



Department for

Communities

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Management Statement Financial
Memorandum Dossier of Controls with
Northern Ireland Housing Executive
Housing
Executive

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Part 3: Dossier of Controls

Management Statement; Financial Memorandum; Dossier of Controls

Introduction

These documents set out the controls to be exercised over the different areas of the NI Housing Executive's (NIHE) activities by the Department for Communities (DfC) directly or by the NIHE itself. The prime purpose of the documents is to assist the Permanent Secretary of DfC in discharging his responsibilities in relation to the NIHE's systems and as such it represents a formal statement by DfC of the standards it requires the NIHE to achieve in relation to the probity of activities.

The documents accordingly seek to set down the broad policies and related procedures of the NIHE, which are agreed by DfC and for which the Permanent Secretary, as Accounting Officer, is responsible and would answer accordingly to the Public Accounts Committee. Actions and decisions taken within policies and procedures set out in the documents are the responsibility of the NIHE's Board.

DfC's approval of the NIHE's budgets and the payment by DfC of Housing Grant to the NIHE is conditional upon the NIHE's compliance with the terms of the documents.

In addition, DfC may also under Article 10 (1) of the 1981 Order, give directions of a general or specific nature to the NIHE regarding the discharge of its functions. The 1981 Order requires the NIHE to act in accordance with such directions.

Certain controls set out in the documents lend themselves particularly to audit review to establish whether they are being followed and whether the procedures described are adequate. This is the responsibility of the NI Audit Office, the NIHE's Internal Audit Section and DfC's Technical Audit.

The format of the documents is as follows:-

Management Statement - sets down the general framework governing the NIHE's operations and its relationship with DfC.

Financial Memorandum - sets out the financial controls governing the NIHE's operations.

Individual Control Documents – contain only the essential basic information that is required to be noted in terms of background, legislation, approval and monitoring procedures.

A senior officer in both DfC and the NIHE has been delegated responsibility for maintaining these documents. In DfC this responsibility rests with the Head of Housing Governance and Inspection and in NIHE with the Director of Finance.

Definitions

“NIHE” - the Northern Ireland Housing Executive.

“Body” - the Northern Ireland Housing Executive.

“Chief Executive” - the senior executive official of the Northern Ireland Housing Executive.

“C&AG” - the Comptroller and Auditor General for Northern Ireland.

“DAO” - “Dear Accounting Officer” letter.

“Department” - the Department for Communities.

“DfC” - Department for Communities.

“DoF” - Department of Finance.

“The Dossier” - The Control Documents

“DFD” - “Dear Finance Director” letter.

“FD” - Finance Director.

“Grant” - any form of payment, of which “grant-in-aid” is a subset.

“Minister” - the Minister of the sponsor Department.

“MSFM” - the Management Statement and Financial Memorandum document.

“MPMNI” – Managing Public Money Northern Ireland

“NDPB” - Non Departmental Public Body.

“TEO” - The Executive Office.

“The NI Assembly” - the Body established as part of the Belfast Agreement meeting in Parliament Buildings. It is the prime source of authority for all devolved responsibilities and has full legislative and executive authority.

“The 1981 Order” - the Housing (Northern Ireland) Order 1981.

“The 1988 Order” - the Housing (Northern Ireland) Order 1988. During the period of suspension, any reference to the NI Assembly in this document should be read as a reference to the United Kingdom Parliament.

“Voted” - provision voted by the Northern Ireland Assembly

Part 1: Management Statement

Introduction

1.1 This document

- 1.1.1 This *Management Statement and Financial Memorandum* (MS/FM) has been drawn up by the Department for Communities (DfC) in consultation with its NDPB, the Northern Ireland Housing Executive (NIHE), The Housing Centre, Adelaide Street, Belfast BT2 7BB. The document is based on a model prepared by the Department of Finance (DoF).
- 1.1.2 The terms and conditions set out in the combined *Management Statement and Financial Memorandum* may be supplemented by guidelines or directions issued by DfC/Minister in respect of the exercise of any individual functions, powers and duties of NIHE
- 1.1.3 A copy of the MS/FM for NIHE should be given to all newly appointed Board Members, senior NIHE staff and departmental sponsor staff on appointment. Additionally the MS/FM should be tabled for the information of Board Members at least annually at a full meeting of the Board. Amendments made to the MS/FM should also be brought to the attention of the full Board on a timely basis.
- 1.1.4 Subject to the legislation noted below, this *Management Statement* sets out the broad framework within which NIHE will operate, in particular:
- The planning regime within which NIHE will develop its overall aims, objectives and targets to be set out in the agreed corporate plan and business plan, taking account of the Minister's priorities and in support of DfC's strategic aims and objectives contained in Departmental Corporate and Business plans and the Programme for Government (PFG).
 - the rules and guidelines relevant to the exercise of NIHE's functions, duties and powers;
 - the conditions under which any public funds are paid to NIHE;
 - How NIHE is to be held to account for its performance.
- 1.1.5 The associated *Financial Memorandum* sets out in greater detail certain aspects of the financial provisions which NIHE shall observe. However, the *Management Statement and Financial Memorandum* do not convey any legal powers or responsibilities.
- 1.1.6 The document shall be periodically reviewed by DfC see Section 7 below.

- 1.1.7 NIHE, DfC, or the Minister, may propose amendments to this document at any time. Any such proposals by NIHE shall be considered in the light of evolving DfC policy aims, operational factors and the track record of NIHE itself. The guiding principle shall be that the extent of flexibility and freedom given to NIHE shall reflect both the quality of its internal controls to achieve performance and its operational needs. DfC, in consultation with NIHE, shall determine what changes, if any, are to be incorporated in this document. Legislative provisions shall take precedence over any part of this document. Significant variations to this document shall be cleared with DoF Supply after consultation with NIHE, as appropriate. (The definition of “significant” will be determined by DfC in consultation with DoF).
- 1.1.8 The *MS/FM* is approved by DoF Supply, and signed and dated by the Director of Housing in DfC and NIHE’s Chief Executive.
- 1.1.9 Any question regarding the interpretation of the document shall be resolved by DfC after consultation with NIHE and, as necessary, with DoF Supply.
- 1.1.10 Copies of this document and any subsequent substantive amendments shall be placed in the Library of the Assembly. (Copies shall also be made available to members of the public on DfC website).

1.2 Founding legislation; status

- 1.2.1 NIHE was originally established under the Housing Executive Act (Northern Ireland) 1971 now repealed. It currently operates under a number of Housing (Northern Ireland) Orders from 1981-2003, the Housing (Amendment) (NI) Order 2006 and the Housing (Amendment) Acts (NI) 2010 and 2011 subject to the provisions of the Northern Ireland Act 1998. NIHE does not carry out its functions on behalf of the Crown, but within this legislative framework, is subject to the overall direction and control of the Minister for Communities.

1.3 The functions, duties and powers of NIHE

- 1.3.1 The various Housing (Northern Ireland) Orders from 1981-2003; The Housing (Amendment) (NI) Order 2006; The Housing (Amendment) Acts (NI) 2010 and 2011; The Social Security Administration (Northern Ireland) Act 1992; the Domestic Energy Efficiency Grants Regulations (NI) 2009; and The Housing Support Services (NI) Order 2002, require NIHE to carry out a number of Statutory functions and powers including the following:-

Functions:

- The regular examination of housing conditions and housing requirements;
- Drawing up wide ranging programmes to meet housing needs;
- Establishing housing information and advisory services
- Consulting with District Councils and the Northern Ireland Housing Council (see para 3.10).

Powers:

- Effecting the closure, demolition and clearance of unfit houses;
- The possession of unoccupied houses;
- Carrying out improvements or repairs by agreement;
- Entry to land for the purpose of survey, valuation or examination;
- Acquisition and disposal of land;
- Administering Housing Benefit to the public and private rented sectors;
- Undertaking the role of the Home Energy Conservation Authority for Northern Ireland;
- Administering the “Supporting People” initiative.

In addition NIHE carries out a number of duties including the following:-

- Effecting the improvement of the condition of the housing stock;
- Identifying the need for the provision of new social houses;
- Managing its housing stock in Northern Ireland;
- Keeping a register of rents;
- Ensuring that accommodation becomes available for applicants who meet the statutory criteria for homelessness assistance.

The Minister may also from time to time indicate non-specific policy priorities and spending priorities that he wishes NIHE to pursue in particular key areas of its business.

1.4 Classification

- 1.4.1 For policy/administrative purposes NIHE is classified as an executive non-departmental public body.
- 1.4.2 For national accounts purposes NIHE is classified to the public corporations sector.

- 1.4.3 References to NIHE include, (where they exist), all its subsidiaries and joint ventures that are classified to the public sector for national accounts purposes. If such a subsidiary or joint venture is created, there shall be a document setting out the arrangements between it and NIHE (paragraphs 83-84 of the Financial Memorandum refer).

2. Aim, Objectives And Targets

2.1 Overall aim

- 2.1.1 The Minister has approved the overall aim for NIHE to be the single regional strategic housing authority in Northern Ireland responsible for carrying out functions such as those listed at paragraph 1.3.1

2.2 Objectives and key targets

- 2.2.1 DfC determines NIHE's performance framework in the light of DfC's wider strategic aims and current PFG objectives and targets (paragraph 1.1.4). The Minister has agreed the following objectives, key targets and performance measures within NIHE's corporate and business planning process (Section 4 below);

3. Responsibilities And Accountability

3.1 The Minister

- 3.1.1 The Minister is accountable to the Assembly for the activities and performance of NIHE. His responsibilities include:
- approving NIHE's strategic objectives and the policy and performance framework within which NIHE will operate (as set out in this Management Statement and Financial Memorandum and associated documents);
 - keeping the Assembly informed about NIHE's performance;
 - approving the amount of grant to be paid to NIHE, and securing Assembly approval; and
 - carrying out responsibilities specified in legislation, including appointments to NIHE Board, and laying of the annual report and accounts before the Assembly.

3.2 The Accounting Officer Of The Department For Communities

- 3.2.1 The Permanent Secretary, as DfC principal Accounting Officer (the ‘Departmental Accounting Officer’), is responsible for the overall organisation, management and staffing of the sponsor Department and for ensuring that there is a high standard of financial management in the Department as a whole. The Departmental Accounting Officer is accountable to the Assembly for the issue of any grant-in-aid to NIHE. The Departmental Accounting Officer designates the Chief Executive of NIHE as NIHE’s Accounting Officer, and may withdraw the Accounting Officer designation if he/she believes that the incumbent is no longer suitable for the role.
- 3.2.2 In particular, the Departmental Accounting Officer of DfC shall ensure that:
- NIHE’s strategic aim(s) and objectives support the sponsor Department’s wider strategic aims and current PFG objectives and targets;
 - the financial and other management controls applied by DfC to NIHE are appropriate and sufficient to safeguard public funds and for ensuring that NIHE’s compliance with those controls is effectively monitored (“public funds” include not only any funds granted to NIHE by the Assembly but also any other funds falling within the stewardship of NIHE);
 - the internal controls applied by NIHE conform to the requirements of regularity, propriety and good financial management; and
 - any grant-in-aid to NIHE is within the ambit and the amount of the Request for Resources and that Assembly authority has been sought and given.
- 3.2.3 The responsibilities of a departmental Accounting Officer are set out in more detail in Chapter 3 of Managing Public Money Northern Ireland (MPMNI).

3.3 The sponsoring team in DfC

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

3.3.2 Housing Group shall advise the Minister on:

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

3.3.3 In support of the Departmental Accounting Officer, Housing Group shall:

on performance and risk management -

- monitor NIHE's activities on a continuing basis through an adequate and timely flow of certified information from NIHE on performance, budgeting, control, and risk management, including early sight of NIHE's Statement on Internal Control;
- address in a timely manner any significant problems arising in NIHE, whether financial or otherwise, making such interventions in the affairs of NIHE as DfC judges necessary to address such problems;
- periodically carry out a risk assessment of NIHE's activities to inform DfC's oversight of NIHE; strengthen these arrangements if necessary; and amend the *Management Statement* and *Financial Memorandum* accordingly. The risk assessment shall take into account the nature of NIHE's activities; the public monies at stake; NIHE's corporate governance arrangements; its financial performance; internal and external auditors' reports; the openness of communications between NIHE and DfC; and any other relevant matters;

on communication with NIHE -

- inform NIHE of relevant government policy in a timely manner; if necessary, advise on the interpretation of that policy; and issue specific guidance to NIHE as necessary;
- bring concerns about the activities of NIHE to the attention of the full Board, and require explanations and assurances from the Board that appropriate action has been taken.

3.4 NIHE Board

3.4.1 NIHE's Board consists of ten persons (including chair and vice-chair) appointed by DfC, with four members selected from the membership of the Housing Council. Appointments are made in line with the Code of Practice issued by the Commissioner for Public Appointments.

3.4.2 The Board has corporate responsibility for ensuring that NIHE fulfils the aims and objectives agreed in the Corporate and Business Plans approved by the Minister, and for promoting the efficient, economic and effective use of staff and other resources by NIHE. To this end, and in pursuit of its wider corporate responsibilities, the Board shall:

- establish the overall strategic direction of NIHE within the policy and resources framework determined by the Minister and DfC
- constructively challenge NIHE's executive team in their planning, target setting and delivery of performance;
- ensure that DfC is kept informed of any changes which are likely to impact on the strategic direction of NIHE or on the attainability of its targets, and determine the steps needed to deal with such changes;
- ensure that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with DfC, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account all relevant guidance issued by DoF and DfC;
- ensure that the Board receives and reviews regular financial information concerning the management of NIHE; is informed in a timely manner about any concerns about the activities of NIHE; and provides positive assurance to DfC that appropriate action has been taken on such concerns;
- demonstrate high standards of corporate governance at all times, including using the independent audit committee, (see paragraph 4.10.1) to help the Board to address the key financial and other risks facing NIHE; and
- appoint with DfC's approval a Chief Executive to NIHE and, in consultation with DfC, set performance objectives and remuneration terms linked to these objectives for the Chief Executive, which give due weight to the proper management and use of public monies.

3.4.3 Individual Board Members shall act in accordance with their wider responsibilities as Members of the Board – namely to:

- comply at all times with the Code of Practice (see paragraph 3.5.5) that is adopted by NIHE and with the rules and guidance relating to the use of public funds and to conflicts of interest; see NIHE Code of Practice for Board Members.
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations; and to declare publicly and to the Board any private interests that may be perceived to conflict with their public duties;

- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments; and
- act in good faith and in the best interests of NIHE.

3.4.4 NIHE shall forward to DfC all Board papers and minutes timeously.

3.5 The Chairman of NIHE

3.5.1 The Chairman is appointed by DfC, with the approval of the Minister for Communities, for a term of office not exceeding five years and restricted to two terms. The maximum period in office must not exceed 10 years on the same Board. Appointments are made in line with the Code of Practice issued by the Commissioner for Public Appointments.

3.5.2 The Chairman is responsible to the Minister and will ensure that the Minister is provided with regular reports on the Housing Executive's performance. The Chairman shall ensure that the Housing Executive's policies and actions take due account of the wider strategic priorities of the Minister and that they are compatible with any conditions of funding, and with any general or specific direction, which the Department has issued to the Housing Executive. The Chairman shares with the other Board Members the corporate responsibilities set out in paragraph 3.4.2 and in particular for ensuring that the Housing Executive achieves the overall aims, objectives and targets which have been agreed as part of the Housing Executive's corporate plan and business plan.

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

- formulating the Board's strategy;
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Minister or DfC;
- promoting the efficient, economic and effective use of staff and other resources;
- encouraging and delivering high standards of regularity and propriety;
- representing the views of the Board to the general public; and
- ensuring that the Board meets at regular intervals throughout the year and that the minutes of meetings accurately record the decisions taken and, where appropriate, the views of individual Board Members.

3.5.4 The Chairman shall also:

- ensure that all members of the Board, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction training, including on the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice;
- advise DfC of the needs of NIHE when Board vacancies arise, with a view to ensuring a proper balance of professional and financial expertise; and
- assess the performance of individual Board Members. Board Members will be subject to ongoing performance appraisal, with a formal assessment being completed by the Chair of the Board at the end of each year [and prior to any re - appointment of individual Members taking place]. Members will be made aware that they are being appraised, the standards against which they will be appraised, and will have an opportunity to contribute to and view their report. The Chair of the Board will also be appraised on an annual basis by the Departmental Accounting Officer or an official acting on his or her behalf.

3.5.5 The Chairman shall also ensure that a Code of Practice for Board Members is in place, based on the Cabinet Office's Code of Conduct for Board Members of Public Bodies. The Code shall commit the Chairman and other Board Members to the Nolan "seven principles of public life", and shall include a requirement for a comprehensive and publicly available register of Board Members' interests.

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

3.6 The Chief Executive's role as Accounting Officer

3.6.1 The Chief Executive of NIHE is designated as NIHE's Accounting Officer by the Departmental Accounting Officer of DfC. See DAO (DoF) 05/13 and Chapter 3 of MPMNI.

3.6.2 The Accounting Officer of NIHE is personally responsible for safeguarding the public funds for which he/she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of NIHE. See DAO (DoF) 05/13 and Chapter 3 of MPMNI.

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

on planning and monitoring -

- establish, in agreement with the Board, NIHE's corporate and business plans in support of DfC's wider strategic aims and current PFG objectives and targets;
- inform DfC of NIHE's progress in helping to achieve the Department's policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensure that timely forecasts and monitoring information on performance and finance are provided to DfC; that DfC is notified promptly if overspends or underspends are likely and that corrective action is taken;
- ensure that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to DfC in a timely fashion. This includes circumstances such as would be highly likely to attract media reaction (ie. cases where there is a reputational risk to the Organisation).

on advising the Board –

- advise the Board on the discharge of its responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time by DoF or DfC.
- advise the Board on NIHE's performance compared with its aims and objectives;
- ensure that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed appropriately;
- take action in line with Section 3.8 of MPMNI if the Board, or its Chairman, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency or effectiveness;

on managing risk and resources -

- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensure that an effective system of programme and project management and contract management is maintained;
- ensure compliance with the Northern Ireland Public Procurement Policy;
- ensure that all public funds made available to NIHE [including any income or

other receipts] are used for the purpose intended by the Assembly, and that such monies, together with NIHE's assets, equipment and staff, are used economically, efficiently and effectively;

- ensure that adequate internal management and financial controls are maintained by NIHE, including effective measures against fraud and theft;
- maintain a comprehensive system of internal delegated authorities that are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that effective personnel management policies are maintained;

on accounting for NIHE's activities –

- sign the accounts and be responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Minister, DfC or DoF;
- sign a Statement of Accounting Officer's responsibilities for inclusion in the annual report and accounts;
- sign a Statement on Internal Control regarding NIHE's system of internal control, for inclusion in the annual report and accounts;
- ensure that effective procedures for handling complaints about NIHE are established and made widely known within NIHE and to NIHE customers;
- act in accordance with the terms of this document and with the instructions and relevant guidance in *MPMNI* and other instructions and guidance issued from time to time by DfC, DoF and TEO - in particular, Chapter 3 of *MPMNI* and the Treasury document *Regularity and Propriety and Value for Money* (a copy of which the Chief Executive shall receive on appointment). Section IX of the *Financial Memorandum* refers to other key guidance;
- give evidence, normally with the Accounting Officer of DfC if summoned before the Public Accounts Committee on the use and stewardship of public funds by NIHE;
- ensure that an Equality Scheme is in place, reviewed and equality impact assessed as required by the Equality Commission and TEO;
- ensure that Lifetime Opportunities is taken into account; and
- ensure that the requirements of the Data Protection Act 1998 and the Freedom of Information Act 2000 are complied with.

3.7 The Chief Executive's role as Consolidation Officer

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

3.7.2 As NIHE's Consolidation Officer, the Chief Executive shall be personally

responsible for preparing the consolidation information, which sets out the financial results and position of NIHE; for arranging for its audit; and for sending the information and the audit report to the Principal Consolidation Officer nominated by DoF.

- 3.7.3 As Consolidation Officer, the Chief Executive shall comply with the requirements of the NDPB Consolidation Officer Letter of Appointment as issued by DoF and shall, in particular:
- ensure that NIHE has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process; and
 - prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions and directions [“Dear Consolidation Officer” (DCO) and “Dear Consolidation Manager” (DCM) letters] issued by DoF on the form, manner and timetable for the delivery of such information.

3.8 Delegation of duties

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

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

- 3.9.1 The Chief Executive of NIHE is the Principal Officer for handling cases involving the Northern Ireland Commissioner for Complaints. As Principal Officer, he/she shall inform the Permanent Secretary of DfC of any complaints about NIHE accepted by the Ombudsman for investigation, and about NIHE’s proposed response to any subsequent recommendations from the Ombudsman.

3.10 Northern Ireland Housing Council

- 3.10.1 NIHE is required by Articles 5 and 7 of the 1981 Order to advise and consult the Housing Council about housing matters.

- 3.10.2 The Northern Ireland Housing Council was established by the Housing Executive Act (Northern Ireland) 1971 and is a consultative and advisory body consisting of one representative of each of the 11 District Councils.
- 3.10.3 Under Article 4(1) of the 1981 Order, the Housing Council must consider any housing matter, which is referred to it by either DfC or NIHE. Similarly, under Article 4(2), it can make recommendations to DfC and/or NIHE on housing matters and those bodies are required to consider such recommendations. The Housing Council can also, under Article 4(3), appeal to DfC if it considers that NIHE has either unreasonably rejected any Council recommendation or failed to consider it within a reasonable period.
- 3.10.4 NIHE is required to provide staff and accommodation for the Council and to make available all information it might reasonably require. It is also obliged to consult with the Housing Council not less than once a year about its draft future-housing programme.
- 3.10.5 The Housing Council nominates at least four of its members to be considered for appointment to NIHE's Board.

3.11 Consulting customers

- 3.11.1 NIHE will work in partnership with its stakeholders and customers to deliver the services/programmes, for which it has responsibility, to agreed standards. It will consult regularly to develop a clear understanding of citizens' needs and expectations of its services, and to seek feedback from both stakeholders and customers and will work to deliver a modern, accessible service.

4. Planning, Budgeting And Control

4.1 Housing Strategy

- 4.1.1 NIHE is required, by Article 6(1) of the 1981 Order, to regularly examine housing conditions and need and to submit to DfC for approval, its programme for meeting that need for such years and in such form as the Department may determine. In addition to its Corporate and Business Plans NIHE is required to submit in December of each year a draft Social Housing Development Programme and in Dec/Jan of each year a Review of the Northern Ireland Housing Market, after consulting statutory and voluntary bodies as well as organisations and individuals. The Review is to provide a comprehensive insight into all sections of the housing market and is an important source of information for the Corporate Plan, which sets out NIHE's interventions in the housing market over a three-year period.
- 4.1.2 NIHE's Reporting Procedures should enable the Minister and the Department to form a view on the effectiveness of the Executive's activities and the economy and efficiency of its operations, among other issues. The reports would normally cover assessment of performance and effectiveness against targets and reflect on ways in which the delivery of results might be improved.

4.2 The corporate plan

- 4.2.1 Consistent with the timetable for the NI Executive's Budget process reviews, NIHE shall submit annually to DfC a draft of NIHE's corporate plan covering three years ahead. NIHE shall have agreed with DfC the issues to be addressed in the plan and the timetable for its preparation.

End January

- NIHE submit to DfC, for approval, the Board-approved version of plans (indicative programme numbers only) for discussion with DfC prior to the consultation stage.
- NIHE to publish plans for consultation to MLAs on Communities Committee, District Councils' Trades Unions etc. and on website. Meet Equality Consultative Forum, Housing Council and other interested parties.

End February

- DfC to provide comments on plans to NIHE

31st March

- NIHE to submit final version to Minister/DoF for approval

30th April

- Have brief “magazine style” version of plans drafted and published for website and wider distribution. (See paragraph 4.4.1 below).

NIHE shall have agreed with DfC and Minister the issues to be addressed in the Plan and the timetable for its preparation.

4.2.2 DoF reserves the right to ask to see and agree NIHE’s corporate plan.

4.2.3 The plan shall reflect NIHE’s statutory duties and, within those duties, the priorities set from time to time by the Minister. In particular, the plan shall demonstrate how NIHE contributes to the achievement of the Department’s strategic aims and PFG objectives and targets. Furthermore the Plan shall fully comply with any funding conditions and with any general or specific directions which the Department has given to the Executive.

4.2.4 The corporate plan shall set out:

- NIHE’s key objectives and associated key performance targets for the three forward years, and its strategy for achieving those objectives;
- a review of NIHE’s performance in the preceding financial year together with comparable outturns for the previous three years, and an estimate of performance in the current year;
- alternative scenarios to take account of factors which may significantly affect the execution of the plan, but which cannot be accurately forecast;
- a forecast of expenditure and income, taking account of guidance on resource assumptions and policies provided by DfC at the beginning of the planning round. These forecasts should represent NIHE’s best estimate of all its available income not just any grant or grant-in-aid; and
- other matters as agreed between DfC and NIHE.

4.2.5 The main elements of the plan, including the key performance targets, shall be agreed between DfC and NIHE in the light of DfC’s decisions on policy and resources taken in the context of the Executive’s wider policy and spending priorities and decisions.

4.3 The business plan

- 4.3.1 The first year of the Corporate Plan, shall form the basis of the business plan for the relevant forthcoming year. The Business Plan will be prepared to a timeframe running concurrently with that of the Corporate Plan (see 4.2.1). The business plan shall include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by DfC.
- 4.3.2 DoF reserves the right to ask to see and agree NIHE's annual business plan.
- 4.3.3 Corporate and business plans will be formally approved by the Minister.

4.4 District plans

- 4.4.1 NIHE shall translate the approved Corporate Plan into 11 Housing Investment plans based on District Council areas for consultation with District Councils. The Housing Investment plans shall include an analysis of the housing needs of each district in terms of NIHE's strategic objectives, and details of a three-year programme to meet those needs.

4.5 Social housing development programme

- 4.5.1 NIHE shall submit to DfC, for approval by the Minister, a draft programme of new housing schemes to be undertaken covering the following three financial years. NIHE shall have agreed in advance with DfC the level of output to be included consistent with the budget available. See DoC 7 (2015).

4.6 Publication of plans

- 4.6.1 The corporate and business plans, along with the District Plans and the Social Housing Development Programme, shall be published and made available on the Internet. A summary version of the corporate and business plans shall be made available to NIHE staff.

4.7 Reporting performance to DfC

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

- 4.7.2 NIHE shall take the initiative in informing DfC in writing of changes in external conditions, which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives as set out in the corporate or business plans.
- 4.7.3 NIHE's performance in helping to deliver DfC policies, including the achievement of key objectives, shall be reported to DfC on a three-monthly basis. Performance will be formally reviewed monthly by officials of the sponsor Department through the various performance and programme monitoring meetings. The Minister shall, biannually, formally meet the Board Chairman, supported by the Chief Executive, to discuss NIHE's performance, its current and future activities, and any policy developments relevant to those activities. The Chief Executive shall submit to DfC one week in advance of each meeting a report assessing NIHE's performance against target for the period under discussion.
- 4.7.4 NIHE's performance against key targets shall be reported in NIHE's annual report and accounts [see Section 5.1 below].

4.8 Budgeting procedures

- 4.8.1 NIHE's budgeting procedures are set out in the *Financial Memorandum*.

4.9 Internal audit

- 4.9.1 NIHE shall establish and maintain arrangements for internal audit in accordance with the Public Sector Internal Audit Standards (PSIAS) (DAO(DoF)) 11/12.
- 4.9.2 Departments should outline the arrangements that they have determined as appropriate for NIHE taking account of DAO (DoF) 01/10 Internal Audit Arrangements between Departments and Arm's Length Bodies. This will include specifying DfC's requirements in terms of:
- having input to NIHE planned internal audit coverage;
 - arrangements for the receipt of audit reports, assignment reports, the Head of Internal Audit's annual report and opinion etc;
 - arrangements for the completion of Internal and External Assessments of NIHE internal audit function against PSIAS including advising that DfC reserves a right of access to carry out its own independent reviews of internal audit in NIHE;
 - the right of access to all documents prepared by NIHE's internal auditor, including where the service is contracted out. Where the NIHE's audit service is contracted out the NIHE should stipulate this requirement when tendering for the services.
 - the audit strategy, periodic audit plans and annual audit report, including NIHE's

Head of Internal Audit's opinion on risk management, control and governance shall be forwarded as soon as possible to DfC who shall consult the Head of Internal Audit as appropriate.

4.9.3 NIHE shall consult DfC to ensure that the latter is satisfied with the competence and qualifications of NIHE's Head of Internal Audit and that the requirements for approving the appointment are in accordance with PSIAS and relevant DoF guidance.

4.9.4 DfC will review NIHE's terms of reference for internal audit service provision. NIHE shall notify DfC of any subsequent changes to internal audit's terms of reference.

4.10 Audit Committee

4.10.1 NIHE shall set up an independent audit committee as a committee of its Board, in accordance with the Cabinet Office's *Code of Conduct for Board Members of Public Bodies* and in line with the Audit Committee Handbook.

4.10.2 DfC shall require the following:-

- Attendance by departmental representatives at NIHE Audit Committee meetings;
- access to the Audit Committee papers and minutes;
- any input required from NIHE Audit Committee to DfC's own Audit Committee etc.

4.10.3 DfC will review NIHE's audit committee terms of reference. NIHE shall notify DfC of any subsequent changes to the audit committee's terms of reference.

4.11 Fraud

4.11.1 NIHE shall report immediately to DfC Housing Group all frauds (proven or suspected), including attempted fraud. Housing Group is also to be notified immediately of all whistleblowing correspondence whether anonymous or otherwise, when they are received in NIHE. Housing Group shall then report the frauds immediately to DoF and the C&AG. In addition NIHE shall forward to Corporate Investigations Unit the annual fraud return, commissioned by DoF, on fraud and theft suffered by NIHE. NIHE shall participate in the national Fraud Initiative.

4.11 DfC will review NIHE's Anti Fraud Policy and Fraud Response Plan. NIHE shall notify DfC of any subsequent changes to the policy or response plan.

4.12 **Additional DfC access to NIHE**

- 4.12.1 In addition to the right of access referred to in paragraph 4.9.2 above, DfC shall have a right of access to all NIHE's records and personnel for purposes such as operational investigations. (See also paragraphs 3.4.4 and 4.10.2 access to Board and Audit Committee minutes).

5. External Accountability

5.1 The annual report and accounts

- 5.1.1 After the end of each financial year NIHE shall publish as a single document an annual report of its activities together with its audited annual accounts. The report shall also cover the activities of any corporate bodies under the control of NIHE. A draft of the report shall be submitted to DfC eight weeks before the proposed publication date, ideally before summer recess. It is expected, however, that the Department and NIHE will have had extensive pre publication discussion on the content of the report prior to formal submission to the Department which must be within 6 weeks of the date the Comptroller and Auditor General signs off the Annual Accounts.
- 5.1.2 The report and accounts shall comply with the most recent version of the Government Financial Reporting Manual (FReM) issued by DoF. (*NOTE: This guidance is updated every year*). The accounts shall be prepared in accordance with any relevant statutes and the specific Accounts Direction issued by DfC.
- 5.1.3 The report and accounts shall outline NIHE's main activities and performance during the previous financial year and set out in summary form NIHE's forward plans. Information on performance against key financial targets shall be included in the Annual Report and notes to the accounts, and shall therefore be within the scope of the audit.
- 5.1.4 The report and accounts shall be laid before the Assembly and made available in accordance with the guidance on the procedures for presenting and laying the combined annual report and accounts as prescribed in Chapter 13 of the Executive Non-Departmental Public Bodies: Annual Reports and Accounts Guidance and any subsequent guidance issued by DoF.

- 5.1.5 Due to the potential accounting and budgetary implications, any changes to accounting policies or significant estimation techniques underpinning the preparation of annual accounts, requires the prior written approval of DfC.

5.2 External audit

- 5.2.1 The Comptroller and Auditor General (C&AG) audits NIHE's annual accounts and passes the accounts to DfC who shall lay them before the Assembly. For the purpose of audit the C&AG has a statutory right of access to relevant documents as provided for in Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order 2003.
- 5.2.2 The C&AG will liaise with NIHE on the arrangements for completing the audit of NIHE's accounts. This will either be undertaken by staff of the NIAO or a private sector firm appointed by the C&AG to undertake the audit on his behalf. The final decision on how such audits will be undertaken rests with the C&AG, who retains overall responsibility for the audit.
- 5.2.3 The C&AG has agreed to share with DfC relevant information identified during the audit process including the report to those charged with governance at the end of the audit. This shall apply, in particular, to issues which impact on the Department's responsibilities in relation to financial systems within NIHE. The C&AG will also consider, where asked, providing DfC and other relevant bodies with reports which DfC may request at the commencement of the audit and which are compatible with the independent auditor's role. Where appropriate, DfC may commission from the auditor additional reports providing assurance about the financial systems within NIHE. NIHE shall facilitate the provision of such reports.

5.3 VFM examinations

- 5.3.1 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which NIHE has used its resources in discharging its functions. For the purpose these examinations the C&AG has statutory access to documents as provided for under Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order 2003. Where making payment of a grant, or drawing up a contract, NIHE should ensure that it includes a clause which makes the grant or contract conditional upon the recipient or contractor providing access to the C&AG in relation to documents relevant to the transaction. Where subcontractors are likely to be involved, it should also be made clear that the requirements extend to them.

6. Staff Management

6.1 General

- 6.1.1 Under Article 5 of the Housing (NI) Order 1981, DfC has powers of direction over a number of personnel related matters in the Executive and to direct the terms and conditions of service applicable to Executive staff. The Chief Executive of NIHE has delegated authority to create new posts under level 9 grade. The circumstances in which the Chief Executive must seek the Department's approval for posts at and above that grade are set out in DoC 11 (2015).
- 6.1.2 The Department has an approval role in respect of the numbers of all permanent non-industrial posts attracting a salary above the maximum of Senior Principal Officer Level 8. The Chief Executive has the responsibility for the recruitment, retention and motivation of its staff below that level, subject to budget limits. Other staffing related matters are described in detail in DoC 11 (2015) of the Dossier.
- 6.1.3 Within the arrangements approved by the Minister and the Department NIHE shall have responsibility for the recruitment, retention and motivation of its staff. To this end NIHE shall ensure that:
- its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued; where appointment and advancement is based on merit; and where there is no discrimination on grounds of gender, marital status, domestic circumstances, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
 - the level and structure of its staffing, including grading and numbers of staff, are appropriate to its functions and the requirements of efficiency, effectiveness and economy;
 - the performance of its staff at all levels is satisfactorily appraised and NIHE's performance measurement systems are reviewed from time to time;
 - its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve NIHE's objectives;
 - proper consultation with staff takes place on key issues affecting them;
 - adequate grievance and disciplinary procedures are in place;
 - whistle blowing procedures consistent with the Public Interest (Northern Ireland) Order 2003 are in place; and
 - a code of conduct for staff is in place based on Annex 5A of Public Bodies: A Guide for NI Departments.

7. Reviewing The Role Of Nihe

- 7.1 NIHE shall be reviewed periodically, in accordance with the business needs of DfC and NIHE. Reference should be made to Chapter 9 of the Public Bodies: a Guide for Northern Ireland Departments.
- 7.2 NIHE shall provide DfC with full details of all agreements where NIHE or its successors have a right to share in the financial gains of developers. It should also pass to DfC details of any other forms of claw back due to NIHE.

Part 2: Financial Memorandum

I. Introduction

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

II. NIHE's Income And Expenditure - General

The Departmental Expenditure Limit (DEL)

- 4 NIHE's current and capital funding from the NI Block form part of DfC's Resource Departmental Expenditure Limits (DEL) and Capital DEL respectively.

Expenditure not proposed in the budget

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

Procurement

- 6 NIHE is a Centre of Procurement Expertise (CoPE). NIHE's procurement policies for the purchase of all goods and services shall reflect the Procurement Policy Guidelines as agreed by the Central Procurement Directorate of DoF. NIHE shall also ensure that it complies with any relevant EU or other international procurement rules. Periodically and wherever practicable NIHE's procurement shall be benchmarked against best practice elsewhere.

Competition

- 7 Contracts shall be awarded on a competitive basis and tenders accepted from suppliers who provide best value for money overall.
- 8 Single tender action is the process where a contract is awarded to a contractor (this term includes all economic operators ie contractors, suppliers and service providers) without competition. Where it is intended to award a contract for external consultants without competition (ie a Single Tender Action STA) the prior approval of the Permanent Secretary (ie the Departmental Accounting Officer) is required. In all other cases in light of their exceptional nature, all STAs should be subject to NIHE Chief Executive approval within the terms of the accountability arrangements put in place by the Departmental Accounting Officer. Should the NIHE Chief Executive wish to further delegate approvals for STAs details of the delegations should be provided to the Head of the relevant Centre of Procurement Expertise as outlined in Procurement Guidance Note 03/11. Requests for Accounting Officer approval should incorporate the CoPE Head of Procurement advice, and legal advice where appropriate, together with a consideration of the circumstances and an assessment of the risks involved. The advice provided should make it clear to the Accounting Officer what the risks to the contracting authority are. [*Further information is published in Procurement Guidance Note 03/11 on the 'Award of Contracts without a Competition'*].
- 9 The NIHE Chief Executive must ensure that a list of all STAs is retained for consideration by the Departmental Board and Departmental Audit Committee. Accounting Officers should ensure arrangements are put in place to forward details of all STAs to the Department. NIHE shall send to the Department each financial year a report for that year detailing any contracts above £5,000 in which competitive tendering was not employed and setting out the reasons and justification. This includes contracts permitted under the regulations.

Best value for money

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

Timeliness in paying bills

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

Novel, contentious or repercussive proposals

- 12 NIHE shall obtain the approval of DfC and DoF before:
- incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including on staff benefits;
 - making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by DfC.
 - making any change of policy or practice which has wider financial implications (e.g. because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of resources required. (DfC will advise on what constitutes “significant” in this context).

Risk management/Fraud

- 13 NIHE shall ensure that the risks it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and shall develop a risk management strategy, in accordance with the Treasury guidance Management of Risk: A Strategic Overview (The “Orange Book”).
- 14 NIHE shall take proportionate and appropriate steps to assess the financial and economic standing of any organisation or other body with which it intends to enter into a contract or to which it intends to give grant or grant-in-aid.
- 15 NIHE shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with DoF’s guide Managing the Risk of Fraud.
- 16 All cases of attempted, suspected or proven fraud shall be reported to DfC immediately who shall report it to DoF and the NIAO (see section 4.11.1 in the Management Statement) as soon as they are discovered, irrespective of the amount involved.

Wider markets

- 17 NIHE shall seek to maximise receipts from non-Consolidated Fund sources, provided that this is consistent with (a) NIHE's main functions (b) its corporate plan as agreed with DfC. DfC will confirm with the DoF Supply Officer that such proposed activity is appropriate.

Fees and charges

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

III. NIHE's INCOME

Grant-in-aid

- 19 DfC may (subject to the approval of DoF) in respect of each financial year pay a grant to the NIHE towards the expenditure incurred or to be incurred by the NIHE in that year (Article 20 of the 1981 Order).
- 20 The purpose of the Housing Grant shall be to meet the balance of NIHE's approved revenue expenditure (on loan charges, maintenance, supervision and management, etc. but excluding Supporting People grants), not covered by rental and miscellaneous income, ie the revenue deficit.
- 21 Grant-in-aid will be paid to the NIHE in instalments, on the basis of a written application from the NIHE showing evidence of need. The application shall certify that the conditions applying to the use of grant-in-aid have been observed to date and that further grant-in-aid is now required for purposes appropriate to the NIHE's functions.
- 22 To enable DfC to monitor the payment of grant the NIHE shall, in advance of the financial year, provide an estimated payment profile which shall then be updated monthly. As each instalment of grant is required the NIHE shall make a verbal request to DfC and immediately thereafter confirm the request in writing. On receipt of the written confirmation DfC shall initiate the necessary procedures for advancing the instalment of grant. The aggregate of instalments of Housing Grant will not, at any time, exceed the total provision for the year as set down in the Department's Supply Estimates.

- 23 DfC's Supplementary Estimates, reflecting the NIHE's latest estimates of revenue outturn, will determine the amount of Housing Grant (and of Supporting People grant), to be paid by DfC.
- 24 The NIHE should have regard to the guidance and to the general principle enshrined in *Managing Public Money Northern Ireland (Annex 5.1)* that it should seek grant-in-aid according to need.
- 25 Cash balances accumulated during the course of the year shall be kept at the minimum level consistent with the efficient operation of the NIHE. Grant-in-aid not drawn down by the end of the year shall lapse.

Fines and taxes as receipts

- 26 Most fines and taxes (including some levies and licences) do not provide additional DEL spending power and should be surrendered to DfC. Such receipts shall either be surrendered to DfC or, if retained, shall either reduce the need for grant-in-aid or, if used to finance additional expenditure by NIHE shall require additional DEL cover from DfC.

Receipts from sale of goods or services

- 27 Receipts from the sale of goods and services (including certain licences), rent of land and dividends normally provide additional DEL spending power. If a body wishes to retain a receipt or utilise an increase in the level of receipts, it must gain the prior approval of DfC.
- 28 If there is any doubt about the correct classification of a receipt, NIHE shall consult DfC, which may consult DoF as necessary.
- 29 NIHE shall use those capital receipts, (from the sale of dwellings, land and commercial property and mortgage redemptions), originally estimated in its budget submission, fully in support of its approved capital programme. Additional capital receipts over and above approved estimated receipts shall be declared as surplus and returned to the Centre.

Other Receipts (Eg Rental Income from Executive Stock)

- 30 NIHE is required to submit a scheme for determining the rents of its housing accommodation to DfC for approval (Article 17 (1) of the 1981 Order) and to comply with an approved Rent Scheme (Article 17 (3) of the 1981 Order). NIHE must provide a submission annually Rent detailing their proposals for the following years rent increase. The submission must detail the forecast expenditure and the impact of a range of potential uplifts on planned maintenance and other landlord services.

Interest earned

- 31 If the receipts are used to fund expenditure by the NIHE, DfC will need to be consulted in advance. Any interest earned on cash balances arising from DfC grants or subsidies or other NI Consolidated Fund funds shall be treated as a receipt from a NI Consolidated Fund source. Depending on the budgeting treatment of this receipt, and its impact on the NIHE's cash requirement, it may lead to commensurate reduction of subsidy or be required to be surrendered to the NI Consolidated Fund via DfC.

Unforecast changes in in-year income

- 32 If the negative DEL income realised or expected to be realised in-year is less than estimated, NIHE shall, unless otherwise agreed with DfC, ensure a corresponding reduction in its gross expenditure so that the authorised provision is not exceeded. *[NOTE: For example, if NIHE is allocated £100 resource DEL provision by DfC and expects to receive £10 of negative DEL income, it may plan to spend a total of £110. If income (on an accruals basis) turns out to be only £5 NIHE will need to reduce its expenditure to £105 to avoid breaching its budget. If NIHE still spends £110 DfC will need to find £5 of savings from elsewhere within its total DEL to offset this overspend.]*
- 33 If the negative DEL income realised or expected to be realised in the year is more than estimated, NIHE may apply to DfC to retain the excess income for specified additional expenditure within the current financial year without an offsetting reduction to grant-in-aid. DfC shall consider such applications, taking account of competing demands for resources, and will consult with DoF in relation to any significant amounts. If an application is refused, any grant-in-aid shall be commensurately reduced or the excess receipts shall be required to be surrendered to the NI Consolidated Fund via DfC.

Build-up and draw-down of deposits

- 34 NIHE shall comply with the normal budgeting rules for a public corporation.
- 35 NIHE shall ensure that it has the necessary DEL provision for any expenditure financed by draw-down of deposits.

Proceeds from disposal of assets

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

Gifts and bequests received

- 37 NIHE is free to retain any gifts, bequests or similar donations, subject to paragraph 38. These shall be capitalised at fair value on receipt and must be notified to DfC. *[NOTE: A release from the donated assets reserve should offset depreciation in the operating cost statement. The latest FReM requirements should be applied.]*
- 38 Before accepting a gift, bequest, or similar donation, NIHE shall consider if there are any associated costs in doing so or any conflicts of interests arising. NIHE shall keep a written record of any such gifts, bequests and donations and of their estimated value and whether they are disposed of or retained.

Receipts from the European Union

- 39 Receipts from the European Union (if retained by DfC/NIHE) do not provide additional DEL spending power for NIHE.

Borrowing

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

41 Long-term borrowing from the private sector or overseas is not normally allowed and will only be permitted in exceptional circumstances and then will be subject to Departmental and DoF approval. Short-term working capital facilities shall be permitted only with Departmental and DoF approval. *[NOTE: Under resource budgeting rules, any borrowing by a public corporation will impact on the Department's DEL.]*

42 The total amount of net principal owed to the Consolidated Fund by NIHE shall not at any time exceed the limit prescribed in Article 15 (3) of the 1981 Order as amended by Article 25 of the 1988 Order, as subsequently amended from time to time by Statutory Order. The current limit is £1800m by virtue of Article 4 of the Financial Provisions (NI) Order 1993 which came into operation on 7 July 1993.

Reserves

43 No grant or grant-in-aid shall be paid into any reserve held by NIHE. Funds held in any reserve may be a factor for consideration when grant-in-aid is determined.

IV. Expenditure On Staff

Staff costs

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

45 The Executive will operate under a single running cost regime. It will be required to make annual efficiency savings, on such expenditure, as set out in the Department's budget approval letter. See also DoC 11 (2015) and DoC 14 (2015).

Pay and conditions of service

46 The staff of NIHE, whether on permanent or temporary contract, shall be subject to levels of remuneration and terms and conditions of service (including superannuation) as approved by DfC and DoF. NIHE has no delegated power to amend these terms and conditions.

47 Current terms and conditions for staff of NIHE are those set out in its Employee Handbook. NIHE shall provide DfC and DoF with a copy of the Handbook and subsequent amendments.

- 48 Annual pay increases of NIHE staff must be in accordance with the annual FD letter on Pay Remit Approval Process and Guidance issued by DFP. Therefore, all proposed pay awards must have prior approval of DfC and the Minister for Finance before implementation.
- 49 The travel expenses of Board Members shall be tied to Departmental rates. Reasonable actual costs shall be re-imbursed.
- 50 The travel expenses of Housing Council Members are paid to Local Councillors under regulations made under the Local Government (Northern Ireland) Act 1972. See DoC 14 (2015).
- 51 NIHE shall operate a performance-related pay scheme which shall form part of the annual aggregate pay budget approved by DfC. The scheme must be approved by DfC and DFP and may form part of the general pay structure for those officers to whom it applies.
- 52 NIHE shall comply with the EU directive on contract workers [Fixed Term Employees Regulations (Prevention of Less Favourable Treatment)].

Pensions; redundancy/compensation

- 53 NIHE's staff shall be eligible for a pension provided by:-
- admittance to the NI Local Government Officers Superannuation Committee (NILGOSC); See DoC 11 (2015).
- 54 Staff may opt out of the occupational pension scheme provided by NIHE. See DoC 11 (2015). However, the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall [normally] be limited to the national insurance rebate level. If any adjustments have been made to salaries to account for the higher employee contributions to NILGOSC pension scheme, these must be reviewed for each individual member of staff on an annual basis to ensure the principle that they are no better off and no worse off as a result of the pension scheme to which they contribute. (See FD (DFP) 05/16)
- 55 Any proposal by NIHE to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the approval of DfC and DFP. Proposals on severance payments must comply with Annex 4.13 of *Managing Public Money Northern Ireland*. See also DoC 11 (2015).

V. Non-Staff Expenditure

Economic appraisal

- 56 NIHE is required to apply the principles of economic appraisal, with appropriate and proportionate effort, to all decisions and proposals concerning spending or saving public money, including European Union (EU) funds, and any other decisions or proposals that involve changes in the use of public resources. For example, appraisal must be applied irrespective of whether the relevant public expenditure or resources:
- a. involve capital or current spending, or both;
 - b. are large or small;
 - c. are above or below delegated limits (see Appendix A).
- 57 Appraisal itself uses up resources. The effort that should go into appraisal and the detail to be considered is a matter for case-by-case judgement, but the general principle is that the resources to be devoted to appraisal should be in proportion to the scale or importance of the objectives and resource consequences in question. Judgement of the appropriate effort should take into consideration the totality of the resources involved in a proposal. (see Appendix A).
- 58 NIHE will maintain a database of all Economic Appraisals prepared and/or approved in each financial year. They should provide an update to DfC when required but as a minimum on a six monthly basis. This information shall be provided in the format and detail set out by DfC and returned by the stipulated deadline. Economic Appraisals documentation including the Appraisal itself and proof of its approval etc should be available for review by DfC or DoF as required.
- 59 General guidance on economic appraisal that applies to NIHE can be found in:
- DoF's on-line guide *The Northern Ireland Guide to Expenditure Appraisal and Evaluation* ("NIGEAE", 2009).
 - The HM Treasury Guide, *The Green Book: Appraisal and Evaluation in Central Government* (2003).

Capital expenditure

- 60 Capital programmes are generally funded by grant from DfC.
- 61 Subject to being above an agreed capitalisation threshold, all expenditure on the acquisition or creation of fixed assets shall be capitalised on an accruals basis in accordance with relevant accounting standards. Expenditure to be capitalised shall normally include the (a) acquisition, reclamation or laying out of land; (b) acquisition, construction, preparation or replacement of buildings and other structures or their associated fixtures and fittings; and (c) acquisition, installation or replacement of movable or fixed plant, machinery, vehicles and vessels.
- 62 Proposals for large-scale individual capital projects or acquisitions will normally be considered within NIHE's corporate and business planning process. Subject to paragraph 64, applications for approval within the corporate/business plan by DfC and, DoF if necessary, shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Board. Regular reports on the progress of projects shall be submitted to DfC.
- 63 Approval of the corporate/business plan does not obviate NIHE's responsibility to abide by the economic appraisal process.
- 64 Within its approved overall resources limit and subject to relevant Dossier of Controls, NIHE shall have delegated authority to spend up to £3.5m on individual Social Housing Development programmes and £1.5m on any other individual capital project or acquisition. Beyond that delegated limit, DfC and where necessary, DoF prior authority must be obtained before expenditure on an individual project or acquisition is incurred. However, NIHE should undertake a comprehensive business case of all projects involving expenditure of £250,000 and over (see paragraphs 56-59). Any novel and/or potentially contentious projects, regardless of the amount of expenditure, require the approvals of DfC and DoF (see paragraph 12).

Transfer of funds within budgets

- 65 Subject to specific DoF controls (e.g. where provision is ring-fenced for specific purposes) or delegated limits, transfers between budgets within the total capital budget, or between budgets within the total revenue budget, do need DfC approval. (NOTE: Under resource budgeting rules transfers from capital to resource budgets are not allowed.)

Virement

- 66 The NIHE will abide by the guidance on virement found in 'Supply Estimates in Northern Ireland'.
- 67 DfC may, as it considers appropriate, earmark resources for specific programmes within expenditure blocks.

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

- 68 NIHE shall not, without DfC's and where necessary, DoF's prior written consent, lend money, charge any asset or security, give any guarantee or indemnities or letters of comfort, or incur any other contingent liability (as defined in Annex 5.5 of MPMNI), whether or not in a legally binding form. See DoC 10 (2015).

Grant or loan schemes

- 69 Unless covered by a delegated authority, all proposals to make a grant or loan to a third party, whether one-off or under a scheme, together with the terms and conditions under which such grant or loan is made shall be subject to prior approval by DfC, and where necessary DoF. If grants or loans are to be made under a continuing scheme, statutory authority is likely to be required. See DoC 17 (2015).
- 70 NIHE may, subject to paragraph 69 and such conditions as DfC may specify, advance money by way of loan to any person for a number of specified purposes. These purposes include the acquisition, construction, repair or improvement of a house. (Article 9 of the 1981 Order as amended by Article 85 of the 1983 Order).
- 71 The terms and conditions of a grant or loan to a third party shall include a requirement on the receiving organisation to prepare accounts and to ensure that its books and records in relation to the grant or loan are readily available for inspection by NIHE, DfC and the C&AG.
- 72 See also below under the heading *Recovery of grant-financed assets* (paragraphs 99-101).

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

- 73 Proposals for making gifts or other special payments (including issuing write-offs) outside the delegated limits set out in the Appendix A of this document must have the prior approval of DfC and where necessary DoF.
- 74 NIHE shall deal with write-offs/losses, special payments and notation of account in accordance with Appendix A of this document and NIHE's relevant internal procedures.
- 75 Losses shall not be written off until all reasonable attempts to make a recovery have been made and proved unsuccessful
- 76 Gifts by management to staff are subject to the requirements of DAO (DoF) 05/03.

Leasing

- 77 Prior DfC approval must be secured for all property and finance leases. NIHE must have capital DEL provision for finance leases and other transactions which are, in substance, borrowing (paragraphs 40 - 42 above).
- 78 Before entering into any lease (including an operating lease) NIHE shall demonstrate that the lease offers better value for money than purchase.

Public/Private Partnerships

- 79 NIHE shall seek opportunities to enter into Public/Private Partnerships where this offers better value for money than conventional procurement. Where cash flow projections may result in delegated spending authority being breached, NIHE shall consult DfC. NIHE should also ensure that it has the necessary budget cover.
- 80 Any partnership controlled by NIHE shall be treated as part of NIHE in accordance with guidance in the FReM and consolidated with it [subject to any particular treatment required by the FReM]. Where the judgment over the level of control is difficult, DfC will consult DoF (who may need to consult with the Office of National Statistics over national accounts treatment).

Subsidiary companies and joint ventures

- 81 NIHE shall not establish subsidiary companies or joint ventures without the express approval of DfC and DoF. In judging such proposals DfC will have regard to DfC's wider strategic aim[s] objective and current Public Service Agreement.
- 82 For public expenditure accounts purposes any subsidiary company or joint venture controlled or owned by NIHE shall be consolidated with it in accordance with guidance in the FReM subject to any particular treatment required by the FReM. Where the judgment over the level of control is difficult, DfC will consult DoF (who may need to consult with the Office of National Statistics over national accounts treatment). Unless specifically agreed with DfC and DoF, such subsidiary companies or joint ventures shall be subject to the controls and requirements set out in this *Management Statement* and *Financial Memorandum*, and to the further provisions set out in supporting documentation.

Financial investments

- 83 NIHE shall not make any investments in traded financial instruments without the prior written approval of DfC, and where appropriate DoF, nor shall it build up cash balances or net assets in excess of what is required for operational purposes. Funds held in bank accounts or as financial investments may be a factor for consideration when grant-in aid is determined. Equity shares in ventures which further the objectives of NIHE shall equally be subject to DfC and DoF approval unless covered by a specific delegation.

Unconventional financing

- 84 NIHE shall not enter into any unconventional financing arrangement without the approval of DfC and DoF.

Commercial insurance

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

- 86 NIHE shall maintain such insurances as it considers reasonable to indemnify itself against liability and risk and shall establish such internal procedures as may be necessary for processing claims.
- 87 NIHE will advise the Department as and when NIHE tender for insurance Brokers, insurance consultants or claims handling services. See DoC 13 (2015).
- 88 In the case of a major loss or third-party claim DfC shall liaise with NIHE about the circumstances in which an appropriate addition to budget out of DfC's funds and/or adjustment to NIHE's targets might be considered. DfC will liaise with DoF Supply where required in such cases. See DoC 13 (2015). NIHE may carry out its own public liability risk and supplement this with additional insurance, to minimise its exposure to excessive claim settlements.
- 89 NIHE shall review its insurances in consultation with its insurance brokers and seek Board approval in March each year to the renewal premiums. NIHE will advise the Department in April each year of the insurance cover in place.

Payment/Credit cards

- 91 NIHE, in consultation with DfC, shall ensure that a comprehensive set of guidelines on the use of payment cards (including credit cards) is in place. Reference should be made to DAO (DoF) 24/02.

Hospitality

- 92 NIHE, in consultation with DfC, shall ensure that a comprehensive set of guidelines on the provision of hospitality is in place. Reference should be made to DAO (DoF) 10/06 (Revised).

Use of Consultants

- 93 NIHE shall adhere to the guidance issued by DoF, as well as any produced by DfC, in relation to the use of consultants. See Appendix A.
- 94 NIHE will provide DfC with an annual plan of forecast consultancy assignments, quarterly updates of progress and expenditure on consultancy and an annual statement on the status of all consultancies completed and/or started in each financial year. This information shall be provided in the format and detail set out by DfC and returned by the stipulated deadline. Consultancy assignment documentation including business cases, post project evaluations, consultant report etc. should be available for review by DfC or DoF as required.

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

VI. Management And Disposal Of Fixed Assets

Register of assets

- 96 NIHE shall maintain an accurate and up-to-date register of its fixed assets.

Disposal of assets

- 97 NIHE shall dispose of assets which are surplus to its requirements. Assets shall be sold for best price, taking into account any costs of sale. Generally assets shall be sold by auction or competitive tender [unless otherwise agreed by DfC], and in accordance with the principles in **MPMNI**.
- 98 All receipts derived from the sale of assets (including grant financed assets, see below) must be declared to DfC which will consult with DoF on the appropriate treatment.

Recovery of grant-financed assets

- 99 Where NIHE has financed expenditure on capital assets by a third party, NIHE shall set conditions and make appropriate arrangements to ensure that any such assets are not disposed of by the third party without NIHE's prior consent.
- 100 NIHE shall therefore ensure that such conditions and arrangements are sufficient to secure the repayment of the NI Consolidated Fund's due share of the proceeds of the sale, in order that funds may be surrendered to DfC.
- 101 NIHE shall ensure that if the assets created by grants made by NIHE cease to be used by the recipient of the grant for the intended purpose, a proper proportion of the value of the asset shall be repaid to NIHE for surrender to DfC. The amounts recoverable under the procedures in paragraphs 99-100 above shall be calculated by reference to the best possible value of the asset and in proportion to the NI Consolidated Fund's original investment(s) in the asset.

VII. BUDGETING PROCEDURES

Setting the annual budget

- 102 Each year, in the light of decisions by DfC on NIHE's updated Draft Corporate Plan (Section 4.2 of the *Management Statement*), DfC will send to NIHE:
- a formal statement of the annual budgetary provision allocated by DfC in the light of competing priorities across DfC and of any forecast income approved by DfC; and
 - a statement of any planned change in policies affecting NIHE.
- 103 Article 19 (1) of the 1981 Order requires NIHE in each financial year to submit to DfC for approval, in such form as DfC may direct, estimates of its income and expenditure for the next financial year.
- 104 NIHE shall therefore prepare each year estimates of its income and expenditure for the next financial year within the net financial allocation notified by DfC. NIHE shall submit its proposed budget allocations (budget submission) in the agreed format to DfC before 31 January each year. A schedule profiling the anticipated monthly expenditure by budget line should also be submitted at this time.
- 105 DfC will also require NIHE to submit for approval details of the actual physical programmes underlying the estimates submitted.
- 106 NIHE's approved annual business plan will take account both of its approved funding provision and of any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any DfC funding and/or other income over the year. These elements will form part of the approved business plan for the year in question (Section 4.3 of the *Management Statement*.)
- 107 Any grant-in-aid provided by DfC for the year in question will be voted in DfC's Estimate and will be subject to Assembly control.
- 108 NIHE should submit a reconciliation of actual expenditure to the approved budget, in the agreed format by 31 July each year.

General conditions for authority to spend

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

- NIHE shall not exceed approved estimates except with the approval of DfC
- NIHE shall comply with the delegations set out in Appendix A of this document. These delegations shall not be altered without the prior agreement of DfC and DoF;
- NIHE shall comply with the conditions set out in paragraph 12 above regarding novel, contentious or repercussive proposals;
- Inclusion of any planned and approved expenditure in NIHE's budget shall not remove the need to seek formal departmental [and where necessary, DoF] approval where such proposed expenditure is above the delegated limits set out in Appendix A or is for new schemes not previously agreed; and
- NIHE shall provide DfC with such information about its operations, performance individual projects or other expenditure as DfC may reasonably require (see paragraph 112 below); and
- All procurement is required to be carried out through a Centre of Procurement Expertise (CoPE). The Department recognizes that NIHE is its own CoPE. NIHE shall ensure that it obtains best value for money in its procurement of goods, services and works and in doing so shall comply with Procurement Law, NI Public Procurement Policy and guidance relating to procurement best practice.

110 DfC may sanction expenditure which has not been provided in the Budget Submission where DfC is satisfied that such expenditure has been, or will be, reasonably and properly incurred in any financial year (Article 19(4) of the 1981 Order).

Providing monitoring information to DfC

111 NIHE shall provide DfC with, as a minimum, information on a monthly basis which will enable the satisfactory monitoring by DfC of:

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

In addition NIHE:-

- will notify DfC immediately and formally if it becomes apparent, at any time, that an overspend of the estimates of its expenditure over the year, as approved by DfC, is likely to occur;
- may seek to amend its budget programmes during the course of a financial year in the light of changing circumstances and may bid for additional funding or surrender resources. DfC may, subject to DoF approval where necessary, agree to the amendments.

VIII. BANKING

Banking arrangements

112 NIHE's Accounting Officer is responsible for ensuring that NIHE's banking arrangements are in accordance with the requirements of Annex 5.7 of MPMNI. In particular, he/she shall ensure that the arrangements safeguard public funds and that their implementation ensures efficiency, economy and effectiveness.

113 He/she shall therefore ensure that:

- these arrangements are suitably structured and represent value-for-money, and are reviewed at least every two years, with a comprehensive review, usually leading to competitive tendering, at least every three to five years;
- sufficient information about banking arrangements is supplied to DfC's Accounting Officer to enable the latter to satisfy his/her own responsibilities (Section 3.2 of the *Management Statement*);
- NIHE's banking arrangements shall be kept separate and distinct from those of any other person or organisation; and
- adequate records are maintained of payments and receipts and adequate facilities are available for the secure storage of cash.

IX. COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE

Relevant documents

114 NIHE shall comply with the following general guidance documents:

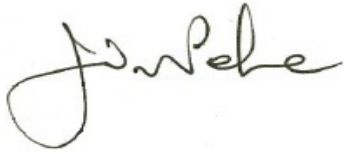
- This document (both the *Financial Memorandum* and the *Management Statement*);
- *Managing Public Money Northern Ireland (MPMNI)*;
- *Public Bodies - a Guide for NI Departments* issued by DoF;
- *Government Internal Audit Standards*, issued by DoF;
- The document *Managing the Risk of Fraud* issued by DoF;
- The Treasury document *The Government Financial Reporting Manual (FReM)* issued by DoF;
- Relevant DoF *Dear Accounting Officer* and *Finance Director* letters;
- Relevant *Dear Consolidation Officer* and *Dear Consolidation Manager* letters issued by DoF;
- *Regularity, Propriety and Value for Money*, issued by Treasury;
- The *Consolidation Officer Letter of Appointment*, issued by DoF;
- Other relevant instructions and guidance issued by the central Departments (DoF/TEO) including Procurement Board and CPD Guidance;
- Specific instructions and guidance issued by DfC;
- Recommendations made by the Public Accounts Committee, or by other Assembly authority, which have been accepted by the government and which are relevant to NIHE.

X. REVIEW OF FINANCIAL MEMORANDUM

The *Management Statement* and *Financial Memorandum* will normally be reviewed in full at least every five years or following a review of NIHE's functions as provided for in Section 7 of the *Management Statement*.

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

Signed:

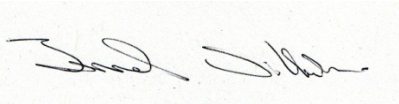


Date:

20 / Dec / 2013

on behalf of NIHE

Signed:



Date: 14 October 2013

on behalf of DfC

General

These delegated expenditure limits have been agreed by the Department and the Department of Finance.

1. Purchasing All Goods, Services And Works (Including IT)

Table 1 Delegated Authority for the Purchase of Goods, Services and Works (All costs exclude VAT)

Thresholds	Number/Type Of Tender Required	Authorisation
Up to £5,000	Departments must demonstrate that value for money has been secured. Guidance is attached at Annex A	[The Chief Executive] [The appropriate officer as notified to the sponsor Department] [with prior approval from the sponsor Departments]
£5,000 to £30,000	A minimum of two tenders invited by the person authorised to procure for their organisations in accordance with a Service Level Agreement (SLA) with a CoPE; or A tender process undertaken by a CoPE.	[The Chief Executive] [The appropriate officer as notified to the sponsor department] [with prior approval from the sponsor Departments]
£30,000 to EU Thresholds	Advertise on eSourcingNI. Tender process must be conducted in line with Procurement Guidance Note 05/12: Procurement of Goods, Works and Services Over £30,000 and Below EU Thresholds	[The Chief Executive] [The appropriate officer as notified to the sponsor Department] [with prior approval from the sponsor Departments]
Above EU Thresholds	Advertise on eSourcingNI. EU Directives apply – advertise in OJEU.	[The Chief Executive] [The appropriate officer as notified to the sponsor department] [with prior approval from the sponsor Departments]

Purchasing All Construction Works

Table 2 Delegated Authority for the Purchase of Construction Works including IT(All costs exclude VAT)

Thresholds	Number/Type Of Tender Required	Authorisation
Up to £5,000	Departments must demonstrate that value for money has been secured. Guidance is attached at Annex A	[The Chief Executive] [The appropriate officer as notified to the sponsor Department] [with prior approval from the sponsor Departments]
£5,000 to £30,000	Contractors must be registered on Constructionline. First six contractors from a randomly selected list generated by Constructionline are invited to tender. or Advertise on eSourcingNI.	[The Chief Executive] [The appropriate officer as notified to the sponsor department] [with prior approval from the sponsor Departments]
£30,000 to EU Thresholds	Advertise on eSourcingNI Tender process must be conducted in line with Procurement Guidance Note 05/12: Procurement of Goods, Works and Services Over £30,000 and Below EU Thresholds	[The Chief Executive] [The appropriate officer as notified to the sponsor Department] [with prior approval from the sponsor Departments]
Above EU Thresholds	Advertise on eSourcingNI. EU Directives apply – advertise in OJEU. Normally use the restricted procedure.	[The Chief Executive] [The appropriate officer as notified to the sponsor department] [with prior approval from the sponsor Departments]

Purchasing All Construction Services (including IT)

Table 3 Delegated Authority for the Purchase of Construction Services (All costs exclude VAT)

Thresholds	Number/Type Of Tender Required	Authorisation
Up to £5,000	Departments must demonstrate that value for money has been secured. Guidance is attached at Annex A	[The Chief Executive] [The appropriate officer as notified to the sponsor Department] [with prior approval from the sponsor Departments]
£5,000 to £30,000	Consultants must be registered on Constructionline. First six consultants from a randomly selected list generated by Constructionline are invited to tender. or Advertise on eSourcingNI.	[The Chief Executive] [The appropriate officer as notified to the sponsor department] [with prior approval from the sponsor Departments]
£30,000 to EU Thresholds	Advertise on eSourcingNI. Tender process must be conducted in line with Procurement Guidance Note 05/12: Procurement of Goods, Works and Services Over £30,000 and Below EU Thresholds	[The Chief Executive] [The appropriate officer as notified to the sponsor Department] [with prior approval from the sponsor Departments]
Above EU Thresholds	Advertise on eSourcingNI. EU Directives apply – advertise in OJEU. Normally use the restricted procedure.	[The Chief Executive] [The appropriate officer as notified to the sponsor department] [with prior approval from the sponsor Departments]

Economic Appraisal

The principles of economic appraisal should be applied in all cases where expenditure is proposed, whether the proposal involves capital or current expenditure, or both. The effort put into economic appraisal should be in line with guidance issued by DoF in letter FD(DoF) 11/13. However, the NDPB should undertake a comprehensive business case of all projects involving expenditure of £250,000 and over.

Where the minimum number of quotation/tenders is not obtained

Where the NDPB is unable to obtain a sufficient number of tenders, it must follow Central Procurement Directorate guidance.

2. Capital Projects (excluding IT projects)

NIHE shall have the delegated authority to spend up to £3.5 m on individual Social Housing Development Programmes and £1.5m on any other individual capital project or acquisition.

Any novel and/or potentially contentious projects, regardless of the amount of expenditure, require the approvals of the sponsor Department and DoF.

3. Disposal Of Surplus Equipment

Assets to be sold by competitive tender or auction unless otherwise agreed by DfC.

4. Lease And Rental Agreements

Prior approval from DfC is required for all property and financial leases.

5. Approval Of Information Technology Projects

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

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

The purchase of IT equipment and systems should be in line with the guidance on Procedures and Principles for Application of Best Practice in Programme/ Project Management (PPM), (available at www.DoFni.gov.uk/successful-delivery) and be subject to competitive tendering unless there are convincing reasons to the contrary. (The form of competition should be appropriate to the value and complexity of the project, and in line with the Procurement Control Limits. Thresholds should follow the thresholds in Tables 1-3 above

6. Engagement Of Consultants

The NIHE must comply with the guidance on the use of professional services issued by DoF- circular FD (DoF) 07/12 (April 2012).

7. Losses And Special Payments

The Chief Executive (or appropriate officer as notified to the sponsor Department with prior approval from the sponsor Department) will have the authority to write off losses and make special payments up to

:

- a Cash losses – up to **£15,000** per case/incident
- b tores/Equipment losses – up to **£15,000** per case/incident
- c Constructive losses and fruitless payments – up to **£15,000** per case.
- d Compensation payments:
 - i. Made under legal obligation, e.g. by Court Order – up to **£50,000** per

- case including reasonable legal expenses
- ii. For damage to personal property of staff – up to £50,000 per case
 - iii. Where written legal advice is that the NDPB should not fight a court action because it is unlikely that it would win – up to £50,000 per case
- e Claims abandoned or waiver of claim –
- i. pending litigation/arbitration/adjudication up to £50,000 per case
 - ii. not pending litigation/arbitration/adjudication up to £20,000 per case)
- f Extra contractual payments – up to £50,000 per case
- g Ex gratia payments – up to £50,000 per case (Pensions payments are not covered by this threshold). However, DfC must be advised in advance if the NIHE are considering making a **Consolatory Payment** including those recommended by the Commissioner for Complaints at the end of an investigation. DfC will advise DoF and Central Secretariat of consolatory payments relating to the Northern Ireland Housing Executive.
- h Extra statutory and extra regulatory payments – **NIL** (no delegation, all proposals must be submitted to the sponsor Department for approval)

The prior approval of the sponsor Department must be obtained for amounts above these values.

Where total losses exceed £250,000 in any financial year, an explanatory note should be included in the NDPB's accounts. Any individual loss exceeding £250,000 should also be included with an explanatory note.

Details of all losses and special payments should be recorded in a Losses and Special Payments Register, which will be available to auditors. The Register should be kept up-to-date and should show evidence of the approval by the [Chief Executive] [appropriate officer as notified to the sponsor Department], and the sponsor Department, where appropriate.

Annex A: Guidelines For Purchases Up To £5,000

Purchases under £5,000 will be classified as procurement expenditure but they are not subject to the full range of procurement rules. However Departments must ensure that all purchases below £5,000 are subject to normal value for money considerations and are in compliance with Managing Public Money Northern Ireland.

In meeting this requirement, Departments must ensure that the:

- Purchase is not covered by an existing framework, call-off arrangement, standing lists or e-catalogue;
- Purchase is a one-off requirement;
- Total spend, which must be less than £5,000, must cover the combined costs of all purchases associated with the initial requirement; and
- Requirement is clearly specified.

Departments should carry out a price check with at least two suppliers to ensure value for money has been achieved. Price checks should be documented and retained on file for audit purposes.