COMMISSIONER FOR OLDER PEOPLE FOR NORTHERN IRELAND

MANAGEMENT STATEMENT AND FINANCIAL MEMORANDUM

OCTOBER 2018

PART I - Management Statement

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DEFINITIONS

In this Statement and Memorandum:

"Body" means Commissioner for Older People for Northern Ireland

"C&AG" means Comptroller and Auditor General

"the Commissioner" means the Commissioner for Older People for Northern Ireland

"SGF" means the Sponsorship, Governance and Funding pool, in the Department for Communities

"DAO" means "Dear Accounting Officer" letter

"the Department" or *"DfC"* means "Department for Communities"

"DFP" means the Department of Finance and Personnel.

"DoF" means the Department of Finance

"DPFO" means "Dear Principal Finance Officer" letter

"Executive" and "Assembly" shall also be taken to mean "the government" and *"Parliament"* respectively during direct rule

"MPMNI" means Managing Public Money Northern Ireland

"Minister" means the Minister of DfC. During the suspension of the Northern Ireland Assembly, all references to "the Minister" should be taken to mean the relevant Direct Rule Minister with responsibility for DfC and the Commissioner.

"MSFM" means the *Management Statement* and *Financial Memorandum* document

"NDPB" means Commissioner for Older People for Northern Ireland

"PFO" means Principal Finance Officer

"Voted" means provision voted by the Northern Ireland Assembly

INTRODUCTION

1.1 This document

1.1.1 This Management Statement and Financial Memorandum (MSFM) has been drawn up by the Department for Communities (DfC) in consultation with the Commissioner for Older People for Northern Ireland[1] (the Commissioner). The document is based on a model prepared by the former Department of Finance and Personnel (DFP).

1.1.2 The terms and conditions set out in the combined M*anagement Statement* and *Financial Memorandum* may be supplemented by guidelines or directions issued by DfC and/or Minister in respect of the exercise of any individual functions, powers and duties of the Commissioner.

1.1.3 A copy of the MSFM for the Body should be given to all senior Commissioner executive staff and departmental sponsor staff on appointment.

1.1.4 Subject to the legislation noted below, this *Management Statement* sets out the broad framework within which the Commissioner will operate, in particular:

- the Commissioner's overall aims, objectives and targets in line with his/her statutory remit taking cognisance of the Programme for Government and the Executive's wider strategic aims and relevant DfC objectives in relation to governance matters.

- the rules and guidelines relevant to the exercise of the Commissioner's functions, duties and powers;

- the conditions under which any public funds are paid to the Commissioner;

- how the Commissioner is to be held to account for his/her performance.

1.1.5 The associated *Financial Memorandum* sets out in greater detail certain aspects of the financial provisions which the Commissioner 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 DfC in accordance with the timetable referred to in Section 7 below

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1.1.7 The Commissioner DfC, or the Minister, may propose amendments to this document at any time. The guiding principle of any amendment shall be to underpin or improve the quality of internal controls to achieve performance and his/her operational needs. COPNI and DfC shall agree 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 Commissioner, as appropriate. (The definition of "significant" will be determined by DfC in consultation with DoF).

1.1.8 The *MSFM* is approved by DoF Supply, and signed and dated by DfC and the Commissioner

1.1.9 Any question regarding the interpretation of the document shall be resolved by DfC after consultation with the Commissioner 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.

1.2 Founding legislation; status

1.2.1 The Commissioner for Older People is established under the Commissioner for Older People (Northern Ireland) Act 2011 (the Act).

1.3 The functions, duties and powers of the Commissioner

1.3.1 The functions, duties and powers of the Commissioner are set out in the Act.

1.4 Classification

1.4.1 For policy/administrative purposes the Commissioner is classified as an executive non-departmental public body.

1.4.2 For national accounts purposes the Commissioner is classified to the central government sector.

1.4.3 References to this NDPB include, (where they exist), all his/her 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 Commissioner (paragraphs 64 – 65 of the *Financial Memorandum refer*).

AIM[S], OBJECTIVES AND TARGETS

2.1 Overall aims

2.1.1 Within the founding legislation the First and deputy First Minister have approved the overall aim for the Commissioner as follows:

‘to safeguard and promote the interests of older persons’.

2.2 Objectives and key targets

2.2.1 *DfC determines the Commissioner’s performance framework to support the Commissioner’s Statutory remit, taking cognisance of the Programme for Government and the Executive’s wider strategic aims and relevant DfC objectives in relation to governance matters. The Minister has agreed the objectives, key targets and performance measures within the Commissioner’s corporate and business planning process (Section 4).*

RESPONSIBILITIES AND ACCOUNTABILITY

3.1 The Minister

3.1.1 The Minister for Communities

The Minister is accountable to the Assembly for the activities and performance of the Commissioner. The Minister’s responsibilities include:

- approving the Commissioner’s strategic objectives and the policy and performance framework within which the Commissioner will operate (as set out in this *Management Statement* and *Financial Memorandum* and associated documents);
- keeping the Assembly informed about the Commissioner’s performance;
- approving the amount of grant-in-aid/grant/other funds to be paid to the Commissioner, and securing Assembly approval; and

carrying out responsibilities specified in the founding legislation.

3.1.2 The First Minister and deputy First Minister

- The First and Deputy First Minister are responsible for the appointment of the Commissioner.

3.2 The Accounting Officer of DfC

3.2.1 DfC's principal Accounting Officer (the 'departmental Accounting Officer'), is responsible for the overall organisation, management and staffing of DfC and for ensuring that there is a high standard of financial management in the Department as a whole. The DfC Accounting Officer is accountable to the Assembly for the issue of any grant-in-aid to the Commissioner. The DfC Accounting Officer designates the holder of the office of Commissioner as 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 DfC shall ensure that:

- the Commissioner's strategic aim(s) and objectives reflect his/her statutory remit and taking cognisance of the Programme for Government and the Executive's wider strategic aims and relevant DfC objectives in relation to governance matters.

- the financial and other management controls applied by DfC to the Commissioner are appropriate and sufficient to safeguard public funds and for ensuring that the Commissioner's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to the Commissioner by the Assembly but also any other funds falling within the stewardship of the Commissioner);

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

- any grant-in-aid to the Commissioner 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).

3.3 The sponsoring team in the Department

3.3.1 Within DfC, Work and Inclusion Group provides the sponsoring team for the Commissioner. The Team, in consultation as necessary with the relevant DfC Accounting Officer, is the primary source of advice to the Minister on the discharge of their responsibilities in respect of the Commissioner, and the primary point of contact for the Commissioner in dealing with DfC. The sponsoring team shall carry out his/her duties under the management of a senior officer, who shall have primary responsibility within the team for overseeing the activities of the Commissioner.

3.3.2 The sponsoring team shall advise the Minister on:

- an appropriate framework of objectives and targets for the Commissioner in support of his/her statutory remit to “safeguard and promote the interests of older persons” taking cognisance of the Programme for Government and the Executive’s wider strategic aims and relevant DfC objectives in relation to governance matters.

- an appropriate budget for the Commissioner in the light of the Department’s overall public expenditure priorities;

- how well the Commissioner is achieving his/her strategic objectives and whether it is delivering value for money.

3.3.3 In support of the departmental Accounting Officer, the sponsoring team shall:

on performance and risk management -

- monitor the Commissioner’s activities on a continuing basis through an adequate and timely flow of information from the Commissioner on performance, budgeting, control, and risk management, including early sight of the Commissioner’s Governance Statement ;

- address in a timely manner any significant problems arising in the Commissioner, whether financial or otherwise, making such interventions in the affairs of the Commissioner as DfC judges necessary to address such problems;

- periodically carry out a risk assessment of the Commissioner’s activities to inform DfC’s oversight of the Commissioner; strengthen these arrangements if necessary; and amend the *Management Statement* and *Financial Memorandum* accordingly. The risk assessment shall take into account the nature of the Commissioner’s activities; the public monies at stake; the body's corporate governance arrangements; his/her financial performance; internal and external auditors' reports; the openness of communications between the body and DfC; and any other relevant matters;

on communication with the Commissioner -

- inform the Commissioner of relevant Executive / government policy in a timely manner; if necessary, advise on the interpretation of that policy; and issue specific guidance to the Commissioner as necessary;

- bring concerns about the activities of the NDPB to the attention of the Commissioner, and require explanations and assurances from the Commissioner and/or COPNI’s Audit and Risk

Assurance Committee(ARAC) that appropriate action has been taken.

3.4 The Commissioner

3.4.1 The Commissioner is appointed in accordance with the Act. Under his/her terms, the First Minister and deputy First Minister will make the appointment for a four-year period, renewable once. The appointment is made in accordance with the code of practice issued by the Commissioner for Public Appointments Northern Ireland.

3.4.2 The Commissioner is responsible to the Minister for Communities and shall ensure that the NDPB's policies and actions take cognisance of the Programme for Government and the Executive's wider strategic aims and relevant DfC objectives in relation to governance matters; and that the NDPB's affairs are conducted with probity. The Commissioner is responsible for the corporate responsibilities set out in paragraph 3.4.6, and in particular for ensuring that the Commissioner fulfils the aims and objectives agreed with DfC and approved by the Minister.

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

- formulating strategy;
- ensuring that, in reaching decisions, he/she takes proper account of the guidance provided by the Minister or DfC;
- promoting the efficient, economic and effective use of staff and other resources;
- encouraging and delivering high standards of regularity and propriety; and
- representing the views of the Commissioner to the general public.

3.4.4 The Commissioner shall commit to abide by the Nolan 'seven principles of public life', which includes a requirement for a comprehensive and publicly available register of the Commissioner's interests.

3.4.5 Communications between the Commissioner and the Minister on operational and strategic matters shall normally be through the sponsor team.

3.4.6 The Commissioner has corporate responsibility for ensuring that he/she fulfils the aims and objectives agreed by DfC and by the Minister, and for promoting efficient, economic and effective use of staff and other resources and that he/she complies with any statutory or administrative requirements for the use of public funds.

To this end, and in pursuit of his/her wider corporate responsibilities, the Commissioner shall:

- establish his/her overall strategic direction within the legislative parameters of the 2011 Act (or subsequent amendments) and taking cognisance of the Programme for Government and the Executive's wider strategic aims and relevant DfC objectives in relation to governance matters;

- ensure that the Policy Lead for Older People is kept informed of any changes which are likely to impact on the strategic direction of the Commissioner or on the attainability of his/her 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 he/she operates within the limits of the statutory authority and any delegated authority agreed with DfC, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, he/she takes into account all relevant guidance issued by DoF and DfC.

- ensure that the Commissioner receives and reviews regular financial information concerning the management of his/her staff and resources; is informed in a timely manner about any concerns about the activities of the Commissioner's office; and provides details of these concerns and positive assurance to DfC that appropriate action has been taken on such concerns.

- ensure that high standards of corporate governance are observed at all times, including using the independent Audit and Risk Assurance committee (see paragraph 4.7) to help the Commissioner address the key financial and other risks facing the Commissioner;

3.4.7 The Commissioner shall act in accordance with his/her wider responsibility to:

- comply at all times with the FD (DFP) 04/14 Code of Conduct and with the rules relating to the use of public funds and to conflicts of interest;

- not misuse information gained in the course of his/her public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote his/her private interests or those of connected persons or organisations; and to declare publicly any private interests that may be perceived to conflict with his/her public duties;

- comply with DAO (DFP) 10/06 Guidance on the acceptance of gifts and hospitality, DAO (DFP) 09/11 Bribery Act 2010 and rules of business appointments; and

- act in good faith and in the best interests of his/her office;

3.5 The Commissioner's role as Accounting Officer

3.5.1 The Commissioner is designated as Accounting Officer by the DfC departmental Accounting Officer.

3.5.2 The Commissioner, as Accounting Officer of the NDPB, 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 NDPB.

3.5.3 As Accounting Officer, the Commissioner shall exercise the following responsibilities in particular:

on planning and monitoring:

- establish, in agreement with DfC, the Commissioner's corporate and business plans in support of the statutory remit taking cognisance of the Programme for Government and the Executive's wider strategic aims and relevant DfC objectives in relation to governance matters.

- inform DfC of the NDPB'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 DfC, that DfC is notified promptly if overspends or underspends are likely and that corrective action is taken; and that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to DfC in a timely fashion;

on managing risk and resources -

- ensure compliance with the Northern Ireland Public Procurement Policy;

- 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 that all public funds made available to the Commissioner (including any approved income or other receipts) are used for the purpose intended by the Assembly, and that such monies, together with the Commissioner's assets, equipment and staff, are used economically, efficiently and effectively;

- ensure that adequate internal management and financial controls are maintained by the Commissioner, including effective measures against fraud and theft;

- maintain a comprehensive system of internal delegated authorities, which are notified to all staff, together with a system for regularly reviewing compliance with these delegations;

- ensure that effective personnel management policies are maintained;

on accounting for the activities of the Commissioner -

- 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, DfC, or DoF;

- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;

- sign a Governance Statement regarding the Commissioner's system of internal control, for inclusion in the annual report and accounts;

- ensure that effective procedures for handling complaints about the Commissioner are established and made widely known to his/her staff;

- 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 DfC and DoF - in particular, Chapter 3 of MPMNI and the DoF document, '*The Responsibilities of an NDPB Accounting Officer',* and the Treasury document, '*Regularity and Propriety'*, both of which the Commissioner shall receive on appointment. Section IX of the attached Financial Memorandum refers to other key guidance;

- give evidence, normally with the Accounting Officer of DfC, when summoned before the Public Accounts Committee (PAC) on the use and stewardship of public funds by the Commissioner;

- ensure effective commitment and implementation of Section 75 principles of the Northern Ireland Act 1998;

- ensure that Disability Discrimination Act 1995 and the Protection of Children and Vulnerable Adults NI Order 2003 are complied with; and

- ensure that the requirements of the Data Protection Act 1998 and the Freedom of Information Act 2000 are complied with.

3.6 The Commissioner's role as Consolidation Officer

3.6.1 For the purposes of Whole of Government Accounts, the Commissioner is normally appointed by DoF as Consolidation Officer.

3.6.2 As Consolidation Officer, the Commissioner shall be personally responsible for preparing the consolidation information, which sets out the financial results and position of the Commissioner; for arranging for his/her audit; and for sending the information and the audit report to the Principal Consolidation Officer nominated by DoF.

3.6.3 As Consolidation Officer, the Commissioner shall comply with the requirements of the Commissioner for Older People Consolidation Officer Letter of Appointment as issued by DoF and shall, in particular:

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

- prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions and directions ["Dear Consolidation Officer" (DCO) and "Dear Consolidation Manager" (DCM) letters] issued by DoF on the form, manner and timetable for the delivery of such information.

3.7 Delegation of duties

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

3.8 The Commissioner's role as Principal Officer for Ombudsman cases

3.8.1 The Commissioner is the Principal Officer for handling cases involving the Northern Ireland Public Service Ombudsman. As

Principal Officer, he/she shall inform the Permanent Secretary of DfC of any complaints about the Commissioner accepted by the Ombudsman for investigation, and about the Commissioner's proposed response to any subsequent recommendations from the Ombudsman.

3.9 Consulting customers

3.9.1 The Commissioner will work in partnership with his/her stakeholders and customers to deliver the services/programmes, for which they have responsibility, to agreed standards. They will consult regularly to develop a clear understanding of citizens' needs and expectations of the Commissioner's services and to seek feedback from both stakeholders and customers and will work to deliver a modern, accessible service.

PLANNING, BUDGETING AND CONTROL

4.1 The corporate plan

4.1.1 The Commissioner shall submit to DfC a draft of the Commissioner's corporate plan coterminous with his/her term of office. The Commissioner shall have agreed with DfC the issues to be addressed in the plan and the timetable for its preparation.

4.1.2 While DfC will agree the Commissioner's corporate plan, DoF reserve the right to ask to see and agree the NDPB's Corporate Plan.

4.1.3 The plan shall reflect the Commissioner's statutory duties and, within those duties, take cognisance of the Programme for Government and the Executive's wider strategic aims and relevant DfC objectives in relation to governance matters.

4.1.4 The corporate plan shall set out:

- the Commissioner's key objectives and associated key performance targets for the term of the Commissioner , and his/her its strategy for achieving those objectives;
- a review of the Commissioner's performance in the preceding financial year together with comparable outturns for the previous 2 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 DfC at the beginning of the planning round. These forecasts should

represent the Commissioner’s best estimate of all his/her available income not just any grant or grant-in-aid; and

- other matters as agreed between DfC and the Commissioner.

4.1.5 The main elements of the plan, including the key performance targets, shall be agreed between DfC and the Commissioner in the light of DfC’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 form the business plan. A draft business plan shall be submitted to DfC by 31st January each year and DfC Officials will seek approval before the beginning of the new financial 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 DfC.

4.2.2 While DfC will agree the Commissioner’s business plan, DoF reserve the right to ask to see and agree the NDPB’s annual Business Plan.

4.2.3 Corporate and business plans will be formally approved by the Minister.

4.3 Publication of plans

4.3.1 The corporate and business plans shall be published / made available on the Commissioner’s website. They shall be made available to staff.

4.4 Reporting performance to DfC

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

4.4.2 The Commissioner shall take the initiative in informing DfC 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 Commissioner’s performance in delivering on his/her objectives as set out in the Business and Corporate Plans shall be reported to the Department on a regular basis. Performance will be formally reviewed by officials in DfC, in line with DfC guidance, and a senior official shall meet the Commissioner formally each year to discuss the NDPB's performance, his/her current and future activities, and any policy developments relevant to those activities.

4.4.4 The Commissioner's performance against key targets shall be reported in the Commissioner's annual report and accounts [see Section 5.1 below]. Arrangements for the validation of reported performance will be agreed between the Commissioner and DfC.

4.5 Budgeting procedures

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

4.6 Internal audit

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

4.6.2 DfC should outline the arrangements that they have determined as appropriate for the Commissioner taking account of DAO (DFP) 07/16 Internal Audit opinions and prioritisation of recommendations and DAO (DoF) 02/07 Public Sector Internal Audit Standards (PSIAS). DAO (DFP) 07/16 This will include specifying the Department's requirements in terms of

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

4.6.3 The Commissioner shall consult DfC 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 issued 1/04/2013 and relevant DoF guidance.

4.6.4 DfC will review the Commissioner’s terms of reference for internal audit service provision. The Commissioner shall notify DfC of any subsequent changes to internal audit’s terms of reference.

4.7 Audit and Risk Assurance Committee

4.7.1 The Commissioner shall set up an independent Audit and Risk Assurance Committee in accordance with the Cabinet Office's *Guidance on Codes of Practice for Public Bodies* (FD (DFP) 04/14 refers) and in line with the Audit and Risk Committee Handbook DAO (DFP) 05/14.

4.7.2 DfC should specify the arrangements it has determined appropriate for the Commissioner which may include the need for:-

- Attendance by departmental representatives at the Commissioner’s Audit and Risk Assurance Committee meetings;
- access required to the Audit and Risk Assurance Committee papers and minutes;
- any input required from the Commissioner’s Audit and Risk Assurance Committee to the Department’s own Audit Committee etc.

4.7.3 DfC will review the Commissioner’s Audit and Risk Assurance Committee terms of reference. The Commissioner shall notify DfC of any subsequent changes to the Audit and Risk Assurance Committee’s terms of reference.

4.8 Fraud

4.8.1 The Commissioner shall report immediately to DfC all frauds (proven or suspected), including attempted fraud. DfC shall then report the frauds immediately to DoF and the C&AG. In addition the Commissioner shall forward to DfC the annual fraud return, commissioned by DoF, on fraud and theft suffered by the Commissioner.

4.8.2 DfC will review the Commissioner’s Anti Fraud Policy and Fraud Response Plan. The Commissioner shall notify DfC of any subsequent changes to the policy or response plan.

4.9 Additional departmental access to the Commissioner

4.9.1 In addition to the right of access referred to in paragraph 4.6.2 above, DfC shall have a right of access to all the Commissioner’s records and personnel for purposes such as sponsorship audits, operational investigations and the comprehensive review. (See also paragraph 4.7.2 access to Audit Committee minutes).

EXTERNAL ACCOUNTABILITY

5.1 The annual report and accounts

5.1.1 After the end of each financial year the Commissioner shall publish as a single document an annual report of his/her activities together with his/her audited annual accounts. The report shall also cover the activities of any corporate bodies under the control of the Commissioner. A draft of the report shall be submitted to DfC [two weeks] before the proposed publication date although it is expected that the Department and the Commissioner will have had extensive pre-publication discussion on the content of the report prior to formal submission to the Department. *[NOTE: DfC may wish to agree a timeframe or specific dates for the publication of the annual report and accounts].*

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 DfC.

5.1.3 The report and accounts shall outline the Commissioner's main activities and performance during the previous financial year and set out in summary form the Commissioner'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 by DfC 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 *and Commissioner for Older People Act 2011*.

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 DfC.

5.2 External audit

5.2.1 The Comptroller and Auditor General (C&AG) audits the Commissioner's annual accounts and passes the accounts to DfC which lays them before the Assembly, together with the Commissioner's annual report. 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 Commissioner on the arrangements for completing the audit of the Commissioner'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 DfC 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 Commissioner. 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 Commissioner has used his/her resources in discharging his/her 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 Commissioner 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.

STAFF MANAGEMENT

6.1 General

6.1.1 Within the arrangements approved by the Minister and DoF the Commissioner shall have responsibility for the recruitment, retention and performance of his/her staff. To this end the Commissioner 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 his/her staffing, including grading and numbers of staff, are appropriate to his/her functions and the requirements of efficiency, effectiveness and economy;

- the performance of his/her staff at all levels is satisfactorily appraised and the Commissioner'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 Commissioner'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 DAO (DFP) 11/08 Whistleblowing and DAO (DFP) 02/15 Whistleblowing guidance are in place; and

- a code of conduct for staff is in place based on Annex 5A of Public Bodies: A Guide for NI Departments (available at www.finance-ni.gov.uk/afmd).

REVIEWING THE ROLE OF THE COMMISSIONER

7.1 DfC will commission a comprehensive review of the Commissioner periodically, in accordance with the business needs of DfC and the Commissioner. Reference should be made to Chapter 9 of Public Bodies: a Guide for Northern Ireland Departments.

7.2 The Commissioner shall undertake reviews of the working of the Commissioner for Older People Act (Northern Ireland) 2011 in accordance with Article 21.

7.3 If the Commissioner is to be wound up DfC shall, in good time before the Commissioner is to be wound up:

- ensure that procedures are in place in the NDPB to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work that is to be inherited by any residuary body;

- specify the basis for the valuation and accounting treatment of the Commissioner's assets and liabilities at wind-up, distinguishing between actual and potential assets and liabilities, in order to provide a clear basis for assessing the Commissioner's financial legacy;

7.4 The Commissioner shall provide DfC with full details of all agreements where the Commissioner or his/her successors have a right to share in the financial gains of developers. It should also pass to the Department details of any other forms of claw back due to the Commissioner.

PART II:

COMMISSIONER FOR OLDER PEOPLE

FINANCIAL MEMORANDUM

53. Table of Contents:

I. INTRODUCTION

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

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

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

54. II. THE COMMISSIONER'S INCOME AND EXPENDITURE - GENERAL

The Departmental Expenditure Limit (DEL)

4. The Commissioner's current and capital expenditure form part of DfC's Resource Departmental Expenditure Limits (DEL) and Capital DEL respectively.

Expenditure not proposed in the budget

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

Procurement

6. The Commissioner's procurement policies shall comply with the public procurement policy adopted by the Northern Ireland Executive in May 2002 (refreshed August 2014); Procurement Guidance Notes; and any other guidelines or guidance issued by Central Procurement Directorate (CPD) and the Procurement Board. The Commissioner's procurement activity should be carried out by means of a Service Level Agreement with CPD or another recognised Centre of Procurement Expertise (CoPE) – this should ensure compliance with relevant UK, EU and international procurement rules.

7. Periodic reviews of the Commissioner's procurement activity should be undertaken. The results of any such review will be shared with DfC.

Competition

8. Contracts shall be awarded on a competitive basis and tenders accepted from suppliers who provide best value for money overall.

Direct Award Contracts (DAC) are contracts awarded to a supplier or contractor without competition. All Direct Award Contracts are subject to guidance issued by DoF Central Procurement Directorate. Direct Award Contracts should comply with the relevant Procurement Guidance Notes and Departmental Guidance. The Departmental Accounting Officer approval is required for all relevant Direct Award Contracts.

9. The Commissioner shall send to the Department after each financial year a report for that year explaining all contracts in which competitive tendering was not employed. Details of ***all*** Direct Award Contracts entered into by COPNI must be tabled at their Audit and Risk Assurance Committee and reported on a quarterly basis to the Department in an annexe to his/her Quarterly Assurance Statements.

Best value for money

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

Timeliness in paying bills

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

Novel, contentious or repercussive proposals

13. The Commissioner shall obtain the approval of DfC, and DoF, before:

- incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including on staff benefits; making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by DfC;

- 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 resources required. (DfC will advise on what constitutes “significant” in this context).

Risk management/Fraud

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

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

16. The Commissioner shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with Treasury’s guide *Managing the Risk of Fraud* available at www.finance-ni.gov.uk/afmd .

17. All cases of attempted, suspected or proven fraud shall be reported to DfC who shall report it to DFP and the NIAO (see section 4.8 in the Management Statement) as soon as they are discovered, irrespective of the amount involved.

Wider markets

18. In accordance with wider markets policy, the Commissioner shall seek to maximise receipts from non-Consolidated Fund sources, provided that this is consistent with (a) the Commissioner’s main functions (b) his/her corporate plan as agreed with DfC. DfC will confirm with the DoF Supply Officer that such proposed activity is appropriate.

Fees and charges

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

55. III. THE COMMISSIONER’S INCOME

Grant-in-aid

20. Grant-in-aid will be paid to the Commissioner in monthly instalments, on the basis of a written application from the Commissioner showing evidence of need. The application shall certify that the conditions applying to the use of grant-in-aid have been observed to date and that further grant-in-aid is now required for purposes appropriate to the Commissioner’s functions.

21. The Commissioner should have regard to the general principle enshrined in Annex 5.1 of *Managing Public Money Northern Ireland* that it should seek grant-in-aid according to need.

22. Cash balances accumulated during the course of the year shall be kept at the minimum level consistent with the efficient operation of the Commissioner. Grant-in-aid not drawn down by the end of the year shall lapse. However, where draw-down of grant-in-aid is delayed to avoid excess cash balances at year-end, DfC will make available in the next financial year (subject to approval by the Assembly of the relevant Estimates provision) any such grant-in-aid required to meet any liabilities at year end, such as creditors.

Fines and taxes as receipts

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

Receipts from sale of goods or services

24. Receipts from the sale of goods and services (including certain licences where there is a significant degree of service to the individual applicant), rent of land, and dividends are classified as negative public expenditure in National Accounts and are therefore normally offset against the DEL (i.e. they provide additional DEL spending power). If a body wishes to retain a receipt or utilise an increase in the level of receipts, it must gain the prior approval of DfC.

25. If there is any doubt about the correct classification of a receipt, the Commissioner shall consult DfC, which may consult DoF as necessary.

Interest earned

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

Unforecast changes in in-year income

27. If the negative DEL income realised or expected to be realised in-year is less than estimated, the Commissioner shall, unless otherwise agreed with DfC, ensure a corresponding reduction in its

gross expenditure so that the authorised provision is not exceeded. [NOTE: *For example, if the* Commissioner *is allocated £100 resource DEL provision by* his/her *sponsor 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* Commissioner *will need to reduce* his/her *expenditure to £105 to avoid breaching* his/her *budget. If the* Commissioner *still spends £110 DfC will need to find £5 of savings from elsewhere within* his/her *total DEL to offset this overspend.*]

28. If the negative DEL income realised or expected to be realised in the year is more than estimated, the Commissioner may apply to DfC to retain the excess income for specified additional expenditure within the current financial year without an offsetting reduction to grant-in-aid. DfC 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 grant-in-aid shall be commensurately reduced or the excess receipts shall be required to be surrendered to the NI Consolidated Fund via DfC.

Build-up and draw-down of deposits

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

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

Proceeds from disposal of assets

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

Gifts and bequests received

32. The NDPB is free to retain any gifts, bequests or similar donations, subject to paragraph 33. These shall be capitalised at fair value on receipt and must be notified to DfC*. [NOTE: A release from the donated assets reserve should offset depreciation in the operating cost statement. The latest FReM requirements should be applied.]*

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

Borrowing

34. The Commissioner will not be allowed to borrow, as stated in Schedule 1, Article 2(1) of the Commissioner for Older People Act (Northern Ireland) 2011.

IV. EXPENDITURE ON STAFF

Staff costs

35. Subject to his/her delegated levels of authority the Commissioner shall ensure that the creation of any additional posts does not incur forward commitments which will exceed his/her ability to pay for them.

Pay and conditions of service

36. The staff of the Commissioner, whether on permanent or temporary contract, shall be subject to levels of remuneration and terms and conditions of service (including superannuation) within the general NICS pay structure as analogous to DfC. The Commissioner has no delegated power to amend these terms and conditions.

37. Civil Service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the Commissioner's staff and to any other party entitled to payment in respect of travelling expenses or other allowances. Payment shall be made in accordance with the Civil Service Management code except where prior approval has been given by DfC and DoF to vary such rates.

38. Annual pay increases of Commissioner's staff must be in accordance with the annual FD letter on Pay Remit Approval Process and Guidance issued by DoF. Therefore, all proposed pay awards must have prior approval of DfC and the Minister for Finance before implementation.

39. The Commissioner shall operate a performance-related pay scheme which shall form part of the general pay structure approved by DFC and DoF.

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

Pensions; redundancy/compensation

41. The Commissioner's staff shall be eligible for a pension provided by

- membership of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)).

42. Staff may opt out of the occupational pension scheme provided by the Commissioner. However, the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall [normally] be limited to the national insurance rebate level. *[NOTE: The exception is for NDPBs covered by the PCSPS(NI) Partnership arrangement, and for NDPBs with PCSPS(NI) by-analogy versions, where a contribution regime has been agreed. NDPBs with other pension arrangements which are considering contributing to a stakeholder-type arrangement where staff opt out, must consult DoF with a formal proposal based on actuarial advice.]*

43. Any proposal by the Commissioner to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the approval of DfC and DoF. Proposals on severance payments must comply with Managing Public Money NI Annex 4.13. Where the PCSPS(NI) is the relevant pension scheme, the Commissioner must conform with the procedures for early retirement/severance which apply to the main Department and ensure that the level of benefits are the standard applicable under the Civil Service Compensation Scheme (Northern Ireland) (CSCS(NI)) rules. DfC is responsible for ensuring that the Commissioner does this.

44. The Department is responsible for ensuring that the Commissioner continues to meet the criteria for membership of the PCSPS (NI), where this is the pension scheme applicable.

V. NON-STAFF EXPENDITURE

Economic appraisal

45. The Commissioner is required to apply the principles of economic appraisal, with appropriate and proportionate effort, to all decisions and proposals concerning spending or saving public money, including European Union (EU) funds, and any other decisions or proposals that involve changes in the use of public resources. For example, appraisal must be applied irrespective of whether the relevant public expenditure or resources:

a. involve capital or current spending, or both;

b. are large or small;

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

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

47. General guidance on economic appraisal that apply to NDPBs can be found in:

- DFP's on-line guide *The Northern Ireland Guide to Expenditure Appraisal and Evaluation* ("NIGEAE", 2009). See http://www.finance-ni.gov.uk/eag

- The HM Treasury Guide, *The Green Book: Appraisal and Evaluation in Central Government* (2003).

Capital expenditure

48. Subject to being above an agreed capitalisation threshold, all expenditure on the acquisition or creation of fixed assets shall be capitalised on an accruals basis in accordance with relevant accounting standards. Expenditure to be capitalised shall normally include the (a) acquisition, reclamation or laying out of land; (b) acquisition, construction, preparation or replacement of buildings and other structures or their associated fixtures and fittings; and (c) acquisition, installation or replacement of movable or fixed plant, machinery, vehicles and vessels.

49. Proposals for large-scale individual capital projects or acquisitions will normally be considered within the Commissioner's corporate and business planning process. Subject to paragraph 51, applications for approval within the corporate/business plan by DfC and, DoF if necessary, shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Commissioner. Regular reports on the progress of projects shall be submitted to DfC.

50. Approval of the corporate/business plan does not obviate the Commissioner's responsibility to abide by the economic appraisal process.

51. Within his/her approved overall resources limit the Commissioner shall, as indicated in the attached Appendix on delegations, have delegated authority to spend up to £10k on any individual capital project or acquisition. Beyond that delegated limit, DfC's and where necessary, DoF's prior authority must be obtained before expenditure on an individual project or acquisition is incurred.

Transfer of funds within budgets

52. Unless financial provision is subject to specific DfC or DoF controls (e.g. where provision is ring-fenced for specific purposes) or delegated limits, transfers between budgets within the total capital budget, or between budgets within the total revenue budget, do not need DfC approval. The one exception to this is that, due to HM Treasury controls, any movement into, or out, of depreciation and impairments within the

resource budget will require departmental and possibly DoF approval. *[NOTE: Under resource budgeting rules, transfers from capital to resource budgets are not allowed.]*

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

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

Grant or loan schemes

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

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

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

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

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

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

59. Gifts by management to staff are subject to the requirements of DAO (DFP) 10/06 Guidance on the acceptance of gifts and hospitality and DAO (DFP) 09/11 Bribery Act 2010.

Leasing

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

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

Public/Private Partnerships

62. The Commissioner shall seek opportunities to enter into Public/Private Partnerships where this offers better value for money than conventional procurement. Where cash flow projections may result in delegated spending authority being breached, the Commissioner shall consult DfC. The Commissioner should also ensure that it is has the necessary budget cover.

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

Subsidiary companies and joint ventures

64. The Commissioner shall not establish subsidiary companies or joint ventures without the express approval of DfC and DoF. In judging such proposals DfC will have regard to the Department's wider strategic aims objectives and current Programme for Government.

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

Financial investments

66. The Commissioner shall not make any investments in traded financial instruments without the prior written approval of DfC, and where appropriate DoF, nor shall 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 Commissioner shall equally be subject to Departmental and DoF approval unless covered by a specific delegation.

Unconventional financing

67. The Commissioner shall not enter into any unconventional financing arrangement without the approval of DfC and DoF.

Commercial insurance

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

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

Payment Cards

70. The Commissioner, in consultation with DfC, shall ensure that a comprehensive set of guidelines on the use of payment cards (including credit cards) is in place. Reference should be made to FD (DoF) 11/16 Issues and use of payment cards.

Hospitality

71. The Commissioner, in consultation with DfC, shall ensure that a comprehensive set of guidelines on the provision of hospitality is in place. Reference should be made to DAO (DFP) 10/06 Guidance on the acceptance of gifts and hospitality and DAO (DFP) 09/11 Bribery Act 2010.

Use of Consultants

72. The Commissioner shall adhere to the guidance issued by DoF, as well as any produced by DfC in relation to the Use of Consultants. Please see the delegated limits set out in Appendix A.

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

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

VI. MANAGEMENT AND DISPOSAL OF FIXED ASSETS

Register of assets

75. The Commissioner shall maintain an accurate and up-to-date register of his/her fixed assets.

Disposal of assets

76. The Commissioner shall dispose of assets which are surplus to his/her requirements. Assets shall be sold for best price, taking into account any costs of sale. Generally assets shall be sold by auction or competitive tender unless otherwise agreed by DfC, and in accordance with the principles in MPMNI.

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

Recovery of grant-financed assets

78. Where the Commissioner has financed expenditure on capital assets by a third party, the Commissioner shall set conditions and make appropriate arrangements to ensure that any such assets individually above a value of £50 are not disposed of by the third party without the Commissioner's prior consent.

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

80. The Commissioner shall ensure that if the assets created by grants made by the Commissioner 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 Commissioner for surrender to DfC. The amounts recoverable under the procedures in paragraphs 78-79 above shall be calculated by reference to the best possible value

of the asset and in proportion to the NI Consolidated Fund's original investment(s) in the asset.

VII. BUDGETING PROCEDURES

Setting the annual budget

81. Each year, in the light of decisions by DfC on the Commissioner's corporate plan (Section 4.1 of the *Management Statement*), DfC will send to the Commissioner:

- a formal statement of the annual budgetary provision allocated by DfC in the light of competing priorities across DfC and of any forecast income approved by DfC; and

- a statement of any planned change in policies affecting the Commissioner.

82. The Commissioner's approved annual business plan will take account both of his/her approved funding provision where this applies and of any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any sponsor 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*.)

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

General conditions for authority to spend

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

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

- the Commissioner shall comply with the conditions set out in paragraph 13 above regarding novel, contentious or repercussive proposals;

- inclusion of any planned and approved expenditure in the Commissioner'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 set out in Appendix A or is for new schemes not previously agreed; and

- the Commissioner shall provide DfC with such information about his/her operations, performance individual projects or other expenditure as DfC may reasonably require (see paragraph 86 below); and

- the Commissioner shall comply with NI Procurement Policy and carry out procurement via CPD or another recognised CoPE.

Providing monitoring information to DfC

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

- the Commissioner'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.

VIII. BANKING

Banking arrangements

86. The Commissioner as Accounting Officer is responsible for ensuring that the banking arrangements are in accordance with the requirements of Annex 5.7 of *MPMNI.* In particular, he/she shall ensure that the arrangements safeguard public funds and that his/her implementation ensures efficiency, economy and effectiveness.

87. He/she shall therefore ensure that:

- all funding from the Department is held within the NICS pooling arrangement bank account; and the responsibility for reviewing bank accounts is with DoF.

- sufficient information about banking arrangements is supplied to DfC's Accounting Officer to enable the latter to satisfy his/her own responsibilities (Section 3.2 of the *Management Statement*);

- the advice and approval of the Department is sought before opening new bank accounts;

- the Commissioner's banking arrangements shall be kept separate and distinct from those of any other person or organisation; and

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

IX. COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE

Relevant documents

88. The Commissioner 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;
- *Public Sector Internal Audit Standards*, issued by DoF;
- The document *Managing the Risk of Fraud* issued by DoF;
- The Treasury document *The Government Financial Reporting Manual (FReM)* 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;
- Other relevant instructions and guidance issued by the central Departments (DoF/DfC) including Procurement Board and CPD Guidance;
- Specific instructions and guidance issued by DfC;
- Recommendations made by the Public Accounts Committee, or by other Assembly authority, which have been accepted by the government and which are relevant to the Commissioner.

X. REVIEW OF FINANCIAL MEMORANDUM

89. The *Management Statement* and *Financial Memorandum* will normally be reviewed at least every three years or following a review of the Commissioner’s functions as provided for in Section 7 of the *Management Statement*.

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

Signed:___________________________ Date:_______________

Position: __________________________

on behalf of the Commissioner

Signed:___________________________ Date: _______________

Position: __________________________

on behalf of DfC

APPENDIX A

DELEGATED EXPENDITURE LIMITS

General

These delegated expenditure limits have been agreed by the DfC and the Department of Finance. Adherence to these limits will be verified through regular test drilling by the Department.

Table 1 – Summary of Delegated Limits

Arm's Length Body	Goods and services (£k)	Capital (£k)	IT Projects (£k)	Consultancy (£k)	Direct Award Contract (£k)
Commissioner for Older People	30	10	10	5	0

1. PURCHASING ALL GOODS, SERVICES AND WORKS

The Commissioner should ensure compliance with all relevant procurement guidance notes and in particular PGN 04/12: Procurement Control Limits and the Basis of Contract Awards.

Economic Appraisal

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

Where the Minimum number of quotations/ tenders is not obtained

Where the NDPB is unable to obtain a sufficient number of tenders, it must advise DfC of the situation and supply reasons for insufficient number of tenders having been sought. Records of all correspondence are to be retained on file including any justification given and/or approvals obtained.

2. CAPITAL PROJECTS

The Commissioner may authorise capital expenditure on discrete capital projects of up to £10,000. Capital projects over this amount require the approval of DfC, and may be subject to quality assurance by the Department of Finance if requested. Any novel and/or potentially contentious projects, regardless of the amount of expenditure, require the approvals of DfC and DoF.

3. DISPOSAL OF SURPLUS EQUIPMENT

The Commissioner should follow the guidance in accordance with *MPMNI,* Annex 4.8.

4. LEASE AND RENTAL AGREEMENTS

The Commissioner may enter into lease and/or rental agreements for the provision of goods and services. Lease and rental agreements for the provisions of goods and services should be open to competitive tendering in the same way as purchases unless there are convincing reasons to the contrary. The delegations established at paragraph 1 will also apply to lease and rental agreements with the cash values relating to the annual cost of the arrangement except that DfC's approval must be obtained for any leasing and/or rental agreement of a value of £25,000 or more per annum. As per paragraphs 60 and 61 of the Financial Memorandum, DoF and DfC approval must be secured for all expenditure associated with property lease extensions and the take up of new property leases (supported by appropriate business cases).

5. APPROVAL OF INFORMATION TECHNOLOGY PROJECTS

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

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

The purchase of IT equipment and systems should be in line with the guidance on Procedures and Principles for Application of Best Practice in Programme/Project Management (PPM), (available at www.finance-ni.gov.uk/successful-delivery) and be subject to competitive tendering unless there are convincing reasons to the contrary. The form of competition should be appropriate to the value and complexity of the project, and in line procurement guidance notes.

6. ENGAGEMENT OF CONSULTANTS

General

The Commissioner has authority to appoint consultants for a **single contract** without recourse to DfC up to a total cost of **£5,000** and subject to any guidance as may be issued by DoF or DfC.

The Commissioner shall adhere to the Department's Guidance FD (DFP) 08/17 on The Use of Consultants and the delegation limits therein.

The Commissioner shall provide DfC with an annual statement on the status of all consultancies completed and/or started in each financial year. Care should be taken to avoid actual, potential, or perceived conflicts of interest when employing consultants.

Economic appraisal

Business cases for all consultancy assignments shall be prepared in line with the guidance at Appendix 2 – Approval process flow diagrams – ALB expenditure - of the Spending Public Money guidance issued by DfC on 6 April 2012.

A full business case should be prepared for all consultancy assignments expected to exceed **£10,000**. A proportionate business case should be prepared for all assignments below this threshold. Section 5 of the guidance note attached to FD (DFP) 08/17 explains the nature of the required business case.

7. LOSSES AND SPECIAL PAYMENTS

The Commissioner, with prior approval from DfC, will have the authority to write off losses and make special payments:

a. Cash losses – up to £1000 per case/incident.

b. Stores/Equipment losses – up to £1000 per case/incident.

c. Constructive losses and fruitless payments – up to £1000 per case;

d. Compensation payments – up to £1000 per case.

    (i) Made under legal obligation, e.g. by Court Order – up to £1000 per case plus reasonable legal expenses

    (ii) For damage to personal property of staff – up to £1000 per case

(iii) Where written legal advice is that the Commissioner should not fight a court action because it is unlikely that it would win – up to £1000 per case.

e. Claims abandoned or waiver of claim – up to £1000 per case.

f. Extra contractual payments – up to £1000 per case.

g. Ex gratia payments – up to £1000 per case (Pensions payments are not covered by this threshold).

h. Extra statutory and extra regulatory payments – no delegation, all proposals must be submitted to DfC for approval.

The prior approval of DfC must be obtained for amounts above these values. Approval of write-off should be made with the minimum of delay.

Where total losses and special payments exceed £5000 in any financial year, an explanatory note should be included in the Commissioner's accounts.

Details of all losses and special payments should be recorded in a Losses and Special Payments Register, which will be available to auditors. The Register should be kept up-to-date and should show evidence of the approval by the Commissioner and DfC as necessary.