

## **Corporate Governance Branch**

### **Guidance Note CG 01/18**

# **Summary Policy & Procedures for the Approval of Departmental Expenditure**

Issue date: 1 March 2018  
Effective date: 1 March 2018



## INDEX

Section	Title	Page
	<b>Spending Public Money</b>	4
	<b>Business Case approval process</b>	7
	Business area approval limits – Table 1	7
	Approval route for TEO core department expenditure – Table 2	8
	Analytical Services & Finance assessments	10
	Major Business Case Committee (MBCC) approval	11
	Ministerial approval	11
	DoF Supply approval	11
	Retrospective approval	12
	<b>Arm’s Length Bodies (ALB) Guidance on Delegated Limits</b>	12
	Delegated Limits for Expenditure by ALB residing outside the Department’s Accounting Boundary – Table 3	13
	Delegated Limits for Expenditure by ALB residing within the Department’s Accounting Boundary – Table 4	13
	<b>Business Case Database and Log</b>	14
	<b>Procedures following Approval</b>	
	General Procurement	15
	Procurement up to £5,000	16
	Procurement £5,000 to £30,000	17
	Procurement above £30,000	18
	Direct Award Contracts (DAC)	18
	Core Department DAC approval process	18
	ALB DAC approval process	19
	DAC Reporting process	19
	<b>Project Changes</b>	19
	<b>Post Project Evaluations</b>	20
	<b>Appendices</b>	
<b>1</b>	<b>Guidance References</b>	21
	Accountability Guidance	21
	Ambit to the Vote	21
	Guidance on Preparing Business Cases and PPEs	22
	Guidance on Delegations	23
	Guidance on External Consultancy	23
	Procurement Guidance	23
	State Aid Guidance	24
	Regulatory Impact Assessment Guidance	24



	Business Case Database and Log	24
	Templates & Forms	24
<b>2</b>	<b>Contacts</b>	<b>26</b>
<b>3</b>	<b>Approval/assessment process flow diagrams – Core Department expenditure</b>	
	Business Cases prepared by Business Area	27
	Business Cases prepared by ALB	28

## Spending public money

1. Unlike in the private sector, where money is offered by investors who agree to take risks in order to secure a reward, the money we spend in the public sector is tax receipts from citizens who have no choice but to provide them, and therefore we owe them a duty of care in our expenditure.
2. When proposing to spend Public Money, guidelines must be followed to ensure that the principles of regularity, propriety, probity and value-for-money are achieved. All proposals must be subject to scrutiny and approved, prior to any money being committed.
3. All government expenditure must be properly authorised by Parliament or the Assembly. For expenditure to be properly incurred there must be specific statutory authority for the activity or service, as well as authority for the related expenditure. The authority to spend or commit resources is conferred by Assembly agreement through the Estimates process. The Estimates become the expenditure limits voted by the Assembly and set out in the Budget Acts. The ambit of the Vote (Appendix 1) describes the activities on which expenditure is permitted.
4. If these requirements are not met the expenditure will be deemed irregular and in some cases illegal. Where there is **no legislative requirement for a specific approval (such as by Ministers or the Department of Finance (DoF))** expenditure or resource consumption without the relevant approvals is **irregular**. If the approver grants retrospective consent to such irregular expenditure, the transaction is treated in the resource accounts as if it had achieved consent in time. When **legislation requires a specific approval**, any expenditure or resource consumption without such consent is **illegal**. In such cases retrospective consent cannot confer legality.
5. Economic appraisals/business cases are decision-making tools designed to help us ensure we are spending money wisely and achieving value for money. A business case/justification is required irrespective of the level of expenditure, with the principles of economic appraisal applied, with appropriate and proportionate effort, to **all decisions and proposals** for spending or saving public money (including European Union (EU) funds)

and grant schemes, before any call for application, and any other decisions or proposals that involve changes in the use of public resources (FD (DFP) 10/15, link in Appendix 1).

6. **Any new expenditure valued at less than £5,000**, which is not considered novel, contentious, related to a programme or requiring DoF Supply approval i.e. routine administration expenditure, **will not require a formal business case but a proportionate written justification** should be held by the respective business area. However **all external consultancy expenditure, regardless of value**, must be supported by a business case.
7. DoF current guidance (FD (DFP) 20/09 on the **appraisal, evaluation, approval and management** of policies, programmes and projects is set out in the **NI Guide to Expenditure Appraisal and Evaluation (NIGEAE)** link in Appendix 1). It is a ten step approach to simplify the practice of carrying out economic appraisals and evaluations. Standard templates are available to support business case completion that vary depending on the nature and complexity of the expenditure decision/assignment, links to which are set out in Appendix 1.
8. It is important that the resources devoted to the preparation of business cases are proportionate to the scale and importance of the associated objectives and resource consequences. The principle of proportionate effort is set out in FD (DFP) 11/13 and NIGEAE, which stress in particular, that the strategic context within a business case should be kept very brief, focused and normally be no more than two pages.
9. It is critical that appraisals identify and include the **total** cost consequences of the different options being evaluated and that mutually dependent expenditure is appraised together (FD (DFP) 14/11, link in Appendix 1). For example, an appraisal for the construction of a building must take account of all associated costs arising, such as land purchase, infrastructure, equipment fit-out and the annual running costs. It would be wrong to appraise any of these costs separately, in a piecemeal fashion, since they are interdependent. They must be appraised together to ensure that the total resource consequences of a proposal are identified. Projects must not be split up to avoid exceeding delegations and submission to DoF.
10. Once any proposal is approved, there are guidelines to follow to ensure the expenditure is incurred in the way proposed and that there are suitable controls to scrutinise and monitor expenditure. The main sources of guidance, in addition to NIGEAE, are found on the Accountability and Financial Management Division (AFMD) website (links in Appendix 1) and are: Managing Public Money Northern Ireland (MPMNI); Dear Accounting Officer (DAO) and Dear Finance Director (FD) letters issued by DoF.

11. MPMNI provides guidance on the principles of dealing with resources within the NI public sector. DAO letters provide advice to Accounting Officers on the specific issues of accountability, regularity and propriety. FD letters address detailed accountability related issues.
12. Major projects, or those considered potentially high profile, must obtain DoF approval of a Strategic Outline Case (SOC) before the detailed work of developing an outline business case can begin. An SOC is a brief preliminary document of no more than ten or twelve pages that introduces the basic project concept and contains enough detail to support an informed decision on whether or not to commit resources to the more substantial work of an outline business case. (Guidance in FD (DFP) 12/11 and a short proforma are both available in a link in Appendix 1).
13. Major cases, and potentially high profile projects requiring an SOC, are defined as:
  - All projects with a capital value exceeding £20m<sup>1</sup>;
  - Revenue projects which exceed TEO delegated limits and for which central government costs exceed £20m over the project's life; and
  - All projects, irrespective of cost, that set precedents, are novel, potentially contentious, politically sensitive or could cause repercussions elsewhere in the public sector<sup>2</sup>.
14. DoF approval of an SOC does not provide approval to commit expenditure and commence the project. This is only obtained with Department of Finance approval of an outline business case.
15. State Aid implications for projects which involve providing assistance (whether financial or non-financial) to organisations engaged in economic activity, should be considered at the earliest possible opportunity. State Aid is any advantage granted by public authorities through state resources, on a selective basis, to any organisations that could potentially distort competition and trade in the European Union (EU). (A link to State Aid guidance is provided in Appendix 1).
16. All public bodies are required to consider a Regulatory Impact Assessment (RIA), as part of the NICS policy development process. RIA is a key tool in delivering better regulation by supporting the government's aim of regulating only when necessary; and to deregulate and simplify wherever possible. When regulation is necessary, it should be proportionate to the risk being addressed. (A link to RIA guidance is provided in Appendix 1).

---

<sup>1</sup> Cost expressed in real terms (i.e. prices held constant) undiscounted.

<sup>2</sup> If there is any doubt as to whether or not a project meets these criteria, DoF Supply agreement should be sought early in the process.

## Business Case approval process

17. Within the Executive Office (TEO) business cases must be prepared by the business area responsible and initially approved by the senior official in that area. Seniority will depend on the level of expenditure proposed, as detailed in Table 1 below.

**Table 1 Business Case Approvals for General Expenditure (Within Business Areas)**

Staff Grade	Resource Expenditure Approval	Capital Expenditure Approval
DP	Up to £10,000	Up to £20,000
G7	Up to £50,000	Up to £100,000
G5	Up to £350,000	Up to £350,000
G3*	Over £350,000	Over £350,000

\* See paragraph 20 below

18. The approval levels in Table 1 also refer to general expenditure which may be approved solely by business areas, provided it does not fall into any of the specific delegation categories listed in Table 2 overleaf.
19. **The types of expenditure/scenarios which require further approvals, outside of the business area, are summarised in Table 2.** The level of further approval required will depend on the nature and value of the business case. Sometimes only Finance (Corporate Governance Branch within Finance & Corporate Services Division) and Analytical Services assessments will be required, however in other circumstances, Major Business Case Committee (MBCC), Accounting Officer, Ministerial or DoF Supply approval will also be needed. A contact list for Analytical Services and Finance is attached in appendix 2.
20. All business area approvals, in line with Table 1, must be obtained before seeking any additional approvals required under Table 2. For those business cases where the Accounting Officer is also the relevant Grade 3 for the business area bringing forward the business case, then the business case can proceed to Analytical Services, Finance, MBCC or Accounting Officer (as required) with the approval of the relevant Grade 5 (on the basis that Grade 3 approval will be secured as part of MBCC/AO approval process).

**Table 2 Approval route for TEO Core Department Expenditure  
(ALB Delegated Limits are in Tables 3 and 4 below)**

Table key: • Approval Required.

	Business Area	Analytical Services	Finance	MBCC	AO	Minister	DoF Supply
<b>Revenue Expenditure Delegations</b>							
General expenditure < £1m	•						
General expenditure > £1m	•	•	•				
New general expenditure > £1m	•	•	•	•			
<b>Capital Expenditure Delegations</b>							
Capital expenditure < £1m	•						
Capital expenditure > £1m < £2m	•	•	•	•			
Capital expenditure > £2m	•	•	•	•			•
<b>Grant Expenditure Delegations (excluding EU schemes)</b>							
Re-launch of an established grant scheme < £1m	•					•	
Re-launch of an established grant scheme > £1m	•	•	• <sup>3</sup>			•	
Any new grant scheme < £1m	•	•	•			•	
Any new grant scheme > £1m	•	•	•	•		•	
Individual <b>capital</b> grant application < £250K	•						
Individual <b>capital</b> grant application > £250K and < £1m	•	•	•				
Any individual grant application > £1m	•	•	• <sup>4</sup>	•			
Any individual <b>capital</b> grant application >£2m	•	•	•	•			•
<b>External Consultancy Delegations</b>							
External consultancy < £10K	•						
External consultancy > £10K <£75K	•	•	•		•	•	
External consultancy > £75K	•	•	•		•	•	•
<b>RRI Site Delegations</b>							
Disposal of any land forming all or part of a relevant site (excluding MLK)	•	•	•	•			•
Disposal of any land on the MLK Site	•				•		
<b>IT Delegations</b>							
IT Expenditure < £1m	•						
IT Expenditure > £1m	•	•	•	•			•
<b>EU Grant Delegations</b>							
Peace IV Regional Projects < £2m	•						
Peace IV Regional Projects > £2m < £5m	•	•	•	•			
Peace IV Council Projects < £5m	•						
Peace IV Regional or Council Projects > £5m	•	•	•	•		•	•
<b>Miscellaneous Delegations</b>							
Outside Departmental Delegation <sup>5</sup> (includes novel, contentious or repercussive expenditure and leases)	•	•	•	•			•
Expenditure with no allocated budget	•						
Legal advice _____	•				•		

<sup>3</sup> except those in receipt of a current derogation, from the Departmental Accounting Officer.

<sup>4</sup> except those in receipt of a current derogation, from the Departmental Accounting Officer.

<sup>5</sup> see DAO (DFP) 06/12 links in Appendix 1.

**Business case approval does not confer approval to spend until budget allocation secured.**



21. Business areas are reminded that the delegations listed in Table 2 are not exhaustive and are advised to refer to the DAO on departmental delegated limits (currently DAO (DFP) 06/12, link in Appendix 1) or seek clarification from Finance.
22. The Departmental delegations are, in the main, related to monetary values, however they also include less frequent areas of expenditure such as gifts approved by officials over £250 and consolatory payments exceeding £500. In addition, there are other non-monetary criteria for which proposals will require DoF approval and are set out in the extant DAO or may be laid out in the enabling legislation for Arm's Length Bodies (ALBs). These include the purchase of commercial insurance, leases and any advance payments.
23. Whilst the authority delegated by DoF to the Department is £75K for **external consultancy** (within DAO 06/12), this full delegation has not been passed on to business areas. Consequently any external consultancy expenditure greater than £10K and less than £75K requires Analytical Services and Finance assessments, and Accounting Officer and Ministerial approval.
24. There is no specific delegated value limit for internal consultancy business cases. Such business cases should be considered in line with the necessary approvals set out in Table 2.
25. Whilst many business cases will not require any approvals outside of the business area, staff should be aware that this does not infer a diminution in their quality is acceptable as **all could be subject to test drilling by: Analytical Services; Finance; DoF Supply and Northern Ireland Audit Office (NIAO). All business cases, justifications and related approvals/evaluations should be held for inspection.**
26. It is important to note that where an individual expenditure decision falls within more than one delegation category, the requirements of the lowest limit will apply. For example, if the decision related to Information and Communications Technology (ICT) expenditure which was also considered to be external consultancy, the lower external consultancy delegation would apply, rather than the ICT delegation.
27. In addition to the ICT delegations referred to in Table 2, the following ICT approvals are also required:
  - Departmental Chief Technology Officer (Grade 7) approval is required for Departmental or ALB expenditure on significant ICT systems supported by IT Assist; and
  - Grade 5 approval is required for all hardware or software that is not provided by IT Assist as standard. Non-standard software installations also require IT Security Officer (DP) approval.

28. Flow diagrams are attached in Appendix 2, summarising the approval route for both Core Department and ALB expenditure.

### **Analytical Services and Finance assessments**

29. Analytical Services and Finance assessments will be required for most, but not all, of the expenditure categories set out in Table 2. (Those which do not require Analytical Services or Finance assessments should be approved internally by business areas following the limits set out in Table 1). **The approval of a business case does not confer approval to spend until a budget allocation has been secured.**
30. Finance will only consider business cases which have: Already received the approval of the senior official within the business area in line with Table 1, (with the exception of those cases for which the business area Grade 3 approval required is that of the Accounting Officer, see paragraph 20); and Been allocated a business case database or log unique identifier (see further guidance below at paragraph 57).
31. Analytical Services and Finance will assess the overarching business cases for grant schemes and programmes. However, those programmes that are in receipt of a current derogation from the Accounting Officer, will not require Finance assessment.
32. Individual revenue grant applications to grant programmes may be in the form of a business case, however, unless it exceeds £1m, Analytical Services and Finance assessments will not be required, only that of the business area responsible.
33. Where both Analytical Services and Finance assessments are required, business cases should be submitted to Finance for assessment once the Analytical Services assessment has been granted. Business cases may be submitted to the Analytical Services and Finance, with their agreement, at the same time.
34. Analytical Services and Finance will aim to have completed their initial consideration of business cases within **fifteen** working days. This consideration will include an initial review and a substantive response which will take the form of either comments to be addressed in a later draft, or an approval letter. This timeframe may vary depending on the nature, quality and complexity of the case and the issues identified by Analytical Services and Finance for business area follow up. Business areas should build this into any timescale for project completion.
35. Whilst Analytical Services will consider business cases from a Value for Money (VfM) perspective, Finance will concentrate on the monetary costs and benefits, affordability and governance arrangements. The conclusion will be reviewed by both Analytical Services and Finance.

### **Major Business Case Committee (MBCC) approval**

36. The Major Business Case Committee (MBCC) provides a further scrutiny and challenge function for all business cases requiring DoF Supply approval and any new project with proposed expenditure exceeding £1m over a three year period. Formal submission to DoF Supply can only take place once MBCC approval has been granted.
37. Table 2 shows the specific categories of expenditure for which MBCC approval is required and Appendix 1 provides guidance on the content of MBCC submissions.
38. MBCC approval is not required for external consultancy expenditure.

### **Ministerial approval**

39. Under the Department's delegations, Ministerial approval is required for all external consultancy expenditure exceeding £10K and for any expenditure on EU Peace and Interreg Projects exceeding £5m. However, Divisions should consider seeking Ministerial approval for major project and expenditure decisions. TEO internal procedures, as set out in the Departmental Grants Manual, require that Ministerial approval must be explicitly given, and must be renewed on each occasion that a grant scheme is launched.

### **DoF Supply approval**

40. TEO has delegated limits within which its staff and Accounting Officer may approve expenditure without recourse to DoF Supply, DAO 06/12 in Appendix 1 refers.
41. Any expenditure (including external consultancy) outside these delegated limits must be approved by DoF Supply in advance of any funding being committed.
42. DoF Supply will consider cases within a turnaround time of **fifteen** working days. This consideration will include an initial review and a substantive response, which will take the form of either comments to be addressed in a later draft, or an approval letter. This timeframe may vary depending on the nature, quality and complexity of the case and the issues identified by DoF Supply for business area follow up. Business areas should build this into any timescale for project completion.

### **Retrospective Approval**

43. Appraisal should not be used merely as a means to refine the details of a predetermined option, or to provide post hoc justification for decisions or actions already taken.
44. Where expenditure is incurred or committed, without an approved proportionate business case or justification, it may be considered irregular. Retrospective appraisal and its approval, is regarded as an indication of poor management control/oversight.
45. Requests for retrospective approval will only be granted in exceptional circumstances. If the expenditure is within the Department's delegated limits, requests for retrospective approval may be authorised at Departmental level. However if the expenditure is outside the Department's delegated limits, it can only be regularised by obtaining Department of Finance retrospective approval. Note that expenditure considered illegal because a specific approval had not been obtained (paragraph 4) cannot be regularised. A link to TEO's retrospective approval policy, currently CG 02/16, is attached in Appendix 1.

### **Arm's Length Bodies' (ALB) Guidance on Delegated Limits**

46. The specific delegations for the Department's Arm's Length Bodies (ALBs) are summarised in Tables 3 and 4. Arm's Length Bodies may approve expenditure up to the limits listed without recourse to the Department. Sponsor Branches' officials must review and approve business cases of their ALBs for expenditure above ALB delegated limits, in line with approval seniority limits in Table 1. In addition to the specific delegations, ALB expenditure decisions must be considered against the categories listed in Table 2 as further Departmental, Ministerial or DoF Supply approvals may also be required.
47. The limits for those ALBs that reside outside the Department's accounting boundary are set out in Table 3, whilst Table 4 sets out the limits for those ALBs that reside within the Department's accounting boundary.
48. ALBs should be aware that their VAT status will affect the level of the expenditure delegation set out in Table 3. If VAT can be recovered then the limit will apply to the expenditure net of VAT. If VAT cannot be recovered then the limit will apply to the VAT inclusive amount.
49. It is important to note that where an individual expenditure decision falls within more than one delegation category, the requirements of the lowest limit will apply. For example, if the decision related to ICT expenditure which was also considered to be external consultancy, the lower external consultancy delegation would apply, rather than the ICT delegation.

**Table 3 Delegated Limits for Expenditure by ALB residing outside the Department's Accounting Boundary**

Arm's Length Body	Goods and Services £K	Capital £K	ICT Projects £K	External Consultancy £K	DAC <sup>6</sup> £K
Commission for Victims and Survivors for NI	30	50	10	5	30
Equality Commission for NI	30	30	10	5	30
Maze/Long Kesh Development Corporation	Full resource	1,000 <sup>7</sup>	10	5	150
NI Community Relations Council	30	10	10	5	30
NI Judicial Appointments Commission	30	10	10	5	30
Strategic Investment Board	25	50	10	10 <sup>8</sup>	25
Victims and Survivors Service	30	50	10	5	30

**Table 4 Delegated Limits for Expenditure by ALB residing within the Department's Accounting Boundary**

Arm's Length Body	Goods and Services £K	Capital £K	ICT Projects £K	External Consultancy £K	DACs <sup>6</sup> £K
Attorney General's Office NI	30	10	10	5	30
Commissioner for Public Appointments NI	30	NIL	10	5	30
Historical Institutional Abuse Inquiry	60	NIL	NIL	NIL	5

50. As outlined in DAO 06/15 (link in Appendix 1), there is now a requirement for all Departments and their NDPBs to work with Enterprise Shared Services (ESS) to consider the extension of shared service coverage. **The default position should be to make use of the ESS shared services wherever possible.**

<sup>6</sup> There is no delegated authority for external consultancy DACs. All require Departmental Accounting Officer approval.

<sup>7</sup> The non-RRI capital expenditure limit is £1,000.

<sup>8</sup> SIB has full delegated authority for external consultancy expenditure, with the exception of that on non-core functions for which a delegated limit of £10,000 applies, and expenditure on assignments co-funded by another Department. Co-funded assignments valued at more than £150,000 require DoF Supply approval, which should be sought from DoF by the **co-funding Department**.

51. ESS provides a range of services including IT; Finance; HR; Digital Transformation (including NI Direct); Learning and Development; and Property Management.
52. Public bodies must consider at an early stage, and in consultation with ESS, whether the ESS shared services offer is a viable alternative. This option should be appraised in all relevant business cases.

## **Business Case Database and Log**

53. Business areas must record all business cases drafted (including those of their ALBs) in the Departmental business case database or log. The database should be used for all business cases drafted on/before **31 March 2017** and the log for those drafted on/after **1 April 2017** – entries must not be duplicated in the log and database. Both are used to capture and manage business case data and are not approval systems.
54. The business case database requires standard information on approvals, contract values, final outturn, post project evaluation (PPE) and procurement information and in turn, provides standard reports to assist business areas to respond to Departmental requests for information such as those for external consultancy; post project evaluations; direct award contracts, NIAO, Freedom of Information (FOI) and Assembly Questions (AQ). It is therefore vital that the information contained within it is correct.
55. Business areas may have direct access to this database through links installed on their PCs. User access is managed by Corporate Governance Branch so any change requests should be submitted to them.
56. The business case log must be completed when you begin work on your business case by initially inputting the project summary fields, then its costs and the approvals required; updating these as the case progresses. The log is an excel document held within HP Records Manager and as HPRM allows only one user to edit the document at a time, branches will need to work collaboratively in updating the log. A link to the log and detailed guidance/instructions, are both available in Appendix 1.
57. The database and log allocate unique numbers for each business case. It is recommended that this unique business case number is included when business areas record expenditure within TEO's Accounting systems (Account NI). Expenditure can then be easily linked to approvals granted which will facilitate all future test drilling exercises. Senior officials must ensure that this unique number is recorded on the business case before granting their approval.

This number is also required by Finance (Corporate Governance Branch), before their review of the business case will commence.

58. Business cases will be reviewed by Finance in order of receipt and so business areas may need to agree their respective urgency amongst themselves. Approval will not be granted until the database or log has been updated. Assurances of the completeness and accuracy of both the database and log will be sought, through the quarterly Departmental assurance statement process.
59. The database and log are also used by Analytical Services and Corporate Governance Branch to undertake test drilling exercises of the Department's business cases. This involves sampling a number of business cases prepared by business areas from the database and log. It may also involve checking that business cases have been prepared by business areas, in line with the TEO Expenditure Approval guidance, and that the database and log are being appropriately updated. The ability to retrieve the relevant business case information from the database and log is therefore vital for business areas to respond to test drilling exercises.
60. As ALBs do not have direct access to the database or log, they must record the required information on a separate spreadsheet and return it to their sponsor branch, who are responsible for updating the database/log and should request, and provide quality assurance over that data. ALBs will also provide assurance through their quarterly assurance statements.

## **Procedures following approval**

### **General Procurement**

61. The business case approval represents the approval of the expenditure decision. Resources must not be committed until all appropriate approvals/assessments have been secured (Business Area/ Analytical Services /Finance/MBCC / Ministerial/DoF Supply). This means that the procurement process may not begin, nor letter of offers issued, until all business case approvals are in place.
62. Advice relating to applicable legislation, inviting tenders, agreeing contracts, briefing etc is available on DoF's Central Procurement Directorate (CPD) website and can also be obtained by contacting the CPD Supplies and Services Helpdesk on 028 9081 6031 (or extension 76031).
63. CPD estimate that the procurement process will take six to eight weeks, on average, from first contact with CPD to the award of a contract.

64. When contacting CPD, branches will be expected to supply clear terms of reference for the job and should factor into their planning, adequate time for tender responses and evaluation. Initial guidance on the evaluation procedures will be supplied by CPD along with the relevant paperwork.
65. Staff responsible for raising purchase orders on Account NI are required to link the expenditure to the appropriate contract or catalogue.
66. Procurement control limits (PCLs) are explained in detail in the Procurement Guidance Note (PGN) on Procurement Control Limits and Basis for Contract Awards (link to guidance in Appendix 1). Different PCLs apply to the procurement of Goods and Non-Construction Services as compared to Construction Works and Services.
67. PCLs are deemed not to apply to small, one-off, urgent or operational purchases that are necessary to maintain public services; subscriptions to professional journals; participation in trade events or similar activity; payment of professional membership fees and attendance at training courses and conferences. These are not regarded as Direct Award Contracts and therefore neither Accounting Officer approval nor CPD advice is required. While these items are exempt from normal procurement control limits, this does not preclude them from having to satisfy value for money and probity standards i.e. a business case or justification is still required and should be approved by the business area.
68. In exceptional circumstances it may be necessary to award a contract directly, without obtaining quotes or advertising, in which case, business areas and ALBs should consult the extant PGN Award of a Contract Without a Competition (link in Appendix 1). The processes for approving Direct Award Contracts (DACs) are covered in a separate section below on Direct Award Contracts.

### **Procurement up to £5,000**

69. Purchases up to £5,000 are classified as procurement expenditure but are not subject to procurement rules and are never classified as DACs. Business areas and ALBs must ensure that all procurements up to £5,000 are subject to value for money (VFM) considerations and the requirements of Managing Public Money Northern Ireland, this includes ensuring that:
  - (i) the purchase is not covered by an existing framework agreement, call-off contract or e-catalogue;
  - (ii) the **purchase is a one-off requirement** (i.e. the purchase is not a recurring item which will have a total value greater than £5,000, across the period that it will be required);
  - (iii) **the total spend is up to £5,000**; and
  - (iv) the requirement is clearly specified.



70. When existing arrangements at (i) are not available, then officials should carry out a price check (which could include internet price checks) with at least two contractors/suppliers to ensure value for money has been achieved. Price checks should be documented and retained on file for audit purposes.
71. In the **very exceptional circumstance** (e.g. an emergency) when it is not possible to obtain price checks, then an order may be placed directly with a contractor/supplier. In these cases, Accounting Officer approval is not required when the total spend is up to £5,000, but the reasons for the action should be recorded and retained for audit purposes. **This derogation does not apply to the procurement of external consultancy services.**

### **Procurement £5,000 to £30,000**

72. In TEO, certain staff are authorised to carry out the procurement of goods and services with a value below £30,000 (excluding VAT), as an alternative to using CPD. Each procurement exercise must be overseen and advised by an authorised member of staff nominated by TEO who has attended an awareness seminar organised through CPD. He/she must ensure that a full record of the procurement exercise is retained by the Department for future scrutiny and reporting purposes.
73. CPD have issued guidance/advice to clients and staff on the procurement of goods and services below £30,000 (link in appendix 1), to assist authorised staff with the procurement procedures to be followed. Under these procedures, procurement is undertaken through a minimum of two tenders invited by the person authorised to procure, only after they have checked that the goods or services they require are not already included in an e-catalogue or an existing framework agreement or contract.
74. In TEO, all ALBs have been granted the authority, by the Departmental Finance Director, to carry out the procurement of goods and services with a value below £30,000 (excluding VAT), as an alternative to using CPD. Under these arrangements, procurement is undertaken through a minimum of two tenders invited by the person authorised to procure for an ALB (in accordance with a Service Level Agreement (SLA) with a CoPE).
75. However this £30K derogation **does not** apply to external consultancy and construction works and services to be undertaken by the Core Department and its ALBs. **All construction works and services and all external consultancy valued at over £10,000 (excluding VAT) must be procured through CPD.**

### **Procurement above £30,000**

76. Procurement with a value of £30,000 or more should always be carried out by CPD. The total value of the procurement, i.e. the total estimated spend over the contract's duration (including any possible options to extend) must be taken into account. If this is £30,000 or more (excluding VAT), the procurement should be carried out by CPD. If a number of procurements have to be carried out to meet a single requirement and their estimated aggregate value (i.e. the estimated value of all contracts over their duration) exceeds £30,000, the procurements must be carried out by CPD.

### **Direct Award Contracts (DAC)**

77. A Direct Award Contract (DAC) occurs when a contract is awarded to a contractor (supplier, service provider etc.) without a competition i.e. the contract is awarded directly, without obtaining quotes or advertising.
78. In exceptional circumstances, it may be necessary to award a contract directly in which case, business areas and ALBs should consult the relevant PGN on the Award of a Contract without a Competition (link in Appendix 1).

### **Core Department DAC approval process**

79. Any proposal by a business area in TEO to procure through a DAC requires prior Accounting Officer (AO) approval (with the exception of procurements < £5,000, but including all external consultancy). We would note that expenditure under £5K is classified as procurement expenditure but not subject to procurement rules and is therefore never classified as a DAC (see paragraphs 69-71).
80. Any proposal to procure goods and services > £5,000 through a DAC requires CPD advice. The business area must seek that advice, using a DAC1 form (link in Appendix 1). On receipt of CPD advice (if >£5,000), the business area or ALB must secure the Accounting Officer approval directly, setting out the rationale and justification for the use of DAC, along with the business area's Grade 5 recommendation, prior to any commitment being made.
81. Business areas should note that Finance will only review DAC business cases if the expenditure proposed exceeds the delegations identified in Tables 2 - 4.

### **ALB DAC approval process**

82. ALB Accounting Officers may approve their own DAC up to the delegations in Tables 3 - 4 above, **with the exception of external consultancy DAC**. DAC above these limits and all external consultancy, must also be approved by the Departmental Accounting Officer. For clarity, the delegation applies only to the approval of DAC, once the associated business case has received Departmental approval (if the value exceeds the delegated limits listed in Tables 3 - 4). For example, the ALB Accounting Officer could approve the DAC for an ICT project costing £20,000, only after Departmental approval of the ICT business case.
83. Any proposal to procure goods and services > £5,000 through a DAC requires CPD advice. The ALB must seek that advice, using a DAC1 form (link in Appendix 1).

### **DAC Reporting process**

84. When completing the DAC information for the quarterly Assurance Statements, business areas and ALBs must state whether any DAC exceeding £30,000, was awarded in either (1) the public interest or (2) In compliance with Regulation 32 of the Public Contracts Regulations 2015.
85. Business areas and ALBs are responsible for establishing the contracts for all DACs valued below £30,000. This will include notifying Account NI of their contract details (if on Account NI).
86. DACs greater than £30K will be published monthly on the relevant CoPE website.

### **Project changes**

87. Business areas should regularly review the original information and assumptions contained in the business case.
88. Re-approval/re-assessment of a business case is required:
  - as soon as any substantial change to a project scope is anticipated;
  - when actual outturn is anticipated to be +/- 10% of the approved business case costs. The exception being external consultancy business cases where any anticipated change in the approved costs requires re-approval;
  - if implementation is delayed by more than 24 months; or
  - as soon as a potential breach of the project approval conditions issued by Finance, Analytical Services, MBCC, Ministers or DoF, is anticipated.

89. Re-approval/re-assessment will be required from the relevant business area official, or Analytical Services/Finance/DoF/Ministers, if the delegations in Table 2 are exceeded. Finance will advise on whether a letter, addendum or a revised business case will be required.

### **Post project evaluations**


90. A Post Project Evaluation (PPE) compares outturn against estimated costs and benefits, and reviews success in achieving objectives. Evaluation plays an important role, and similar to appraisal, is not optional. It is designed to ensure that the lessons learned are fed back into the decision-making process.
91. A PPE should be conducted as soon as possible after project closure and no later than 6 to 12 months from this date. It should be led by an individual independent of the Project Board and Project Team and should be conducted in line with NIGEAE's Evaluation Guidance for Economic Appraisals (see link in Appendix 1).
92. The planned completion date for post project evaluations (PPEs) must be included in the business case within the Monitoring and Evaluation Arrangements section of the case. Templates are available to aid the completion of PPEs. A separate template is available for PPEs in respect of consultancy assignments.
93. Where the completion of a PPE was a condition of DoF approval, it should be submitted to Finance where it will be reviewed at Grade 7 level and forwarded to DoF, in line with the terms and conditions of their approval letter. If there are significant issues arising or any lessons to be learned when completing PPE's, the relevant template (attached at Appendix 1) should be completed and forwarded to TEO Finance contacts listed in Appendix 1. This will then be shared with other Departments to help inform decision making and project management generally.
94. Failure to complete a PPE, or long delays in its completion, is indicative of weak internal control and could lead to an investigation by DoF and possibly NIAO.


## Appendix 1




## Guidance references

<b>Accountability Guidance</b>	
Accountability and Financial Management Division (AFMD)	<a href="#">Accountability-and-Financial-Management</a>
Managing Public Money Northern Ireland (MPMNI) Chapters and Annexes	<a href="#">Managing-Public-Money-NI-MPMNI</a>



<p><b>Ambit of the vote (subject to change annually – published in the Estimates process)</b>  <b>For the period 2017/18 RfR A:</b> Driving investment and sustainable development; making people’s lives better through support for equality, human rights and community relations; and the effective operation of the institutions of Government: support for the Executive; the North-South Ministerial Council; the British-Irish Council; civil contingencies; the Reinvestment and Reform Initiative; delivery of a Programme for Government, including strategic delivery of NICS of the Future; promotion of human rights, equality of opportunity and social inclusion and the alleviation of disadvantage including in situations of severe stress, crisis or emergency; actions associated with the preparation and implementation of the Historical Institutional Abuse Inquiry Report and Findings; the actions and commitments contained in the Executive's Good Relations Strategy Together: Building a United Community including the Racial Equality Strategy; the European Union Programme for Peace and Reconciliation; district council programmes; delivering social change including the associated Executive Funds; victims and survivors; implementation of the Stormont House Agreement and the Fresh Start Agreement; grant-in-aid to the Strategic Investment Board Limited, Ilex Urban Regeneration Company Limited, the Maze/Long Kesh Development Corporation, the Northern Ireland Judicial Appointments Commission, the Equality Commission for Northern Ireland, the Commission for Victims and Survivors for Northern Ireland, the Northern Ireland Community Relations Council, the Victims and Survivors Service Limited; expenses of the Attorney General for Northern Ireland and the Commissioner for Public Appointments for Northern Ireland; Public appointments including the appointment of the Commissioner for Children and Young People for Northern Ireland and the Commissioner for Older People for Northern Ireland; support for the Compact Civic Advisory Panel; the Commission on Flags, Identity, Culture and Tradition; administration and other services including the European Taskforce Working Group, supporting the region’s interests in Europe; policy development in respect of EU future relations; International Relations for devolved issues; settlement of NICS equal pay claims; severance payments and associated non-cash items</p>	
---	--

<b>Guidance on Preparing Business Cases and PPEs</b>		
Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE)	FD (DFP) 20/09	<a href="#">FD (DFP) 20/09</a>
Importance of appraising total project costs	FD (DFP) 14/11	<a href="#">FD (DFP) 14/11</a>
Business case process: guidance on proportionate effort	FD (DFP) 11/13	<a href="#">FD (DFP) 11/13</a>
Strategic Outline Case (SOC) approval process	FD (DFP) 12/11	<a href="#">FD (DFP) 12/11</a>
2017/18 Pay Remit approval process and guidance	FD (DoF) 01/18	<a href="#">FD (DoF) 01/18</a>
Pay Remit approval process and guidance	FD (DoF) 12/16	<a href="#">FD (DoF) 12/16</a>
DoF office accommodation leases: overall guidance		<a href="#">Lease guidance</a>
Office accommodation leases: approval process guidance		<a href="#">Approval process</a>
Use of professional services: cost classification on capital projects	FD (DFP) 11/10	<a href="#">FD (DFP) 11/10</a>
Community Asset Transfer: financial, accountability and budgeting implications	FD (DFP) 05/15	<a href="#">FD (DFP) 05/15</a>
Hard charging for valuation services SUB 39/15		 SUB 39 15 Introduction of Hard
Extension of shared services	DAO (DFP) 06/15	<a href="#">DAO (DFP) 06/15</a>
Appraising financial assistance: streamlining of procedures and documentation	FD (DFP) 07/15	<a href="#">FD (DFP) 07/15</a>
Urgent processing of EU structural and investment funds projects	FD (DoF) 10/16	<a href="#">FD (DOF) 10/16</a>
Guidance on activity/events sponsorship and partnership marketing	DAO (DFP) 02/16	<a href="#">DAO (DFP) 02/16</a>
Business cases for contracts and procurements	FD (DFP) 10/15	<a href="#">FD (DFP) 10/15</a>
Guidance on value for money (VFM) assessment of alternative procurement options	FD (DFP) 08/15	<a href="#">FD (DFP) 08/15</a>
Assessing/documenting sustainable development in business cases for procurements	FD (DFP) 11/14	<a href="#">FD (DFP) 11/14</a>

<b>Guidance on Delegations</b>		
Departmental delegations applicable to all Departments	DAO (DFP) 06/12	<a href="#">DAO (DFP) 06/12</a>
TEO specific delegations	DAO (DFP) 06/12	<a href="#">TEO Specific Delegations</a>
Retrospective appraisal policy	CG 02/16	<a href="#">TEO Retrospective Appraisal Policy CG 02/16</a>
<b>Guidance on External Consultancy</b>		
Use of professional services: relates to update of guidance issued under FD 07/12	FD (DoF) 08/17	<a href="#">FD(DoF) 08/17</a>
Use of professional services: covering memo	FD (DFP) 07/12	<a href="#">FD (DFP) 07/12</a>
Use of professional services: definitions etc.	FD (DFP) 07/12	<a href="#">FD (DFP) 07/12 guidance - definitions etc.</a>
Categories of professional service: supplementary guidance		<a href="#">Professional services categories</a>
External Consultancy: assessment of large scale, complex or innovative assignments	FD (DFP) 13/12	<a href="#">FD (DFP) 13/12</a>
<b>Procurement Guidance</b>		
Central Procurement Division		<a href="#">Procurement</a>
Award of contracts without competition incl. definition of a Direct Award Contract	PGN 03/11	<a href="#">PGN 03/11</a>
Procurement control limits and basis for contract awards	PGN 04/12	<a href="#">PGN 04/12</a>
CPD advice: on the procurement of goods and services valued below £30,000		 CPD advice to clients and staff on the Proc

<b>State Aid Guidance</b>	
State Aid: an introduction	<a href="#">State Aid: introduction</a>
State Aid: A Beginner's Guide for Public Bodies in Northern Ireland	<a href="#">State Aid: beginner's guide</a>
State Aid: Rules, Regulations and Guidance	<a href="#">State Aid: rules, regulations and guidance</a>
<b>Regulatory Impact Assessment Guidance</b>	
Regulatory Impact Assessment (RIA) Guidance	<a href="#">RIA guidance</a>
<b>Business Case Database and Log</b>	
Business Case Database: Instructions	 Business Case Database - Instructic
Business Case Log – for cases drafted on/after 1 April 2017	 Business Case Log - From April 2017.tr5
Business Case Log: Instructions	 Business Case Excel Log Instructions - Apr
<b>Templates &amp; Forms</b>	
Strategic Outline Case (SOC) Template	<a href="#">SOC template</a>
DoF business case template < £1m	<a href="#">BC template</a>
External consultancy business case template (regardless of value)	<a href="#">External consultancy BC template</a>



DoF accommodation lease business case template	<a href="#">Accommodation Lease BC template</a>
Major Business Case Committee submission guidance	 Major Business Case Committee Terr
Request for CPD advice on Direct Award Contracts (DAC 1 form)	<a href="#">DAC1 form</a>
Post Project Evaluation template: non-consultancy projects up to £50K	<a href="#">PPE template &lt;£50K</a>
Post Project Evaluation template: non-consultancy projects over £50K	<a href="#">PPE template &gt;£50K</a>
Post Project Evaluation template: consultancy projects	<a href="#">External Consultancy PPE template</a>
Post Project Evaluation template: office accommodation leases	<a href="#">Office Accommodation Leases - PPE Template</a>
Post Project Evaluation template: sharing lessons learned/significant issues with other Departments	 PPE - Sharing Lessons Learned with

## Appendix 2

### Contacts:

<b>Finance Contacts</b>		
Leanne McCullough	ext. 20199	<a href="mailto:Leanne.McCullough@executiveoffice-ni.gov.uk">Leanne.McCullough@executiveoffice-ni.gov.uk</a>
Janice Cochrane	ext. 28167	<a href="mailto:Janice.Cochrane@executiveoffice-ni.gov.uk">Janice.Cochrane@executiveoffice-ni.gov.uk</a>
Clare Reilly	ext. 20196	<a href="mailto:Clare.Reilly@executiveoffice-ni.gov.uk">Clare.Reilly@executiveoffice-ni.gov.uk</a>
Joanne Craig	Ext. 23107	<a href="mailto:Joanne.Craig@executiveoffice-ni.gov.uk">Joanne.Craig@executiveoffice-ni.gov.uk</a>
Ruth Patterson	ext. 20195	<a href="mailto:Ruth.Patterson2@executiveoffice-ni.gov.uk">Ruth.Patterson2@executiveoffice-ni.gov.uk</a>
Nuala McCann	ext. 20091	<a href="mailto:Nuala.McCann@executiveoffice-ni.gov.uk">Nuala.McCann@executiveoffice-ni.gov.uk</a>
<b>Analytical Services Contacts</b>		
Peter Johnston	ext. 28472	<a href="mailto:Peter.Johnston@executiveoffice-ni.gov.uk">Peter.Johnston@executiveoffice-ni.gov.uk</a>
Louise Lennon	ext. 23248	<a href="mailto:Louise.Lennon@executiveoffice-ni.gov.uk">Louise.Lennon@executiveoffice-ni.gov.uk</a>
John McGettrick	ext. 23467	<a href="mailto:John.McGettrick@executiveoffice-ni.gov.uk">John.McGettrick@executiveoffice-ni.gov.uk</a>
Stephen McConville	ext. 22933	<a href="mailto:Stephen.McConville@executiveoffice-ni.gov.uk">Stephen.McConville@executiveoffice-ni.gov.uk</a>

Appendix 3  
Expenditure

Approval/Assessment process flow diagrams – Core Department

