

**Commission for Victims and Survivors for
Northern Ireland**

**MANAGEMENT STATEMENT AND FINANCIAL MEMORANDUM
June 2014**

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DEFINITIONS

In this Statement and Memorandum:

"Body" means Commission for Victims and Survivors for Northern Ireland

"C&AG" means Comptroller and Auditor General

"the Commission" means the Commission for Victims and Survivors for Northern Ireland

"DAO" means "Dear Accounting Officer" letter

"the Department" or "OFMDFM" means "Office of the First Minister and Deputy First Minister"

"DFP" means the Department of Finance and Personnel.

"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

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

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

"NDPB" means Commission for Victims and Survivors for Northern Ireland

"PFO" means Principal Finance Officer

"UK GAAP" means generally accepted accounting practice

"Voted" means provision voted by the Northern Ireland Assembly

PART I:
COMMISSIONER FOR VICTIMS AND SURVIVORS
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 Office of the First Minister and Deputy First Minister (OFMDFM) in consultation with the Commission for Victims and Survivors for Northern Ireland¹. The document is based on a model prepared by the Department of Finance and Personnel (DFP).

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 OFMDFM in respect of the exercise of any individual functions, powers and duties of the Commission.

1.1.3 A copy of the MS/FM for the Commission should be given to all senior Commission 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 Commission will operate, in particular:

- the Commission's overall aim[s], objectives and targets in support of the OFMDFM's wider strategic aim[s] and the outcomes and targets contained in its current Programme for Government (PFG);
- the rules and guidelines relevant to the exercise of the Commission's functions, duties and powers;
- the conditions under which any public funds are paid to the Commission;
- how the Commission 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 Commission shall observe. However, the *Management Statement* and *Financial Memorandum* do not convey any legal powers or responsibilities.

¹ Commission for Victims and Survivors for Northern Ireland, 1st Floor, Head Line Building, 10-14 Victoria Street, Belfast, BT1 3GG

- 1.1.6 The document shall be periodically reviewed by OFMDFM in accordance with the timetable referred to in Section 7 below.
- 1.1.7 The Commission, OFMDFM, or the Ministers, may propose amendments to this document at any time. Any such proposals by the Commission shall be considered in the light of evolving departmental policy aims, operational factors and the track record of the Commission itself. The guiding principle shall be that the extent of flexibility and freedom given to the Commission shall reflect both the quality of its internal controls to achieve performance and its operational needs. OFMDFM shall determine what changes, if any, are to be incorporated in the document. Legislative provisions shall take precedence over any part of the document. Significant variations to the document shall be cleared with DFP Supply after consultation with the Commission, as appropriate. (The definition of "significant" will be determined by OFMDFM in consultation with DFP).
- 1.1.8 The *MS/FM* is approved by DFP Supply, and signed and dated by OFMDFM and the Secretary to the Commission.
- 1.1.9 Any question regarding the interpretation of the document shall be resolved by OFMDFM after consultation with the Commission and, as necessary, with DFP 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 available to members of the public on the Commission's website.

1.2 Founding legislation; status

- 1.2.1 The Commission is established under the Victims and Survivors (Northern Ireland) Order 2006 as amended by the Commission for Victims and Survivors Act (Northern Ireland) 2008. It does not carry out its functions on behalf of the Crown.

1.3 The functions, duties and powers of the Commission

- 1.3.1 The functions, duties and powers of the Commission are set out in the order.

1.4 Classification

- 1.4.1 For policy/administrative purposes the Commission is classified as an executive non-departmental public body.
- 1.4.2 For national accounts purposes the Commission is classified to the central government sector.
- 1.4.3 References to the Commission 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 Commission (paragraphs 64-65 of the *Financial Memorandum refer*)

2. AIM[S], OBJECTIVES AND TARGETS

2.1 Overall aim

- 2.1.1 Within the founding legislation the Minister has approved the overall aims for the Commission as follows:

"to promote the interests of victims and survivors"

2.2 Objectives and key targets

- 2.2.1 OFMDFM determines the Commission's performance framework in the light of the Department's wider strategic aim[s] and current PFG objectives and targets (paragraph 1.1.4). The Ministers have agreed the following objectives, key targets and performance measures within the Commission's corporate and work programming process (Section 4 below). In addition and as required by the relevant legislation, the Commission shall submit to the First Minister and deputy First Minister a work programme setting out the proposed activities of the Commission. A work programme must include the Commission's estimate of its expenditure and receipts in respect of each activity in the work programme. It is expected that the work programme will reflect the annual work programme.

3. RESPONSIBILITIES AND ACCOUNTABILITY

3.1 The First Minister and deputy First Minister

3.1.1 The Ministers are accountable to the Assembly for the activities and performance of the Commission. Their responsibilities include:

- approving the Commission's strategic objectives and the policy and performance framework within which the Commission will operate (as set out in this *Management Statement* and *Financial Memorandum* and associated documents);
- keeping the Assembly informed about the Commission's performance;
- approving the amount of grant-in-aid/grant/other funds to be paid to the Commission, and securing Assembly approval; and
- carrying out responsibilities specified in the founding legislation including the appointment of the Commissioner, approval of terms and conditions of the Commissioner, and ensuring that the annual reports and accounts of the Commission are laid before the Assembly.

3.2 The Accounting Officer of OFMDFM

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

- the Commission's strategic aim(s) and objectives support OFMDFM's wider strategic aim[s] and current PFG objectives and targets;

- the financial and other management controls applied by OFMDFM to the Commission are appropriate and sufficient to safeguard public funds and for ensuring that the Commission's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to the Commission by the Assembly but also any other funds falling within the stewardship of the Commission);
- the internal controls applied by the Commission conform to the requirements of regularity, propriety and good financial management; and
- any grant-in-aid to the Commission 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 OFMDFM

3.3.1 Within OFMDFM the Equality and Strategy Directorate² provides the sponsoring team for the Commission. The Team, in consultation as necessary with the relevant OFMDFM Accounting Officer, is the primary source of advice to Ministers on the discharge of their responsibilities in respect of the Commission, and the primary point of contact for the Commission in dealing with OFMDFM. 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 Commission.

3.3.2 The sponsoring team shall advise the Minister on:

- an appropriate framework of objectives and targets for the Commission in the light of the Department's wider strategic aim[s] and current PFG objectives and targets; and
- an appropriate budget for the Commission in the light of the Department's overall public expenditure priorities; and
- how well the Commission is achieving its strategic objectives and whether it is delivering value for money.

² Principally, the Social Investments and Good Relations Division

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

on performance and risk management -

- monitor the Commissions activities on a continuing basis through an adequate and timely flow of information from the Commission on performance, budgeting, control, and risk management, including early sight of the Commission's Governance Statement;
- address in a timely manner any significant problems arising in the Commission, whether financial or otherwise, making such interventions in the affairs of the Commission as OFMDFM judges necessary to address such problems;
- carry out a risk assessment of the Commission's activities to inform OFMDFM's oversight of the Commission on a quarterly basis; 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 Commission's activities; the public monies at stake; the body's corporate governance arrangements; its financial performance; internal and external auditors' reports; the openness of communications between the body and OFMDFM; and any other relevant matters;

on communication with the Commission -

- inform the Commission of relevant Executive / government policy in a timely manner; if necessary, advise on the interpretation of that policy; and issue specific guidance to the Commission as necessary;
- bring concerns about the activities of the Commissioner to the attention of the Commissioner and the Audit & Risk Committee, and require explanations and assurances from the Commissioner and the Audit and Risk Committee that appropriate action has been taken.

3.3.4 The Departmental Finance Director will provide advice and support to the Commission's Finance Director as required.

3.4 The Commissioner

- 3.4.1 The Commissioner is appointed in accordance with the Order. Under its terms, the First Minister and deputy First Minister will make appointments for a four-year period, renewable once. Appointments are made in accordance with the code of practice issued by the Office of the Commission for Public Appointments.
- 3.4.2 The Commissioner is responsible to the Ministers of OFMDFM and shall ensure that the NDPB's policies and actions support the wider strategic policies of the Ministers; 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 Commission fulfils the aims, objectives and work programmes agreed with OFMDFM and approved by the Ministers.
- 3.4.3 The Commissioner has a particular leadership responsibility on the following matters:
- formulating its strategy;
 - ensuring that, in reaching decisions, it takes proper account of any guidance provided by the Ministers or OFMDFM;
 - 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 Commission 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 interests.
- 3.4.5 Communications between the Commissioner and the Ministers on operational and strategic matters shall normally be through OFMDFM.
- 3.4.6 The Commissioner has corporate responsibility for ensuring that he/she fulfils the aims and objectives set by OFMDFM and approved by the Ministers, and for promoting efficient, economic and effective use of staff and other resources by the Commission. To this end, and in pursuit of its wider corporate responsibilities, the Commissioner shall:

- establish the overall strategic direction of the Commission within the policy and resources framework determined by the Ministers and OFMDFM;
- constructively challenge the Commission's executive team in their planning, target setting and delivery of performance;
- ensure that OFMDFM is kept informed of any changes which are likely to impact on the strategic direction of the Commission 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 it operates within the limits of its statutory authority and any delegated authority agreed with OFMDFM, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Commission takes into account all relevant guidance issued by DFP and OFMDFM ;
- ensure that the Commission receives and reviews regular financial information concerning the management of its staff and resources; is informed in a timely manner about any concerns about the activities of the Commission; and provides positive assurance to OFMDFM 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 committee, (see paragraph 4.7) to help the Commission address the key financial and other risks facing the Commission.

3.4.7 The Commissioner shall act in accordance with their wider responsibility:

- comply at all times with the Code of Practice that is adopted by the Commission and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations; and to declare publicly any private interests that may be perceived to conflict with their public duties;
- comply with the Northern Ireland Civil Service rules on the acceptance of gifts and hospitality (DAO (DFP)10/06), and of business appointments; and
- act in good faith and in the best interests of the office.

3.5 The Secretary to the Commission's role as Accounting Officer

- 3.5.1 The Secretary to the Commission is designated as the Commission's Accounting Officer.
- 3.5.2 The Accounting Officer for the Commission 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 Commission's Staff and resources.
- 3.5.3 As Accounting Officer, the Secretary to the Commission shall exercise the following responsibilities in particular:

on planning and monitoring -

- establish, in agreement with OFMDFM, the Commission's corporate plan and work programme in support of the Department's wider strategic aims and current Programme for Government objectives and targets;
- inform OFMDFM of the Commission'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 (monthly or as required) forecasts and monitoring information on performance and finance are provided to OFMDFM, that OFMDFM 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 OFMDFM in a timely fashion;

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 compliance with the Northern Ireland Public Procurement Policy;
- ensure that an effective system of programme and project management and contract management is maintained;
- ensure that all public funds made available to the Commission [including any approved income or other receipts] are used for the purpose intended by the Assembly, and that such monies,

together with the Commission's assets, equipment and staff, are used economically, efficiently and effectively;

- ensure that adequate internal management and financial controls are maintained by the Commission, 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 activities of the Commission –

- 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 Ministers, OFMDFM, or DFP;
- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Governance Statement regarding the Commission's system of internal control, for inclusion in the annual report and accounts;
- ensure that effective procedures for handling complaints about the Commission are established and made widely known to its 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 OFMDFM and DFP - in particular, Chapter 3 of *MPMNI* and the Treasury document '*Regularity and Propriety and Value for Money*', both of which the Secretary shall receive on appointment. Section IX of the attached financial memorandum refers to other key guidance;
- give evidence, normally with the Accounting Officer of OFMDFM, when summoned before the Public Accounts Committee on the use and stewardship of public funds by the Commission;
- ensure that an Equality Scheme is in place, reviewed and equality impact assessed as required by the Equality Commission and OFMDFM;
- ensure that Lifetime Opportunities is taken into account; and
- ensure that the requirements of the Data Protection Act 1998 are complied with; and

- ensure that the requirements of the Freedom of Information Act 2000 are complied with.

3.6 The Secretary to the Commission's role as Consolidation Officer

3.6.1 For the purposes of Whole of Government Accounts, the Secretary to the Commission is appointed by DFP as the Commission's Consolidation Officer.

3.6.2 The Consolidation Officer shall be personally responsible for preparing the consolidation information, which sets out the financial results and position of the Commission; for arranging for its audit; and for sending the information and the audit report to the Principal Consolidation Officer nominated by DFP.

3.6.3 The Consolidation Officer shall comply with the requirements of the Commission's Consolidation Officer Letter of Appointment as issued by DFP and shall, in particular:

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

3.7 Delegation of duties

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

3.8 The Commission's Principal Officer for Ombudsman cases

3.8.1 The Secretary to the Commission is the Principal Officer for handling cases involving the Northern Ireland Commissioner for Complaints. The Principal Officer shall inform the Permanent Secretary of

OFMDFM of any complaints about the Commission accepted by the Ombudsman for investigation, and about the Commission's proposed response to any subsequent recommendations from the Ombudsman.

3.9 Consulting customers

3.9.1 The Commission 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.

4. 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 Commission shall submit to OFMDFM by 31 January, a draft of the Commission's corporate plan normally covering three years ahead. The Commission shall have agreed with OFMDFM the issues to be addressed in the plan and the timetable for its preparation.

4.1.2 Ministers will note the Commission's corporate plan and DFP reserves the right to ask to see and agree the Commission's Corporate Plan.

4.1.3 The plan shall reflect the Commission's statutory duties and, within those duties, the priorities set from time to time by Ministers. In particular, the plan shall demonstrate how the Commission contributes to the achievement of the Department's strategic aims and PFG objectives and targets.

4.1.4 The corporate plan shall set out:

- the Commission's key objectives and associated key performance targets for the three forward years, and its strategy for achieving those objectives;
- a review of the Commission'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 OFMDFM at the beginning of the planning round. These forecasts should represent the Commission's best estimate of all its available income not just any grant or grant-in-aid; and
- other matters as agreed between OFMDFM and the Commission.

4.1.5 The main elements of the plan, including the key performance targets, shall be agreed between OFMDFM and the Commission in the light of OFMDFM's decisions on policy and resources taken in the context of the Executive's wider policy and spending priorities and decisions.

4.2 The work programme (Business Plan)

4.2.1 Each year of the corporate plan, amplified as necessary, shall form the work programme. A draft work programme shall be submitted to OFMDFM by 31st January each year and the final work programme shall be submitted to OFMDFM by end of February each year. The work programme 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 OFMDFM.

4.2.2 OFMDFM Sponsor Team and Ministers will agree the Commission's work programme and DFP reserves the right to ask to see and agree the Commission's work programme.

4.2.3 OFMDFM Sponsor Team will agree the Commission's Corporate Plan, the corporate plan will be forwarded to Ministers to note. OFMDFM Sponsor Team and Ministers will agree the Commission's work programme

4.3 Publication of plans

4.3.1 The corporate and work programmes shall be published. They shall be made available to staff.

4.4 Reporting performance to OFMDFM

- 4.4.1 The Commission 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 work programmes.
- 4.4.2 The Commission shall take the initiative in informing OFMDFM 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 work programmes.
- 4.4.3 The Commission's performance in helping to deliver Departmental policies, including the achievement of key objectives, shall be reported to the Department on a quarterly basis. Performance will be formally reviewed quarterly by officials of OFMDFM. A senior official shall meet the Commissioner formally each year to discuss its performance, its current and future activities, and any policy developments relevant to those activities.
- 4.4.4 The Commission's performance against key targets shall be reported in the Commission's annual report and accounts [see Section 5.1 below]. Arrangements for the validation of reported performance will be agreed between the Commission and OFMDFM.

4.5 Budgeting procedures

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

4.6 Internal audit

- 4.6.1 The Commission shall establish and maintain arrangements for internal audit in accordance with the Public Sector Internal Audit Standards (PSIAS).
- 4.6.2 OFMDFM should outline the arrangements that they have determined as appropriate for the Commission 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 the Commission'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 Commission internal audit function against PSIAS including advising that the OFMDFM reserves a right of access to carry out its own independent reviews of internal audit in the Commission;
- the right of access to all documents prepared by the Commission's internal auditor, including where the service is contracted out. Where the Commission's audit service is contracted out the Commission should stipulate this requirement when tendering for the services.

4.6.3 The Commission shall consult OFMDFM 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 DFP guidance.

4.6.4 The OFMDFM will review the Commission's terms of reference for internal audit service provision. The Commission shall notify OFMDFM of any subsequent changes to internal audit's terms of reference.

4.7 Audit and Risk Committee

4.7.1 The Commission shall set up an independent audit committee as a committee of its Board, in accordance with the Guidance on codes of conduct for Board Members of Public Bodies NI (FD (DFP) 04/14 refers) and in line with the Audit and Risk Assurance Committee Handbook DAO (DFP) 05/14.

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

- Attendance by departmental representatives at the Commission's Audit and Risk Committee meetings;

- access required to the Audit and Risk Committee papers and minutes;
- any input required from the Commission Audit and Risk Committee to the Department's own Audit Committee etc.

4.7.3 OFMDFM will review the Commission's audit and risk committee terms of reference. The Commission shall notify OFMDFM of any subsequent changes to the audit committee's terms of reference.

4.8 Fraud

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

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

4.9 Additional Departmental access to the Commission

4.9.1 In addition to the right of access referred to in paragraph 4.6.2 above, OFMDFM shall have a right of access to all the Commission'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 and Risk Committee minutes).

5. EXTERNAL ACCOUNTABILITY

5.1 The annual report and accounts

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

submission to the Department. The administrative deadline for laying the NDPB Annual Report and Accounts is as soon as possible after the auditor has audited and signed off the accounts. As a guideline it is expected that this will in most cases be **no later than 2 weeks after that date**.

A draft of the report (including the Governance Statement) shall be submitted to OFMDFM in line with faster closing timescales. OFMDFM will notify the Commission of applicable faster closing dates once agreed with NIAO, on an annual basis. The Department will also require confirmation/agreement of grant-in-aid balances from the Commission's external auditors in line with faster closing timescales as previously notified.

- 5.1.2 The report and accounts shall comply with the most recent version of the Government Financial Reporting Manual (FRM) issued by DFP. *(NOTE: This guidance is updated every year)*. The accounts shall be prepared in accordance with any relevant statutes and the specific Accounts Direction issued by OFMDFM.
- 5.1.3 The report and accounts shall outline the Commission's main activities and performance during the previous financial year and set out in summary form the Commission'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 DFP.
- 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 OFMDFM.

5.2 External audit

- 5.2.1 The Comptroller and Auditor General (C&AG) audits the Commission's annual accounts and passes the accounts to OFMDFM which lays them before the Assembly, together with the Commission'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 Commission on the arrangements for completing the audit of the Commission'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 OFMDFM 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 Commission. 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 Commission 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 Commission 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 Within the arrangements approved by the Minister and DFP the Commission shall have responsibility for the recruitment, retention and motivation of its staff. To this end the Commission 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 Commission'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 Commission'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
- a code of conduct for staff is in place based on Annex 5A of Public Bodies: A Guide for NI Departments (available at www.dfpni.gov.uk/afmd)

7. REVIEWING THE ROLE OF THE COMMISSION

- 7.1 The Commission shall be reviewed periodically, in accordance with the business needs of OFMDFM and the Commission. Reference should be made to Chapter 9 of the Public Bodies: a Guide for Northern Ireland Departments.
- 7.2 The next review of the Commission will take place in the 2014/2015 financial year.
- 7.3 If the Commission is to be wound up, OFMDFM shall, in good time before the Commission is to be wound up:
- ensure that procedures are in place in the Commission 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 Commission'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 Commission's financial liability

7.4 The Commission shall provide OFMDFM with full details of all agreements where the Commission or its 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 Commission.

PART II:
COMMISSIONER FOR VICTIMS AND SURVIVORS
FINANCIAL MEMORANDUM

I. INTRODUCTION

1. This *Financial Memorandum* sets out certain aspects of the financial framework within which the Commission is required to operate.
2. The terms and conditions set out in the combined *Management Statement* and *Financial Memorandum* may be supplemented by guidelines or directions issued by OFMDFM/Ministers in respect of the exercise of any individual functions, powers and duties of the Commission.
3. The Commission shall satisfy the conditions and requirements set out in the combined document, together with such other conditions as the OFMDFM/Ministers may from time to time impose.

II. THE COMMISSION'S INCOME AND EXPENDITURE - GENERAL

The Departmental Expenditure Limit (DEL)

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

Expenditure not proposed in the budget

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

Procurement

6. The Commission's procurement policies shall reflect the public procurement policy adopted by the Northern Ireland Executive in May 2002 (refreshed May 2009); Procurement Guidance Notes; and any other guidelines or guidance issued by Central Procurement Directorate (CPD) and the Procurement Board. CVS has been given the authority to carry out its own procurement between the value of £5k and £30k so long as this is done by staff trained to the appropriate standard. CVS's procurement activity for any value over £30k and for any external consultancy valued at over £10k, should be carried out by means of a Service Level Agreement with CPD or another recognised Centre of Procurement Expertise (CoPE)- this

will ensure compliance with relevant UK, EU and international procurement rules.

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

Competition

8. Contracts shall be awarded on a competitive basis and tenders accepted from suppliers who provide best value for money overall.
9. Direct Award Contracts (DAC) are contracts awarded to a supplier or contractor without competition. CVSNI shall follow the procedure outlined in OFMDFM Summary of Policy and Procedures for approval of Departmental Expenditure in force (currently CG01/13 issued on 29th April 2013):
 - Any proposal to procure goods and services with a combined cost greater than £5000 through a Direct Award Contract (DAC) must be supported by a business case, setting out the rationale and justification for doing so, and supported by CPD advice, prior to any commitment being made;
 - CVSNI's Accounting Officer can approve their own DAC up to their delegated limit (currently £30,000) with the exception of external consultancy DACs;
 - Direct Award Contracts above this limit and all external consultancy, will be subject to approval by the Departmental Accounting Officer;
 - CVSNI shall seek advice from Central Procurement Directorate or a Centre of Expertise in Procurement, to provide assurance for the Accounting Officer that the use of DAC is legitimate in a particular case
 - Guidance within CPD's Procurement Guidance Notes set out a number of exceptions to the procurement control limits. These will not be regarded as DAC and therefore neither AO approval nor CPD advice is required. Further information is published in Procurement Guidance Notes on the Award of Contracts without a Competition (currently (PGN) 03/11) (PGN 04/12)
 - www.cpdni.gov.uk/index/guidance-for-purchasers/guidance-notes.htm

10. Details of **all** Direct Award Contracts entered into by CVSNI must be tabled at their Audit and Risk Committee and reported on a quarterly basis to the Department in an annexe to their stewardship statements.

Best value for money

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

Timeliness in paying bills

12. The Commission 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 DFP or OFMDFM.

Novel, contentious or repercussive proposals

13. The Commission shall obtain the approval of OFMDFM, and DFP, before:
 - incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including on staff benefits;
 - making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by OFMDFM;
 - 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. OFMDFM will advise on what constitutes "significant" in this context).

Risk management/Fraud

14. The Commission 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 Commission 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 Commission shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with DFP's guide *Managing the Risk of Fraud* DAO (DFP) 06/11 refers.
- 17 All cases of attempted, suspected or proven fraud shall be reported to OFMDFM 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 the wider markets policy, the Commission shall seek to maximise receipts from non-Consolidated Fund sources, provided that this is consistent with (a) the Commission's main functions (b) its corporate plan as agreed with OFMDFM. The Department will confirm with the DFP Supply Officer that such proposed activity is appropriate.

Fees and charges

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

III. THE COMMISSION'S INCOME

Grant-in-aid

- 20 Grant-in-aid will be paid to the Commission in monthly instalments, on the basis of a written application from the Commission 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 Commission's functions.
- 21 The Commission 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 Commission. 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, OFMDFM 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 OFMDFM.

Receipts from sale of goods or services

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

Interest earned

- 26 Interest earned on cash balances cannot necessarily be retained by the Commission. Depending on the budgeting treatment of this receipt, and its impact on the Commission's cash requirement, it may lead to commensurate reduction of grant-in-aid or be required to be surrendered to the NI Consolidated Fund via the sponsor Department. If the receipts are used to finance additional expenditure by the Commission, OFMDFM 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 Commission shall, unless otherwise agreed with OFMDFM, ensure a corresponding reduction in its gross expenditure so that the authorised provision is not exceeded. [NOTE: For example, if the Commission is allocated £100 resource DEL provision by OFMDFM 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 Commission will need to reduce its expenditure to £105 to avoid breaching its budget. If the Commission still spends £110 OFMDFM will need to find £5 of savings from elsewhere within its total DEL to offset this overspend.]
- 28 If the negative DEL income realised or expected to be realised in the year is more than estimated, the Commission may apply to OFMDFM to retain the excess income for specified additional expenditure within the current financial year without an offsetting reduction to grant-in-aid. OFMDFM shall consider such applications, taking account of competing demands for resources, and will consult with DFP in relation to any significant amounts. If an application is refused, any grant-in-aid shall be commensurately reduced or the excess receipts shall be required to be surrendered to the NI Consolidated Fund via OFMDFM.

Build-up and draw-down of deposits

- 29 The Commission 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 Commission 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 Commission 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 OFMDFM. 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 Commission shall consider if there are any associated costs in doing so or any conflicts of interests arising. The Commission shall keep a written record of any such gifts, bequests and donations and of their estimated value and whether they are disposed of or retained.

Borrowing

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

IV. EXPENDITURE ON STAFF

Staff costs

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

Pay and conditions of service

- 36 The staff of the Commission, 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. The Commission 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 Commission'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 OFMDFM and DFP to vary such rates.

- 38 Annual pay increases of Commission staff must be in accordance with the annual FD letter on Pay Remit Approval Process and Guidance issued by DFP. Therefore, all proposed pay awards must have prior approval of OFMDFM and DFP before implementation.
- 39 The Commission shall operate a performance-related pay scheme which shall form part of the general pay structure approved by OFMDFM and DFP.
- 40 The Commission shall comply with the EU directive on contract workers Fixed Term Employees Regulations (Prevention of Less Favourable Treatment)].

Pensions; redundancy/compensation

- 41 The Commission'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 Commission. 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 DFP with a formal proposal based on actuarial advice.]*
- 43 Any proposal by the Commission to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the approval of OFMDFM and DFP. Proposals for severance payments must comply with MPMNI Annex 4.13. Where the PCSPS(NI) is the relevant pension scheme, the Commission must conform with the procedures for early retirement / severance which apply to the main Department and ensure that levels of benefits are standard applicable under the Civil Service Compensation Scheme (Northern Ireland) (CSCS(NI)) rules. OFMDFM is responsible for ensuring that the Commission does this.

- 44 OFMDFM is responsible for ensuring that the Commission 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 Commission 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.dfpni.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 Commission's corporate and work programming process. Subject to paragraph 51, applications for approval within the corporate/work programme by OFMDFM and, DFP if necessary, shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Secretary to the Commission. Regular reports on the progress of projects shall be submitted to OFMDFM.
50. Approval of the corporate/work programme does not obviate the Commission's responsibility to abide by the economic appraisal process.
51. Within its approved overall resources limit the Commission shall, as indicated in the attached Appendix on delegations, have delegated authority to spend up to £50k on any individual capital project or acquisition. Beyond that delegated limit, OFMDFM and where necessary, DFP's prior authority must be obtained before expenditure on an individual project or acquisition is incurred.

Transfer of funds within budgets

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

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

53. The Commission shall not, without OFMDFM's and where necessary, DFP's prior written consent, lend money, charge any

asset or security, give any guarantee or indemnities or letters of comfort, or incur any other contingent liability (as defined in Annex 5.5 of MPMNI), whether or not in a legally binding form.

Grant or loan schemes

- 54 Unless covered by a delegated authority, all proposals to make a grant or loan to a third party, whether one-off or under a scheme, together with the terms and conditions under which such grant or loan is made shall be subject to prior approval by OFMDFM, and where necessary DFP. 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 its books and records in relation to the grant or loan are readily available for inspection by the Commission, OFMDFM 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 OFMDFM and where necessary DFP.
- 58 Losses shall not be written off until all reasonable attempts to make a recovery have been made and proved unsuccessful.
- 59 Gifts by management to staff are subject to the requirements of DAO (DFP) 10/06.

Leasing

- 60 Prior Departmental approval must be secured for all property and finance leases. The Commission must have capital DEL provision for

finance leases and other transactions which are, in substance, borrowing (paragraphs 34 above).

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

Public/Private Partnerships

- 62 The Commission 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 Commission shall consult OFMDFM. The Commission should also ensure that it has the necessary budget cover.

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

Subsidiary companies and joint ventures

- 64 The Commission shall not establish subsidiary companies or joint ventures without the express approval of OFMDFM and DFP. In judging such proposals OFMDFM 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 Commission 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, OFMDFM will consult DFP (who may need to consult with the Office of National Statistics over national accounts treatment). Unless specifically agreed with OFMDFM and DFP, such subsidiary companies or joint ventures shall be subject to the controls and requirements set out in this *Management Statement* and *Financial Memorandum*, and to the further provisions set out in supporting documentation.

Financial investments

- 66 The Commission shall not make any investments in traded financial instruments without the prior written approval of OFMDFM, and where appropriate DFP, 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 Commission shall equally be subject to Departmental and DFP approval unless covered by a specific delegation.

Unconventional financing

- 67 The Commission shall not enter into any unconventional financing arrangement without the approval of OFMDFM and DFP.

Commercial insurance

- 68 The Commission shall not take out any insurance without the prior approval of OFMDFM and DFP, other than third party insurance required by the Road Traffic (NI) Order 1981 (as amended) and any other insurance which is a statutory obligation or which is permitted under Annex 4.5 of MPMNI.
- 69 In the case of a major loss or third-party claim OFMDFM shall liaise with the Commission about the circumstances in which an appropriate addition to budget out of OFMDFM's funds and/or adjustment to the Commission's targets might be considered. OFMDFM will liaise with DFP Supply where required in such cases.

Payment/Credit cards

- 70 The Commission, in consultation with OFMDFM, 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 DAO (DFP) 24/02.

Hospitality

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

Use of Consultants

- 72 The Commission shall adhere to the guidance issued by DFP, as well as any produced by OFMDFM in relation to the Use of Consultants. Please see the delegated limits set out in Appendix A.
- 73 The Commission will provide OFMDFM with a quarterly 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 Commission shall maintain an accurate and up-to-date register of its fixed assets.

Disposal of assets

- 76 The Commission shall dispose of assets which are surplus to its requirements. Assets shall be sold for best price, taking into account any costs of sale. Generally assets shall be sold by auction or competitive tender unless otherwise agreed by OFMDFM, 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 OFMDFM, which will consult with DFP on the appropriate treatment.

Recovery of grant-financed assets

- 78 Where the Commission has financed expenditure on capital assets by a third party, the Commission 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 Commission's prior consent.

79 The Commission 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 OFMDFM.

80 The Commission shall ensure that if the assets created by grants made by the Commission 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 Commission for surrender to OFMDFM. 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 OFMDFM on the Commission's corporate plan (Section 4.1 of the *Management Statement*), OFMDFM will send to the Commission:

- a formal statement of the annual budgetary provision allocated by OFMDFM in the light of competing priorities across OFMDFM and of any forecast income approved by OFMDFM; and
- a statement of any planned change in policies affecting the Commission.

82 The Commission's approved annual work programme will take *account both of its 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 OFMDFM funding and/or other income over the year. These elements will form part of the approved work programme for the year in question (Section 4.1 of the *Management Statement*.)

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

General conditions for authority to spend

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

- the Commission shall comply with the delegations set out in Appendix A of this document. These delegations shall not be altered without the prior agreement of OFMDFM and DFP;
- the Commission 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 Commission's budget shall not remove the need to seek formal departmental [and where necessary, DFP] approval where such proposed expenditure is above the delegated limits set out in Appendix A or is for new schemes not previously agreed;
- the Commission shall provide OFMDFM with such information about its operations, performance, individual projects or other expenditure as OFMDFM may reasonably require (see paragraph 85 below); and
- the Commission shall comply with NI Procurement Policy and carry out procurement via CPD or another recognised CoPE.

Providing monitoring information to OFMDFM

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

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

VIII. BANKING

Banking arrangements

- 86 The Commission's Accounting Officer is responsible for ensuring that the Commission's banking arrangements are in accordance with the requirements of Annex 5.7 of *MPMNI*. In particular, he/she shall ensure that the arrangements safeguard public funds and that their implementation ensures efficiency, economy and effectiveness.
- 87 He/she shall therefore ensure that:
- these arrangements are suitably structured and represent value-for-money, and are reviewed at least every two years, with a comprehensive review, usually leading to competitive tendering, at least every three to five years;
 - sufficient information about banking arrangements is supplied to OFMDFM's Accounting Officer to enable the latter to satisfy his/her own responsibilities (Section 3.2 of the *Management Statement*);
 - the Commission'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 Commission shall comply with the following general guidance documents:
- This document (both the *Financial Memorandum* and the *Management Statement*);
 - *Managing Public Money Northern Ireland (MPMNI)*;
 - *Public Bodies - a Guide for NI Departments* issued by DFP;
 - *Government Internal Audit Standards*, issued by DFP;
 - The document *Managing the Risk of Fraud* issued by DFP;
 - The Treasury document *The Government Financial Reporting Manual (FReM)* issued by DFP;
 - Relevant DFP *Dear Accounting Officer* and *Finance Director* letters;

- Relevant *Dear Consolidation Officer* and *Dear Consolidation Manager* letters issued by DFP;
- *Regularity, Propriety and Value for Money*, issued by Treasury;
- The *Consolidation Officer Letter of Appointment*, issued by DFP;
- Other relevant instructions and guidance issued by the central Departments (DFP/OFMDFM) including Procurement Board and CPD Guidance;
- Specific instructions and guidance issued by OFMDFM;
- 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 Commission.

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 Commission's functions as provided for in Section 7 of the *Management Statement*.

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

Signed: 
on behalf of the Commission

Date: 2/9/14

Signed: Richard Irwin

Date: 30/9/14

on behalf of OFMDFM

DELEGATED EXPENDITURE LIMITS

General

These delegated expenditure limits have been agreed by OFMDFM and the Department of Finance and Personnel. 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)	Single Tender Actions (£k)
Commission for Victims and Survivors for NI	30	50	10	5	30

1. PURCHASING ALL GOODS, SERVICES AND WORKS

Table 2 The Procurement Control Limits for Goods and Non-Construction Services are set out in the table below

(All costs exclude VAT)

Value	Procedure
Up to £5,000*	Departments must demonstrate that value for money has been secured. Please refer to Annex A of PGN 4/12 for guidance
£5,000 to** £30,000	A minimum of two tenders invited by the person authorised to procure for their organisations in accordance with a Service Level Agreement (SLA) with a CoPE; or A tender process undertaken by a CoPE.
£30,000 to*** EU Thresholds	Advertise on eSourcingNI. Tender process must be conducted in line with Procurement Guidance Note 05/12: Procurement of Goods, Works and Services Over £30,000 and Below EU Thresholds.
Above EU Thresholds	Advertise on eSourcingNI. EU Directives apply – advertise in the Official Journal of the European Union (OJEU).

Construction Works and Services

Construction is a distinct area of procurement, with specialist requirements and forms of contract. All construction related contracts, irrespective of value, should be procured through or under the delegated authority of a construction CoPE or via a Service Level Agreement with a CoPE in accordance with the following PCLs. CoPEs may choose to make slight variations to these limits to suit the particular circumstances of their business.

Table 3 below details the procurement limits for Construction Works

Value	Procedure
Up to £5,000*	Departments must demonstrate that value for money has been secured. Please refer to Annex A of PGN 4/12 for guidance
£5,000 to** £30,000	Contractors must be registered on Constructionline ² First six contractors from a randomly selected list generated by Constructionline are invited to tender
£30,000 to*** EU Thresholds	Advertise on eSourcingNI Tender process must be conducted in line with Procurement Guidance Note 05/12: Procurement of Goods, Works and Services Over £30,000 and Below EU Thresholds.
Above EU Thresholds	Advertise on eSourcingNI. EU Directives apply – advertise in OJEU. Normally use the restricted procedure. ²

Table 4 below details the procurement limits for Construction Services

Value	Procedure
Up to £5,000*	Departments must demonstrate that value for money has been secured. Please refer to Annex A of PGN 4/12 for guidance
£5,000 to** £30,000	Consultants must be registered on Constructionline First six consultants from a randomly selected list generated by Constructionline are invited to tender
£30,000 to*** EU Thresholds	Advertise on eSourcingNI. Tender process must be conducted in line with Procurement Guidance Note 05/12: Procurement of Goods, Works and Services Over £30,000 and Below EU Thresholds.
Above EU thresholds	Advertise on eSourcingNI. EU Directives apply – advertise in OJEU. Normally use the Restricted Procedure.

*Annex A of PGN 4/12 applies for purchases up to £5,000. Please refer for guidance.

** Please refer to guidance 'CPD Advice To Clients And Staff On The Procurement Of Goods And Services Below £30,000' issued August 2012 by CPD.

*** PGN 5/12 applies. Please refer for guidance.

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

Where the NDPB is unable to obtain a sufficient number of tenders, it must advise OFMDFM 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 Secretary to the Commission may authorise capital expenditure on discrete capital projects of up to £50,000. Capital projects over this amount require the approval of OFMDFM, and may be subject to quality assurance by the Department of Finance and Personnel if requested.

3. DISPOSAL OF SURPLUS EQUIPMENT

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

4. LEASE AND RENTAL AGREEMENTS

The Commission 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. OFMDFM's approval must be obtained for any leasing and/or rental agreement of a value of £25,000 or more per annum.

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.dfpni.gov.uk/successful-delivery) and be subject to competitive tendering unless there are convincing reasons to the contrary. The form of competition should be appropriate to the value and complexity of the project, and in line with the Procurement Control Limits in Table 2. Delegated authority for each IT project is set out in Table 5.

Table 5 Delegation Arrangements for Information Technology Projects, Systems and Equipment

(All costs exclude VAT)

THRESHOLDS	AUTHORISATION
Up to £500	The Secretary to the Commission
>£500 to £5000	The Secretary to the Commission
>£5000 to £10,000	The Secretary to the Commission
>£10,000 to £25,000	The Secretary to the Commission plus advice and prior approval from OFMDFM
>£25,000 to £50,000	The Secretary to the Commission plus advice and prior approval

	from OFMDFM
>£50,000 (When over the EC threshold observe the EC threshold guidelines).	The Secretary to the Commission plus advice and prior approval from OFMDFM

6. ENGAGEMENT OF CONSULTANTS

General

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

The Commission shall provide OFMDFM with a quarterly 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 OFMDFM on 6 April 2012 and revised 22 June 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) 04/09 explains the nature of the required business case.

Direct Award Contracts

Direct Award Contracts should be avoided and advice from CPD sought. Paragraphs 8-10 of the Financial Memorandum refer.

The CVSNI Accounting Officer can approve DAC's up to the CVSNI's delegated limit (currently £30,000), with the exception of external consultancy DACs. Direct Award Contracts above the delegated limit

and all external consultancy must also be approved by the Departmental Accounting Officer.

Any proposal to procure goods and services with a combined cost of greater than £5000 through a Direct Award Contract must be supported by CPD advice and a business case setting out the rationale and justification for doing so. The relevant Accounting Officer(s) approval is required before awarding any contract through a direct award contract.

Details of **all** Direct Award Contracts entered into by the ALB must be tabled at their Audit Committee and reported on a quarterly basis to the Department in an annexe to their stewardship statements.

7. LOSSES AND SPECIAL PAYMENTS

The Secretary to the Commission, with prior approval from OFMDFM, will have the authority to write off losses and make special payments up to:

- (a) Cash losses – up to £1,000 per case/incident
- (b) Stores/Equipment losses – up to £1,000 per case/incident
- (c) Constructive losses and fruitless payments – up to £1,000 per case
- (d) Compensation payments:
 - i. Made under legal obligation, e.g. by Court Order – up to £1,000 per case plus reasonable legal expenses
 - ii. For damage to personal property of staff – up to £1,000 per case
 - iii. Where written legal advice is that the Commission should not fight a court action because it is unlikely that it would win – up to £1,000 per case

- (e) Claims abandoned or waiver of claim – up to £1,000 per case
- (f) Extra contractual payments – up to £1,000 per case
- (g) Ex gratia payments – up to £1,000 per case (Pensions payments are not covered by this threshold)
- (h) Extra statutory and extra regulatory payments – no delegation, all proposals must be submitted to OFMDFM for approval

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

Where total losses exceed £5,000 in any financial year, an explanatory note should be included in the Commission'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 Secretary to the Commission and OFMDFM, where appropriate.