

MANAGEMENT STATEMENT (Tab A) and FINANCIAL MEMORANDUM (Tab B)

Between DoH and PHA

August 2018

MANAGEMENT STATEMENT

1. INTRODUCTION

1.1 This document

- 1.1.1 This *Management Statement* and *Financial Memorandum* (MS/FM) has been drawn up by the Department of Health (DoH) in consultation with the Public Health Agency (PHA), Linenhall Street, Belfast. The document is based on a model prepared by the Department of Finance (DoF).
- 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 sponsor Department/Minister in respect of the exercise of any individual functions, powers and duties of the PHA.
- 1.1.3 A copy of the MS/FM for the PHA should be given to all newly appointed Board Members, senior PHA 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.
- 1.1.4 Subject to the legislation noted below, this *Management Statement* sets out the broad framework within which the PHA will operate, in particular:
- the PHA's overall aims, objectives and targets in support of the sponsor Department's wider strategic aims, the NICS Outcomes Delivery plan and the outcomes and targets contained in the current draft Programme for Government (PfG).
 - the rules and guidelines relevant to the exercise of the PHA's functions, duties and powers;
 - the conditions under which any public funds are paid to the PHA; and
 - how the PHA is to be held to account for its performance.
- 1.1.5 The associated *Financial Memorandum* sets out in greater detail certain aspects of the financial provisions which the PHA shall observe. However, the *Management Statement* and *Financial Memorandum* do not convey any legal powers or responsibilities.
- 1.1.6 The document shall be periodically reviewed by the sponsor Department in accordance with the timetable referred to in Section 7 below.
- 1.1.7 The PHA, the sponsor Department, or the Minister, may propose amendments to this document at any time. Any such proposals by the PHA shall be considered in the light of evolving Departmental policy aims, operational factors and the track record of the PHA itself. The guiding principle shall be that the extent of flexibility and freedom given to the PHA shall reflect both the quality of its internal controls to achieve performance and its operational needs. The sponsor 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 DoF Supply after consultation with the PHA, as appropriate. (The definition of "significant" will be determined by the sponsor Department in consultation with DoF).
- 1.1.8 The MS/FM is approved, signed and dated by the sponsor Department and the PHA's Chief Executive.

- 1.1.9 Any question regarding the interpretation of the document shall be resolved by the sponsor Department after consultation with the PHA and, as necessary, with DoF Supply.
- 1.1.10 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 PHA's website).

1.2 The founding legislation, functions, duties and powers of the PHA

- 1.2.1 The PHA is established under section 12 (1) of the Health and Social Care (Reform) Act (Northern Ireland) 2009 (hereafter referred to as the Act). The PHA does not carry out its functions on behalf of the Crown.
- 1.2.2 The PHA is established for the purposes specified in section 13 of the Act. The PHA's general powers etc. are listed in Schedule 2 to the Act.

1.3 Classification

- 1.3.1 For policy/administrative purposes the PHA 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).
- 1.3.3 References to the PHA include, where they exist, all its subsidiaries and joint ventures that are classified to the public sector for national accounts purposes. If such a subsidiary or joint venture is created, there shall be a document setting out the arrangements between it and the PHA.

2. AIMS, OBJECTIVES AND TARGETS

- 2.1 The approved overall aim for the PHA is to improve the health and social well-being of the population and the quality of care provided, and to protect the population from communicable disease or emergencies or other threats to public health. As well as the provision or securing of services related to those functions, the PHA will commission or undertake programmes of research, health awareness and promotion etc. This aim will be delivered through three core functions of the PHA:
- securing the provision of and developing and providing programmes and initiatives designed to secure the improvement of the health and social well-being of and reduce health inequalities between people in Northern Ireland,
 - protecting the community (or any part of the community) against communicable disease and other dangers to health and social well-being including dangers arising on environmental or public health grounds or arising out of emergencies; and
 - providing professional input to the commissioning of health and social care services which meet established quality standards and which support innovation.
- 2.2 The PHA also has a general responsibility for promoting improved partnership working with local government and other public sector organisations to bring about real improvements in public health and social well-being on the ground and anticipating the new opportunities offered by community planning.

- 2.3 Objectives and key targets - The Department determines the PHA's performance framework in light of the Department's wider strategic aims, the NICS Outcomes Delivery Plan, and current draft PfG objectives and targets.
- 2.4 The key targets, standards and actions to be delivered by the PHA are set out in its Annual Business Plan supported by the 3 year strategic plan. These are defined by the Department within Commissioning Directions and approved by the Minister. The Department also determines, by direction, the format and broad content of the Commissioning Plan, which is to be drawn up by the HSCB in accordance with section 8 of the Act, i.e. in consultation with the PHA, having due regards for any advice or information provided by the Agency, and published only with its approval. The Commissioning Plan explains how the PHA will meet each of the targets, standards and actions for which it is deemed by the Department to have sole or lead responsibility. The document will also set out the PHA's contribution to the commissioning process through its professional medical expertise.

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 PHA. Their responsibilities include:

- approving the PHA's strategic objectives and the policy and performance framework within which the PHA will operate (as set out in this *Management Statement* and *Financial Memorandum* and associated documents);
- keeping the Assembly informed about the PHA'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 the sponsor Department

3.2.1 The Permanent Secretary, as the sponsor Department's principal Accounting Officer (the 'Departmental Accounting Officer'), is responsible for the overall organisation, management and staffing of the sponsor Department and for ensuring that there is a high standard of financial management in the Department as a whole. The Departmental Accounting Officer is accountable to the Assembly for the issue of any grant-in-aid to the PHA. The Departmental Accounting Officer designates the Chief Executive of the PHA as the PHA's Accounting Officer, and may withdraw the Accounting Officer designation if he/she believes that the incumbent is no longer suitable for the role.

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

- the PHA's strategic aim(s) and objectives support the sponsor Department's wider strategic aims, the NICS Outcomes Delivery Plan and current draft PfG objectives and targets;
- the financial and other management controls applied by the sponsor Department to the PHA are appropriate and sufficient to safeguard public funds and for ensuring that the PHA's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to the PHA by the Assembly but also any other funds falling within the stewardship of the PHA);

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

3.2.3 The responsibilities of a Departmental Accounting Officer are set out in more detail in Chapter 3 of Managing Public Money Northern Ireland (MPMNI).

3.2.4 The Departmental Accounting Officer (DAO) is also responsible for ensuring that arrangements are in place to:

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

3.3 The sponsoring team in the Department

3.3.1 Within the sponsoring Department, **Health Development Policy Branch (HDPB)** is the sponsoring team for the PHA. The Branch, in consultation as necessary with the relevant Departmental Accounting Officer, is the primary source of advice to the Minister on the discharge of his/her responsibilities in respect of the PHA, and the primary point of contact for the PHA in dealing with the sponsor Department. The sponsoring team shall carry out its duties under the management of a senior officer, who shall have primary responsibility within the team for overseeing the activities of the PHA.

3.3.2 The Executive Board Member (EBM) sponsor from the Department is the Chief Medical Officer, Dr Michael McBride. The EBM Sponsor has primary responsibility for overseeing sponsorship of the PHA. In particular the EBM supports the Permanent Secretary in ensuring sponsorship is applied systematically; provides an assurance that a proportionate approach to assurance and accountability is in place; manages the PHA's business planning process; and ensures that significant governance, risk management or internal control issues are escalated within the Department. The EBM Sponsor also undertakes end-year appraisals for PHA Chairs and participates in ground-clearing and accountability meetings as required.

3.3.3 The sponsoring team shall advise the Minister on:

- an appropriate framework of objectives and targets for the PHA in the light of the Department's wider strategic aims, the NICS Outcomes Delivery Plan and current draft PfG objectives and targets;
- an appropriate budget for the PHA in the light of the Department's overall public expenditure priorities; and
- how well the PHA is achieving its strategic objectives and whether it is delivering value for money.

3.4 The PHA's Board

3.4.1 The Board Members are appointed by the Minister, following an open competition in accordance with the Code of Practice issued by the Commissioner for Public Appointments for Northern Ireland. The established departmental practice is that initial appointments are usually for a four year period. Re-appointment for a second term of

appointment can be considered. In the absence of a Government Minister the Permanent Secretary of the Department of Health can appoint Board Members. The PHA Board is made up of a Non-Executive Chair, the Chief Executive, seven Non-Executive Directors, and three Executive Directors. Executive Directors are employees of the PHA.

3.4.2 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 The Code of Conduct and Code of Accountability originally issued in November 1994, updated and reissued in July 2012. Circular HSS(PDD) 08/94 also set out detailed guidance on the establishment of audit committees. And any subsequent relevant guidance, is chaired by an independent non-executive, and comprising solely independent members, to provide independent advice on the effectiveness of the internal control and risk management systems.

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

- establish the overall strategic direction of the PHA within the policy and resources framework determined by the sponsor Minister and Department;
- constructively challenge the PHA's executive team in their planning, target setting and delivery of performance;
- ensure that the sponsor Department is kept informed of any changes which are likely to impact on the strategic direction of the PHA or on the attainability of its targets, and determine the steps needed to deal with such changes;
- ensure that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the sponsor 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 DoF and the sponsor Department;
- ensure that the Board receives and reviews regular financial information concerning the management of the PHA; is informed in a timely manner about any concerns about the activities of the PHA; and provides positive assurance to the sponsor Department that appropriate action has been taken on such concerns;
- demonstrate high standards of corporate governance at all times, including using the independent audit committee, (see paragraph 4.7) to help the Board to address the key financial and other risks facing the PHA; and
- appoint with the Minister's approval, or with the sponsor Department's approval, a Chief Executive to the PHA and, in consultation with the sponsor 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.

3.4.4 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 3.4.2) that is adopted by the PHA and with the rules and guidance relating to the use of public funds and to conflicts of interest. The Code of Conduct draws attention to the requirement for public service values to be at the heart of Health and Social Care (HSC) in Northern Ireland. High standards of corporate and personal conduct are essential. Moreover, as the HSC is publically funded, it is accountable to the Northern Ireland Assembly for the services provided and for the effective and economical use of

taxpayers' money. It also sets out measures to deal with possible conflicts of interest of board members;

- 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; and
- act in good faith and in the best interests of the PHA.

3.4.5 The Code of Practice on Openness in the HPSS sets out the requirements for public access to information and for the conduct of board meetings. The Agency is required to ensure appropriate compliance with the Freedom of Information Act (2000).

3.4.6 The sponsor Department shall have access to all Board meeting (and Governance and Audit Committee) papers and minutes.

3.5 The Chairman of the PHA

3.5.1 The Chairman is appointed as set out in paragraph 3.4.1.

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

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

- formulating the Board's strategy;
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Minister or the sponsor Department;
- promoting the efficient, economic and effective use of staff and other resources;
- encouraging and delivering 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 PHA website after formal approval.

3.5.4 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 differences which may exist between private and public sector practice;
- advise the Department of the needs of the PHA when Board vacancies arise, with a view to ensuring a proper balance of professional and financial expertise; and
- assess the performance of individual Board Members. Board Members will be subject to ongoing performance appraisal, with a formal assessment being completed by the Chair of the Board at the end of each year. Members will be made aware that they are being appraised, the standards against which they will be appraised, and will have an opportunity to contribute to and view their report.

The Chair of the Board will also be appraised on an annual basis by the Departmental Accounting Officer.

- Ensure the completion of the Board Governance Self Assessment Tool on an annual basis. Assurance will be provided through the mid-year assurance statement, that the tool is being completed, actions are being addressed and that any exception issues will be raised with the Department.

3.5.5 The Chairman shall also ensure that a Code of Practice for Board Members is in place, based on the Codes of conduct for board members of public bodies (FD (DFP) 04/14 refers). The Code shall commit the Chairman and other Board Members to the Nolan “seven principles of public life”, and shall include a requirement for a comprehensive and publicly available register of Board Members’ interests.

3.5.6 Communications between the Board, the Minister and the Department shall normally be through the Chairman. The Chairman shall ensure that the other Board Members are kept informed of such communications on a timely basis.

3.6 The Chief Executive’s role as Accounting Officer

3.6.1 The Chief Executive of the PHA is designated as the PHA’s Accounting Officer by the Departmental Accounting Officer of the sponsor Department.

3.6.2 The Chief Executive, as the PHA’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 PHA. In addition, he/she should ensure that the PHA 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. In addition, the Chief Executive must, within three months of appointment, attend the training course ‘An Introduction to Public Accountability for Accounting Officers’.

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

on planning and monitoring -

- establish, with approval of the sponsor Department, the PHA’s corporate and business plans in support of the Department’s wider strategic aims, the NICS Outcomes Delivery plan and current draft PfG objectives and targets;
- inform the sponsor Department of the PHA’s progress in helping to achieve the Department’s policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensure that timely forecasts and monitoring information on performance and finance are provided to the sponsor Department; that the sponsor Department is notified promptly if overspends or underspends are likely and that corrective action is taken.
- that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the sponsor Department in a timely fashion;

on PHA’s corporate host responsibilities to the Safeguarding Board for Northern Ireland (the SBNI) -

- Ensure the PHA discharges and accounts for its corporate host obligations to the SBNI in accordance with the Memorandum of Understanding. The PHA acts as corporate host to the Safeguarding Board for Northern Ireland (the SBNI). It discharges functions primarily relating to the regulations made under section 1(5)(c)2 of the 2011 SBNI Act.

- The PHA is accountable to the Department for the discharge of its corporate host obligations to the SBNI but is not accountable for how the SBNI discharges its statutory objective, functions and duties.
- A copy of the Memorandum of Understanding between the Department, the PHA and the SBNI is attached at Appendix 2.

on advising the Board -

- advise the Board on the discharge of its responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time by DoF or the sponsor Department;
- advise the Board on the PHA's performance compared with its aims and objectives;
- ensure that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed appropriately;
- take action in line with Section 3.8 of MPMNI if the Board, or its 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;

on managing risk and resources -

- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensure that an effective system of programme and project management and contract management is maintained;
- ensure compliance with the Northern Ireland Public Procurement Policy;
- ensure that all public funds made available to the PHA are used for the purpose intended by the Assembly, and that such monies, together with the PHA's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by the PHA, including effective measures against fraud and theft;
- maintain a comprehensive system of internal delegated authorities that are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that effective personnel management policies are maintained;

on accounting for the PHA's activities -

- sign the accounts and be responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Minister, the sponsor Department, or DoF;
- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Governance Statement regarding the PHA's system of internal control, for inclusion in the annual report and accounts, that details significant internal control divergences;
- sign a mid-year assurance statement on the condition of the PHA's system of internal control;
- ensure that effective procedures for handling complaints about the PHA are established and made widely known within the PHA;
- act in accordance with the terms of this document and with the instructions and relevant guidance in *MPMNI* and other instructions and guidance issued from time to time by the sponsor Department and DoF - in particular, Chapter 3 of *MPMNI* and the Treasury document *Regularity and Propriety and Value for Money* (a copy

of which the Chief Executive shall receive on appointment). Section IX of the *Financial Memorandum* refers to other key guidance;

- give evidence, normally with the Accounting Officer of the sponsor Department, if summoned before the Public Accounts Committee on the use and stewardship of public funds by the PHA;
- ensure that an Equality Scheme is in place, reviewed and equality impact assessed as required by the Equality Commission and TEO;
- ensure that Lifetime Opportunities is taken into account; and
- ensure that the requirements of the Data Protection Act 2018 and the Freedom of Information Act 2000 are complied with.
- ensuring that a business continuity plan is developed and maintained;
- ensuring that effective procedures for handling adverse incidents are established and made widely known within the PHA;
- Copies of adverse inspection reports are shared with the Department
- Ensuring an acceptance and provision of Gifts and Hospitality Policy is in place that set out the principles and requirements under which gifts and hospitality can be received and in turn when such offers can be made.
- Ensuring that the requirements of relevant statutes, court rulings, and Departmental directions are fully complied with.

3.7 The Chief Executive's role as Consolidation Officer

3.7.1 For the purposes of Whole of Government Accounts, the Chief Executive of the PHA is normally appointed by DoF as the PHA's Consolidation Officer.

3.7.2 As the PHA'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 PHA; for arranging for its audit; and for sending the information and the audit report to the Principal Consolidation Officer nominated by DoF.

3.7.3 As Consolidation Officer, the Chief Executive shall comply with the requirements of the PHA Consolidation Officer Letter of Appointment as issued by DoF and shall, in particular:

- ensure that the PHA 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 issued by DoF on the form, manner and timetable for the delivery of such information.

3.8 Delegation of duties

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

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

3.9.1 The Chief Executive of the PHA 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 PHA accepted by the Ombudsman for investigation, and about the PHA's proposed response to any subsequent recommendations from the Ombudsman.

3.10 Consulting customers

3.10.1 The PHA will work in partnership with its stakeholders and customers to deliver the services/programmes, for which it has responsibility, to agreed standards. It will consult

regularly to develop a clear understanding of citizens' needs and expectations of its services, and to seek feedback from both stakeholders and customers and will work to deliver a modern, accessible service. It will follow the guidance of the Health and Social Care (Reform) Act (Northern-Ireland) 2009 (points 19 and 20) as appropriate.
http://www.legislation.gov.uk/nia/2009/1/pdfs/nia_20090001_en.pdf

PLANNING, BUDGETING AND CONTROL

4.1 The corporate plan

- 4.1.1 Consistent with the timetable for the NI Executive's Budget process reviews, the PHA shall submit to the sponsor Department a draft of the PHA's corporate plan [normally] covering the three years ahead. The PHA shall have agreed with the sponsor Department the issues to be addressed in the plan and the timetable for its preparation.
- 4.1.2 DoF reserves the right to ask to see and agree the PHA's corporate plan.
- 4.1.3 The plan shall reflect the PHA's statutory duties and, within those duties, the priorities set from time to time by the Minister. In particular, the plan shall demonstrate how the PHA contributes to the achievement of the Department's strategic aims, the NICS Outcomes Delivery Plan and current draft PfG objectives and targets.
- 4.1.4 The corporate plan shall set out:
- the PHA's key objectives and associated key performance targets for the forward years, and its strategy for achieving those objectives;
 - a review of the PHA's performance in the preceding financial years and an estimate of performance in the current year;
 - alternative scenarios to take account of factors which may significantly affect the execution of the 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 at the beginning of the planning round. These forecasts should represent the PHA's best estimate of all its available income not just any grant or grant-in-aid; and
 - other matters as agreed between the sponsor Department and the PHA – for example - statement of purpose of organisation as per legislation, strategic aims, performance in preceding corporate plan period, governance and accountability arrangements, links with the NICS Outcomes Delivery Plan, draft PfG and wider ministerial/Departmental priorities.
- 4.1.5 The main elements of the plan, including the key performance targets, shall be agreed between the sponsor Department and the PHA in light of the sponsor Department's decisions on policy and resources taken in the context of the Executive's wider policy and spending priorities and decisions.

4.2 The business plan

- 4.2.1 Each year of the corporate plan, amplified as necessary, shall inform the basis of the business plan for the relevant forthcoming year. The business plan shall include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the sponsor Department.
- 4.2.2 The business plan should include reference to SMART objectives that:
- support the delivery of the NICS Outcomes Delivery Plan and the current draft PfG Commitments;
 - support the delivery of Departmental policy and strategy

- deliver on the functions etc. specified in the PHAs founding legislation setting out the purposes for which the PHA was created and the functions/services it is to deliver
- address known areas of underperformance, the findings of inquiries etc. and respond to particular events, serious adverse incidents and near misses.
- References to staff – training, development etc.

4.2.3 DoF reserves the right to ask to see and agree the PHA's annual business plan.

4.2.4 Corporate and business plans will be formally approved by the Permanent Secretary.

4.3 Publication of plans

4.3.1 The corporate and business plans shall be published and made available on the Internet.

4.4 Reporting performance to the sponsor Department

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

4.4.2 The PHA shall take the initiative in informing the sponsor 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 or business plans.

4.4.3 The PHA's performance in helping to deliver Departmental policies, including the achievement of key objectives, shall be reported to the Department on a regular basis. Performance will be formally reviewed twice yearly by the Permanent Secretary and other officials of the sponsor Department. The Minister shall meet the Board as appropriate to discuss the PHA's performance, its current and future activities, and any policy developments relevant to those activities.

4.4.4 The Department may, at its discretion, request evidence of progress against key objectives at any time. Senior Departmental officials will hold two Ground Clearing Sponsor Review Meeting(s) (SRM) with the PHA, and one non-Ground Clearing SRM per year. The purpose of these meetings is to discuss the PHA's overall performance, its current and future activities, any policy developments relevant to those activities safety and quality, financial performance and corporate control/risk management performance, and other issues as prescribed by the Department.

4.4.5 Issues identified at the Ground Clearing meeting which cannot be resolved at the meeting or through other avenues will be escalated for discussion to the Accounting Officer Accountability meeting with the Chair and Chief Executive of the PHA.

4.4.6 The PHA's performance against key targets shall be reported in the PHA's annual report and accounts (see Section 5.1 below).

4.5 Budgeting procedures

4.5.1 The PHA's budgeting procedures are set out in the *Financial Memorandum*.

4.6 Internal audit

4.6.1 The PHA shall establish and maintain arrangements for internal audit in accordance with the PSIAS (Public Sector Internal Audit Standards).

4.6.2 The Department should outline the arrangements that they have determined as appropriate for the PHA taking account of DAO (DFP) 01/10 Internal Audit Arrangements between Departments and Arm's Length Bodies.) This will include specifying the Department's requirements in terms of

- having input to PHA planned internal audit coverage;
- 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 PHA internal audit function against PSIAS including advising that the sponsor Department reserves a right of access to carry out its own independent reviews of internal audit in the PHA;
- the right of access to all documents prepared by the PHA's internal auditor, including where the service is contracted out. Where the PHA's audit service is contracted out the PHA should stipulate this requirement when tendering for the services.

4.6.3 The PHA shall consult the sponsor 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 PSIAS and relevant DoF guidance.

4.6.4 The sponsor Department will review the PHA's terms of reference for internal audit service provision. The PHA shall notify the sponsor Department of any subsequent changes to internal audit's terms of reference. The Sponsor branch will have an annual meeting with the PHA's internal audit to discuss the PHA's audit plan and strategy.

4.7 Audit Committee

4.7.1 The PHA shall set up an independent audit committee as a committee of its Board, in accordance with current Cabinet Office Guidance and in line with the Audit and Risk Assurance Committee Handbook-

4.7.2 The audit committee's meeting agendas, minutes and papers shall be forwarded as soon as possible to the sponsoring team.

4.7.3 The Audit Committee should complete the National Audit Office Checklist on an annual basis. Assurance on completion of the checklist will be provided through the mid-year assurance statement any exception issues should be reported to the Department.

4.7.4 The sponsor Department will review the PHA's audit committee terms of reference. The PHA shall notify the sponsor Department of any subsequent changes to the audit committee's terms of reference. The sponsor Department will attend at least one PHA audit committee meeting per year as an observer, and will not participate in any Audit Committee discussion.

4.8 Fraud

4.8.1 The PHA shall report immediately to the Counter Fraud and Probity Services (CFPS) within the BSO all frauds (proven or suspected), including attempted fraud. CFPS shall then report the frauds immediately to DoF and the C&AG. In addition the PHA shall forward to CFPS the annual fraud return, commissioned by DoF, on fraud and theft suffered by the PHA

4.8.2 All HSC bodies are required to have an Anti-Fraud Policy and Fraud Response Plan in place. This should be reviewed at least every 5 years and sent to CFPS for review. The PHA shall notify the sponsor Department of any subsequent changes to the policy or response plan.

4.9 Additional Departmental access to the PHA

4.9.1 In addition to the right of access referred to in paragraph 4.6.2 above, the sponsor Department shall have a right of access to all the PHA's records and personnel for purposes such as for example sponsorship audits and operational investigations. (See also paragraphs 3.4.4 and 4.7.2 access to Board and Audit Committee minutes).

5. EXTERNAL ACCOUNTABILITY

5.1 The annual report and accounts

- 5.1.1 After the end of each financial year the PHA 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 PHA. A draft of the report shall be submitted to the sponsor Department in line with the timescale set by the Department before the proposed publication date although it is expected that the Department and the PHA will have had extensive pre-publication discussion on the content of the report prior to formal submission to the Department.
- 5.1.2 The report and accounts shall comply with the most recent version of the Government Financial Reporting Manual (FReM) issued by DoF. (*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 sponsor Department.
- 5.1.3 The report and accounts shall outline the PHA's main activities and performance during the previous financial year and set out in summary form the PHA'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.
- 5.1.4 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 FD letter issued by DoF.
- 5.1.5 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 sponsor.

5.2 External audit

- 5.2.1 The Comptroller and Auditor General (C&AG) audits the PHA's annual accounts and passes the accounts to the sponsor 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.
- 5.2.2 The C&AG will liaise with the PHA on the arrangements for completing the audit of the PHA's accounts. This will either be undertaken by staff of the NIAO or a private sector firm appointed by the C&AG to undertake the audit on his behalf. The final decision on how such audits will be undertaken rests with the C&AG, who retains overall responsibility for the audit.
- 5.2.3 The C&AG has agreed to share with sponsor Departments relevant information identified during the audit process including the report to those charged with governance 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 PHA. The C&AG will also consider, where asked, providing Departments and other relevant bodies with reports which Departments may request at the commencement of the audit and which are compatible with the independent auditor's role.

5.3 VFM examinations

- 5.3.1 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the PHA 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 PHA 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.

6. STAFF MANAGEMENT

6.1 General

- 6.1.1 The decision to fill vacant or new senior positions in PHAs (at Director or Assistant Director level) is subject to approval by the Department, except where there are exceptional circumstances which have been agreed by the Department in advance.
- 6.1.2 Approvals for any change to the remuneration of Senior Executives must be obtained from the Department. This position will be kept under review by the Department.
- 6.1.3 Within the arrangements approved by the Minister and DoF the PHA shall have responsibility for the recruitment, retention and motivation of its staff. To this end the PHA 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;
 - the performance of its staff at all levels is satisfactorily appraised and the PHA'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 PHA'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 (Northern Ireland) Order 2003 are in place; and
- 6.1.4 A code of conduct for staff is in place based on Annex 5A of Public Bodies: A Guide for Northern Ireland Departments (available at www.afmdni.gov.uk).

7. REVIEWING

- 7.1 The PHA shall be reviewed periodically, in accordance with the business needs of the sponsor Department and the PHA. Reference should be made to Chapter 9 of the Public Bodies: a Guide for Northern Ireland Departments.
- 7.2 The next review of the PHA will take place at a time determined by the Department.

**SIGNED ON BEHALF OF THE
DEPARTMENT OF HEALTH**



**RICHARD PENGELLY
PERMANENT SECRETARY**

DATE: 11 September 2018

**SIGNED ON BEHALF OF THE
PUBLIC HEALTH AGENCY**



**VALERIE WATTS
CHIEF EXECUTIVE (INTERIM)**

DATE: 10 October 2018

1.1 Documentation to be sent 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 Board members
- Audit Committee papers (including draft minutes) for each meeting as and when issued to Committee members
- Monthly financial monitoring returns to Finance Directorate in the Department
- Last MS noted – 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 publications date (separate timetable for the annual accounts, Governance Statement etc. set by Finance Directorate).
- The Assurance Framework (annually)

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
- Business Continuity Plan

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

Quarterly

- Report on quarterly assessment of progress being made in the delivery of the Commissioning Plan's aims and objectives.

Bi-annual

- Corporate Risk Register every six months

Annually

- Annual Governance Statement
- Mid-year Assurance Statement (by end-October)
- Annual Internal Audit work-plan
- Internal Audit Progress Report
- Annual Fraud return
- Corporate Plan (including the Business Plan) must be produced and approved by the Department.
- An annual Commissioning Plan established by the HSCB but approved by the PHA
- The Head of Internal Audit's end-of-year and mid-year opinion on risk management, control and governance

As specified

- Corporate Plan for approval

Once

- Adverse inspection reports by external bodies (e.g. RQIA, MHRA), as specified in directions
- Internal Audit reports with less than satisfactory assurance
- Reports to Those Charged with Governance

Currently being reviewed – July 2018

MEMORANDUM OF UNDERSTANDING

BETWEEN

DEPARTMENT OF HEALTH, SOCIAL SERVICES AND PUBLIC SAFETY

PUBLIC HEALTH AGENCY

AND

SAFEGUARDING BOARD FOR NI

11 September 2012

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INTRODUCTION

1. This Memorandum of Understanding (MoU) is a tri-lateral agreement between the Department of Health, Social Services and Public Safety (the Department), Regional Agency for Public Health and Social Well-being (hereafter referred to as the Public Health Agency (PHA)) and the Safeguarding Board for Northern Ireland (SBNI). The SBNI was established under the Safeguarding Board (NI) Act 2011 as an unincorporated statutory body. It is sponsored by the Department.
2. The SBNI is a multi-disciplinary interagency body and its objective is to coordinate and ensure the effectiveness of what is done by its members to safeguard and promote the welfare of children in Northern Ireland. The SBNI will have a range of functions which it must undertake including:
 - i. developing policies and procedures for safeguarding and promoting the welfare of children in Northern Ireland;
 - ii. promoting an awareness of the need to safeguard and promote the welfare of children;
 - iii. keeping under review the effectiveness of what is done by members to safeguard and promote the welfare of children;
 - iv. undertaking case management reviews without discretion in such circumstances as may be prescribed;
 - v. reviewing such information as may be prescribed in relation to deaths of children in NI;
 - vi. advising the Regional Health and Social Care Board and Local Commissioning Groups in relation to safeguarding and promoting the welfare of children:
 - i) as soon as reasonably practicable after receipt of a request for advice; and
 - ii) on such other occasions as the Safeguarding Board thinks appropriate.
 - vii. promote communication between the Board and children and young persons; and
 - viii. making arrangements for consultation and discussion in relation to safeguarding and promoting the welfare of children
3. The PHA was established under section 12(1) of the Health and Social Care (Reform) Act (Northern Ireland) 2009 and is an Arms Length Body (ALB) of the Department of Health, Social Services and Public Safety (DHSSPS). It delivers a range of health functions including:
 1. health and social wellbeing improvement;
 - health protection;
 - public health support to commissioning and policy development; and
 - HSC research and development.
4. Chapter 7 of Managing Public Money Northern Ireland (MPMNI)¹ considers the working partnerships that public sector organisations may establish in order to deliver their objectives more effectively than they could acting alone.
5. It is also acknowledged in MPMNI that “*there are many different kinds of partnership. Each involves some tension between autonomy and accountability with scope for conflict if the terms of engagement are not resolved openly at the outset. Each partnership requires its own customised terms to work effectively. One size does not fit all*” This MoU describes the nature of the relationship between the Department, the PHA and the SBNI.
6. The PHA will act as corporate host to the SBNI discharging functions primarily relating to regulations made under section 1(5)(c)² of the 2011 SBNI Act. The relationship between

¹ Managing Public Money Northern Ireland sets out the main principles for dealing with resources used by public sector organisations in Northern Ireland (NI). http://www.ceforum.org/upload2/MPMNI_July08

the PHA and Department and the framework within which PHA operates as an ALB of the Department is specified in the Management Statement and Financial Memorandum (MSFM) in place between these bodies. The MSFM makes reference to the PHA's corporate host responsibilities to the SBNI, acknowledging that the PHA is accountable to the Department for the discharge of its corporate host obligations to SBNI but is not accountable for how the SBNI discharges its statutory objective, functions and duties.

7. This MoU does not affect existing statutory functions nor amend any other policies or agreements relating to the activities of the PHA or SBNI. It is not a legally binding document nor a contract between partners, nor is it intended to cover every aspect of the relationship between the three organisations. Each signatory agrees to work together within the framework outlined in this MoU.
8. It is acknowledged that the SBNI and its objective and functions of safeguarding and promoting the welfare of children in Northern Ireland are entirely separate from that of the PHA. However, in light of its small size, it has been agreed that the PHA, will support the SBNI by securing HR, financial and other support services for the Board. The PHA does not have its own in-house HR, IT, Equality and Finance functions and these are secured by it from BSO and HSCB through a Service Level Agreement. The arrangement of PHA acting as corporate host for SBNI will allow it to take advantage of the relationship PHA has with BSO and HSCB and therefore minimise the administrative apparatus necessary to support the SBNI.

PURPOSE

9. This MoU specifies the roles, responsibilities and obligations of the Department, PHA and the SBNI necessary to facilitate the arrangement whereby the PHA acts as host to the SBNI. As the corporate host, PHA will either provide or secure the necessary corporate governance structures, accommodation, financial management, IT, HR, Legal and Equality services, necessary to meet the staffing, accommodation and expenses needs of the SBNI. This will enable the SBNI to effectively function within the resources made available to it by the Department.
10. Within the SBNI financial allocation, provision will be made to cover the costs of the above services. PHA, as corporate host, will be consulted in advance of any proposed change to SBNI requirements and the SBNI will secure from the Department such approvals and additional resources as may be necessary to implement these requirements.
11. This MoU will be subject to review after one year and three years thereafter. In the early stages of the operation of the MOU, there may be initial issues requiring resolution. Any issues arising at any stage from the operation of the MoU, will be brought to the Department's attention by the SBNI or PHA, as soon as practicable.

ASSURANCE AND ACCOUNTABILITY ARRANGEMENTS

12. The PHA's responsibilities in respect of the SBNI governance functions are defined in the PHA's Management Statement and Financial Memorandum which clearly states that the PHA is accountable to the Department for the discharge of its corporate host obligations to SBNI but is not accountable for how the SBNI discharges its statutory objective, functions and duties. As an unincorporated statutory body, the SBNI will not have a separate MSFM. However, a copy of this MoU will be appended to the MSFM of the PHA

² Section 1(5) of the Safeguarding Board (NI) Act 2011 states "Regulations may make provision as to – (c) the staff, premises, and expenses of the Safeguarding Board (including provision as to which person or body provides the staff, premises or expenses)"

and these arrangements should be reflected in any future update to the Department's Framework Document.

13. The Department must exercise oversight of the SBNI on an ongoing basis throughout the year. SBNI must provide regular performance reports and documentation demonstrating progress against Departmental priorities and assurance as to the ongoing effectiveness of their systems on internal control.
14. This will include twice yearly Department Accounting Officer sponsored assurance and accountability meetings between the Department and the SBNI Chair which will be timed and conducted in line with the arrangements for the equivalent meetings with DHSSPS sponsored Arms Length Bodies (ALBs).
15. PHA officers will not attend the SBNI twice yearly Department Accounting Officer sponsored assurance and accountability meetings. The SBNI Chair and Director of Operations may be asked by the Department to attend PHA twice yearly Department Accounting Officer sponsored assurance and accountability meetings if there are particular issues relating to corporate host functions which require discussion.
16. On an ongoing basis and at Department Accounting Officer sponsored accountability meetings, the Department will ask the PHA and the SBNI to account for risk management arrangements as they relate to the SBNI. The PHA will account for risks relating to its corporate host functions; the SBNI will account for any risks associated with its statutory objective, functions and duties directly to the Department.
17. If requested, the SBNI Chair and/or Director of Operations will attend meetings of the PHA Governance and Audit Committee in relation to corporate and resource governance matters. Matters relating to quality and performance against SBNI objectives will be handled through the Department's sponsorship arrangements with the SBNI and will be subject to the usual governance and assurance arrangements within the Department.

Assurance Framework

18. The SBNI is required to establish its own Internal Assurance Framework which should be broadly based on the arrangements set out in the DHSSPS Framework: A Practical Guide for Boards of DHSSPS Arms Length Bodies document (March 2009). The Framework will be reviewed every two years and should be shared in draft form with the PHA Governance and Audit Committee on an annual basis for their comment and approval for those elements relating to the corporate host functions.

Declaration of Assurance to Department

19. At the end of each year and mid-year the SBNI will provide Declarations of Assurance. A template for the Declaration of Assurance to the Department is attached at **Annex 1**. Twice yearly, a Declaration of Assurance will be provided to:
 - the PHA in relation to those matters which relate to the PHA's corporate host function, which will inform the PHA mid-year assurance statement and Statement of Internal Control (SIC); and
 - the Department in relation to performance against the SBNI's statutory objective, functions and duties and any risks associated with them.

Risk Register

20. The SBNI will put in place its own Risk Register. An updated risk register will be submitted by the SBNI to the Department, and for consideration, to the PHA Governance and Audit committee every six months, in respect of those areas relevant to the PHA as corporate host.

Business Continuity Plan

21. The SBNI will put in place its own Business Continuity arrangements, which will be developed and tested as part of PHA Business continuity planning.

Controls Assurance Standards

22. The relevance of specific Controls Assurance Standards (CAS) should be agreed between PHA, SBNI and the Department. The SBNI will comply with specified criteria within the relevant CAS.

Internal Audit

23. SBNI will be included within the PHA annual Internal Audit work plan. In keeping with established PHA procedures, SBNI audit reports will be brought to the PHA Governance and Audit Committee, for consideration of those areas where the SBNI provides assurance to the PHA. The SBNI shall provide a written declaration to the PHA that it has submitted final audit reports to the Department including management responses to any weaknesses found. The Department may wish to have separate audit arrangements for those areas for which the SBNI provides assurance directly to the Department.

Information Management

24. The SBNI will designate suitable members of its staff as Data Guardian, Senior Information Risk Owner (SIRO), and Information Asset Officer (IAO) who will be responsible for ensuring that information risk is managed appropriately and for providing assurances to the SBNI Chair.

25. The SBNI will be responsible for handling its own Freedom of Information requests.

Complaints Handling

26. The SBNI will put in place adequate arrangements for the handling of complaints against it relating to the discharge of its statutory objective, functions and duties. The PHA will not be liable in any way for the handling of such complaints against the SBNI. However, the PHA will work in partnership with the SBNI on complaints that are relevant to corporate hosting matters.

27. The Chair of the SBNI will inform the Permanent Secretary of the Department of any complaints about the SBNI accepted by the Ombudsman for investigation, and about the SBNI's proposed response to any subsequent recommendations from the Ombudsman.

28. The Chair of the SBNI will inform the Chief Executive of the PHA of any matters affecting employees of the PHA acting as officers of the SBNI.

Alerts

29. The SBNI must alert the Department in a timely manner of any action or risk which would adversely impact on the delivery of the SBNI's functions or reputation or that of the Department. The SBNI must alert the PHA in a timely manner of any action or risk which would adversely impact on the PHA. The PHA must alert the Chair of the SBNI and the Department in a timely manner of any material action or risk which would adversely impact on the SBNI. The PHA must alert the Department in a timely manner of any action or risk arising from these hosting arrangements which would adversely impact on the delivery of the PHA functions or reputation or that of the Department.

FINANCIAL MANAGEMENT

30. As an unincorporated statutory body, the SBNI is unable to hold its own funds. The PHA will receive an agreed financial allocation, including funding for Salaries and Wages, Goods and Services, SBNI accommodation costs and legal services, representing the full running costs of the SBNI.

31. Responsibility for the proper management of public funds allocated to SBNI falls to the CEO of the PHA, who will hold accounting officer responsibilities in respect of the SBNI's stewardship of public funds as set out in MPMNI. Normally accountability also extends to how an organisation performs against objectives. However, this will be a matter for the Chair of the SBNI who will account directly to the Department's Accounting Officer in relation to the delivery of the SBNI statutory objective, functions and duties. This will be set out in the revised Accounting officer letter to the CEO of the PHA.
32. On behalf of the SBNI and in line with his/her responsibilities, the Chief Executive of PHA, as Accounting Officer, will be expected to ensure effective financial arrangements are in place and effective financial services are secured from HSCB/BSO for the proper management of the SBNI budget.
33. Details of the SBNI's expenditure will be included within the PHA Annual Accounts.
34. The PHA will not use funds allocated for the SBNI for any other purpose. Any request for additional resources by SBNI or in respect of SBNI must be referred to the sponsor branch in the Department. The PHA Accounting Officer should be advised of all requests and approvals of additional resources and expenditure, as he/she will be held accountable for this expenditure.
35. It is the responsibility of the SBNI to ensure that it complies with PHA Standing Orders (where they relate to corporate host functions including finance), Standing Financial Instructions and all other financial policies and procedures of the PHA.
36. SBNI assurance on these matters, including the arrangements for ensuring the financial stability (including financial risks) of the SBNI, for ensuring value for money and that resources allocated by the Minister/Department are deployed fully in achievement of agreed outcomes will be provided by the SBNI to the PHA in its Declarations of Assurance.

PERFORMANCE AGAINST OBJECTIVES

37. The SBNI will be required to submit to the Department a draft 3-year strategic plan. The plan will reflect the SBNI priorities, strategic aims and objectives. It will set out how the SBNI will deliver on its statutory objective, functions and statutory duties. The plan will be subject to Departmental approval and will be supported by an annual Business Plan.
38. The Business Plan will include key actions, supported by performance targets and indicators, to be undertaken in the year ahead and will include budget information.
39. PHA, as corporate host for the SBNI, has no responsibility for the development of the SBNI Strategic and Business Plans, their review or approval. However as a core member of the SBNI, the PHA will contribute fully to the development of the SBNI's Strategic and Business Plans.
40. Prior to the approval of the SBNI Strategic and Business Plans the Department will consult the Chief Executive of the PHA in respect of any financial issues relevant to his/her role as PHA Accounting Officer.

LEGAL SERVICES

41. The Departmental Solicitors Office will provide legal services for matters relating to the SBNI's statutory objective, functions and duties. PHA will secure legal services from the Directorate of Legal Services for those matters for which PHA has responsibility in its SBNI corporate hosting role.

ASSETS AND ESTATE MANAGEMENT

42. The PHA will provide agreed office accommodation for SBNI staff. The proportionate costs of this accommodation will be met by SBNI. The PHA will provide standard office equipment. Costs of equipment, telephone line rental and telephone calls will be borne by SBNI. Access to PHA switchboard services will be provided free of charge.
43. The SBNI is accommodated within the premises of the PHA. The SBNI will comply with Departmental requirements placed on the PHA in relation to its usage of PHA leased premises. The SBNI will comply with specified criteria, set out in the Buildings, Land, Plant and Non Medical Equipment Controls Assurance Standard, as agreed with the PHA.

HUMAN RESOURCES

44. With the exception of the Chair and lay persons, who are publicly appointed by the Department, the employer of SBNI staff is the Public Health Agency. The Department has determined that all SBNI posts will be subject to the approval of the Department. The level and structure of SBNI staffing agreed with the Department should not be utilised elsewhere in PHA without formal agreement with the Department. Where the SBNI require additional support from PHA staff it will agree and make such financial provision as may be necessary for this.
45. The PHA will have responsibility for securing HSC payment arrangements for SBNI staff salaries and related costs. Staff costs and any associated processing costs will be borne by the SBNI.

Management of SBNI Staff

46. SBNI staff, as employees of the PHA, will be subject to the same policies and procedures as other PHA staff. The SBNI and its staff must comply with the HR policies and procedures set down by PHA including those relating to complaints, grievances, discipline and whistle blowing. The Chair of the SBNI will advise the PHA Chief Executive or his/her nominated officer, of any issues emerging in relation to SBNI staff and their adherence to PHA policies and procedures. Individual incidents/breaches of these policies and procedures will be managed by the SBNI in the first instance, in keeping with normal HSC good practice, PHA guidance and escalation arrangements.

Staff Appraisal

47. Annual appraisal of SBNI staff will be conducted by the SBNI, against SBNI business and personal staff objectives and in line with the HSC Performance Appraisal processes operated by the PHA. The Chief Executive of the PHA will countersign the SBNI Chair's annual appraisal of the Director of Operations. Appraisal of the performance of the Chair and lay members will be conducted in line with established Public Appointment's arrangements.

Staff Training and Development

48. The SBNI is responsible for securing the provision of training and development of its staff in relation to SBNI functions and for making funds available for this purpose as approved by the Department. The SBNI will work with PHA to negotiate and resource shared training and development provision.

Recruitment of Staff

49. The PHA will secure the timely recruitment of agreed SBNI staff posts through the BSO HR service and the costs of recruitment will be borne by the SBNI.

PRESENTATIONAL ISSUES

Communication and Liaison Arrangements

50. Good communication is essential for effective working. PHA and SBNI agree to keep each other promptly and regularly informed about any work being undertaken or issues arising which may impact on the other, or in which the other organisation has an interest. Both parties must keep the Department informed about any matter which is likely to be of interest to the Department or the Minister.
51. Regular meetings will be held between the Chief Executive of the PHA and the Chair of the SBNI. Any disagreements which may arise between the PHA and the SBNI will normally be resolved amicably at the working level. If this is not possible, senior management at either organisation should seek to settle any issue. Failure to resolve disputes at this level should be referred to the Department.

Media Handling and Support

52. Day to day support for the SBNI in relation to media handling/communications will be provided by PHA. There may be occasions where conflicts of interest arise, when it is more appropriate for the SBNI to go directly to the Department for support.

Web site

53. The SBNI will commission the development of a website from the PHA. The development, ongoing maintenance and support costs will be borne by SBNI.

OTHER MATTERS

Indemnity

54. The SBNI Chair and the members of the Safeguarding Board (SBNI) will be indemnified by the Department while they are engaged in SBNI business, provided they have acted honestly and in good faith, and have not acted recklessly. This means that the Department will indemnify the Chair and the members of the SBNI in relation to any legal costs and damages which may be awarded against him or the other members of the SBNI, in connection with the conduct of SBNI business.

Conflicts of Interest

55. If any conflicts of interest should arise for the Chief Executive of the PHA in his role as Accounting Officer for the PHA and the SBNI, the matter should be referred to the Department for resolution.

AGREEMENT AND REVIEW OF THE MEMORANDUM OF UNDERSTANDING

56. This Memorandum will be reviewed after one year and three years thereafter. It will also be amended if necessary, following any relevant changes to the policies, procedures and structures of the parties concerned.

Agreement to this Memorandum of Understanding is given by signature of the following:

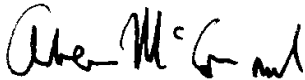
On behalf of PHA

..... **Mr Eddie Rooney**
Chief Executive

On behalf of SBNI

..... **Mr Hugh Connor**
SBNI Chair

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



..... **Mr Andrew McCormick**
Permanent Secretary

This Memorandum of Understanding will be effective from 17 September 2012 and subject to review by 17 September 2013.

TEMPLATE - SBNI Declaration of Assurance to the Department

This statement concerns the condition of the system of internal control in the Safeguarding Board NI as at DD/ MMM /YYYY

The purpose of this assurance statement is to attest to the effectiveness of the system of internal control. In accordance with Departmental guidance, I do this under the following headings.

1. Governance

A system of governance which encompasses effective corporate control arrangements is in operation e.g. corporate and business planning arrangements; risk management and internal controls; and monitoring and assurance thereon.

A Declaration of assurance (see attached) has been provided to the PHA to inform their mid-year assurance statement or SIC.

2. Significant Internal Control Problems –

[Insert details of significant internal control problems not otherwise covered e.g. description of the issue that has arisen and its (potential) impact on services, service-users, stakeholders etc, and a summary of the action taken or proposed to address the issue]

3. Assurance Framework

I can confirm that an Assurance Framework, which operates to maintain, and help provide reasonable assurance of the effectiveness of controls, has been approved and is reviewed by the SBNI. Minutes of board meetings are available to further attest to this.

4. Risk Register

I confirm that the Corporate Risk Register has been regularly reviewed by organisation and that risk management systems/processes are in place throughout the organisation. As part of the system of risk management, the Register is presented to the Department, and for consideration, to the PHA *Governance Audit* Committee, every six months – most recently on [dd.mm.yy].

5. Performance against Departmental Objectives

I confirm satisfactory progress towards the achievement of the objectives and targets set by the Department [with the following exceptions:-]

6. External and Internal Audit reports (if relevant)

I confirm implementation of the accepted recommendations made by internal or external audit, with the following exception:

Signed
SBNI Chair

FINANCIAL MEMORANDUM
BETWEEN
THE DEPARTMENT OF HEALTH
AND
THE PUBLIC HEALTH AGENCY

Agreement of Terms

This Financial Memorandum sets out the strategic control framework within which the Public Health Agency (PHA) 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 the PHA, combined with a reasonable degree of day-to-day freedom for the PHA to manage its operations.

The Memorandum has been drawn up by the Department of Health (DoH), in consultation with the PHA, which agrees to conduct its finances within the conditions contained therein. The contents of the Memorandum have been approved by the Department of Finance (DoF). It will remain in force and binding on the PHA until such time as it is reviewed and/or revised by the Department of Health.

SIGNED ON BEHALF OF THE
DEPARTMENT OF HEALTH



PERMANENT SECRETARY
DATE: 11 September 2018

SIGNED ON BEHALF OF THE PHA



CHIEF EXECUTIVE
DATE: 10 October 2018

1. INTRODUCTION

- 1.1. This Financial Memorandum sets out certain aspects of the financial framework within which the PHA is required to operate.
- 1.2. The terms and conditions set out in the combined Management Statement and Financial Memorandum (MSFM) may be supplemented by guidelines or directions issued by the Department/ Minister in respect of the exercise of any individual functions, powers or duties of the PHA.
- 1.3. The PHA should follow the standards, rules, guidance and advice in MPMNI and satisfy the conditions and requirements set out in the combined MSFM document, together with such other conditions as the Department/Minister may from time to time impose.

2. INCOME AND EXPENDITURE- GENERAL

2.1. The Departmental Expenditure Limit (DEL)

- 2.1.1. The PHA's current and capital expenditure form part of the Department's Resource DEL and Capital DEL respectively.

2.2. Expenditure not proposed in the budget / Delegated Limits

- 2.2.1. The PHA must not enter into any commitments or incur expenditure above pre-defined limits as set out in the delegated arrangements or which incur expenditure which is not provided for in the annual budget as approved by the Department. This reflects the general principles set out in MPMNI relating to the authority for expenditure, regularity, propriety and value for money which applies to all public expenditure.
- 2.2.2. The PHA shall not, without prior Departmental approval, enter into any undertaking to incur any expenditure outside its remit or which may be likely to bring either the PHA or the Department into disrepute.

2.3. Novel, Contentious or Repercussive Proposals

- 2.3.1. The PHA must obtain the approval of the Department of Health and the Department of Finance for any transactions which set precedents, are novel, potentially contentious or could cause repercussions elsewhere in the public sector. DoH and DoF approval must be obtained even where such transactions are within the PHA's delegated limits which appear to offer value for money. Examples include:
 - a. incurring expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including staff benefits;
 - b. making any significant changes in the operation of funding of initiatives or particular schemes previously approved by the Department;
 - c. unusual financing transactions, especially those with lasting commitments; and
 - d. making any change of policy or practice which has wider financial implications (e.g. because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of the resources required. The Department will advise on what constitutes 'significant' in this context.
- 2.3.2. The PHA must identify any factors that might set precedents or make expenditure novel, contentious or repercussive to the Department when submitting such proposals

for approval, whether capital, IT, Direct Award Contracts (DAC), consultancy, gifting etc. and irrespective of any existing delegations.

2.4. Procurement

- 2.4.1. The PHA'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 DoH, Central Procurement Directorate (CPD) and the Procurement Board. The PHA shall also ensure that it complies with any relevant UK and EU or other international procurement rules.
- 2.4.2. In particular, the PHA shall reflect in its policies DoH and DoF Guidance on procurement which addresses the appropriate market testing and evidence retention that should take place for all levels of purchase, irrespective of value, as small expenditures may not require CoPE involvement, but nonetheless require a form of market testing.
- 2.4.3. Periodically and wherever practicable, the PHA's procurement policies shall be benchmarked against best practice elsewhere.
- 2.4.4. The PHA's procurement activity should be carried out by means of a Service Level Agreement (SLA) with a recognised and approved Centre of Procurement Expertise (CoPE). The relevant CoPEs are: the Business Services Organisation – Procurement and Logistics Service (BSO PaLS) for Goods and Services and Central Procurement Directorate – Health Projects (CPD HP) for Construction Works/Services. If another CoPE or equivalent is to be used for a specific project, this should be consented to in advance by either BSO PaLS or CPD HP depending on the subject matter.
- 2.4.5. The Accounting Officer may decide on the level of internal delegation required for approval of purchases subject to delegated limits set by DoH or DoF guidance, and subject to any additional SLA requirements regarding, or formal guidance on, lowest acceptable delegations given by the relevant CoPE.
- 2.4.6. Delegations for the approval of purchases should be formally recorded within the organisation's scheme of delegation.

2.5. Competition

- 2.5.1. Competition promotes economy, efficiency and effectiveness in public expenditure. Works, goods and services should be acquired through public competition unless there are convincing reasons to the contrary, and where appropriate should comply with EU and domestic advertising rules and policy. The form of competition chosen should be appropriate to the value and complexity of the goods or services to be acquired.
- 2.5.2. Contracts shall be placed on a competitive basis and tenders accepted from suppliers who provide best value for money overall.
- 2.5.3. Where a contract is awarded to an economic operator (i.e. supplier, contractor) without competition, this is referred to as a Direct Award Contract (DAC). In light of their exceptional nature, all DACs should be dealt with in accordance with the advice requirements and delegations set out in DoH and DoF guidance and in accordance with the SLA or any formal general guidance on direct awards given by the relevant CoPE (in addition to complying with any other applicable delegations not arising as a result of DAC status e.g. capital or IT delegations).

2.5.4. The PHA shall send to the Department on a bi-annual basis (or on such other basis as shall be required by DoH) a report of contracts above the current de minimis limit for procurement expenditure in which competitive tendering was not employed.

2.6. Best Value for money

2.6.1. Procurement of work, supplies and services by the PHA shall be based on best value for money. This is defined as the most advantageous combination of costs, quality and sustainability to meet customer and PHA requirements. In this context, cost means consideration of the whole life cost; quality means meeting a specification which is fit for purpose and sufficient to meet the customer's requirements; and sustainability means economic, social and environmental benefits. It is not about minimising up front prices. Whether in conventional procurement, market testing, private finance or some other form of public private partnership, finding value for money involves an appropriate allocation of risk.

2.6.2. In accordance with MPMNI/Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE), where appropriate, a full options appraisal should be carried out before procurement decisions are taken.

Expenditure and Payments

2.7. Timeliness in paying bills

2.7.1. The PHA shall collect receipts and pay all matured and properly authorised invoices in accordance with applicable terms, MPMNI and any guidance issued by the Department/ DoF.

2.8. Payments in advance

2.8.1. The PHA should control its commitments and expenditure to provide value for money. Payments made in advance of the delivery of a service are not value for money and should only be made in exceptional circumstances and require the approval of DoF. There are occasions where advance payments are acceptable and examples are listed in MPMNI.

2.9. Deferred payments

2.9.1. Any proposal for deferred payments is considered novel and contentious and must receive DoF approval.

2.10. Risk Management

2.10.1. The PHA shall ensure that it has systems in place for identifying and managing risk and 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 *The Management of Risk: Principles and Concepts (the Orange Book)* and MPMNI.

2.10.2. The PHA 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.

2.11. Fraud

2.11.1. The PHA shall adopt and implement policies and practices to safeguard itself against fraud, and ensure it has adequate controls to detect and deter fraud in accordance with MPMNI and Departmental and DoF guidance which includes DoF's *Managing the Risk of Fraud*. In line with this the PHA should develop a fraud policy statement and fraud response plan. This should be updated every 5 years and sent to Counter Fraud

and Probity Services at BSO for review. The PHA shall notify the Department of any subsequent changes to the policy or response plan.

- 2.11.2. The PHA should identify, and assess how it might be vulnerable to fraud (including bribery), and evaluate the possible impact and likelihood of each fraud risk. Fraud should be always considered as a risk in the risk register.
- 2.11.3. All cases of attempted, suspected or proven fraud shall be reported to the BSO who shall report it to DoF and the Comptroller and Auditor General (C&AG) (see section 4.8 in the Management Statement) as soon as they are discovered, irrespective of the amount involved.

2.12. **Wider markets**

- 2.12.1. In line with MPMNI the PHA shall seek to maximise receipts and seek out and implement wider market opportunities, provided that this is consistent with (a) the PHA's main functions and core objectives and (b) its corporate plan as agreed with the Department. All such proposals must be supported by a business case and subject to Departmental approval and DoF approval, where appropriate.
- 2.12.2. The PHA must ensure that services are priced fairly and competition law and the rules on state aid are considered. The PHA must not however acquire assets just for the purpose of engaging in, or extending, commercial activity. If the wider markets activity demands further investment to keep it viable, the PHA must ensure the activity is reappraised.

2.13. **State Aid**

- 2.13.1. Any funding favouring a particular company or sector or seen to distort competition could be subject to the EU rules and, in certain circumstances, require notification to the European Commission. Article 107(1) of the EU Treaty prohibits in principle any form of preferential government assistance – state aid - to commercial undertakings. The purpose is to prevent distortion of competition within the EU. When designing policies, the PHA should consider early whether state aids rules apply and seek advice from the Department.

2.14. **Fees and Charges**

- 2.14.1. Fees or charges for any services supplied by the PHA, including services provided between HSC bodies shall be determined in accordance with MPMNI and should be based on a full cost recovery basis. Where it is decided to charge less than full costs, this will require Ministerial and DoF approval and there should be an agreed plan to achieve full cost recovery within a reasonable period. If the subsidy is intended to last the decision should be documented and periodically reviewed.
- 2.14.2. All fees and charges should be disclosed in the annual accounts in line with MPMNI / FReM.

2.15. **Commercial services**

- 2.15.1. Charges for commercial services should be set at a commercial rate in line with market practice and reflect fair competition with private sector providers. The requirements of competition law and State Aid must be considered. Decisions to set rates at below market practice must have Ministerial and DoF approval.

2.16. **Shared services**

- 2.16.1. Active engagement should be undertaken with the BSO to continue improving, enhancing and extracting value from existing and new services with consideration to consolidating services through shared service provisioning.

- 2.16.2. The PHA should always use BSO in the first instance where it can provide the relevant service. Where it is not possible to avail of BSO services then Enterprise Shared Services (ESS) should be always be considered as a viable alternative and must appraised in the business case.
- 2.16.3. All charges should be at cost in accordance with fees and charges guidance in MPMNI.

THE PHA's INCOME

3.1. Grant-in-Aid

- 3.1.1. Grant-in-aid (GIA) will be paid to the PHA in regular instalments as agreed on the basis of a written application from the PHA showing evidence of need. The application shall certify that the conditions applying to the use of GIA have been observed to date and that further GIA is now required for purposes appropriate to the PHA's functions. The forecast GIA provided by the PHA and included in the Department's spring supplementary estimates cannot be exceeded.
- 3.1.2. Where GIA is drawn by a service provider party on behalf of the PHA, the PHA should seek assurances throughout the period about monies drawn on their behalf.
- 3.1.3. The PHA should have regard to the general guidance and principles enshrined in MPMNI that it should seek GIA according to need. GIA should not be drawn down in advance of need.
- 3.1.4. Cash balances during the year shall be held at the minimum consistent with the efficient operation of the functions of the PHA. GIA not drawn down by the end of the year shall lapse. However, where draw-down of GIA is delayed to avoid excess cash balances at year-end, the Department will make available in the next financial year (subject to approval by the Assembly of the relevant Estimates provision) any such GIA required to meet any liabilities at year end, such as creditors.

3.2. Fines and Taxes as Receipts

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

3.3. Receipts from sale of goods or services

- 3.3.1. Receipts from the sale of goods and services (including certain licences), rent of land and dividends normally provide additional spending power. If the PHA wishes to retain a receipt or utilise an increase in the level of receipts, it must gain the prior approval of the Department.
- 3.3.2. If there is any doubt about the correct classification of a receipt, the PHA shall consult the Department, which may consult DoF as necessary.

3.4. Interest earned

- 3.4.1. Interest earned on cash balances cannot necessarily be retained by the PHA without Departmental approval. Depending on the budgeting treatment of this receipt, and its impact on the PHA's cash requirement, it may lead to commensurate reduction of GIA or be required to be surrendered to the NI Consolidated Fund via the Department.

3.5. Unforecast changes in in-year income

- 3.5.1. If the negative DEL income realised or expected to be realised in-year is less than estimated, the PHA shall, unless otherwise agreed with the Department, ensure a

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

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

3.6. Build-up and draw-down of deposits

- 3.6.1. The PHA shall comply with the rules that any DEL expenditure financed by the draw-down of deposits counts within DEL. The PHA 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 Department.

3.7. Proceeds from Disposal of Assets

- 3.7.1. Disposals of land and buildings are dealt with in Section 6 below.

3.8. Gifts and Bequests received

- 3.8.1. The PHA is free to retain any gifts, bequests or similar donations subject to paragraph 3.8.2. These shall be capitalised at fair value on receipt and must be notified to the Department.
- 3.8.2. Before accepting a gift, bequest or similar donation, the PHA shall consider if there are any costs associated in doing so or any conflicts of interest arising. The PHA shall not accept a gift, bequest or similar donation if there are conditions attached to its acceptance that would be inconsistent with the PHA's function.
- 3.8.3. The PHA must keep a register detailing gifts they have received, their estimated value and what happened to them (whether they were retained, disposed of, etc). The PHA should liaise with Department as to whether the gifts received need to be noted in annual report and accounts.
- 3.8.4. Donations, sponsorship or contributions, e.g. from developers should also be treated as gifts and should be treated in line with guidance in Managing Public Money NI on Gifts and accounted for in accordance with FReM requirements.

3.9. Other Receipts

- 3.9.1. The PHA should ensure that effective control is maintained, and records kept, of receipts from other sources (e.g. provision of fire certificates, reports etc).

3.10. Borrowing

- 3.10.1. Normally the PHA is not permitted to borrow funds. However if doing so, under exceptional circumstances, the PHA must observe the principles in MPMNI, seeking the approval of the Department and, where appropriate DoF, to ensure it has the

necessary authority and budget cover for borrowing or the expenditure to be financed for such borrowing.

4. EXPENDITURE ON STAFF

4.1 Staff Costs

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

4.2 Pay and Conditions of Service

4.2.1. Employees of the PHA, whether on permanent or temporary contract, will be subject to levels of remuneration, and terms and conditions of service (including Superannuation) as agreed by the Department and DoF. Current terms and conditions for employees of the PHA are set out in the NHS Terms and conditions of Service Handbook.

4.2.2. Annual pay increases of the PHA staff must be in accordance with the annual Finance Director (FD) letter on Pay Remit Approval Process and Guidance issued by DoF. All proposed pay awards must be approved by the PHA Remuneration Committee and Board prior to submission to the Department for approval. All proposed pay awards must have prior approval of the Department and DoF Minister before implementation.

4.2.3. Payments shall be made to Board members in respect of travelling expenses, fees or other allowances in accordance with the relevant (Payment of Allowances to Members) Determination and Direction (Northern Ireland), which the Department may from time to time amend. The PHA shall ensure that a comprehensive set of guidelines on all expenditure on travel and subsistence is in place.

4.2.4. Recruitment exercises to fill vacant or new senior positions in the PHA should proceed only where there are exceptional circumstances which have been agreed by the Permanent Secretary of the Department in advance. This position will be kept under review by the Department.

4.2.5. Any change to the remuneration of Senior Executives must have prior approval of the Permanent Secretary of the Department and the DoF Minister.

4.3. Pension Costs

4.3.1. The PHA's staff shall be eligible to join the Health and Social Care (HSC) Pension Scheme.

4.3.2. Staff may opt out of the HSC Pension Scheme provided by the PHA. However, the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall be limited to the national insurance rebate level.

4.3.3. Any proposal by the PHA 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 DoF. Proposals on severance payments must comply with MPMNI and any related DoF/ Departmental guidance.

5. NON-STAFF EXPENDITURE

5.1. Economic Appraisal

- 5.1.1. The PHA 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.
- 5.1.2. All business cases must be approved internally in line with the scheme of delegation. Those Business cases above the delegated limits must be submitted for Departmental approval prior to any expenditure being committed. Business cases submitted to the Department for approval must be approved by the PHA's Board and signed off by its Accounting Officer.
- 5.1.3. All business cases for external consultancy, including those below delegated limits, must be submitted to the Department in advance of any expenditure. All business cases for Direct Award Contracts should be advised on by the CoPE and appropriately approved in advance of expenditure.
- 5.1.4. Delegations do not remove the need for appraisal or evaluation. All expenditure, including that below delegation limits, must be appraised and evaluated with effort that is proportionate to the resources involved, with due regard to the specific nature of the case. NIGEAE provides more detailed guidance on the application of appropriate and proportionate effort.
- 5.1.5. Business cases and appraisals should be prepared in accordance with the following guidance, using the pro forma templates or full business case as required:
- The Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE);
 - The HM Treasury Guide, The Green Book: Appraisal and Evaluation in Central Government;
 - Departmental circulars;
 - Business cases below delegated limits will be subject to an annual test drilling exercise by the Department and DoF.

5.2. Capital Expenditure

- 5.2.1. 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.
- 5.2.2. Proposals for large scale capital projects or acquisitions will normally be considered within the PHA's corporate and business planning process. Applications for approval within the corporate/business plan by the Department, and DoF 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 in accordance with current instructions.
- 5.2.3. Approval of the corporate/business plan does not obviate the PHA's responsibility to abide by the economic appraisal process.

5.3. Capital Projects

- 5.3.1. The Accounting Officer or appropriate officer as notified to the Department may authorise capital or IT expenditure on discreet capital projects of up to the agreed

delegated limits. Capital or IT projects over this amount require the approval of the Department and where necessary DoF.

- 5.3.2. 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. The appraisal of Information Technology (IT) projects should include the staffing and other resource implications.
- 5.3.3. Any novel and/or potentially contentious projects, regardless of the amount of expenditure, require the approvals of the Department and DoF.
- 5.3.4. Transfers of assets between government departments should generally be at full current market value; assets transferred under a transfer of functions order to implement a machinery of government change are generally made at no charge.

5.4. Transfer of Funds within Budgets

- 5.4.1. Unless financial provision is subject to specific Department or DoF controls (e.g. where provision is ring-fenced for specific purposes such as contractually committed projects) 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 DoF approval. [*NOTE: Under resource budgeting rules, transfers from capital to resource budgets are not allowed.*]
- 5.4.2. Virement of funding from capital to resource budgets shall not be permitted without prior approval from the Department, DoF and the Executive.

5.5. Lending, Guarantees, Indemnities; Contingent Liabilities; Letters of Comfort

- 5.5.1. The PHA shall not, without the prior written consent of the Department (and, where necessary, DoF), lend money, charge any asset or security, give any guarantees or indemnities or letters of comfort, or incur any other contingent liability (as defined in Managing Public Money Northern Ireland), whether or not in a legally binding form.

5.6. Grants or loans by the PHA

- 5.6.1. Unless covered by a delegated authority, all proposals to make a loan to a third party, whether one-off or under a scheme, together with the terms and conditions under which such a loan is made, shall be subject to prior approval by the Department and, where necessary, DoF. If loans are to be made under a continuing scheme, statutory authority is likely to be required.
- 5.6.2. The terms and conditions of such grants or loans 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 for inspection by the PHA, the Department and the Comptroller and Auditor General.

5.7. Gifts Made

- 5.7.1. Departmental / DoF approval is needed for all gifts above delegated limits. Those exceeding £250,000 (or subsequent updated limits) also require Estimate cover and to be notified to the Assembly. Gifts include transfers of assets or leases at below market value. Public money must not be used to provide for gifts to members of staff. This shall also apply to members of the Board. Gifts by management to staff are subject to the requirements of DAO (DoF) 05/03.

5.7.2. Gifts should be noted in the annual report and accounts in line with MPMNI and the latest FReM requirements.

5.8. Write-offs, Losses and Other Special Payments

5.8.1. Proposals for write offs losses or other special payments including ex gratia and compensation payments outside the delegated limits must have the prior approval of the Department and where necessary DoF. Furthermore it is important to consult with the Department if payments are made, irrespective of delegations, which:

- involve important questions of principle;
- raise doubts about the effectiveness of existing systems;
- contain lessons which might be of wider interest;
- might create a precedent for other departments; or
- arise because of obscure or ambiguous instructions issued centrally.

5.8.2. Losses shall not be written off until all reasonable attempts to make a recovery have been made and have proved unsuccessful and there is no feasible alternative.

5.8.3. The PHA should always pursue recovery of overpayments, irrespective of how they came to be made.

5.8.4. Special payments should only be authorised after careful appraisal of the facts and when satisfied that the best course has been identified.

5.8.5. The PHA should ensure that full, justification is provided together with the necessary legal advice where appropriate and lessons learned clearly identified.

5.8.6. 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 Department, for amounts below the delegated limit, and the Department, where appropriate.

5.8.7. Losses and special payments should be reported in the annual accounts in accordance with MPMNI and the latest FReM requirements.

5.9. Remedy

5.9.1. The PHA should operate a clear accessible complaints process which should respond promptly and consistently and consider whether a remedy is appropriate in line with MPMNI.

5.10. Leasing

5.10.1. Prior Departmental and DoF approval is required for all property and finance leases as delegated authority has been removed. The PHA must have DEL provision for finance leases and other transactions that are, in substance, a form of borrowing.

5.10.2. Before acquiring a new lease or continuing with an existing lease term, the PHA must, at expiry or break option dates, submit a proportionate business case at least 12 months before either the lease expiry date or landlord /tenant notice date whichever is earlier. The PHA must ensure that the lease demonstrates value for money and that this is appropriately demonstrated in the business case through analysis of options including leasing of alternative property assets and purchase.

5.10.3. Business cases must be submitted for Departmental approval in the first instance. The Department will then seek approval from DoF before expenditure is committed.

5.11. Public Private Partnerships

- 5.11.1. The PHA should seek opportunities to enter into public/private partnerships where this would be more affordable and offer better value for money than conventional procurement.
- 5.11.2. All such proposals require Departmental / DoF approval. The PHA must consult with the Department when considering any proposal to enter into such arrangements. Procurement by private finance is only considered suitable for capital projects of £50million and above, because less capital intensive projects seldom justify the relatively high procurement and management costs involved. For instance, PFI solutions are not usually considered appropriate for Information Communication Technology (ICT) projects. Private finance should only be used after the rigorous scrutiny of all alternative procurement options, where:
- the use of private finance offers better value for money for the public sector compared with other forms of procurement; and
 - the public sector partner is able to predict the nature and level of its long term service requirements with a reasonable degree of certainty.
- 5.11.3. The PHA should ensure adherence to DoF guidance on value for money assessments of alternative procurement options.
- 5.11.4. The PHA should consult with the Department over the accounting and budgeting treatment for any private finance initiative. Where judgement over the level of control is difficult, the Department will consult DoF (who may need to consult with the Office of National Statistics over national accounts treatment).

5.12. Subsidiary Companies and Joint Ventures

- 5.12.1. The PHA shall not establish subsidiary companies or joint ventures without the express approval of the Department and DoF. In judging such proposals, the Department will have regard to its own wider strategic aims, objectives and those of the Government.
- 5.12.2. For public expenditure accounts purposes, any subsidiary company or joint venture controlled or owned by the PHA shall be consolidated with it in accordance with guidance in the FReM, subject to any particular treatment required by the FReM. Where the judgement over the level of control is difficult, the Department will consult DoF (who may need to consult with the Office of National Statistics over national accounts treatment). Unless specifically agreed with the Department and DoF, such subsidiary companies or joint ventures shall be subject to the controls and requirements set out in this MSFM and to the further provisions set out in supporting documentation.

5.13. Financial Investments

- 5.13.1. The PHA shall not make any financial investment without the prior written approval of the sponsor Department and, where appropriate, DoF, nor should it 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 PHA shall equally be subject to Departmental and DoF approval unless covered by a specific delegation.

5.14. Unconventional Financing

- 5.14.1. The PHA shall not enter into any unconventional financing arrangement without the approval of the Department and DoF. If the PHA is using a new or non-standard technique, it should ensure that it has the competence to manage, control and track its

use and any resulting financial exposures, which may vary with time. In particular, the PHA should consult the Department before using derivatives for the first time. The PHA must evaluate any such financing techniques carefully, especially to assess value for money and any proposal must be assessed in line with MPMNI chapter on funding.

5.15. Commercial Insurance

5.15.1. The PHA shall not take out any insurance without the prior approval of the Department and DoF, other than third party insurance required by the Road Traffic (NI) Order 1981 (as amended) and any other insurance which is a statutory obligation or which is permitted in Managing Public Money Northern Ireland. Decisions on whether to buy insurance should be based on objective cost-benefit analysis, using guidance in the *Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE)* (supported by additional DoF guidance).

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

5.16 Employers Liability

5.16.1 The PHA is listed in exemption Regulations made by the Department of Enterprise, Trade and Investment (now the Department for the Economy), under the Employer's Liability (Compulsory Insurance) (Amendment) Regulations (Northern Ireland) 2009, and therefore is not required to insure against liability for personal injury suffered by its employees.

5.17. Payment/Credit Cards

5.17.1. The PHA, in consultation with the Department, shall ensure that procedures on the issue of payment cards (including credit cards) are in place. No payment/credit cards should be issued without the prior written approval of the PHA's Accounting Officer.

5.18. Hospitality

5.18.1. The PHA shall ensure that a comprehensive set of guidelines on the provision of hospitality is in place. Reference should be made to Departmental guidance.

5.19. Use of consultants

5.19.1. The PHA must notify the Department of any occasion when it intends to use consultants, for what purpose, and submit consultancy business case in advance of any expenditure being committed. Prior Departmental/ DoF approval must be sought in line with current delegated limits. The PHA shall also comply with current Departmental and DoF guidance on the Use of Consultants.

5.19.2. The PHA will provide the Department with a quarterly statement on the status of all consultancies completed and/or started in each financial year.

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

6. MANAGEMENT AND DISPOSAL OF ASSETS

6.1. Asset Management Strategy

6.1.1. Each public sector organisation is expected to develop and operate an asset management strategy underpinned by a reliable and up to date asset register which should be reviewed annually by the PHA's Accounting Officer as part of the corporate planning process.

6.1.2. The PHA must ensure effective use, maintenance, acquisition and disposal of the public sector assets under its control.

6.1.3. The PHA shall keep an up to date asset register of all the capital assets it owns and uses.

6.2. Asset transfer between public bodies

6.2.1. Public sector organisations may transfer property among themselves without placing the asset on the open market, provided they do so at market prices and in appropriate circumstances and this is accounted for in compliance with MPMNI and FReM.

6.3. Machinery of Government changes

6.3.1. Some assets transfer due to machinery of government changes. The relevant legislation (Transfer Order) should prescribe the terms of any such transfer.

6.3.2. The PHA should maintain information asset registers as part of their asset management strategy.

6.4. Register of Assets

6.4.1. The PHA shall maintain an accurate and up to date register of fixed assets.

6.5. Disposal of Assets

6.5.1. The PHA shall dispose of those assets that are surplus to its requirements in compliance with current policy. Assets should be sold for best price, as advised by Land & Property Services. Assets shall be sold by auction or competitive tender as advised by Land & Property Services (unless otherwise agreed by the Department) and in accordance with the principles of MPMNI provided that the PHA is satisfied that the articles are spent, redundant or surplus to requirements.

6.5.2. Other than at a public auction, no article shall pass into the possession of any member of staff of the PHA or member of the Board without approval of the Department.

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

6.6. Recovery of Grant – Financed Assets

6.6.1. Where the PHA has financed expenditure on capital assets by third parties, the PHA shall set conditions and make appropriate arrangements to ensure that assets are not disposed of without the PHA's prior consent.

6.6.2. The PHA shall ensure that any grants to third parties for the acquisition of assets should normally include a clawback condition under which they can recoup the proceeds if the recipient of the grant later sells the asset.

6.6.3. The PHA shall ensure that, if the assets created by grants made by the Board 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 PHA for surrender to the Department. The amount recoverable shall be calculated by reference to the best possible value of the asset and in proportion to the NI Consolidated Fund's original investment(s) in the asset.

7. BUDGETING PROCEDURES

7.1. Setting the Annual Budget

- 7.1.1. Each year, in the light of decisions by the Department on the PHA's updated draft corporate plan, the Department will send to the PHA:
- a formal statement of the annual budgetary provision allocated by the Department in the light of competing priorities across the Department and of any forecast income approved by the Department; and
 - a statement of any planned change in policies affecting the PHA.
- 7.1.2. The PHA approved annual business plan will take account both of its approved funding provision and any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any Departmental funding and/or other income over the year. These elements will form part of the approved business plan for the year in question (Section 4.2 of the Management Statement).
- 7.1.3. 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.

7.2. General Conditions for the Authority to Spend

- 7.2.1. Once the PHA's budget has been approved by the Department (and subject to any restrictions imposed by Statute/the Minister/this MSFM or any other circulars, directives, and best practice guidance that may issue from, or by way of, the Department), the PHA shall have authority to incur expenditure approved in the budget without further reference to the Department, on the following conditions:
- The PHA shall comply with the delegations issued by the Department in HSC(F) 52-2016 (Appendix 1) or subsequent revisions). These delegations shall not be altered without the prior agreement of the Department and DoF;
 - The PHA shall comply with the conditions set out in paragraph 2.3 above regarding novel, contentious or repercussive proposals;
 - Inclusion of any planned and approved expenditure in the PHA's budget shall not remove the need to seek formal Departmental (and, where necessary, DoF) approval where such proposed expenditure is above the delegated limits, or is for new schemes not previously agreed;
 - The PHA shall provide the Department with such information about its operations, performance, individual projects or other expenditure as the Department may reasonably require (see paragraph 7.3 below); and
 - The PHA shall comply with NI Procurement Policy and carry out procurement via a recognised and approved CoPE.

7.3. Providing Monitoring Information to the Department

- 7.3.1. The PHA shall provide the Department with information on a regular basis which will enable the satisfactory monitoring by the Department of:
- The PHA'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 DoF Outturn and Forecast Outturn Return.

Other information requirements are listed at **Appendix 2**.

8. BANKING

8.1. Banking Arrangements

- 8.1.1. The PHA's Accounting Officer is responsible for ensuring that the PHA's banking arrangements are in accordance with the requirements of Chapter 5 of *MPMNI*. In particular, the Accounting Officer shall ensure that the arrangements safeguard public funds and that their implementation ensures efficiency, economy and effectiveness. This responsibility remains even with the current banking pool arrangements. Accounting Officers are responsible for the credit risk to which public funds are exposed when held in commercial banks. It is important that they manage this risk actively, so that it is kept to a minimum. This means using the most efficient and cost effective money transmission methods and securing the best terms possible from banks. The PHA should seek the advice of the Department before opening new bank accounts.
- 8.1.2. The PHA's Accounting Officer 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 Department's Accounting Officer to enable the latter to satisfy his/her own responsibilities;
 - The PHA'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.

9. COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE

9.1. Relevant Documents

- 9.1.1. The PHA 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 DoF;
 - *Government Internal Audit Standards*, issued by DoF;
 - *Managing the Risk of Fraud* issued by DoF;
 - *The Government Financial Reporting Manual (FReM)* (Treasury document) issued by DoF;
 - Relevant DoF Dear Accounting Officer and Finance Director letters;
 - Relevant Dear Consolidation Officer and Dear Consolidation Manager letters issued by DoF;
 - *Regularity, Propriety and Value for Money*, issued by Treasury;
 - The Consolidation Officer Letter of Appointment, issued by DoF;
 - *PFI - Working Together in Financing our Future: Policy Framework for Public Private Partnerships in Northern Ireland* available at: <http://webarchive.proni.gov.uk/20141007005953/http://www.ofmdfmi.gov.uk/maindoc.pdf>.
 - Other relevant instructions and guidance issued by the central Departments (DoF/The Executive Office (TEO)) including Procurement Board and CPD guidance;
 - Specific instructions and guidance issued by the Department;
 - 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 PHA.

10. REVIEW OF FINANCIAL MEMORANDUM

- 10.1. This Financial Memorandum will normally be formally reviewed every five years, or following a review of the PHA's functions as provided for in the Management Statement.
- 10.2. The Department of Finance will be consulted on any significant variation proposed to the Management Statement and Financial Memorandum.

APPENDIX 1

HSC(F) 52-2016 Revised HSC & NIFRS Delegated Limits and requirements for Departmental / DoF approval

1. DoF has updated some of the delegated limits per (DAO (DPF) 06/12) providing guidance on the revised arrangements for Departmental delegations, following the restructuring of the new nine Departments, and the associated requirements for DoF approval. The revised DAO can be found at: https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/daodfp0612_revised%20280716_0.pdf. The principles of DAO (DPF) 06/12 still remain and reminds organisations of the guidance contained in MPMNI relating to the authority for expenditure, regularity, propriety and value for money and the requirement to ensure that the principles of appraisals are applied when expending resources. The relevant extracts are included at **Annex A**.
2. This circular sets out the delegations between DoH and Health and Social Care bodies and NIFRS and conveys delegated authority to commit and incur expenditure subject to the restrictions set out at **Table A** below and per **Annex B and Annex C**.
3. The main changes to delegated limits are:
 - Capital Projects
 - DoH delegated limit excluding hospital schemes has increased from £1m to £2m
 - Trusts delegated limit, excluding hospital schemes, has increased from £500k to £1.5m
 - New delegated limit introduced for PHA lead Research and development of £1.5m
 - Trusts delegated limit for hospital schemes has also increased from £500k to £1.5m
 - Gifts has increased from £100 to £250 for all bodies;
 - Ex-Gratia Financial Remedy Payments (i.e.those made to complainants through an organisation's internal complaints procedures/processes increased from £250 to £500;
 - Overpayments - Foregoing the recoupment of overpayments of pay, pensions and allowances ; Pensions from £500 to £1,000;
 - Clinical negligence – delegated limit increased from £500k to £1m;
 - Delegated limit for all leases for Office / warehouse / storage accommodation is nil for all bodies;
 - DoH Delegated limit for EU Peace IV and In VA Programmes has increased from £2m to £5m. Delegated limits for all bodies remains NIL.
4. The table below summarises the main financial delegated limits where the Department has given delegated authority to HSC and NIFRS to spend within those limits. This must be read in conjunction with **Annex B and Annex C which contains a full list of delegations for which HSC bodies and NIFRS have NO delegated authority other than those listed below**.

5. All proposed expenditure which is set to exceed the HSC/NIFRS delegated limit must receive the appropriate prior approval before commitment to spend.

TABLE A

Area of Delegation	HSC/NIFRS Delegated Limit	DoH Delegated Limit
Use of External Consultants	HSC Bodies - £10,000 NIFRS - £10,000	£75,000
Capital Expenditure (excluding hospital schemes)	HSC Board & Trusts - £1,500,000	£2,000,000
	BSO £250,000	
	PHA - £50,000	
	PHA R&D - £1,500,000	
	NIBTS - £200,000	
	Other HSC Bodies - £10,000 NIFRS - £250,000	
Hospital Schemes – New Build, Extension, Refurbishment and Equipment involving capital expenditure	HSC Board & Trusts - £1,500,000 BSO - £250,000 PHA - £50,000 NIBTS - £200,000 Other HSC Bodies - £10,000	£5,000,000
IT Projects	HSC Board; Trusts; BSO; PHA; £250,000	£1,000,000
	NIBTS - £200,000	
	NIMDTA - £20,000	
	Other HSC Bodies - £10,000 NIFRS - £250,000	
Gifts	£250	£250
Losses – write off of cash losses and cash equivalents, bookkeeping losses, exchange rate fluctuations, fruitless payments and constructive losses, property in stores or in use due to any deliberate act	HSC Bodies £10,000 NIFRS - £1,000	n/a*
Losses -. The write off of losses relating to pay, allowances, superannuation benefits, social security benefits, grants, subsidies and the failure to make adequate charges for use of public property or services and loans - as per guidance in MPMNI	All HSC Bodies and NIFRS - Nil**	Nil**
Losses - Waived of Abandoned claims	HSC Bodies £10,000 NIFRS - £1,000	£100,000
Special payments / Ex-Gratia Payments	All HSC Bodies - £10,000 NIFRS - £1,000	£100,000
Overpayments - Foregoing the recoupment of overpayments of pay,	All HSC Bodies and NIFRS - £1,000 (pay & allowances)	£20,000

Area of Delegation	HSC/NIFRS Delegated Limit	DoH Delegated Limit
pensions and allowances	£1,000 (pensions)	
Overpayments - Foregoing the recoupment of overpayments of grants	All HSC Bodies and NIFRS - Nil**	Nil**
Special severance payments	All HSC Bodies and NIFRS - Nil**	Nil**
Ex-Gratia Financial Remedy Payments (i.e..those made to complainants through an organisation's internal complaints procedures/processes)	All HSC Bodies and NIFRS - £500	£500
Ex-Gratia Payments to be made as a result of a recommendation from the NI Public Services Ombudsman	All HSC Bodies - £10,000 NIFRS - £1,000	£50,000
Compensation payments for Clinical Negligence (to include interim payments if overall settlement is expected to exceed delegated limits) To include agreement of Periodic Payment Orders (PPOs)	HSC Bodies £1.000,000 NIFRS n/a	£2,000,000
Compensation payments following legal advice (This would include all personal injury and public liability claims)	HSC Bodies - £25,000 NIFRS - £1,000	£100,000
Compensation payments without legal advice	All HSC Bodies and NIFRS - Nil	£10,000
Extra-Statutory and Extra-Regulatory payments	All HSC Bodies and NIFRS - Nil	£100,000
Confidentiality Agreements	Nil	Nil
Grants: Revenue Capital	All HSC Bodies and NIFRS £500k per annum £200k in total	£500k per annum £200k in total
Leases for office accommodation/ warehousing / storage	All HSC Bodies and NIFRS Nil	Nil
Pay remits	All HSC Bodies and NIFRS Nil	Nil
Revenue Business cases	NIFRS - £250,000 All other HSC Bodies – fully delegated	Nil

* DoH has full delegated authority

** Prior DoH and DoF approval required in all cases

6. It is mandatory for HSC bodies and NIFRS to obtain prior Departmental approval for expenditure above those limits outlined above and per Annex B & C attached. Failure to obtain the required DoF approvals will result in regularity and propriety issues. Any expenditure which falls outside a Department's delegated authority and which has not been approved by DoF is deemed irregular and could result in qualified accounts and investigation by PAC.
7. Where expenditure proposals exceed the Department's delegated limits, DoF Supply will act as the approving authority.

8. All expenditure which is novel, contentious, repercussive or which could set a potentially expensive precedent, irrespective of size, even if it appears to offer value for money taken in isolation **must** have Departmental and DoF approval before expenditure is committed.

Further Guidance

9. For further details on these categories of expenditure, including approvals procedures, HSC Bodies and NIFRS should refer to Managing Public Money Northern Ireland³ and NIGEAE⁴, as well as current Departmental finance guidance on:
 - The use of professional services (including consultants)
 - Losses and special payments
 - Claims handling (including clinical negligence and personal injury litigation)
 - Fraud
 - Capital

Process for approval of expenditure

10. Any payments / expenditure that require Departmental approval must be submitted through Financial Policy and Accountability Unit, who will act as a single point of contact through whom all liaison with DoF on significant financial matters, including approvals, should be conducted. This is to ensure that appropriate Departmental approvals have been obtained and that regularity, propriety and VFM have been adhered to.
11. It has been agreed that the Infrastructure Investment Director will be the contact point for all such submissions concerning capital.

Should you have any queries please contact the following.

Charles Barnett 02890 522254
Sharon Allen (Capital) 02890 523169

Action Required

12. HSC Bodies and NIFRS to note the requirements to obtain prior Departmental approval before committing expenditure outside the delegations conveyed by this letter. This circular should therefore be circulated as appropriate throughout your organisation, and schemes of delegation revised and updated accordingly.

Yours sincerely

PAULA SHEARER
Financial Policy, Accountability and Counter Fraud Unit

³ <https://www.finance-ni.gov.uk/articles/managing-public-money-ni-mpmni>

⁴ <https://www.finance-ni.gov.uk/topics/finance/northern-ireland-guide-expenditure-appraisal-and-evaluation-nigeae>

Extract from revised DAO (DFP) 06/2012***Expenditure Appraisal and Evaluation***

1. FD(DFP) 20/09 draws departments' attention to the Northern Ireland Guide to
 - a. Expenditure Appraisal and Evaluation (NIGEAE), which contains DoF's core guidance on the appraisal, evaluation, approval and management of policies, programmes and projects. The principles of appraisal should be applied, with proportionate effort, to every proposal for spending or saving public money, or proportionate changes in the use of public sector resources. For example, appraisal must be applied irrespective of whether the relevant public expenditure or resources:
 - b. involve capital or current spending, or both;
 - c. are large or small;
 - d. are above or below delegated limits.
2. Appraisal is a systematic process for examining alternative uses of resources. It is designed to assist in defining problems and finding the solutions which offer the best value for money. It is a way of thinking expenditure proposals through, right from the emergence of the need for a project through its implementation, to post-project evaluation. It is the established vehicle for planning and approving projects and other expenditures. Good appraisal leads to better decisions and use of resources. It facilitates good project management and project evaluation. Appraisal is not optional; it is an essential part of good financial management, which is vital to decision-making and crucial to accountability. But it must also be proportionate.
3. It is important to begin applying appraisal early in the gestation of any proposal which has expenditure or resource implications. The justification for incurring any expenditure at all should be considered. Appraisal should be applied from the emergence of a need right through to the recommendation of the most cost-effective course of action. It should not be regarded merely as the means to refine the details of a predetermined option.
4. It should be noted that delegations do not remove the need for appraisal or evaluation. All expenditure, including that below delegation limits, must be appraised and evaluated with effort that is proportionate to the resources involved, with due regard to the specific nature of the case. NIGEAE provides more detailed guidance on the application of appropriate and proportionate effort.

Implementation of delegated authority

5. This DAO restates a number of working arrangements which are intended to facilitate the efficient implementation of delegated authority and the achievement of accountability and value for money. They are part of the internal controls of a department and should facilitate an Accounting Officer in signing the Governance Statement.

Management Arrangements

6. Departments should nominate a senior official, preferably the Departmental Finance Director, to assist in the discharge of all aspects of the delegation arrangements within the department. This official should act as a single point of contact through whom all liaison with DoF on significant financial matters, including approvals, should be conducted, unless alternative arrangements are agreed with DoF. Departments should inform DoF of the name and job title of this point of contact and notify DoF of any subsequent change.

7. Expenditure above delegated limits generally requires specific DoF approval. The normal procedure for seeking DoF approval is to submit a suitable business case to the appropriate DoF Supply Division in accordance with the guidance in NIGEAE.
8. All cases presented to DoF for approval must confirm that the department is content with the regularity, propriety and value for money of the project and the project has the necessary approvals within the departmental Accounting Officer's delegated arrangements. Where it is clear to DoF that a case has been submitted without proper departmental approval procedures being followed, the case will be returned without consideration.
9. It should be noted that where DoF approval is required, expenditure should not be committed until DoF approval has been granted. Where DoF's approval has not been sought, DoF will not generally grant retrospective approval where the relevant expenditure has already been committed or the works have commenced.
10. The practice of consulting DoF informally during the course of development of a project is strongly encouraged, particularly where the project is deemed to be complicated, novel or contentious. However, such informed consultation does not remove the need for a department to formally submit the project for DoF approval if that is required. DoF will not confirm its formal view of any proposal unless the department has provided confirmation of its Accounting Officer's view (under the responsibility of the Accounting Officer) on the regularity, propriety and value for money of the relevant proposed expenditure.

Appraisals and Post Project Evaluations

11. All departments should ensure that their operating procedures and guidance on conducting economic appraisals comply with NIGEAE, are recorded in a Finance Manual, that this Manual is kept updated regularly, and that those who are involved in the economic appraisal process have access to it.
12. The Departmental Finance Director should ensure that commensurate Post Project Evaluations (PPEs) are completed in accordance with the principles set out in NIGEAE that lessons learnt are shared within the department (and, where appropriate, with other departments). A copy of the PPE should be forwarded to DoF Supply if it formed a condition of the approval. Departmental Finance Manuals should ensure that appropriate procedures are established for PPEs.

Review of Processes

13. Each department should carry out an annual review (independent of the spending areas) of the processes in relation to the appraisal of cases and PPEs that fall within its delegated limits, to ensure that the proper processes are being followed and the delegation limits set out in this DAO adhered to. If a department has evidence-based confidence in its internal controls, it may decide to implement a cycle of reviews, taking a different part of the department each year.

Review of Economic Appraisals/PPEs

14. In addition to the annual review of processes described at (viii) above, departments should conduct ad hoc 'test drilling' of economic appraisals and PPEs that fall (a) within their delegated limits and (b) within the delegated limits given to their sponsored bodies, to ensure that the appropriate appraisal standards have been applied in accordance with NIGEAE guidance and that decisions have been taken on a proper basis. The review should be undertaken independent of the spending area. A department may undertake a cycle of reviews concentrating on the higher risk areas. A report of the findings of the examination of individual cases should be provided by departments to the Departmental Accounting Officer and to DoF Supply on an annual basis, by 30 June each year. This

should provide further assurance to the Departmental Accounting Officer in signing off the Annual Governance Statement.

15. Departments should submit to DoF Supply a list of all appraisals above the level agreed with their Supply Officer. Supply may request a sample of those cases for review, to confirm the effectiveness of departments' control systems (in line with the criteria in MPMNI A.2.3.8). Any necessary corrective action identified should be implemented within an agreed timescale.

AREAS REQUIRING DoF APPROVAL FOR ALL DEPARTMENTS

	Details	Reference
Where DoF approval (in writing) is required:		
Use of Resources		
1	Public statements which might imply a willingness on the part of the Executive to commit resources or incur expenditure beyond agreed levels	MPMNI Box A.2.3.A
2	Guarantees, indemnities or general statements/ letters of comfort which could create a contingent liability	MPMNI Box A.2.3.A
3	All expenditure which is novel, contentious, repercussive or which could set a potentially expensive precedent, irrespective of size, even if it appears to offer value for money taken in isolation	MPMNI Box A.2.3.A Box 2.3
4	Expenditure that could create pressures which could lead to a breach of: <ol style="list-style-type: none"> 1. Departmental Expenditure Limits (DELs); 2. resource limits or capital limits; or 3. Estimates provision. 	MPMNI Box A.2.3.B
5	Expenditure that would entail contractual commitments to significant levels of spending in future years for which plans have not been set	MPMNI Box A.2.3.B
6	Legislation with financial implications as per guidance in MPMNI	MPMNI A.2.2.1
7	New services under the sole authority of the Budget Act	MPMNI A.2.5.15
8	Loans – on borrowing from the Northern Ireland Consolidated Fund for Contingencies	MPMNI A.2.5.9 MPMNI A.2.5.11
Accounting Officers		
9	Appointment of the permanent head of each central government department to be its Accounting Officer	MPMNI 3.2.1
10	Appointment of an Accounting Officer for a Trading Fund (TF)	Financial Provisions NI Order 1993 and MPMNI 3.2.2
Internal Management		
11	Gifts – Giving any individual gift in excess of £250. Refer to Table A for HSC and NIFRS Delegation	MPMNI A.4.12.3
12	Insurance – Decision to purchase commercial insurance.	MPMNI 4.4.1 – 4.4.2

	Details	Reference
13	Losses – The write off of losses relating to pay, allowances, superannuation benefits, social security benefits, grants, subsidies and the failure to make adequate charges for use of public property or services and loans - as per guidance in MPMNI - Refer to Table A for HSC and NIFRS Delegation	MPMNI Annex A.4
14	Losses - Waived or Abandoned claims above £100,000 and Special payments e.g. ex gratia over £100,000. To include the foregoing the recoupment of overpayments of pay, pensions and allowances over £20,000 and the recoupment of overpayments of grants. Refer to Table A for HSC and NIFRS Delegation	MPMNI A.4.10.2 & Box A.4.10.A MPMNI A.4.11
15	Payments – Advance payments excluding those allowed under the guidance in MPMNI	MPMNI A.4.6.5
16	Payments – Deferred payments excluding those allowed under the guidance in MPMNI	MPMNI A.4.6.9
17	Payments - Special severance payments - Refer to Table A for HSC and NIFRS Delegation	MPMNI A.4.13.9
18	Payments – Financial Remedy Payments over £500 (ie payments made to complainants through an organisations internal complaints procedures/processes) and payments over £50,000 to be made as a result of a recommendation from the Northern Ireland Public Services Ombudsman	MPMNI A.4.14.8
Funding		
19	Banking – Proposals to open an account outside the pool or any proposed changes to Banking Pool arrangements	MPMNI 5.8.2 MPMNI A.5.7.3 MPMNI Box A.5.7.B
20	Banking – Requests for indemnities that commercial banks may seek to replace their normal arrangements	MPMNI Box A.5.7B
21	Borrowing from the Private Sector for all Arms Length Bodies (ALBs)	MPMNI 5.7.1
22	Borrowing on terms more costly than those usually available to government	MPMNI A.5.6.11
23	Borrowing – foreign borrowing	MPMNI A.5.6.12
24	Foreign Currency - Any proposals to negotiate contracts in foreign currencies other than the euro, yen or US dollar	MPMNI A.5.7.13
25	Income - Use of income and cash by departments to meet expenditure needs if there is no specific legislation	MPMNI A.5.3.1 MPMNI A.5.3.5
26	Income & Receipts - Increases to the amount that can be treated as an accruing resource	MPMNI A.5.3.8 MPMNI A.5.3.9

	Details	Reference
	during a financial year in order to finance a comparable increase in expenditure as per in-year monitoring/budgeting guidance	
27	Liabilities – Departments seeking statutory authority to accept liabilities	MPMNI A.5.5.5
28	Liabilities – Assuming statutory liabilities including the liabilities of any sponsored bodies in excess of £1 million for any single transaction	MPMNI A.5.5.14
29	Liabilities – Reporting non-statutory, where required, to the Assembly	MPMNI A.5.5.23
30	Liabilities – Reporting a contingent liability in confidence by writing to the Chair of the PAC	MPMNI A.5.5.28
31	Liabilities – Departments should consult DoF about reporting a liability during recess and outside Assembly sessions during a dissolution	MPMNI A.5.5.30 MPMNI A.5.5.34
32	Loans – proposals to make voted loans and premature repayment	MPMNI 5.6.1 MPMNI A.5.6.2
Fees, Charges and Levies		
33	Charges - Primary legislation to empower charging	MPMNI 6.2.1
34	Charges - Restructuring charges using the Fees and Charges (NI) Order 1988 No. 929 (N.I.8) in line with guidance in MPMNI	MPMNI Box 6.2
35	Charges - Public sector supplier moving away from full cost charging	MPMNI A.6.4.8
36	Interdepartmental Transactions – where the transaction may require legislative procedures or where DoF agreement is required under statute	MPMNI A.6.6.3
Working with Others		
37	Agency framework documents and the methods of financing an agency	MPMNI 7.4.2 & Box 7.2
38	All Management Statements and Financial Memorandums (MSFM) or other relationship documents	MPMNI 7.7.6
39	The establishment or termination of an NDPB	Public Bodies: A Guide for NI Departments
40	The establishment and operation of a Trading Fund including sources of capital	Financial Provisions NI Order 1993 and MPMNI A.6.6.3, MPMNI 7.5.2, 7.5.4 & Box 7.3
41	Provision of funding by way of an Endowment Fund	A.5.1.10
42	Grants to Councils under the Local Government (Finance) Act (NI) 2011	Local Government (Finance) Act (NI) 2011
Other Delegations		
43	Wider market projects where the full annual cost or aggregated annual income from such	MPMNI A.7.6.6

	Details	Reference
	services exceeds, or is expected to exceed thresholds agreed by DoF	
44	Assets - Transfer or disposal of assets at less than market value.	
45	Assets – to appropriate any sums realised as a result of selling an asset above the deminimis level in the DoF Budget/In-year Monitoring Guidance	
46	Assets – to allow an organisation to retain receipts arising from the sale of assets funded by grant or grant-in-aid above the deminimis level in the DoF Budget/In-year Monitoring Guidance	
47	Compensation payments without legal advice - Individual compensation claims settled out of court over £10,000. - Refer to Table A for HSC and NIFRS Delegation	
48	Compensation payments following legal advice - Individual compensation claims settled out of court over £100,000 where the legal advice is that the department will not win the case if contested in court. - Refer to Table A for HSC and NIFRS Delegation	
49	Consultants – Expenditure on external consultancy projects over £75,000 Expenditure on external consultancy assignments co-funded by the Strategic Investment Board over £150k – Refer to Table A for HSC and NIFRS Delegation	FD(DOF)07/12 Minute to Principal Finance Officers dated 19 April 2004
50	Estimates – form and content of Main and Supplementary Estimates.	Supply Estimates in Northern Ireland – A Guidance Manual
51	Virement	Supply Estimates in Northern Ireland – A Guidance Manual
52	Fraud – any departure from immediate reporting (not including National Fraud Initiative (NFI) for which separate arrangements have been agreed	FD(DFP) 02/13
53	IT projects over £1 million Refer to Table A for HSC and NIFRS Delegation	CONSIDER AGAINST AGILE
54	Capital Projects - All other expenditure on Capital Projects involving over £2million of Central Government expenditure unless other delegations specifically allow - Refer to Table A for HSC and NIFRS Delegation	
55	Projects - All PFI + 3PD projects at key stages as stipulated in NIGEAE	NI Guide to Expenditure Appraisal and Evaluation MPMNI A.7.5.4 FD(DFP) 20/09 FD(DFP) 17/11

	Details	Reference
56	Receipts – repayment of CFERs from the Northern Ireland Consolidated Fund	
57	Redundancy – All staff redundancy schemes not covered by existing regulations or which are more generous than existing NICS scheme.	
58	EU - All expenditure over £5 million under the EU Programmes for which the Special EU Programmes Body is responsible rather than with a threshold of £2 million.	Letter to Finance Directors & EUSG Members 2 March 2011
59	Pay Remits - Refer to Table A for HSC and NIFRS Delegation	FD Letter - Pay Remit Approval Process and Guidance
60	All leases for Office Accommodation (including supporting storage or warehousing) – both new and existing extension or renewal beyond break points. Excluding offices outside Northern Ireland - Refer to Table A for HSC and NIFRS Delegation	Letter to Accounting Officers 28 July 2014

Specific DEPARTMENT OF HEALTH delegations

Ref Number	Details	Reference
Where DoF approval (in writing) is required:		
1	Hospital Schemes – Ne Build, Extension, Refurbishment and Equipment involving capital expenditure over £5 – Refer to Table A for HSC and NIRFS Delegation.	
2	Third Party Development schemes for health and social care / service provision.	
3	All grants/awards to the Voluntary and Community Sector: Revenue Grants £500,000 per annum, Capital Grants £200,000 – refer to Table A for HSC and NIRFS Delegation	
4	Medical/Clinical Negligence settlements over £2m – refer to Table A for HSC and NIRFS Delegation	
5		
6		

Ref number	Details	Reference
Where DoF approval (in writing) is required:		
5	Staff redundancy schemes.	
6	Provisions concerning appointment of officers.	Fire Services (NI) Order 1984
7	Doctors Qualifications.	HPSS Order 1972 Article 107(6)
8	Doctors Rights/Working Conditions.	HPSS Order 1972 Article 107(6)
9	Requirement to maintain list of Doctors/Dentists by Boards / Departments.	HPSS Order 1972 Article 107(6)
10	Terms of Service for Medical Professionals.	HPSS Order 1972 Article 107(6)
11	Prescription Charges.	HPSS Order 1972 Article 98 (2) Schedule 15
12	Optical Charges.	HPSS Order 1972 Article 98 (2) Schedule 15
13	Dental Charges.	HPSS Order 1972 Article 98 (2) Schedule 15

Core Departmental Information Requirements

1. *INFORMATION TO BE PROVIDED ROUTINELY DURING THE FINANCIAL YEAR*
 - 1.1 Minutes of Board and all Committee meetings (to be forwarded to the Department as soon as possible following each meeting)
 - 1.2 Internal audit reports where substantive assurance not achieved (immediately following report)
 - 1.3 Inspection/review reports (immediately following receipt of report by the PHA)
 - 1.4 Monthly financial monitoring returns (to enable the Department to exercise both Estimate and budgetary control)

2. *OTHER INFORMATION TO BE PROVIDED*
 - 2.1 Corporate/Business Plan (to be forwarded to the Department, in draft form, prior to sign-off by the PHA in February/March)
 - 2.2 Internal audit work plan for the forthcoming year (to be forwarded in February/March)
 - 2.3 Internal audit report for the previous year (to be forwarded in May/June)
 - 2.4 Business Continuity plan (to be updated at least annually, and forwarded to the Department thereafter)
 - 2.5 Risk register (to be updated at, least annually, and forwarded to the Department in March/April)
 - 2.6 Assurance Framework (to be updated, at least annually, and forwarded to the Department in March/April)
 - 2.7 Mid-year Assurance Statement, end of year Governance Statement (to be forwarded to the Department in October/November and May/June respectively)