit of its wider corporate responsibilities, the board shall:

- establish the overall strategic direction of the NIBTS within the policy and resources framework determined by the Department;

- ensure that the NIBTS'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 NIBTS or on the attainability of its targets, and determine the steps needed to deal with such changes;
- ensure that any statutory or administrative requirements for the use of public funds are complied with; that the board operates within the limits of its statutory authority and any delegated authority set by the Department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the board takes into account all relevant guidance issued by DFP and the Department or other relevant authority;
- ensure that it receives and reviews regular financial information concerning the management of the NIBTS; is informed in a timely manner about any concerns about the activities of the NIBTS; and provides positive assurance to the Department that appropriate action has been taken on such concerns;
- constructively challenge the NIBTS's executive team in their planning, target setting and delivery of performance;
- ensure that an executive member of the board has been allocated lead 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 address the key financial and other risks facing the NIBTS; and
- appoint a Chief Executive to the NIBTS, 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 NIBTS 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 NIBTS's policies and actions support the Department's wider strategic policies; and that the NIBTS's affairs are conducted with probity. Where appropriate, these policies and actions should be clearly communicated and disseminated throughout the NIBTS.

3.8.2 In addition, 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 NIBTS website within one month of the meeting in question.

3.8.3 The Chairman shall also:

- ensure that all members of the board, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities and, within three months of appointment, receive appropriate induction training, including on the financial management, risk management and reporting requirements of public sector bodies and on any material differences which may exist between private and public sector practice;
- advise the Department of the needs of the NIBTS when board vacancies arise, with a view to ensuring a proper balance of professional, financial or other expertise;
- assess, annually, the performance of individual board members, including when they are being considered for re-appointment to the board; and
- ensure that a Code of Practice for board members is in place, based on the Cabinet Office's Code of Practice for Board Members of Public Bodies (FD (DFP) 03/06 refers).

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 adopted by the NIBTS (see paragraph 3.8.3) and with the rules relating to the use of public funds and to avoiding conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organizations; and to declare publicly and to the board any private interests that may be thought to conflict with their public duties;
- comply with the board's rules on the acceptance of gifts and hospitality, and of business appointments as set out in the Financial Memorandum; and
- act in good faith and in the best interests of the NIBTS.

3.10 Consulting service users and other interest groups

3.10.1 The NIBTS will work in partnership with its stakeholders and customers to deliver its services/programmes 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, high quality and value-for-money service.

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

3.10.3 The NIBTS must prepare its own consultation scheme, to be submitted to the Department for approval and to be reviewed regularly.

4. PLANNING, BUDGETING AND CONTROL

4.1 Corporate/Business plan

4.1.1 Consistent with the timetable for NI Executive Budgets, the NIBTS shall submit annually to the sponsor Department a draft of the NIBTS's corporate plan covering up to three years ahead. Plans will be subject to Departmental approval. The NIBTS 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 NIBTS'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 NIBTS contributes to the achievement of the Department's strategic aims and PSA objectives and targets. 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 NIBTS's best estimate of all its available income i.e. not just grant or grant-in-aid; and
- other matters as agreed between the sponsor Department and the NIBTS.

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

4.2 Reporting performance to the Department

4.2.1 The NIBTS 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 the approved NIBTS Corporate and Business Plans.

4.2.2 The NIBTS shall take the initiative in informing the Department, through the means prescribed by 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 NIBTS's performance in meeting its Corporate/Business Plan objectives shall be reported to the Department on an ongoing basis .
- 4.2.4 Senior Departmental officials will hold biannual accountability reviews with the NIBTS to discuss its 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 other issues as prescribed by the Department.
- 4.2.5 The NIBTS's performance against key targets shall be reported in the NIBTS's annual report and accounts (see Section 6.1 below).
- 4.2.6 An annual audit will be conducted by the NIAO to assess progress against key objectives.
- 4.2.7 The Department will, at its discretion, carry out occasional inspections to assess progress against key objectives.

5 BUDGETING PROCEDURES

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

- 5.2.2 The NIBTS shall ensure that the Department 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.
- 5.2.3 The NIBTS 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 NIBTS.
- 5.2.4 The Department's Internal Audit Service shall also have a right of access to all documents prepared by the NIBTS's internal auditor, including where the service is contracted out. The audit strategy, periodic audit work plans and annual audit report, including the NIBTS's Head of Internal Audit's opinion on risk management, control and governance shall be forwarded as soon as possible to the sponsoring team who shall consult the Head of Internal Audit as appropriate.
- 5.2.5 The Sponsor branch will have an annual meeting with the NIBTS's internal audit to ensure that shared assurance requirements (in relation to risk areas/topics) are built into the NIBTS's audit plan and audit strategy.

5.3 Audit Committee

- 5.3.1 The NIBTS 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 NIBTS 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 meeting agendas and minutes shall be forwarded as soon as possible to the sponsoring team.
- 5.3.4 The sponsor department will review the NIBTS's audit committee terms of reference. The NIBTS shall notify the sponsor department of any subsequent changes to the audit committee's terms of reference.

5.4 Fraud

- 5.4.1 The NIBTS should include arrangements for preventing, countering and dealing with fraud by:
- assessing, identifying, evaluating, and responding to fraud risks;
 - ensuring the NIBTS's Audit Committee formally considers the anti-fraud measures in place;
 - reporting immediately all suspected or proven frauds, including attempted fraud to the sponsor Department; and
 - complying with all guidance issued by the Department.
- 5.4.2 The sponsor department will report suspected and actual frauds immediately to DFP and the C&AG. In addition the NIBTS shall forward to the sponsor Department the annual fraud return, commissioned by DFP, on fraud and theft suffered by the NIBTS.
- 5.4.3 The sponsor department will review the NIBTS's Anti-fraud Policy and Fraud response plan. The NIBTS shall notify the sponsor department of any subsequent changes to the policy or response plan.

5.5 Additional Departmental access to the NIBTS

- 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 NIBTS's records, meetings and personnel for purposes such as audits, operational investigations, and as the Departmental Accounting Officer sees fit (subject to any relevant legal guidance).

6. EXTERNAL ACCOUNTABILITY

6.1 The annual report and accounts

- 6.1.1 After the end of each financial year the NIBTS shall publish as a single document an annual report of its activities together with relevant extracts from its audited annual accounts. The report shall also cover the activities of any corporate bodies under the control of the NIBTS. 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 NIBTS 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 NIBTS's main activities and performance during the previous financial year and set out in summary form the NIBTS's forward plans. Information on performance against key financial targets shall be included in the notes to the accounts, and shall therefore be within the scope of the audit.
- 6.1.4 The report and accounts shall be laid before the Assembly and made available, in accordance with the guidance on the procedures for presenting and laying the combined annual report and accounts as prescribed in the relevant finance circular issued by the Department.
- 6.1.5 Due to the potential accounting and budgetary implications, any changes to accounting policies or significant estimation techniques underpinning the preparation of annual accounts shall require the prior written approval of the Department.

6.2 External audit

- 6.2.1 The Comptroller and Auditor General (C&AG) audits the NIBTS's annual accounts and passes the accounts to the Department who shall lay them before the Assembly. For the purposes of audit the C&AG has a statutory right of access to relevant documents as provided for in Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order 2003..
- 6.2.2 The C&AG has agreed to liaise with the NIBTS 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 NIBTS. The C&AG will also consider, where asked, providing Departments and other relevant bodies with Regulatory Compliance Reports and other similar reports which the Department may request at the commencement of the audit and which are compatible with the independent auditor's role.

6.3 VFM examinations

6.3.1 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the NIBTS 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 NIBTS should ensure that it includes a clause which makes the grant or contract conditional upon the recipient or contractor providing access to the C&AG in relation to documents relevant to the transaction including those relevant to matters of professional competence, misconduct etc. Where subcontractors are likely to be involved, it should also be made clear that the requirements extend to them.

7. STAFF MANAGEMENT

7.1 General

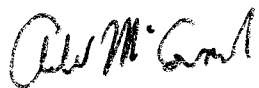
7.1.1. Within the arrangements approved by the Department, the NIBTS shall have responsibility for the recruitment, retention and motivation of its staff. To this end the NIBTS shall ensure that:

- its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued; where appointment and advancement is based on merit; and where there is no discrimination on grounds of gender, marital status, domestic circumstances, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
- the level and structure of its staffing, including grading and numbers of staff, are appropriate to its functions and the requirements of efficiency, effectiveness and economy as agreed by the Department;
- the performance of its staff at all levels is satisfactorily appraised;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the NIBTS'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 NIBTS shall be reviewed periodically, in accordance with the business needs of the sponsor

Department and the NIBTS. Reference should be made to Chapter 9
of the Public Bodies: a Guide for Northern Ireland Departments.



Dr A McCORMICK

PERMANENT SECRETARY

DATE: 29/6/11



Dr K MORRIS

ACTING CHIEF EXECUTIVE

DATE: 12/5/11

Appendix 1

1. DOCUMENTATION REQUIREMENTS

1.1 Documentation to be copied to the Sponsor Branch for information

Monthly

- board meeting papers (including draft minutes) for each meeting as and when issued to Board 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 (*detailed timetable for the annual accounts, SIC etc is set by Finance Directorate*)
- The Assurance Framework
- 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 provided to the Sponsor Branch for consideration/ comment/ approval (where noted)

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

Annually

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

Once

- Inspection reports by external bodies (e.g. RQIA, MHRA, HTA, CPA), as specified in directions
- All Internal Audit reports with less than satisfactory assurance
- NIAO management letters

FINANCIAL MEMORANDUM

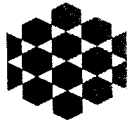
BETWEEN

The Department of Health, Social Services and Public Safety

And

Northern Ireland Blood Transfusion Service

April 2011



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

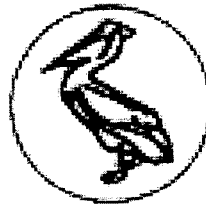
www.dhsspsni.gov.uk

AN ROINN

**Sláinte, Seirbhísí Sóisialta
agus Sábháilteachta Poiblí**

MÁNNYSTRIE O

**Poustie, Resydènter Heisin
an Fowk Siccar**



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4	2	NIBTS Income
8	3	NIBTS Expenditure – General Principles
10	4	Expenditure on Staff
11	5	Expenditure other than on staff
16	6	Budgeting Procedures
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18	8	Asset Management
19	9	Compliance with Instructions and Guidance
19	10	Review Of Financial Memorandum
20	Annex 1	Delegated Expenditure Limits

FINANCIAL MEMORANDUM

BETWEEN

**THE DEPARTMENT OF HEALTH, SOCIAL SERVICES & PUBLIC SAFETY
AND
NORTHERN IRELAND BLOOD TRANSFUSION SERVICE**

Agreement of Terms

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

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


SIGNED



Dr Andrew McCormick

20/6/11

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

 12/5/11

Dr Kieran Morris

*On behalf of the Northern Ireland
Blood Transfusion Service*

FINANCIAL MEMORANDUM

BETWEEN

THE DEPARTMENT OF HEALTH, SOCIAL SERVICES & PUBLIC SAFETY
AND
THE NORTHERN IRELAND BLOOD TRANSFUSION SERVICE.

1 INTRODUCTION

1.1 This Document

- 1.1.1 This Financial Memorandum supplements the Management Statement. It sets out in greater detail certain aspects of the financial framework within which NIBTS is required to operate. The Memorandum must therefore be read in conjunction with the Management Statement.
- 1.1.2 The terms and conditions set out in the combined Management Statement and Financial Memorandum may be supplemented by guidelines or directions issued by the Department/ Minister in respect of the exercise of any individual functions, powers and duties of NIBTS.
- 1.1.3 NIBTS must satisfy the conditions and requirements set out in this memorandum and in the Management Statement, together with such other conditions as the Department/Minister may from time to time impose in order to be entitled to grant in aid.

2 NIBTS INCOME

2.1 Funding

- 2.1.1 NIBTS is funded by:
- (a) Service and Budget agreements for core services with Hospital Trusts
 - (b) Service and Budget agreements with HSCB
 - (c) a Capital Allocation from the Department
- 2.1.2 (a) NIBTS should ensure that expenditure does not exceed income due under its service and business agreements. NIBTS must notify the Department immediately in writing if it becomes apparent at any time that an overspend of estimated expenditure for the year is probable.

- (b) Cash balances during the year shall be held at the minimum consistent with the efficient operation of the functions of NIBTS.

2.2 Wider Markets

- 2.2.1 In accordance with the wider markets policy, NIBTS will endeavour to maximise receipts from sources other than the NI Consolidated Fund, provided that this is consistent with the main functions of NIBTS and its corporate plan as agreed with the Department. DHSSPS will confirm with DFP Supply that such proposed activity is appropriate.

2.3 Fees and Charges

- 2.3.1 Fees and charges for services provided by NIBTS shall be determined in accordance with Chapter 6 of MPMNI.

2.4 Resource Limit Control

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

NIBTS will:

- (a) prepare and agree annual balanced budgets, which meet all probity, value for money, and effectiveness requirements;
- (b) agree Annual Service and Business Plans for approval by the Department;
- (c) provide monthly reports in the form required by the Department;
- (d) ensure money is drawn from the Department against financing requirement arising from the resource limit is required for approved expenditure only, and is drawn down only at the time of need; and
- (e) be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable NIBTS to fulfil its statutory responsibility not to exceed its Annual Revenue and Capital Resources Limits.

2.5 Proceeds From Sales of Assets.

- 2.5.1 NIBTS shall dispose of those assets that are surplus to its requirements. Assets should be sold for best price, taking into account any costs of sale. Assets shall be sold by auction or competitive tender (unless otherwise agreed by the Department) and in accordance with the principles in MPMNI.

2.5.2 Subject to any special directions given by the Department, NIBTS is authorised to dispose of by sale or otherwise any articles up to a value of £10,000 of any description, provided that;

(a) NIBTS is satisfied that the articles are spent, redundant or surplus to requirements, and

(b) other than at a public auction, no article shall pass into the possession of any member of staff of NIBTS or member of the Board without approval of the Department. Any assets valued at over £10,000 must be referred to the Department before disposal.

2.5.3 All receipts derived from the sale of assets in excess of £5000 (including grant financed assets, see below) must be declared to the Department, which will consult with DFP on the appropriate treatment.

2.6 Gifts and bequests received

2.6.1 NIBTS is free to retain any gifts, bequests or similar donations. These will be accounted for in the NIBTS Charitable Funds Account.

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

2.7 Fines and taxes as receipts

2.7.1 Most fines and taxes do not provide additional DEL spending power and should be surrendered to the Department.

2.8 Receipts from sale of goods and services

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

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

2.9 Interest earned

2.9.1 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. It is required to be surrendered to the NI Consolidated Fund via the Department.

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2.10 Unforecast changes in in-year income

2.10.1 If the negative DEL income realised or expected to be realised in-year is less than estimated, the NIBTS 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 NIBTS is allocated £100 resource DEL provision by 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 NIBTS will need to reduce its expenditure to £105 to avoid breaching its budget. If the NIBTS still spends £110 the DHSSPS will need to find £5 of savings from elsewhere within its total DEL to offset this overspend.)

2.10.2 If the negative DEL income realised, or expected to be realised, in the year is more than estimated, NIBTS may apply to the Department to retain the excess income for specified additional expenditure within the current financial year. The Department shall consider such applications, taking account of competing demands for resources, and will consult with DFP in relation to any significant amounts.

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

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

2.11 Borrowing

2.11.1 Normally NIBTS will not be allowed to borrow but when doing so, shall observe the rules set out in Chapter 5 of Managing Public Money Northern Ireland and the associated annexes when undertaking borrowing of any kind. The NIBTS 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*.

2.11.2 Any expenditure by the NIBTS financed by borrowing counts in DEL

2.13 Receipts

2.13.1 NIBTS should ensure that effective control is maintained, and records kept, of receipts from all sources.

3 NIBTS'S EXPENDITURE – GENERAL PRINCIPLES

3.1 Expenditure Not Proposed in the Budget

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

3.2 Economic Appraisal

3.2.1 NIBTS 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:

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

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

3.2.3 The Chief Executive should ensure that the guidelines are being complied with. Information and regular evaluation should be maintained on the project from inception to completion in a form which can be submitted to the Department, if required, and which conform to requirements for audit and value-for-money scrutiny.

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

General guidance on economic appraisal can be found in:

- *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* (2003) and
- *Capital Investment Manual*

See paragraph 5.1.1 on Capital Expenditure

3.3 Value for Money

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

3.4 Competition

- 3.4.1 Contracts shall be placed on a competitive basis and tenders accepted from suppliers who provide best value for money overall. NIBTS shall send to the Department after each financial year a report for that year explaining any contracts left above £5000 in which competitive tendering was not employed.

- 3.4.2 Single tender action is the process where a contract is awarded to an economic operator (ie supplier, contractor) without competition. In light of their exceptional nature, all single tender actions should be subject to NIBTS Accounting Officer approval. It is advisable that NIBTS seek an assurance from BSO, Central Procurement Directorate or a Centre of Expertise in Procurement or the NIBTS 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

3.5 Procurement

- 3.5.1 NIBTS's procurement policies shall reflect the public procurement policy adopted by the Northern Ireland Executive in May 2002 and *Procurement Policy Guidelines* (refreshed May 2009); Procurement

Guidance Notes; and any other guidelines or guidance issued by Central Procurement Directorate and the Procurement Board. NIBTS shall also ensure that it complies with any relevant EU or other international procurement rules.

3.5.2 The Centres of Procurement Expertise for NIBTS are the Business Services Organisation, and the Central Procurement Directorate. This list is not exhaustive, and NIBTS may use the services of UK wide Centres of Procurement Excellence. Periodic reviews of NIBTS' procurement activity should be undertaken. The results of such review will be shared with DHSSPS.

3.6 Prudence

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

3.7 Timeliness in Paying Bills

3.7.1 NIBTS 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.

3.8 Novel, Contentious or Repercussive Proposals

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

- (a) before incurring expenditure on any project (including grant schemes) which is or might be considered novel, unusual or contentious, potentially repercussive, or which has or could have significant cost implications, including on staff benefits;
- (b) before making any changes to policy or practice which have wider financial implications (eg because they might prove repercussive among other public sector bodies), or which might significantly affect the future level of resources required (DHSSPS will advise on what constitutes 'significant' ; and
- (c) before making any significant changes in the scale of operation or funding of any initiative or particular scheme previously approved by the Department.

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

4 EXPENDITURE ON STAFF

4.1 Staff Costs

- 4.1.1 Subject to its delegated limits of authority, NIBTS will ensure that the creation of any new/additional posts does not incur future commitments which may exceed its ability to pay for them.
- 4.1.2 The staff of NIBTS whether on permanent or temporary contract, shall be subject to levels of remuneration and terms and conditions of service (including superannuation) as approved by DHSSPS and DFP. NIBTS has no delegated power to amend these terms and conditions.
- 4.1.3 Current terms and conditions for staff of NIBTS are those set out in its Employee Handbook. NIBTS shall provide DHSSPS and DFP with a copy of the handbook and subsequent amendments.
- 4.1.4 Payments shall be made to Board members in respect of travelling expenses, fees or other allowances in accordance with Departmental rates. Reasonable actual costs shall be reimbursed.
- 4.1.5 Annual pay increases of NIBTS 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..
- 4.1.6 NIBTS shall comply with the EU directive on contract workers (Fixed Term Employees Regulations (Prevention of Less Favourable Treatment)).

4.2 Pension Costs

- 4.2.1 NIBTS's employees shall normally be eligible for a pension provided by the HPSS Superannuation Scheme.
- 4.2.2 Staff may opt out of this occupational pension scheme. However, the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall be limited to the national insurance rebate level.
- 4.2.3 Any proposal by NIBTS 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. Proposals on severance payments must comply with DAO(DFP) 17/05.

5 EXPENDITURE OTHER THAN ON STAFF

5.1 Capital Expenditure

- 5.1.1 Subject to being above an agreed capitalisation threshold, all expenditure on the acquisition or creation of fixed assets shall be capitalised on an accruals basis in accordance with relevant accounting standards. Expenditure to be capitalised shall include the acquisition, reclamation or laying out of land; the acquisition, construction, preparation or replacement of buildings and other structures or their associated fixtures and fittings; and acquisition, installation or replacement of movable or fixed plant, machinery, vehicles and vessels.
- 5.1.2 Proposals for large-scale individual capital projects or acquisitions will normally be considered within NIBTS' corporate and business planning process. Subject to paragraph 5.1.4, applications for approval within the corporate/business plan by the Department and, DFP if necessary, shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Board. Regular reports on the progress of projects shall be submitted to the Department.
- 5.1.3 Approval of the corporate/business plan does not obviate NIBTS' responsibility to abide by the economic appraisal process.
- 5.1.4 Within its approved overall resources limit NIBTS shall, as indicated in the attached annex on delegations, have delegated authority to spend up to £200,000 on any individual capital project or acquisition. Beyond that delegated limit, the Department's and where necessary, DFP's prior authority must be obtained before expenditure on an individual project or acquisition is incurred.

5.2 Transfer of Funds

- 5.2.1 NIBTS shall not have delegated authority to apply virement between the capital and revenue budgets and vice-versa. Any requests for virement shall be made in writing to the Department, in accordance with MPMNI.
- 5.2.2 Unless financial provision is subject to specific Departmental or DFP controls (e.g. where provision is ring-fenced for specific purposes) or delegated limits, transfers between budgets within the total capital budget, or between budgets within the total revenue budget, do not need Departmental approval. 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.

5.3 Lending, Guarantees, Indemnities; contingent liabilities; letters of comfort

5.3.1 NIBTS shall not, without the prior written consent of the Department (and, where necessary, DFP), 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.

5.4 Grants or loans by NIBTS (if applicable)

5.4.1 All grants or loan schemes proposed by NIBTS, and the terms and conditions under which such grant or loan is made, must be approved by the Department before any payments are issued. If grants or loans are to be made under a continuing scheme, statutory authority will be requested.

5.4.2 The terms and conditions of such grant or loan shall include the requirement on the recipient organisation to prepare accounts, and to ensure that its books and records in relation to the grant or loan are readily available to NIBTS, the Department and Comptroller and Auditor General.

5.5 Write-offs, losses and other special payments

- 5.5.1 (a) NIBTS shall have delegated authority to make special payments and write off losses within the limits specified in departmental guidance, an extract of which is included in Annex 1.
- (b) NIBTS shall obtain the prior written approval of the Department, and where necessary DFP, for all write-offs and special payments beyond those limits.
- (c) Losses shall not be written off until all reasonable attempts to make a recovery have been made and proved unsuccessful.

5.6 Hospitality, gifts

5.6.1 NIBTS should maintain a policy in line with Departmental guidance on the provision and receipt of hospitality, to which all staff must adhere. Reference should be made to DAO(DFP) 10/06 (revised).

- 5.6.2 Public money should not be used to provide for gifts to members of staff. This shall also apply to board members of NIBTS.

5.7 Leasing

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

5.8 Public Private Partnerships

- 5.8.1 NIBTS should seek opportunities to enter into public/private partnerships where this is better value for money than conventional procurement.
- 5.8.2 In such cases NIBTS should be aware of the need to consult the sponsor Department in cases where different cash flow projections may result in delegated spending authority being breached. NIBTS should also ensure that it has the necessary budget cover.
- 5.8.3 Any partnership controlled by NIBTS shall be treated as part of NIBTS 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).

5.9 Subsidiary Companies and Joint Ventures

- 5.9.1 NIBTS 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 aim[s] objective and current Public Service Agreement.
- 5.9.2 For public expenditure accounts purposes any subsidiary company or joint venture controlled or owned by NIBTS shall be consolidated with it in accordance with FReM, subject to any particular treatment required by the 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.

5.10 Use of consultants

5.10.1 NIBTS shall adhere to the guidance issued by DFP as well as any produced by DHSSPS in relation to the use of consultants. Please see the delegated limits set out in Annex 1.

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

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

5.11 Financial Control Systems

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

- ensure the existence of safeguards against fraud and theft,
- keep within delegated limits, and
- have regard to MPMNI
- have regard to FReM

5.12 Risk Management/Fraud

5.12.1 NIBTS 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).

5.12.2 NIBTS 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 which it intends to give grant or grant-in-aid.

5.12.3 NIBTS 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*.

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

5.13 Commercial Insurance

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

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

5.14 Payment/Credit Cards

5.14.1 NIBTS, in consultation with the Department, shall ensure that procedures on the issue of payment cards (inc credit cards) are in place. Reference should be made to HSS(F) 11/2003. No payment/credit cards should be issued without the prior written approval of the Finance Manager.

5.15 Financial Investments

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

5.16 Unconventional Financing

5.16.1 NIBTS shall not enter into any unconventional financing arrangements.

6 BUDGETING PROCEDURES

6.1 Setting the Annual Budget

6.1.2 Each year, in the light of decisions by DHSSPS on the NIBTS' updated draft corporate plan, the Department will send to NIBTS:

- (a) a formal statement of any funding provision by the Department, in light of competing priorities across the Department, and
- (b) a statement of any change in policies affecting NIBTS.

6.1.3 The notified funding provision will be subject to annual Parliamentary or Assembly approval, and will form part of the DEL.

6.1.4 NIBTS's 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.

6.1.5 Any Grant-in-Aid provided by the Department for the year in question will be voted in the Department's Estimate and will be subject to Assembly control.

6.2 General Conditions for Spending Authority

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

- NIBTS shall comply with the delegations set out in Annex 1 of this document. These delegations shall not be altered without the prior agreement of the Department and DFP;
- NIBTS shall comply with the conditions set out in paragraph 3.8 above regarding novel, contentious or repercussive proposals;
- inclusion of any planned and approved expenditure in NIBTS' budget shall not remove the need to seek formal Departmental (and, where necessary, DFP) approval where such proposed expenditure is above the delegated limits as set out in Annex 1, or is for new schemes not previously agreed; and
- NIBTS shall provide the Department with such information about its operations, performance, individual projects or other expenditure as the Department may reasonably require (see paragraph 10.2 below).

6.3 Providing Monitoring Information to the Department

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

7 BANKING: CASH MANAGEMENT

7.1 The NIBTS Chief Executive 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. He/she should ensure that:

- (a) the banking arrangements are suitably structured and represent the best value for money;
- (b) sufficient information about banking arrangements is supplied to the Department's Accounting Officer to enable the latter to fulfil his own responsibilities;
- (c) the banking arrangements are subject to review and approval by the Department at least every 2 years, with a comprehensive review to competitive tendering at least every 3-5 years to ensure the best terms are received;
- (d) NIBTS maintains effective controls over the preparation and authorisation of payments;
- (e) NIBTS's banking arrangements are kept separate and distinct from those of any other person or organisation and
- (f) adequate records are maintained of payments and receipts and adequate facilities are available for the secure storage of cash.

8 ASSET MANAGEMENT

8.1. Register of Assets

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

9 COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE

- 9.1 NIBTS shall comply with the instructions or guidance set out in:
- (a) *Managing Public Money Northern Ireland* (MPMNI), in particular the Accounting Officer Memorandum for NDPBs (Chapter 3 of MPMNI);
 - (b) *Financial Reporting Manual* (FReM), issued by the Department of Finance and Personnel;
 - (c) The Treasury guidance document *Regularity and Propriety*;
 - (d) Recommendations made by the UK or Northern Ireland Public Accounts Committees or other Parliamentary authority which have

been accepted by the Government and which are relevant to NIBTS;

- (e) Its Management Statement and Financial Memorandum;
- (f) *Government Internal Audit Standards*, issued by DFP under DAO(DFP) 03/02;
- (g) The principles of the Treasury's *Guidance on Departmental Banking; A Manual for Government Departments*;
- (h) Treasury document Orange Book *Managing the Risk of Fraud*;
- (i) DAO (DFP) 07/06 Internal Fraud: Communication within the Organisation, issued under cover of HSS(F)44/06;
- (j) the Consolidation Officer Memorandum, issued by DFP;
- (k) relevant Dear Consolidation Officer and Dear Consolidation Manager letters;
- (l) other relevant guidance and instructions issued by DFP in respect of Whole of Government Accounts;
- (m) other relevant instructions and guidance issued by DHSSPS, Department of Finance and Personnel and Office of the First Minister and Deputy First Minister.

9.2 NIBTS shall provide the Department with such information about the organisation, operational and financial control of its affairs as it may request periodically.

10 REVIEW OF FINANCIAL MEMORANDUM

10.1 This Financial Memorandum will normally be reviewed at least every five years.

10.2 The Department of Finance and Personnel will be consulted on any significant variation proposed to the Management Statement and Financial Memorandum.

DELEGATED EXPENDITURE LIMITS

General

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

1. PURCHASING ALL GOODS AND SERVICES

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

THRESHOLDS	NUMBER/TYPE OF TENDER REQUIRED	AUTHORISATION
Up to £2,000	no quotations required	Chief Executive
>£2,000 - £30,000	4 Selected Tenders	Chief Executive
> £30,000 – EC Thresholds	Publicly advertised tender competition	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, NIBTS should undertake a comprehensive business case of all projects involving expenditure of £100,000 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 accountable 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 accountable 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

NIBTS may authorise capital expenditure on discreet capital projects of up to £200,000. Capital projects over this amount require the approval of DHSSPS, and may be subject to quality assurance by the Department of Finance and Personnel if requested. NIBTS will comply with any test drilling of business cases.

Capital projects over the delegated limit for DHSSPS approval (see DAO(DFP) 06/05) require the approval of DFP.

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

3. DISPOSAL OF SURPLUS EQUIPMENT

See paragraph 2.4

4. LEASE AND RENTAL AGREEMENTS

See paragraph 5.7

5. APPROVAL OF INFORMATION TECHNOLOGY PROJECTS

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

The purchase of IT equipment and systems should be in line with guidance contained in DAO (DFP) 33/03 and the subject of competitive tendering unless there are convincing reasons to the contrary. The form of competition should be appropriate to the value and complexity of the project, and in line with the Procurement Control Limits in Table 1. Delegated authority for each IT project is set out in Table 2.

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

THRESHOLDS	AUTHORISATION
Up to £200,000	Chief Executive/ Agency Board
Over £200,000	Chief Executive/Agency Board with prior approval from the Department

6. ENGAGEMENT OF CONSULTANTS

General

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

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

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

Economic appraisal

A full business case should be prepared for all consultancy assignments expected to exceed £20,000. A proportionate business case should be prepared for all assignments below this threshold. (All assignments expected to exceed £50,000 will also be subject to Ministerial approval, and those expected to exceed £75,000 will be subject to both Ministerial and DFP approval).

7. LOSSES AND SPECIAL PAYMENTS

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

LIMITS OF AUTHORITY (PER CASE)

£

Losses

1. Cash losses due to:-

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

Special Payments

5.	Compensation payments	
a.	made under legal obligation (full costs ordered by court)	Complete
b.	compensation payments including payments to staff for loss of personal effects	2,000

6.	Ex-gratia payments:-	
a.	extra-contractual payments to contractor.	NIL
b.	for personal injury claims involving negligence where legal advice obtained and relevant guidance has been applied (see Note below).	10,000 including plaintiff's costs
c.	other payments (including Personal Injury not covered at 'c' above) (see Note below).	10,000
d.	maladministration where there was <u>no</u> financial loss by claimant.	NIL
7.	Extra-statutory payments.	NIL

NOTE:

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

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