



Department for

**Infrastructure**

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# **CORPORATE GOVERNANCE FRAMEWORK**

**January 2020**

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## 1. PURPOSE

- 1.1 This document sets out details of the Department for Infrastructure's (DfI) corporate governance arrangements. It provides information on the arrangements which have been established to ensure robust effective management of the Department's affairs. It is key to demonstrating and encouraging a culture of openness, accountability and good governance in everything we do.
- 1.2 The purpose of the Governance and Control Framework is to provide a systematic approach to the dissemination of advice and guidance to staff on all areas of governance and control by:
- gathering all governance and control advice in one place;
  - providing a short synopsis of the key issues in relation to any particular topic;
  - including a link to more detailed relevant guidance; and
  - providing key contact details to allow staff to seek further advice if required.

The [Governance and Control Framework](#) can be accessed on the DfI intranet site.

## 2. BACKGROUND

- 2.1 Corporate Governance is the way in which an organisation is directed and controlled. It defines the distribution of rights and responsibilities among the different stakeholders and participants in the organisation and determines the rules and procedures for making decisions on corporate affairs, including the process through which the organisation's objectives are set. It also provides the means of attaining those objectives, auditing and monitoring performance and assessing risk.
- 2.2 The effectiveness of direction and control of an organisation depends on:
- Governance: how well an organisation plans, sets, communicates, undertakes and monitors its corporate objectives;

- Risk Management: how the organisation identifies, considers and manages the risks to the achievement of corporate objectives; and
- Business Controls: how the Board of the organisation assures itself and its stakeholders that it is in control of its business and the risks to the achievement of its objectives.

2.3 This Framework provides an overview of the corporate governance processes and responsibilities within the Department. Nothing in the Framework impacts on the roles and responsibilities of the Minister.

2.4 The relationship between Ministers, civil servants and the NI Assembly is based on the following key elements:

- a Department works under the direction and control of its Minister in delivering its functions, including delivery of Programme for Government commitments;
- civil servants are accountable to their Departmental Minister;
- Ministers are accountable to the NI Assembly, through the NI Executive;
- civil servants attend Assembly Committees on behalf of their Minister; and
- the Accounting Officer is directly accountable to the NI Assembly through the Public Accounts Committee.

2.5 The Departmental Board supports the head of the Department by contributing to the corporate management of the Department within the strategic policy and resources framework set by the Minister and the Executive.

The Framework reflects the key principles in the Corporate Governance in central government departments: Code of Good Practice NI 2013.

2.6 The Framework is intended to be a living document. It will therefore be kept under continuing review. It will be formally updated biennially.

### 3. ORGANISATION AND STRUCTURES

- 3.1 The Department's vision and actions are rooted in, and fully support, the wider vision set out by the previous Executive, and are at the heart of its draft Programme for Government (PfG) which is 'improving wellbeing for all – by tackling disadvantage and driving economic growth'.
- 3.2 The key organisational structures which support the delivery of our outcomes and performance measures, and reflect the corporate governance Code of Good Practice NI include the:
- Departmental Board and the following sub-committees;
  - Departmental Audit and Risk Assurance Committee (DARAC); and
  - Major Projects Committee (MPC).
- 3.3 The organisational structure of the Department is set out at Annex A.

#### ***Departmental Board***

- 3.4 As Principal Accounting Officer, the Permanent Secretary is responsible and accountable to the Assembly for the organisation and quality of management in the Department, including its use of public money and stewardship of assets. The Permanent Secretary chairs the Departmental Board which exists to support the Department's strategic planning and to assist the Permanent Secretary in meeting personal corporate governance responsibilities. The Board follows Corporate Governance best practice. The Board's Operating Framework which set out the functions, aim and responsibilities of the Board and its membership – are at Annex B.
- 3.5 The Board operates as a collective forum, to manage the Department. The Board is not the principal policy making body within the Department,

as policy is determined by the Minister. However, the Board may discuss policy in the context of monitoring implementation, strategic planning and operational management. In the policy area, the Board operates in an advisory and consultative capacity, offering guidance when sought.

### ***Departmental Audit and Risk Assurance Committee (DARAC)***

3.6 The Board is supported in its role by the Departmental Audit and Risk Assurance Committee, which is a committee of the Board with no executive powers. The role of the Audit and Risk Assurance Committee is to support the Board in its responsibilities for issues of risk control and governance. This includes reviewing the comprehensiveness of assurances in meeting the Board's and Principal Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances. The Departmental Audit and Risk Assurance Committee's Terms of Reference are set out at Annex C.

### ***Major Projects Committee (MPC)***

3.7 The Board has established a Major Projects Committee to discuss and consider issues associated with existing and proposed major projects being taken forward by the Department. This process will ensure that a strategic approach will be taken to decisions around capital projects and will ensure that the Board is fully aware of any major risks that would potentially impact on project delivery. The Committee is responsible and accountable at all times and in all decisions to the Departmental Board as a whole. Its Terms of Reference are set out in Annex D.

## **4. PERMANENT SECRETARY & PRINCIPAL ACCOUNTING OFFICER**

### ***Permanent Secretary***

4.1 The Permanent Secretary is the Minister's principal adviser across the full range of his/her Ministerial responsibilities. In terms of the Department's corporate governance arrangements, the Permanent

Secretary is the Head of the Department and chair of the Departmental Board. The Permanent Secretary is also the Principal Accounting Officer for the Department.

- 4.2 The Permanent Secretary's role as Chair of the Departmental Board is set out in the Board's Operating Framework, at Annex B.
- 4.3 As Principal Accounting Officer, the Permanent Secretary must be able to assure the Assembly and the public of high standards of probity in the management of public funds. The Principal Accounting Officer must personally sign:
- the organisation's accounts;
  - the annual report; and
  - the governance statement
- 4.4 Acting within the authority of the Minister(s) to whom they are responsible, the Principal Accounting Officer should ensure that the organisation, and any subsidiary to it or organisation sponsored by it, operates effectively and to a high standard of probity. The main duties of Accounting Officers are set out in the Managing Public Money Northern Ireland which can be accessed on the [Department of Finance website](#).
- 4.5 This guidance emphasises that Accounting Officers must also take personal responsibility and accountability for:
- propriety and regularity;
  - prudent and economical administration;
  - avoidance of waste and extravagance;
  - ensuring value for money, judged for the Executive as a whole, not just for the department;
  - efficient and effective use of available resources; and
  - the organisation, staffing and management of the department.

## 5. INTERNAL CONTROL AND RISK MANAGEMENT

- 5.1 At the end of each financial year the Department's Annual Report and Accounts is laid before the Northern Ireland Assembly in accordance with section 10(4) of the Government Resources and Accounts Act (Northern Ireland) 2001. On approval, the Annual Report and Accounts is published under the Copyright Act 1911 and made available on the Department's website.
- 5.2 As part of the Annual Report and Accounts the Principal Accounting Officer is required to sign a Governance Statement. An effective governance framework, including a risk management process which involves a systematic approach to the evaluation and control of risk, is required to support this.

### ***Internal Audit***

- 5.3 The Principal Accounting Officer and the Board are independently advised by an internal audit service operating in accordance with Public Sector Internal Audit Standards. The primary objective of Internal Audit is to provide the Permanent Secretary, in his/her capacity as Principal Accounting Officer, the Departmental Audit and Risk Assurance Committee and Management with an independent and objective opinion on risk management, control and governance, by measuring and evaluating their effectiveness in achieving the Department's agreed objectives.

### ***Risk Management***

- 5.4 Risk management is the culture, process and structures that are directed towards the effective management of potential opportunities and threats facing an organisation in striving to meet its objectives. To assist in the process of identifying and managing risk, the Department has developed



a Risk Management Framework which sets out the Department's approach to the identification and management of risk.

5.5 Risks can be managed at a number of levels, including corporate, group, divisional and branch/project levels.

5.6 The following key principles underpin the Department's approach to risk management:

- the Departmental Board, chaired by the Permanent Secretary, has overall responsibility for ensuring that there are effective arrangements for governance, risk management and internal controls for the whole departmental family i.e. the Department itself, its Agency, and its NDPBs;
- key risks are identified against the Department's business objectives as an integral part of the business planning process;
- each corporate risk is assigned to the appropriate Executive Board member/s who is/are responsible for ensuring that controls are in place at all levels to manage the risk;
- all new business activities are assessed for key risks and controls put in place; and
- the Corporate Risk Register is subject to monthly monitoring on an exception basis and formal bi-monthly review and revision to tie in with the Departmental Board meetings and reflect changes in corporate risks including changes in risk status.

### ***Assurance Statements***

5.7 Another key element of the system of internal control is the Assurance Statement process which provides biannual assurance statements as a basis for the authorisation, by the Accounting Officer, of the annual Governance Statement.

***Departmental Whistleblowing Procedures***

- 5.8 The Department is committed to openness, probity and accountability, and as such, follows the Whistleblowing Procedures in place to ensure that concerns about perceived wrongdoing (e.g. financial malpractice, danger to the public or the environment, safety/security breaches or possible unlawful conduct) can be raised through a clear reporting process. The procedures ensure that staff and members of the public can raise concerns quickly, and in confidence, and that managers are aware of how to handle such concerns. Staff can access the procedures through the Department's Governance and Control Framework (available via the DfI intranet site) and members of the public can access them via the DfI Internet site.
- 5.9 Registers of whistleblowing concerns and reports of wrongdoing are maintained at Directorate and Departmental level in order to identify trends/patterns, to ensure that individual cases are escalated as appropriate, to monitor the progression of enquiries and to keep senior management informed.

***Register of Interests***

- 5.10 The Board holds and maintains a Register of Interests which is reviewed and updated on a regular basis. Board members are required to declare any personal or business interest which may, or may be *perceived* to, (by a reasonable member of the public) influence their judgement. The Register of Interests is also placed on the Department's website.

***Register of Gifts, Hospitality and Awards***

- 5.11 The Board also holds and maintains a Register of Gifts, Hospitality and Awards to record any offers in accordance with the current NICS and Departmental policy. The Register of Gifts, Hospitality and Awards is also placed on the Department's website.

***Relationship with Agencies***

5.12 The Permanent Secretary has delegated the day to day responsibility for the management and operation of the Driver and Vehicle Agency to the DVA Chief Executive. In addition, the Chief Executive has been appointed as Agency Accounting Officer with responsibilities set out in their letter of appointment and an Agency Framework Document and are therefore responsible for matters including:

- preparation of draft Corporate and Business Plans, including key performance targets, and submission to the Department for approval;
- achieving key performance targets;
- managing resources efficiently, effectively and economically in compliance with Government policy;
- contribute to the Department's development of policy and impact of proposed policy changes; and
- preparation of Annual Report and Accounts.

***Relationships with Arm's-Length Bodies***

5.13 The Department is responsible for three Arm's-Length Bodies:

- Northern Ireland Transport Holding Company;
- Northern Ireland Water; and
- NI Drainage Council.

5.14 The Principal Accounting Officer has responsibility for safeguarding the public funds which are given to these bodies and is supported in this role by the Chief Executives and Accounting Officers of the NI Transport Holding Company and Northern Ireland Water. They are responsible for running their respective bodies and for ensuring regularity and propriety is adhered to. Individual Governance Statements are prepared by the Accounting Officer of each of these bodies and published through their annual report and accounts. Additionally the external audit statement on each set of Accounts includes a regularity opinion.

### Northern Ireland Transport Holding Company

5.15 Northern Ireland Transport Holding Company (NITHC) is a public corporation controlled by the Department and is the parent company of the publicly owned bus and rail companies in the region. These companies, Northern Ireland Railways, Ulsterbus, and Citybus (trading as Metro) operate under the brand name of Translink. Northern Ireland Transport Holding Company's statutory duties are to manage public transport properties, to operate commercially and to oversee the activities of Translink.

5.16 The Department provides financial assistance to Translink as part of the Executive's investment in public transport in Northern Ireland, in line with the Transport Acts 1967 and 2011. The Department sets specific targets for the Northern Ireland Transport Holding Company and monitors the extent to which these targets are achieved. Under these governance arrangements Northern Ireland Transport Holding Company produces a rolling three year corporate plan for consideration with key stakeholders and agreement by the Minister. As part of in year monitoring the Department agrees with Northern Ireland Transport Holding Company a range of key financial and performance indicators and targets.

5.17 The current Management Statement and Financial Memorandum has been in operation since 01 November 2018. The Chief Executive of Northern Ireland Transport Holding Company, in his or her role as Accounting Officer, is appointed by the Principal Accounting officer and, provides biannual assurance statements to the Department which are aligned with NITHC Board governance procedures.

### Northern Ireland Water

5.18 Northern Ireland Water was established as a government-owned company in April 2007 to deliver water and sewerage services in Northern Ireland. The Department is the sole shareholder.

5.19 A Management Statement and Financial Memorandum (MSFM) has been in operation since 13 February 2017. The Chief Executive provides biannual assurance statements to the Department. As part of governance arrangements the Department holds Bi-Annual Shareholder meetings (chaired by the Permanent Secretary) with the Board of Northern Ireland Water. These are strategically focused, and review Key Performance Indicators and are output/outcomes orientated. Public Private Partnership / Private Finance Initiative (PPP/PFI) contracts are reviewed in these meetings.

#### NI Drainage Council

5.20 The NI Drainage Council is a non-Departmental Public Body which carries out a general scrutiny on the drainage functions of the Department. It has a statutory duty to ensure uniformity of treatment of drainage throughout Northern Ireland. It is the responsibility of the Drainage Council to designate watercourses and sea defences to be maintained at public expense. Over 6,800 km of watercourses and 26 km of sea defences have been designated since the Council was established in 1947. The Department uses powers in the Drainage Order to carry out maintenance and to deliver capital schemes as resources permit.

5.21 The Council has no budget. It is supported by a secretariat provided by DfI which adheres to the Department's governance processes and procedures.

#### ***North / South Bodies***

5.22 The North South Ministerial Council (NSMC) was established under the Belfast/Good Friday Agreement (1998) to develop consultation, co-operation and action within the island of Ireland. This is achieved through the implementation, on an all-island and cross-border basis, matters of mutual interest and within the competence of the Administrations, North and South.

- 5.23 The Department jointly sponsors, with the Department of Culture, Heritage and the Gaeltacht (DCHG) in the south, Waterways Ireland. This is one of six North / South Implementation Bodies established under The North South Co-operation (Implementation Bodies) NI Order 1999. It is responsible for the management, maintenance, development and restoration of inland navigable waterways for recreational purposes.
- 5.24 A Financial Memorandum is in place which has been agreed between both Finance Departments (North and South). Waterways Ireland also has a Service Level Agreement in place and completes Bi-Annual Assurance Statements.
- 5.25 As Waterways Ireland does not have a Board, and the legislation does not allow for the establishment of one, as part of the governance arrangements the two sponsor Departments hold Quarterly Accountability Meetings with the Chief Executive and Senior Management Team. These meetings are strategically focused, and review Key Performance Indicators, Risk Registers and Audit Reports.

### ***Relationships with Trust Ports***

- 5.26 The Department has a unique relationship with the four Trust Ports in NI (Belfast, Londonderry, Warrenpoint and Coleraine). Public Trust Ports are autonomous, self-financing statutory bodies whose constitutions are set out in legislation. They operate on a commercial basis with the profit generated by their activities re-invested to improve their facilities.
- 5.27 The power to appoint members of the boards of the Trust Ports rests with the Department. Whilst classified as public corporations the Trust Ports are not NDPBs, nor are they governed by MPMNI

**Other Processes**

5.28 There are also a number of other processes which contribute to corporate governance including:

- the business planning process and associated monitoring and reporting process;
- the Performance Management System for reviewing and assessing the performance of individual members of staff;
- HR policies designed to ensure the Department complies with employment law and has the appropriate numbers of staff with suitable skills to meet its objectives;
- budgets and priorities setting and in-year monitoring processes;
- the Departmental Anti-Fraud Policy which details responsibilities regarding the prevention of fraud and a Response Plan which specifies the procedures to be followed in the event of a fraud being detected or suspected. Both documents relate to fraud and loss within the Department and its sponsored bodies;
- the Senior Information Risk Owner (SIRO) supported by a SIRO Council provides assurance to the Principal Accounting Officer on information risk management by way of an information assurance strategic action plan;
- Annual Business Area Security Returns, which form the basis of the Annual Departmental Security Report;
- Assurance Statements from Northern Ireland Water and the Northern Ireland Transport Holding Company; and
- monitoring of PPP/PFI contracts.

# ANNEX A- DfI SENIOR STAFF STRUCTURE



**Nicola Mallon**  
Minister



**Katrina Godfrey**  
Permanent Secretary



**Julie Thompson**  
Deputy Secretary  
Planning, Water & DVA



**Dr Andrew Murray**  
Deputy Secretary  
Roads and Rivers



**John McGrath**  
Deputy Secretary  
Transport and Resources



**Alistair Beggs**  
Director of Strategic Planning



**Angus Kerr**  
Chief Planner and Director of Regional Planning



**Paul Duffy**  
Chief Executive of DVA



**Linda MacHugh**  
Director of Water and Drainage Policy



**Simon Richardson**  
Director of the Living With Water Programme



**Conor Loughrey**  
Director of Network Services



**Deidre Mackle**  
Director of Engineering



**Jonathan McKee**  
Director of Rivers



**John Irvine**  
Director of Major Projects and Procurement



**Tom Reid**  
Director of Public Transport



**Michaela Glass**  
Director of Corporate Policy and Planning



**Liz Loughran**  
Director of Transport Policy



**Tom Kennedy**  
Director of Digital and Information Services



**Chris Hughes**  
Director of Safe and Accessible Travel



**Jackie Robinson**  
Director of Gateways & EU Relations



**John McNeill**  
Director of Finance



## **ANNEX B - DEPARTMENTAL BOARD OPERATING FRAMEWORK**

### **Purpose**

The Departmental Board (the Board) provides corporate leadership to the organisation as a whole; takes responsibility for the Department's performance; and provides support to the Permanent Secretary, who provides advice to the Minister.

### **Membership**

The Board is chaired by the Permanent Secretary of the Department and he/she is responsible for the appointment of all the Board members and the appraisal of their performance. Membership is normally determined on an ex officio basis and appraisal of these members will be carried out through the Department's Performance Management system.

The other Executive members of the Board are:

- Grade 3 with responsibility for Planning, Water and DVA;
- Grade 3 with responsibility for Transport and Resources;
- Grade 3 with responsibility for Roads and Rivers;
- Director of Corporate Policy & Planning; and
- Director of Finance.

There are also two Non-Executive Board Members (NEBMs) effective from 23 July 2018.

As Chair of the Board, the Permanent Secretary is responsible for:

- ensuring the Board fulfils its responsibilities;
- ensuring that the business of Board meetings is conducted efficiently and effectively, that there is open debate and that all views are heard;
- summing up Board debates and seeking agreed decisions;
- controlling the order of Board meetings;

- ensuring that systems are in place to provide Board members with accurate and timely information of good quality to allow the Board to consider properly all matters before it;
- ensuring that a Board effectiveness review is performed annually with independent input as necessary, and that results are acted upon;
- completing an annual performance appraisal review of each non-executive board member;
- ensuring adherence to the comply or explain principle set out in Corporate Governance Guidance;
- disclosing all Ministerial Directions to the Board at the next meeting.

The Chair should encourage all Board members to make full use of their skills and expertise in order to robustly challenge and thereby improve the standard of discussion in Board meetings.

### ***Executive Board Members***

In their role as Executive Board Members, they are responsible for:

- the development of strategy and for supporting the delivery of that strategy. This includes taking steps to ensure that the business is prioritised and decisions implemented in accordance with the performance measures and outcomes set by the Board;
- notifying the Board of any matters that threaten the regularity, propriety or value-for-money with which the Department carries out its business; and
- notifying the Board of any significant issues which may impact on the Department's leadership, medium-term capability and significant risks to delivery of policy, along with mitigating actions taken.

The roles and responsibilities of each Executive Board Member have been agreed with the Permanent Secretary. All Executive Board members are bound by the NICS Code of Ethics, attached at Annexe E.

### ***Non-Executive Board Members***

The Department has two Non-Executive Board Members (NEBMs). Their role includes:

- leading and participating fully in the formulation of business planning, strategy development and risk management;
- monitoring the Department's progress towards meeting agreed performance measures and outcomes;
- using their experience to challenge and support the Board, acting corporately;
- ensuring that the Board obtains and considers all appropriate information; and
- providing external independent advice and expertise to inform the decision making process.

The NEBMs should ensure all aspects of strategy and delivery of policy are scrutinised for effectiveness and efficiency. In particular, the IBMs should:

- be involved in the monitoring of performance and progress of the Department, including the use of human and financial resources;
- maintain a critical overview of the Department's financial controls and procedures for assessing and managing risk, drawing on their wider experience;
- be involved also as members of the Departmental Audit and Risk Assurance Committee, and the Major Projects Committee.

### ***NICS Strategic HR Business Partner***

Recognising that HR functions for all NICS departments now rest with NICS HR, the board will ask the Department's Strategic HR Business Partner to attend board meetings when relevant HR matters are to be discussed.

All Board members are required to adhere to the Seven Principles of Public Life which are set out at Annex F.

All new members will receive appropriate induction on the Board's responsibilities and procedures. The Board is also attended by the Departmental HR Business Partner representing the centralised NICS HR function.

Strategy, Equality and Governance Branch, within Corporate Policy and Planning Division will provide a Board secretariat. The secretariat will be responsible for ensuring compliance with Board procedures and maintenance of a Register of Interests for the Board.

### **Reporting**

The Audit and Risk Assurance Committee and Major Projects Committee should routinely report to the Board on their work, including a formal annual report.

The Board will undertake an annual effectiveness review with independent input at least every three years, and ensure that the results are acted upon.

### **Responsibilities**

The objective of the Board is to provide collective leadership for the Department by scrutinising and advising on:

- strategic clarity;
- commercial sense;
- talented people;
- results; and
- Management information.

A formal schedule of **matters always dealt with by the Board** – that is, those which should not be delegated within the Department – is maintained. This covers decision-making on the following matters:

- appropriate operational strategies to implement policies set by Ministers;
- financial planning and management, including scrutinising the allocation of financial and human resources to achieve the plan;
- monitoring departmental performance against outcomes and performance measures and assessing the risks to delivery;

- risk management policies, registers, including the risk appetite of the Department;
- finance, human resources and IT strategies affecting long term capability of the Department; and
- corporate governance arrangements within the Department and with our Arm's Length Bodies.

The Board expects to receive reports on significant **matters delegated** to the Executive Directors including:

- performance against internal targets and commitments including:
  - progress on delivery of HR and IT Strategies and plans;
  - Freedom of Information;
  - Equality Unit progress;
  - cyber security;
  - health and safety;
  - legislation;
  - corporate social responsibility; and
  - emergency planning arrangements.

The **main categories of information considered** at Board meetings include:

- progress against business plan targets;
- progress and status of significant projects;
- performance against agreed metrics;
- risk management;
- scrutiny of performance of the Department's sponsored bodies; and
- management information relating to use of resources compared to budgets, cash flow and balance sheet movements.

The Departmental Audit and Risk Assurance Committee, on behalf of the Departmental Board will review, prior to publication, the draft **Departmental report and accounts**, including the governance statement.

Separate arrangements exist for the monitoring of the Department's Agency and ALBs. Any significant matters arising will be brought to the attention of the Board on an exception basis by the relevant senior sponsor.

## **Rights**

The Board may:

- invite other staff or individuals to attend the Board as deputies, observers or to present a paper.
- co-opt additional members to provide specialist skills, knowledge and experience; and
- procure specialist ad hoc advice.

## **Meetings**

The Board will normally meet on a bi-monthly basis, from January 2020. However, the Permanent Secretary may call an additional meeting of the Board in circumstances where need arises. The Board maintains a work programme which is developed on a rolling basis. It includes matters always dealt with by the Board; corporate management matters that are delegated but where the Board expects to receive reports for approval or decision as necessary; and the usual governance expenditure, risk management and performance reports for the Department and its Agency and ALBs.

A minimum of four members must be present for the Board to be deemed quorate, at least one of whom should be a NEBM.

Members should attend Board meetings and committee meetings regularly, attend other events when required, and contribute to discussions. Decisions should be taken both corporately and objectively, acting in the public interest in keeping with the Nolan principles of public life.

Members should record in the Register of Interests any issues on which they might have a conflict of interest. The Board as a whole should consider how such conflict of interests will be handled.

Where members have concerns about the running of the Department or a proposed action which cannot be resolved, they should ensure that these are recorded in the minutes.

An agenda and papers will be circulated at least three working days in advance of the meeting. The formal minutes will be posted on the Department's website within three working days of the following Board meeting. Minutes will include any operational decisions that may have been taken by the Executive Board Members during the period between formal Board meetings. The secretariat will maintain an induction pack and programme for new members.

### **Sub-Committees**

An Audit and Risk Assurance Committee has been established to operate in accordance with Department of Finance guidance - Audit and Risk Assurance Committee Handbook (NI). The Committee is chaired by a Non-Executive Board Member, and is supported by another Non-Executive Board Member. At least one committee member has recent and relevant financial experience.

The Board also has a Major Projects Committee in place. This Committee is chaired by a Non-Executive Board Member and is supported by another Non-Executive Board Member.

## **ANNEX C - AUDIT AND RISK ASSURANCE COMMITTEE TERMS OF REFERENCE**

### **Purpose**

The Board has established an Audit and Risk Assurance Committee to support it in its responsibilities for issues of risk control and governance across the Department. It does so by reviewing the comprehensiveness of assurances in meeting the Board's and Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances. It has no executive powers.

### **Membership**

The Departmental Audit and Risk Assurance Committee (DARAC) will be chaired by a suitably experienced Non-Executive Board Member. The remaining members of DARAC will include the other Non-Executive Board Member and one or two outside members of the NICS with appropriate financial experience.

Normally attendees are:

- Accounting Officer (Permanent Secretary);
- Grade 3 with responsibility for Transport and Resources;
- Director of Finance
- Head of Internal Audit; and
- NIAO representatives.

The Committee will be provided with a secretariat function by Strategy, Equality and Governance Branch.



## **Reporting**

- The Committee will formally report in writing to the Board and Accounting Officer after each meeting.
- The Committee will provide the Board and Accounting Officer with an Annual Report, timed to support finalisation of the accounts and the Governance Statement, summarising its conclusions from the work it has done during the year.

## **Responsibilities**

The Committee will advise the Departmental Board and Accounting Officer on:

- the strategic processes for risk, control and governance and the Governance Statement;
- the accounting policies, the accounts, and the annual report of the Department, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to external auditors;
- the planned activity and results of both internal and external audit;
- adequacy of management response to issues identified by audit activity, including external audit's Report to Those Charged with Governance (Report on Audit Results);
- assurances relating to the management of risk and corporate governance requirements for the Department; and
- anti-fraud policies, whistle blowing processes, and arrangements for special investigations.

The Committee will also periodically review its own effectiveness and report the results of that review to the Board.

## **Rights**

The Committee may:

- co-opt additional members to provide specialist skills, knowledge and experience;

- procure specialist ad hoc advice, subject to the submission of a business case and subject to budget agreed by the Departmental Board; and
- as agreed with, provide an external review of its effectiveness.

### **Access**

The Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of the Committee. The Chair also has access to officials to discuss issues of concern throughout the year.

### **Meetings**

- The Committee will meet at least four times a year. The Chair may convene additional meetings, as deemed necessary and following agreement with the Director of Corporate Policy & Planning;
- a minimum of two members of the Committee must be present for the Committee to be deemed quorate;
- the Committee may ask any other officials of the Department to attend to assist it with its discussions on any particular matter;
- the Committee may ask any or all of those who normally attend and who are not members to withdraw to facilitate open and frank discussion of particular matters; and
- the Departmental Board or the Accounting Officer may ask the Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.

### **Information Requirements**

For each meeting the Committee will be provided with:

- A report summarising any significant changes to the Department's Risk Register;
- A progress report from the Head of Internal Audit summarising: –
  - Work performed (and a comparison with work planned);
  - Key issues emerging from Internal Audit work;
  - Management response to audit recommendations;
  - Changes to the Periodic Plan; and

- Any resourcing issues affecting the delivery of Internal Audit objectives;
- A progress report from the external audit representative summarising work done and emerging findings.

As and when appropriate the Committee will also be provided with:

- proposals for the Internal Audit Charter;
- the Internal Audit Strategy;
- the Head of Internal Audit's Annual Opinion and Report;
- quality assurance reports on the Internal Audit function;
- the draft accounts of the Department;
- the draft Governance Statement;
- Assurance Statements;
- a report on any changes to accounting policies;
- progress on delivery of the Department's procurement plans;
- Departmental use of consultants;
- External Audit's Report to Those Charged with Governance;
- a report on any proposals to tender for audit functions;
- a report on co-operation between Internal Audit and external audit; and
- the Department's Risk Management Framework.

The above suggests minimum requirements for the information which should be provided to the Committee. Members will be provided with other documentation as required, for example, individual Internal Audit assignment reports, outcome of test drilling of business cases and Post-Project-Evaluation updates.

The Committee Secretariat will prepare an annual programme of work to reflect the above.

### **Register of Interests**

Members will record in the Committee's Register of Interests any issues on which they might have a conflict of interest. The Committee as a whole should consider how matters on which a member may have a conflict of interest will be handled.

## **Review of Scope**

These Terms of Reference will be kept under review and will be formally updated biennially.

## **AUDIT AND RISK ASSURANCE COMMITTEE COMPETENCY FRAMEWORK**

**All members of the Audit and Risk Assurance Committee should have, or acquire as soon as possible after appointment:**

- Understanding of the objectives of the Department and current significant issues;
- Understanding of the Department's structure, including key relationships such as that with ALBs and North / South Bodies;
- Understanding of the Department's culture;
- Understanding of any relevant legislation or other rules governing the Department; and
- Broad understanding of the government environment, particularly accountability structures and current major initiatives.

**The Audit and Risk Assurance Committee should corporately possess:**

- Knowledge / skills / experience (as appropriate and required) in:
  - Accounting;
  - Risk Management;
  - Audit; and
  - Technical or specialist issues pertinent to the organisation's business.
- Experience of managing similar sized organisations;
- Understanding of the wider relevant environments in which the Department operates; and
- Detailed understanding of the government environment and accountability structures.

## ANNEX D – MAJOR PROJECTS COMMITTEE TERMS OF REFERENCE

### Purpose

The Departmental Board has established a Major Projects Committee to consider and provide assurance to the Accounting Officer and the Board on the oversight of major capital projects, as defined in Appendix 1, as well as other significant/high risk<sup>1</sup> projects, regardless of funding source, within DfI and its arm's length bodies. This process will ensure that a strategic approach is taken to decisions around projects and will ensure that the Accounting Officer and board are made fully aware of any major risks that could potentially impact on outcomes achieved. Appendix 1 sets out the accepted definitions of Major Projects as those that meet the criteria described by the Infrastructure Projects Authority (IPA) and which are contained in Department of Finance guidance FD (DFP) 12/11.

It is recognised that some projects are the direct responsibility of ALBs which the Department oversees while others are delivered by the Department. The Committee would consider projects in both categories, ensuring effective collaboration and shared learning with the work of ALB Boards/sub-committees.

### Membership

<b>Chair:</b>	DfI Independent Board Member Grade 3 with responsibility for Transport and Resources Grade 3 with responsibility for Planning, Water and DVA Grade 3 with responsibility for Roads and Rivers DfI Non-Executive Board Member Director of Finance
<b>Attendees:</b>	Permanent Secretary Head of Financial Planning & Management
<b>Secretary:</b>	The Committee will be provided with a secretariat function by Strategy, Equality and Governance Branch.

In the absence of the Chair, the meeting will be chaired by the Department's other Independent Board Member.

The Committee may:

- invite other staff or individuals to attend the Committee as deputies, observers or to present a paper;
- co-opt additional members to provide specialist skills, knowledge and experience; and
- with the agreement of the Accounting Officer procure specialist ad-hoc advice.

### **Responsibilities**

The Committee's objectives are:

- a) to have a strategic overview of major projects and to provide assurance to the Accounting Officer that project milestones and risks are being managed at the appropriate level;
- b) to provide information on the progress of major projects to the Departmental Board in a format and manner that allows the Board to fulfil its responsibilities;
- c) to provide a forum to discuss the Department's major projects including an analysis of the current spend and options for future spend to be presented to Minister for approval;
- d) to consider and learn from significant external / internal reviews of major projects (including reviews of projects in other departments and jurisdictions where relevant) including identifying actions to be taken to improve the oversight and management of major projects;
- e) to consider relevant DAO/FD guidance letters and offer its views on the Department's draft responses to proposed changes on relevant guidance when deemed appropriate [Routine updates to guidance will not require consideration by the MPC].

### **Meetings**

This Committee will meet three times per year, with additional meetings as required. A minimum of four members of the Committee, including at least one NEBM must be present for the Committee to be deemed quorate.

### **Work Programme**

Prior to the start of each financial year, the Committee will agree which projects will be the subject of focus for the year and a list will be produced. This list can be added to or amended as the year progresses. The projects on the 2020-21 work programme are listed at Appendix 2.

### **Reporting**

The Committee will provide a written update to the Departmental Board after each meeting.

### **Register of Interests**

Members not covered by the Board's Register of Interest will record in the Committee's Register any issues on which they might have a conflict of interest. The Committee as a whole should consider how matters on which a member may have a conflict of interest will be handled.

### **Review of Scope**

These Terms of Reference will be kept under review and will be formally updated biennially.

## Major Project definitions

### UK Infrastructure & Projects Authority (IPA)

- above the delegated authority limit for the organisation;
- could create pressures leading to a breach in departmental expenditure limits, administration cost limits, or estimates provision;
- would entail contractual commitments to significant levels of spending in future years for which plans have not been set;
- could set a potentially expensive precedent;
- is novel and contentious; or could cause significant repercussions, posing risks to the public sector;
- requires primary legislation or where HM Treasury consent is a statutory requirement.

### Major project per FD (DFP) 12/11 in relation to the preparation of a SOC

- capital projects with a total capital value in excess of £20m;
- revenue projects which fall above departmental limits and for which central government costs will be £20m or more over the projects life; and
- projects irrespective of costs that set precedents, are novel , potentially contentious, could cause repercussions elsewhere in public sector or are potentially politically sensitive.



## MAJOR PROJECTS COMMITTEE: 2020-21 WORK PROGRAMME

Project	Business Area	Status	Reason	SRO
Capital				
Belfast Transport Hub	Public Transport	Choose an item.		P O'Neill
A5 WTC	Roads & Rivers	Choose an item.		John Irvine
A6	Roads & Rivers	Choose an item.		David Porter
BRCDF Belfast Rapid Transit 2	Roads & Rivers	Choose an item.		Andrew Murray
BRCDF Lagan Pedestrian/ Cycle Bridge	Roads & Rivers	Choose an item.		John Irvine
BRCDF Newry Southern Relief Road	Roads & Rivers	Choose an item.		Arnold Hamilton
Future Ticketing System	Public Transport	Choose an item.		P Anderson
York Street Interchange	Roads & Rivers	Choose an item.		Kevin Monaghan
North West Multimodal Transport Hub	Public Transport	Choose an item.		J Glass
Additional Train Capacity	Public Transport	Choose an item.		I Campbell
Living with Water Programme	Water	Choose an item.		Julie Thompson
Planning IT System	Planning	Choose an item.		Julie Thompson
Belfast Tidal Flood Risk	Roads & Rivers	Choose an item.		Owen McGivern
DVA Infrastructure Project	DVA	Choose an item.		Mike Beare

DVA Digital Transformation Programme	DVA	Choose an item.		Mike Beare
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Resource				
Belfast Metropolitan Transport Study (BMTS)	Transport Policy	Choose an item.		Liz Loughran
Belfast Metropolitan Transport Plan (BMTP)	Transport Policy	Choose an item.		Liz Loughran
North West Transport Plan (NWTP)	Transport Policy	Choose an item.		Liz Loughran
Regional Strategic Transport Network Transport Plan (RSTNTP)	Transport Policy	Choose an item.		Liz Loughran

Risk Rag Status	
	Significant risk to departmental reputation
	Medium risk to departmental reputation
	Minor/no risk to departmental reputation

Priority	
	Flagship
	City Deal
	Contractual Commitment
	Other

## ANNEX E – THE NICS CODE OF ETHICS

[https://www.nicscommissioners.org/wp-content/uploads/2015/09/nics\\_code\\_of\\_ethics.pdf](https://www.nicscommissioners.org/wp-content/uploads/2015/09/nics_code_of_ethics.pdf)

## **ANNEX F – THE SEVEN PRINCIPLES OF PUBLIC LIFE**

### **Selflessness**

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

### **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

### **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

### **Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

### **Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

### **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interests.

### **Leadership**

Holders of public office should promote and support these principles by leadership and example.