

MANAGEMENT STATEMENT

BETWEEN

The Department of Health for Northern Ireland

And

The Northern Ireland Fire and Rescue Service

July 2017



**Northern Ireland
Fire & Rescue Service**

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1 INTRODUCTION

1.1 This Document

- 1.1.1 This Management Statement and Financial Memorandum (MS/FM) has been drawn up by the Department of Health (henceforth the Department) in consultation with The Northern Ireland Fire and Rescue Service (henceforth NIFRS). 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 the Department or Minister in respect of the exercise of any individual functions, powers and duties of the NIFRS.
- 1.1.3 A copy of the MS/FM for NIFRS should be given to all newly appointed Board Members, senior NIFRS executive staff and departmental sponsor staff on appointment. Additionally the MS/FM should be tabled for the information of the Board Members at least once a year 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, the Management Statement sets out the broad framework within which NIFRS will operate, in particular:
 - a. NIFRS's overall mission, objectives and targets in support of the Department's wider strategic aims and the outcomes and targets contained in its current Programme for Government (PfG);
 - b. The rules and guidelines relevant to the exercise of NIFRS's functions, duties and powers;
 - c. The conditions under which any public funds are paid to NIFRS; and
 - d. How NIFRS is to be held to account for its performance.

- 1.1.5 The Financial Memorandum sets out in greater detail certain aspects of the financial provisions, which NIFRS shall observe; however, the MS/FM does not convey any legal powers or responsibilities.
- 1.1.6 The MS/FM shall be reviewed by the Department in accordance with the timetable referred to in Section 10 of the Financial Memorandum.
- 1.1.7 NIFRS, the Department, or the Minister, may propose amendments to this document at any time. Any such proposals shall be considered in the light of evolving departmental policy aims, operational factors and the performance of NIFRS. The guiding principle shall be that the extent of flexibility and freedom given to NIFRS shall reflect both the quality of its internal controls and its operational needs. The Department will determine what changes, if any, are to be incorporated into the document. Legislative provisions shall take precedence over any part of this document. Significant variations to this document will be cleared with DoF Supply after consultation with NIFRS, as appropriate. The definition of 'significant' will be determined by the Department, in consultation with DoF.
- 1.1.8 The MS/FM is approved by DoH and is signed and dated by the Permanent Secretary on behalf of the Department and the Chief Fire and Rescue Officer on behalf of NIFRS.
- 1.1.9 Copies of this document and any subsequent substantive amendments will be placed in the Library of the Northern Ireland Assembly (henceforth the Assembly). The document will also be placed on NIFRS website.

1.2 Founding Legislation: Status of the Body

- 1.2.1 NIFRS was established as a body corporate under the Fire and Rescue Services (Northern Ireland) Order 2006 from 1 July 2006. The constitution of the Board is set out in Schedule 1 to the Order. The Board does not have Crown status.

1.3 Classification

- 1.3.1 For policy/administrative purposes, NIFRS is classified as an executive non-departmental public body (NDPB).
- 1.3.2 For national accounts purposes NIFRS is classified to the central government sector.
- 1.3.3 References to NIFRS 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 NIFRS (section 5.10 paragraphs 5.12.1 and 5.12.2 of the Financial Memorandum refers).

1.4 The Duties And Powers Of NIFRS

- 1.4.1 Articles 4 to 14 of the Fire and Rescue Services (Northern Ireland) Order 2006 and Articles 3 to 7 of the Fire Services (Emergencies) Order (Northern Ireland) 2011 set out the duties and powers of NIFRS, which are reproduced in full at Appendix 1.

2 MISSION, OBJECTIVES AND TARGETS

2.1 Mission

NIFRS mission is:

“to deliver a fire and rescue service and work in partnership with others to ensure the safety and well-being of our community”.

2.2 Key Objectives, Targets and Performance Measures

- 2.2.1 The Department determines NIFRS's performance framework in the light of its wider strategic aims and current Programme for Government commitments and milestones.
- 2.2.2 The Department has agreed annual requirements for NIFRS in relation to finance, capital projects, service delivery, governance, ICT, transformational change, savings plans and collaboration. The key performance targets relating to these objectives are to be set out in NIFRS's Corporate and Business Plans (see Section 4).
- 2.2.3 Documents to be submitted to the Department in support of these are detailed in Appendix 2(MS).

2.3 Performance Measurement

The following methodologies will be used to assess progress against set objectives by providing a basis for establishing the key performance targets:

- (i) Annual accountability meetings with, and arranged by, the Department;
- (ii) Annual audit conducted by the Northern Ireland Audit Office;
- (iii) Occasional inspections arranged by the Department; and
- (iv) Annual report, financial reports and Annual Quality Report.

3 RESPONSIBILITIES AND ACCOUNTABILITY

3.1 The Minister

3.1.1 The Minister is accountable to the Northern Ireland Assembly for the activities and performance of NIFRS. The Minister's responsibilities include:

- Agreeing the amount of grant in aid to be paid to NIFRS and securing Assembly approval;
- Carrying out responsibilities specified in the founding legislation including appointments to the NIFRS Board, including its Chairperson, and laying of the Annual Report and Accounts before the Assembly; and
- Keeping the Assembly informed about NIFRS performance.

3.2 The Accounting Officer of the Department of Health

3.2.1 The Permanent Secretary of the Department of Health, as the Department's Principal Accounting Officer (the "Departmental Accounting Officer"), is responsible for the overall organisation, management and staffing of the 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 NIFRS. The Departmental Accounting Officer designates the Chief Fire and Rescue Officer as NIFRS'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 shall ensure that:

- NIFRS's strategic aims and objectives support the Department's wider strategic aims and current Programme for Government objectives and

targets;

- The financial and other management controls applied by the Department to NIFRS are appropriate and sufficient to safeguard public funds and for ensuring that NIFRS's compliance with those controls is effectively monitored ("public funds" include not only funds granted to NIFRS by the Assembly but also any other funds falling within its stewardship of NIFRS);
- The internal controls applied by NIFRS conform to the requirements of regularity, propriety and good financial management; and
- Any grant-in-aid to NIFRS 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 the Departmental Accounting Officer are set out in more detail in Chapter 3 of *Managing Public Money Northern Ireland*.

3.2.4 The Departmental Accounting Officer is also responsible for ensuring that arrangements are in place to:

- Continuously monitor NIFRS's activities to measure progress against approved targets, standards and actions, and to assess compliance with safety and quality, governance, risk management and other relevant requirements placed on the NDPB;
- address significant problems in NIFRS, making such interventions as he/she judges necessary to address such problems;
- periodically carry out an assessment of the risks both to the Department's and NIFRS's objectives and activities;
- inform NIFRS of relevant Government policy in a timely manner; and
- bring concerns about the activities of NIFRS to the full NIFRS Board, requiring explanations and assurances that appropriate action has been taken.

3.3 The Sponsoring Team of the Department

3.3.1 Within the Department, Public Safety Unit (PSU) is the sponsoring team for NIFRS. The Team, in consultation as necessary with the Departmental Accounting Officer, is the primary source of advice to the Minister on the discharge of Ministerial responsibilities in respect of NIFRS, and the primary point of contact for NIFRS in dealing with the Department. The

sponsoring team shall carry out its duties under the management of a senior officer, who shall have primary responsibility within the team for overseeing the activities of NIFRS.

3.3.2 The relationship between NIFRS and PSU, based on the principles of good public administration, is articulated through direction and guidance, and on good practice as notified to the NIFRS.

3.3.3 Public Safety Unit shall advise the Minister on:

- objectives and targets for NIFRS in the light of the Department's strategic aims and current Programme for Government objectives and targets;
- an appropriate budget for NIFRS in the light of the Department's overall public expenditure priorities; and
- how well NIFRS is achieving its strategic objectives and whether it is delivering value for money.

3.3.4 In support of the Departmental Accounting Officer, PSU shall:

On performance and risk management

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

On communication with the Board

- inform NIFRS of relevant Government policy in a timely manner; if necessary, advise on the interpretation of that policy and issue

specific guidance to NIFRS as necessary;

- bring concerns about the activities of NIFRS to the attention of the full Departmental Board and require explanations and assurances from NIFRS that appropriate action to address those concerns has been taken.

3.4 The Chairperson of the Board

- 3.4.1 The Chairperson of NIFRS is appointed by the Minister, usually for a period of not more than four years on initial appointment, but can be reappointed for a second term of office of up to a further four years under the Department's Public Appointment Procedures and based on guidance issued by the Commissioner for Public Appointments for Northern Ireland.
- 3.4.2 The Chairperson of the Board is accountable to the Minister through the Departmental Accounting Officer for ensuring that NIFRS's policies and actions are compatible with those of the Department and Minister and for probity in the conduct of NIFRS's affairs. The Chairperson shares, with other Board members, the corporate responsibilities set out in paragraph 3.5.2 and in particular is responsible for ensuring that NIFRS fulfils the aims and objectives set by the Department and approved by the Minister.
- 3.4.3 The Chairperson has a particular responsibility for providing effective strategic leadership on the following matters:
- (i) formulating the Board's strategy for discharging its statutory duties;
 - (ii) ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Minister or the Department;
 - (iii) promoting the efficient, economic and effective use of staff and other resources;
 - (iv) encouraging and delivering high standards of regularity and propriety;
 - (v) 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;
 - (vi) Board meetings shall be open to the public and dates of meetings will be advertised in advance on the NIFRS website;
 - (vii) representing the views of NIFRS to the general public; and

- (viii) ensuring that a Code of Practice for Board Members is in place, based on the Cabinet Office's *Code of Practice for Board Members of Public Bodies*, (FD (DFP) 03/06 refers). The Code shall commit the Chairperson 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.

3.4.4 The Chairperson shall also:

- i. 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 difference which may exist between private and public sector practice;
- ii. advise the Department on the needs of the Board when vacancies arise, with a view to ensuring a proper balance of professional, non-professional and financial expertise;
- iii. 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 a senior Departmental official;
- iv. ensure that a Board governance self-assessment is carried out annually. Assurance will be provided through the mid-year assurance statement that the self-assessment tool is being completed, actions are being addressed and that any exception issues will be raised with the Department.

3.4.5 The Chairman shall also ensure that a Code of Practice for Board Members is in place, based on the Codes of conduct for board members of public bodies (FD (DFP) 04/14 refers). 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.

3.4.6 Communication between the Board and the Minister shall normally be through the Chairperson. The Chairperson shall ensure that the other Board members are kept informed of such communications on a timely basis.

3.5 The Board of the NIFRS

3.5.1 Members of the Board are appointed by the Minister for a period of not more than four years on initial appointment, but can be reappointed for a second term of office up to a further four years under the Department's Public Appointment Procedures, which are firmly based on guidance issued by the Commissioner for Public Appointments for Northern Ireland. The Board comprises of a Chair, the Chief Fire Officer and 10 non executive members (one will have the support and endorsement of a relevant trade union, 4 will be members of District Councils , and five will be representatives of the general public).

3.5.2 Board members have corporate responsibility for ensuring that the Board complies with any statutory or administrative requirements for the use of public funds and fulfils the aims and objectives set by the Department and approved by the Minister and for promoting the efficient and effective use of staff and other resources. To this end, and in pursuit of it wider corporate responsibilities, the Board shall:

- (i) demonstrate high standards of corporate governance at all times, including using the Board's internal audit committee (see paragraph 5.2) to help the Board to address the key financial and other risks facing NIFRS;
- (ii) ensure that the Department is kept informed of any changes which are likely to impact on the strategic direction of NIFRS or on the attainability of its targets, and determine the steps needed to deal with such changes;
- (iii) ensure that the Board receives and reviews regular financial information concerning the management of NIFRS; is informed in a timely manner about any concerns about its activities; and to provide positive assurance to the Department that appropriate action has been taken on such concerns;
- (iv) establish the overall strategic direction of the organisation within the policy and resources framework agreed with the Department;

- (v) constructively challenge NIFRS's executive team in their planning, target setting and delivery of performance;
- (vi) ensure that NIFRS's performance fully meets its aims and objectives as efficiently and effectively as possible;
- (vii) 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 the Department, and in accordance with any other conditions relating to the use of public funds;
- (viii) ensure that, in reaching decisions, the Board has taken into account any guidance issued by the Department and any other relevant organisations, such as DoF, the Equality Commission or the Human Rights Commission;
- (ix) in the development of significant new policies, the Board should ensure that it consults with the Department and other relevant organisations as is considered appropriate; and
- (x) appoint, on Minister's approval, the Chief Fire and Rescue Officer and, in consultation with the Department, set performance objectives and remuneration terms linked to these objectives for the Chief Fire and Rescue Officer, which give due weight to the proper management and use of public monies.

3.5.3 Board members shall act in accordance with their wider responsibilities to:

- comply at all times with the Code of Practice (see paragraph 3.4.3) adopted by NIFRS and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations; and to declare publicly and to the Board any private interests that may be perceived to conflict with their public duties;
- comply with rules on the acceptance of gifts and hospitality, and of business appointments as set out in the Financial Memorandum; and
- act in good faith and in the best interests of NIFRS.

- 3.5.4 A list of matters, which are delegated by the Department for the Board's decision, should be maintained by the Board. The Department should have access to all Board meeting minutes.
- 3.5.5 Members of the Board (including the Chairperson) must not give the Chief Fire Officer instructions which conflict with the latter's duties as NIFRS' Accounting Officer.

3.6 The Chief Fire and Rescue Officer's Role as Accounting Officer

- 3.6.1 The Chief Fire and Rescue Officer of NIFRS is designated as the Accounting Officer for NIFRS by the Departmental Accounting Officer.
- 3.6.2 As NIFRS's Accounting Officer, the Chief Fire and Rescue Officer is personally responsible for safeguarding the public funds for which he/she has charge; for ensuring propriety and regularity in the management of those public funds; and for the day-to-day operations and management of NIFRS.
- 3.6.3 The Chief Fire and Rescue Officer is responsible for promoting the efficient and effective use of staff and other resources.
- 3.6.4 As NIFRS's Accounting Officer, the Chief Fire and Rescue Officer shall, in particular:

on planning and monitoring -

- establish, with the approval of the Department, NIFRS's corporate and business plans in support of the Department's wider strategic aim(s) and current Programme for Government objectives and targets;
- inform the Department of NIFRS'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 the Department; that the Department is notified promptly if overspends or underspends are likely and that corrective action is taken, as approved by the Department; and

- that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Department in a timely fashion;

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 the Department;
- advise the Board on NIFRS's performance compared with its aim(s) 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 Chairperson, is contemplating a course of action involving a transaction which the Chief Fire and Rescue Officer considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration or 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;
- report on compliance with controls assurance and quality standards to the Department;
- ensure that an Assurance Framework is developed and maintained;
- ensure that a business continuity plan is developed and maintained;

- ensure that all public funds made available to NIFRS (including any approved income or other receipts) are used for the purpose intended by the Assembly, and that such monies, together with NIFRS's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by NIFRS, 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 NIFRS'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, the Department or DoF;
- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts, that details significant control divergences;
- sign a Governance Statement regarding NIFRS's system of internal governance, for inclusion in the annual report and accounts;
- sign a mid-year assurance statement on the condition of NIFRS's system of internal control;
- ensure that effective procedures for handling complaints about NIFRS are established and made widely known within NIFRS;
- act in accordance with the terms of this document and with the instructions and relevant guidance in *Managing Public Money Northern Ireland* and other instructions and guidance issued from time to time by the Department and DoF; in particular, Chapter 3 of MPMNI and the Treasury document *Regularity and Propriety and Value for Money*, which the Chief Fire and Rescue Officer shall receive on appointment. Section 9 of the *Financial Memorandum* refers to other key guidance;

- give evidence, normally with the Accounting Officer of the Department, if summoned before the Public Accounts Committee on the use and stewardship of public funds by NIFRS;
- ensure that an Equality Scheme is in place and reviewed and that new policies are equality impact assessed as required by the Equality Commission and the Executive Office;
- ensure that the requirements of the Data Protection Act 1998 and Freedom of Information Act 2000 are complied with;
- ensure that the requirements of relevant statutes, court rulings and Departmental directions are fully complied with;
- reporting on compliance with quality standards to the Department;
- ensuring that a robust business continuity plan is developed and maintained; and
- Ensuring an acceptance and provision of Gifts and Hospitality Policy is in place that sets out the principles and requirements under which gifts and hospitality can be received and in turn when such offers can be made.

3.7 The Chief Fire and Rescue Officer's Role as Consolidation Officer -

3.7.1 For the purposes of Whole of Government Accounts, the Chief Fire and Rescue Officer of NIFRS is normally appointed by DoF as NIFRS's Consolidation Officer.

3.7.2 As NIFRS's Consolidation Officer, the Chief Fire and Rescue Officer shall be personally responsible for preparing the consolidation information, which sets out the financial results and position of NIFRS; 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 Fire and Rescue Officer shall comply with the requirements of the Consolidation Officer letter of Appointment as issued by DoF and shall, in particular:

- ensure that NIFRS 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 Fire and Rescue Officer may delegate the day-to-day administration of these Accounting Officer and Consolidation Officer responsibilities to other employees in NIFRS. However, he shall not assign absolutely to any other person any of the responsibilities set out in this document.

3.9 Chief Fire and Rescue Officer’s role as Principal Officer for Ombudsman Cases

- 3.9.1 The Chief Fire and Rescue Officer is the Principal Officer for the purpose of handling of cases involving the Northern Ireland Commissioner for Complaints (the Ombudsman). The Principal Officer is responsible for informing the Permanent Secretary of the Department about any complaints accepted by the Ombudsman for investigation, and their outcome, including the Board’s response to any subsequent recommendations from the Ombudsman.

3.10 Relationships

- 3.10.1 Relationships between NIFRS, the Minister and the Department are governed by the “arm’s length” principle, wherein the primary role of the Minister is to set the NIFRS’s legal, and financial, policy and performance framework, including appointments to NIFRS and the structure of its funding and management. Within this framework, it is the role of NIFRS to determine its policy and activities, in keeping with its statutory responsibilities and the requirements of the Northern Ireland Executive policy. The Department has the right of access to carry out any examination of the internal financial control systems as may be required to enable the Department’s Accounting Officer to discharge his/her responsibilities in a proper manner.

3.11 Consulting Customers

3.11.1 NIFRS 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

4.1 The Corporate Plan

- 4.1.1 Consistent with the timetable for the NI Executive's budget process reviews NIFRS shall submit to the Department a draft Corporate Plan normally covering the three to five years ahead. PSU will agree a timeframe or specific dates for submission and agreement of the corporate plan with NIFRS. NIFRS will also agree with PSU the issues to be addressed in the plan and the timetable for its preparation.
- 4.1.2 The Plan will reflect NIFRS's statutory duties and, within those duties, the priorities set from time to time by the Department. In particular, the Plan shall demonstrate how NIFRS contributes to the achievement of the Department's strategic aims and Programme for Government (PfG) objectives and targets.
- 4.1.3 The Corporate Plan will set out:
- (i) NIFRS's key objectives and associated key performance targets for the forward years and its strategy for achieving these objectives;
 - (ii) a review of NIFRS's performance in the preceding financial year, together with comparable outturns for the previous 3 years, and an estimate of performance in the current year;
 - (iii) alternative scenarios to take account of factors which may significantly affect the execution of the plan, but which cannot be accurately forecast;
 - (iv) a forecast of expenditure and income taking account of guidance on resource assumptions and policies provided by the Department at the beginning of the planning round. These forecasts should represent NIFRS's best estimate of its all available income, not just any grant or grant-in-aid;
 - (v) additional forecasts derived from alternative forward scenarios and estimates and the impact of these on the achievement of NIFRS's objectives;
 - (vi) wherever possible, external comparators for benchmarking the NIFRS' performance; and
 - (vii) other matters as agreed between the Department and NIFRS.

4.1.4 The main elements of the Plan – including the key performance targets – shall be agreed between PSU and NIFRS in the light of the Department's decisions on policy and resources taken in the context of the Government's wider policy and spending priorities and decisions.

4.1.5 DoF reserves the right to review and approve NIFRS's Corporate Plan.

4.2 The Business Plan

4.2.1 Each year of the Corporate Plan, amplified as necessary, will form the basis of the Annual Business Plan for the forthcoming year. PSU will agree a timeframe or specific dates for the submission and agreement of the business plan. The Annual Business Plan should be approved and in place by 1st April for the financial year to which it refers. It shall include key objectives and targets 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 PSU.

4.2.2 The Business Plan should include reference to SMART objectives which:

- support the delivery of Programme for Government commitments;
- support the delivery of Departmental policy and strategy;
- deliver on the functions etc. delegated;
- address known areas of underperformance; and
- support the training and development of staff.

4.2.3 DoF reserves the right to ask to review and approve NIFRS's Annual Business Plan.

4.2.4 Corporate and Annual Business Plans will be formally approved by the Assistant Secretary of Resources and Performance Management Group.

4.2.5 The Corporate and Annual Business Plans shall be made available on the Internet. They shall also be made available to staff.

4.3 Departmental Monitoring of NIFRS's Performance against Key Targets

4.3.1 NIFRS 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 Annual Business Plans.

- 4.3.2 NIFRS shall take the initiative in informing PSU 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 Annual Business Plans.
- 4.3.3 NIFRS's performance in helping to deliver Departmental policies, including the achievement of key objectives, shall be reported to the Department on a three-monthly basis. Performance will be formally reviewed twice yearly by PSU. Departmental officials will meet with NIFRS officials formally on a regular basis to discuss NIFRS's performance, its current and future activities and any policy developments relevant to these activities.
- 4.3.4 NIFRS's performance against key targets will be reported in NIFRS's Annual Report and Accounts (see Section 5 below). Arrangements for the validation of reported performance will be agreed between NIFRS and PSU.
- 4.3.5 Senior Departmental officials will hold bi-annual Ground Clearing meetings with NIFRS. The purpose of these meetings is to:
- discuss NIFRS's overall performance;
 - its current and future activities;
 - any policy developments relevant to those activities;
 - safety and quality;
 - financial performance and corporate control/risk management performance; and
 - any other issues as prescribed by the Department.
- 4.3.6 Issues identified at Ground Clearing meeting which cannot be resolved at the meeting or through other avenues will be escalated for discussions to the Accounting Officer Accountability meeting with the Chair and Chief Fire and Rescue Officer of NIFRS.

5 BUDGETING AND MONITORING ARRANGEMENTS

5.1 NIFRS's budgeting procedures shall be as set out in the Financial Memorandum.

5.2 Internal Audit

5.2.1 NIFRS shall establish and maintain arrangements for internal audit in accordance with the Government Internal Audit Standards (GIAS) and any other relevant guidance issued by the Department.

5.2.2 The Department shall outline the arrangements that it has determined as appropriate for NIFRS taking account of DAO (DFP) 01/10 Internal Audit arrangements between Departments and Arm's Length Bodies. This will include specifying the Department's requirements in terms of:

- Having input into NIFRS's planned internal audit coverage;
- Arrangements for the receipt of audit reports, assignment reports, the Head of Internal Audit's annual report and opinion etc;
- Arrangements for the completion of Internal and External assessments of NIFRS's internal audit function against GIAS including advising that the Department reserves a right of access to carry out its own independent reviews of internal audit in NIFRS; and
- The right of access to all documents prepared by NIFRS's internal auditor, including where the service is contracted out NIFRS should stipulate this requirement when tendering for the services.

5.2.3 NIFRS shall consult with the Department to ensure that the latter is satisfied that the competence and qualifications of the Head of Internal Audit meet the requirements for the appointment of such officers in accordance with GIAS and relevant DoF guidance.

5.2.4 The Department will review NIFRS's terms of reference for internal audit service provision. NIFRS shall notify the Department of any subsequent changes to internal audit's terms of reference.

5.2.5 PSU will have an annual meeting with NIFRS's internal audit to discuss NIFRS's audit plan and strategy.

5.3 Audit Committee

- 5.3.1 NIFRS shall maintain an Audit Committee in accordance with current Cabinet Office Guidance and in line with the Audit and Risk Assurance Committee Handbook.
- 5.3.2 The Audit Committee's meeting agendas, minutes and papers shall be forwarded as soon as possible to PSU.
- 5.3.3 The Department will attend at least one meeting of the Audit Committee per year as an observer, and will not participate in any Audit Committee discussion.
- 5.3.4 The Department will review NIFRS's audit committee terms of reference. NIFRS shall notify the Department of any subsequent changes to the audit committee's terms of reference.
- 5.3.5 The Audit Committee will be chaired by a member of NIFRS, other than the Chairperson or Chief Fire and Rescue Officer, who has relevant financial management expertise. The Committee will consist of a minimum of three members and will meet on a regular basis. The Chief Fire and Rescue Officer, in his role as Accounting Officer and the internal audit provider will normally attend meetings of the Committee.
- 5.3.6 The Audit Committee should complete the National Audit Office Checklist on an annual basis. Assurance on completion of the checklist will be provided through the mid-year assurance statement – any exception issues shall be reported to the Department.

5.4 Fraud

- 5.4.1 NIFRS shall report immediately to the Counter Fraud and Probitry Services (CFPS) within the BSO all frauds (proven or suspected), including attempted fraud. CFPS shall then report the frauds immediately to DoF and the C&AG. In addition NIFRS shall forward to CFPS the annual fraud return, commissioned by DoF, on fraud and theft suffered by NIFRS.
- 5.4.2 The Department will review NIFRS's Anti Fraud Policy and Fraud response plan. NIFRS shall notify the Department of any subsequent changes to the Policy or Plan.

Additional Departmental Access to NIFRS

- 5.4.3 In addition to the right of access referred to above, the Department shall have a right of access to all of NIFRS's records and personnel for purposes such as audits, operational investigations and as the

Departmental Accounting Officer sees fit (subject to any relevant legal restrictions).

6 EXTERNAL ACCOUNTABILITY

The annual report and accounts

- 6.1.1 After the end of each financial year NIFRS 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 NIFRS. A draft of the report shall be submitted to the Department two weeks before the proposed publication date or as required to meet Departmental deadlines. Although it is expected that the Department and NIFRS will have had extensive pre-publication discussion on the content of the report prior to formal submission to the Department.
- 6.1.2 The report and accounts shall comply with the most recent version of the Government Financial Reporting Manual (FReM) issued by DoF. The accounts shall be prepared in accordance with any relevant statutes and the specific Accounts Direction issued by the Department.
- 6.1.3 The report and accounts shall outline NIFRS's main activities and performance during the previous financial year and set out in summary form NIFRS's forward plans. Information on performance against key financial targets shall be included in the notes to the accounts, and shall therefore be within the scope of the audit conducted by NIAO.
- 6.1.4 The report and accounts shall be laid before the Assembly and made available, in accordance with the guidance on the procedures for presenting and laying the combined annual report and accounts as prescribed in the relevant FD letter issued by DoF.
- 6.1.5 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 the Department.

External audit

- 6.1.6 The Comptroller and Auditor General (C&AG) audits NIFRS's annual accounts and passes the accounts to the Department 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.
- 6.1.7 The C&AG will liaise with NIFRS on arrangements for completing the audit of NIFRS'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.

- 6.1.8 The C&AG has agreed to share with the Department 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 NIFRS. The C&AG will also consider, where asked, providing the Department and other relevant bodies with Regulatory Compliance Reports and other similar reports which the Department may request at the commencement of the audit and which are compatible with the independent auditor's role.

Value For Money (VFM) examinations

- 6.1.9 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which NIFRS has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order 2003. When making payment of a grant, or drawing up a contract, NIFRS 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.

7 STAFF MANAGEMENT

General

- 7.1.1 The decision to fill vacant or new senior positions in NIFRS (at Director or Assistant Chief Fire Officer Level) is subject to approval by the Department.
- 7.1.2 Approvals for any change to the remuneration of Senior Executives must be obtained from the Department.
- 7.1.3 Within the arrangements approved by the Department NIFRS will have responsibility for the recruitment, retention and motivation of its staff.
- 7.1.4 NIFRS will 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, 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, is appropriate to its functions and the requirements of efficiency, effectiveness and economy;
 - the performance of staff at all levels is systematically appraised and the performance measurement systems are periodically reviewed, and if necessary, revised;
 - its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve NIFRS's objectives;
 - proper consultation with staff takes place on key issues affecting them;
 - adequate grievance and disciplinary procedures are in place- these procedures should comply with the Code of Practice on Disciplinary and Grievance Procedures published by the Labour Relations Agency and should apply to all staff retained by NIFRS;
 - a code of conduct for staff is in place based on Annex 5A of Public Bodies, A guide for NI Departments; and

- procedures consistent with the Public Interest Disclosure (Northern Ireland) Order 2003("Whistle-blowing") are in place and communicated to staff.

8. REVIEWING THE ROLE OF NIFRS

- 8.1** The Department will conduct a Financial Management and Policy Review of NIFRS at such intervals as the Department may determine, having regard to the guidance contained in Chapter 9 of the Public Bodies: a Guide for Northern Ireland Departments.

**SIGNED ON BEHALF OF THE DEPARTMENT OF
HEALTH**



MR RICHARD PENGELLY

PERMANENT SECRETARY

DATE: 25/7/17

**SIGNED ON BEHALF OF THE NORTHERN IRELAND FIRE
AND RESCUE SERVICE**



MR GARY THOMPSON

CHIEF FIRE AND RESCUE OFFICER

DATE: 25/7/17

The Fire and Rescue Services (Northern Ireland) Order 2006

Articles 4 to 14

Fire safety

4.—(1) The Board shall make provision for the purpose of promoting fire safety.

(2) In making provision under paragraph (1) the Board shall in particular, to the extent that it considers it reasonable to do so, make arrangements for—

- (a) the provision of information, publicity and encouragement in respect of the steps to be taken to prevent fires and death or injury by fire; and
- (b) the giving of advice, on request, about—
 - (i) how to prevent fires and restrict their spread in buildings and other property; and
 - (ii) the means of escape from buildings and other property in the event of fire.

Fire-fighting

5.—(1) The Board shall make provision for the purpose of—

- (a) extinguishing fires; and
- (b) protecting life and property in the event of fires.

(2) In making provision under paragraph (1) the Board shall in particular—

- (a) secure the provision of personnel, services and equipment;
- (b) secure the provision of training for personnel;
- (c) make arrangements for dealing with calls for help and for summoning personnel;
- (d) make arrangements for obtaining information required or likely to be required for the purpose mentioned in paragraph (1); and
- (e) make arrangements for ensuring that reasonable steps are taken to prevent or limit damage to property resulting from action taken for the purpose mentioned in paragraph (1).

Road traffic accidents

6.—(1) The Board shall make provision for the purpose of—

- (a) rescuing persons in the event of road traffic accidents; and
- (b) protecting persons from serious harm, to the extent that it considers it reasonable to do so, in the event of road traffic accidents.

(2) In making provision under paragraph (1) the Board shall in particular—

- (a) secure the provision of personnel, services and equipment;
- (b) secure the provision of training for personnel;
- (c) make arrangements for dealing with calls for help and for summoning personnel;
- (d) make arrangements for obtaining information required or likely to be required for the purpose mentioned in paragraph (1); and

- (e) make arrangements for ensuring that reasonable steps are taken to prevent or limit damage to property resulting from action taken for the purpose mentioned in paragraph (1).

Emergencies

7.—(1) The Department may by order confer on the Board functions relating to emergencies, other than fires and road traffic accidents in relation to which the Board has functions under Article 5 or 6.

(2) An order under this Article may make provision as to what the Board shall or may do for the purpose of a function conferred under this Article, and may in particular require or authorise the Board—

- (a) to secure the provision of personnel, services and equipment;
- (b) to secure the provision of training for personnel;
- (c) to make arrangements for dealing with calls for help and for summoning personnel;
- (d) to make arrangements for obtaining information required or likely to be required for the purpose of carrying out the function; and
- (e) to make arrangements for ensuring that reasonable steps are taken to prevent or limit damage to property resulting from carrying out the function.

(3) Before making an order under this Article the Department shall consult the Board and any other persons it considers appropriate.

CHAPTER III

OTHER FUNCTIONS

Power to respond to other eventualities

8.—(1) The Board may take any action it considers appropriate—

- (a) in response to an event or situation of a kind mentioned in paragraph (2); or
- (b) for the purpose of enabling action to be taken in response to such an event or situation.

(2) The event or situation is one that causes or is likely to cause—

- (a) a person to die, be injured or become ill; or
- (b) harm to the environment (including the life and health of plants and animals and the fabric of buildings).

(3) The power conferred by paragraph (1) includes power to secure the provision of equipment.

Powers of Board in relation to external matters

9.—(1) The Board may liaise, co-operate and enter into arrangements with relevant persons outside Northern Ireland.

(2) In paragraph (1), “relevant persons” means persons carrying out functions which correspond to any of those of the Board or the Department under this Order.

General powers of the Board

10. The Board may—

- (a) provide such accommodation for its employees as it considers appropriate to enable it to carry out its functions under this Order;
- (b) pay to any persons who render services in connection with the carrying out of functions under this Order such rewards as it thinks fit, which in the case of a fire and rescue officer may be in addition to the remuneration of any such officer; and
- (c) use fire and rescue officers or any fire engine, appliance or equipment for such purposes as it considers appropriate.

Acquisition and disposal of land by the Board

11.—(1) The Board may acquire, hold and dispose of land for the purpose of carrying out its functions under this Order.

(2) The power of the Board to acquire land includes power to acquire it compulsorily in accordance with paragraphs (3) and (4).

(3) Where the Board proposes to acquire land compulsorily, it may apply to the Department for an order ("a vesting order") vesting such land in the Board and, subject to paragraph (4), the Department shall have power to make such a vesting order.

(4) Schedule 6 to the Local Government Act (Northern Ireland) 1972 (c. 9) shall apply for the purposes of the acquisition of land by means of a vesting order made under paragraph (3) in the same manner as it applies to the acquisition of land by means of a vesting order made under that Act subject to the following modifications—

- (a) for any reference to the council there shall be substituted a reference to the Board;
- (b) for any reference to the Department concerned there shall be substituted a reference to the Department;
- (c) for any reference to that Act there shall be substituted a reference to this Order;
- (d) in paragraph 6(2) for the words from "the fund" onwards there shall be substituted "funds of the Board (in this Schedule referred to as "the compensation fund"), and shall be discharged by payments out of the compensation fund."; and
- (e) in paragraph 12(2) for "the clerk of the council" there shall be substituted "such person as may be designated for the purposes of this Schedule by the Board".

Arrangements with others for assistance

12.—(1) Subject to paragraph (2), the Board may enter into arrangements with a person for securing the provision by that person of assistance for the purpose of the carrying out by the Board of a function conferred on it under Articles 4 to 8 or 33.

(2) The Board may only enter into arrangements with a person under paragraph (1) for the securing of assistance for the purpose of extinguishing fires if the person employs fire-fighters.

(3) Arrangements under this Article may include provision as to the terms on which assistance is to be provided (including provision as to payment).

Arrangements for carrying out of functions by others

13.—(1) Subject to paragraph (2), the Board may enter into arrangements with a person for the carrying out to any extent by that person of a function conferred on the Board under Articles 4 to 8 or 33.

(2) The Board may only enter into arrangements with a person under paragraph (1) in relation to its function of extinguishing fires if the person employs fire-fighters.

(3) Arrangements under this Article may include provision as to the terms on which any function is to be carried out (including provision as to payment).

Charging

14.—(1) The Department may by order authorise the Board to charge a person of a description specified in the order for any action so specified taken by the Board.

(2) An order under paragraph (1) may authorise charging for extinguishing fires, or protecting life and property in the event of fires, only in respect of fires which are—

- (a) outside Northern Ireland; or
- (b) at sea.

(3) The power in paragraph (1) includes power to authorise a charge to be imposed on, or recovered from, a person other than the person in respect of whom action is taken by the Board.

(4) The power in paragraph (1) includes power to specify that, in setting the amount of a charge, the Board shall secure that, taking one financial year with another, the Board's income from charges does not exceed the cost to the Board of taking the action for which the charges are imposed.

(5) If the Board is authorised by an order under paragraph (1) to charge for taking action of a particular description and the Board decides to do so, then subject to paragraph (4)—

- (a) the amount of the charge is to be set by the Board; and
- (b) the Board may charge different amounts in different circumstances (and may charge nothing).

(6) Before making an order under this Article the Department shall consult the Board and any other persons it considers appropriate.

THE FIRE AND RESCUE SERVICES (EMERGENCIES) ORDER (NORTHERN IRELAND) 2011

Articles 3 to 7

Chemical, biological, radiological or nuclear incidents

3. For the purpose of enabling action to be taken in the event of a chemical, biological, radiological or nuclear incident, the Board shall—

- (a) make provision for removing chemical, biological or radio-active contaminants from a person and capturing any water used to remove such contaminants; and

- (b) make arrangements for ensuring that reasonable steps are taken to prevent or limit serious harm to the environment resulting from action taken for the purpose of paragraph (a).

Search and rescue

4.—(1) The Board shall make provision for the purpose of rescuing people who may be trapped and protecting them from serious harm in the event of—

- (a) a landslide;
- (b) the collapse of a building, tunnel or other structure; or
- (c) in the event of a serious transport incident.

(2) In this Article—

- (a) “structure” does not include a tunnel or mine;
- (b) “tunnel” means a man-made passage; and
- (c) “mine” means a mine within the meaning of section 156 of the Mines Act (Northern Ireland) 1969(a).

(3) The function conferred by paragraph (1) shall not apply where it is reasonable for the Board to conclude that another person with search and rescue functions or specialist search and rescue capabilities can make satisfactory provision for the emergency in connection with which the function is conferred.

Serious flooding

5. The Board shall make provision for the purpose of—

- (a) rescuing people trapped, or likely to become trapped, by water, and
- (b) protecting them from serious harm, in the event of serious flooding.

Serious transport incident

6. The Board shall make provision for the purpose of rescuing people and protecting them from serious harm in the event of a serious transport incident.

Nature of provision for emergencies

7. For the purpose of carrying out its functions under this Order, the Board shall in particular—

- (a) secure the provision of such equipment as may be necessary to meet efficiently all reasonable requirements of this Order;
- (b) secure the provision of such personnel, services and training as may be necessary efficiently to meet all reasonable requirements of this Order;
- (c) make arrangements in relation to preparedness activities;
- (d) develop, maintain, review and revise an emergency response plan as necessary;

- (e) make arrangements for dealing with calls for help and summoning personnel;
- (f) make arrangements for obtaining information required or likely to be required for those purposes; and
- (g) make arrangements for ensuring that reasonable steps are taken to prevent or limit damage to property resulting from action taken for those purposes.

APPENDIX 2 (MS)

Documentary requirements

Documentation to be sent to PSU

Monthly (or as the occasion arises)

- Board meeting papers (including draft minutes) for each meeting as and when issued to Committee members.
- Audit Committee papers (including draft minutes) for each meeting as and when issued to Committee members.
- Governance and Risk Committee papers (including draft minutes) for each meeting as and when issued to committee members.

Bi-annually

- Corporate Risk Register

Annually

- Annual Governance Statement.
- Mid-year Assurance Statement (by end October).
- Annual report on Compliance with Controls Assurance Standards.
- Annual Internal Audit work plan.
- Internal Audit progress report.
- Annual Fraud return.
- Business plan for Departmental approval.
- The Head of Internal Audit's mid-year and end of year opinion on risk management, control and governance.
- Register of board members' interests.
- The annual report, with the draft submitted to the Department two weeks before the publication date.
- The Assurance Framework (annually).

Once and then when revised

- Code of Conduct for Board members
- Code of Practice for staff
- Audit Committee Terms of Reference
- Audit Strategy
- Assurance/Governance Committee Terms of Reference

- Complaints procedure
- Anti-Fraud Policy
- Fraud Response Plan
- Whistle-blowing procedures
- Grievance and Disciplinary procedures
- Equality Scheme
- Publication Scheme
- Consultation Scheme
- Business Continuity Plan.

As specified

- Corporate Plan for Departmental approval

Once

- Inspection reports by external bodies (immediately following receipt of report by NIFRS)
- Internal Audit reports with less than satisfactory assurance
- Reports to those charged with governance

FINANCIAL MEMORANDUM

BETWEEN

The Department of Health for Northern Ireland

And

The Northern Ireland Fire and Rescue Service (NIFRS)

July 2017



**Northern Ireland
Fire & Rescue Service**

Agreement of Terms

This Financial Memorandum sets out the strategic control framework within which the NIFRS is required to operate, including the conditions under which government funds are provided as detailed in Managing Public Money Northern Ireland (MPMNI). It aims to achieve prudent and effective management of resources by NIFRS, combined with a reasonable degree of day-to-day freedom for NIFRS to manage its operations.

The Memorandum has been drawn up by the Department of Health, in consultation with NIFRS, which agrees to conduct its finances within the conditions contained therein. The contents of the Memorandum have been approved by the Department of Finance (DoF). It will remain in force and binding on NIFRS until such time as it is reviewed and/or revised by the Department.

SIGNED ON BEHALF OF THE
DEPARTMENT OF HEALTH



RICHARD PENGELLY
PERMANENT SECRETARY

DATE: 25/7/11

SIGNED ON BEHALF OF
THE NORTHERN IRELAND FIRE
AND RESCUE SERVICE



GARY THOMPSON
CHIEF FIRE AND RESCUE
OFFICER

DATE: 25/7/17

1. INTRODUCTION

- 1.1. This Financial Memorandum sets out certain aspects of the financial framework within which NIFRS is required to operate.
- 1.2. The terms and conditions set out in the combined Management Statement and Financial Memorandum (MSFM) may be supplemented by guidelines or directions issued by the Department/ Minister in respect of the exercise of any individual functions, powers or duties of NIFRS.
- 1.3. NIFRS should follow the standards, rules, guidance and advice in MPMNI and satisfy the conditions and requirements set out in the combined MSFM document, together with such other conditions as the Department/Minister may from time to time impose.

2. INCOME AND EXPENDITURE- GENERAL

2.1. The Departmental Expenditure Limit (DEL)

- 2.1.1. NIFRS current and capital expenditure form part of the Department's Resource DEL and Capital DEL respectively.

2.2. Expenditure not proposed in the budget / Delegated Limits

- 2.2.1. NIFRS must not enter into any commitments or incur expenditure above pre-defined limits as set out in the delegated arrangements or which incur expenditure which is not provided for in the annual budget as approved by the Department. This reflects the general principles set out in MPMNI relating to the authority for expenditure, regularity, propriety and value for money which applies to all public expenditure.
- 2.2.2. NIFRS shall not, without prior Departmental approval, enter into any undertaking to incur any expenditure outside its remit or which may be likely to bring either NIFRS or the Department into disrepute.

2.3. Novel, Contentious or Repercussive Proposals

- 2.3.1. NIFRS must obtain the approval of the Department of Health (DoH) and the Department of Finance (DoF) for any transactions which set precedents, are novel, potentially contentious or could cause repercussions elsewhere in the public sector. Departmental / DoF approval must be obtained even where such transactions are within NIFRS delegated limits which appear to offer value for money. Examples include:
 - a. incurring expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications;

- b. making any significant changes in the operation of funding of initiatives or particular schemes previously approved by the Department;
- c. unusual financing transactions, especially those with lasting commitments; and
- d. 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 the resources required. (The Department will advise on what constitutes 'significant' in this context).

2.3.2. NIFRS must identify any factors that might set precedents or make expenditure novel, contentious or repercussive to the Department when submitting such proposals for approval, whether capital, IT, DAC, consultancy, gifting etc. and irrespective of any existing delegations.

2.3.3. NIFRS shall not make any payments to any individual under Article 10(b) of the Fire and Rescue Services (Northern Ireland) Order 2006 by virtue of:

- its failure to demonstrate value for money;
- its size;
- an absence of an appropriate business case and relevant approval;
- insufficient use of an appropriate tendering process; and
- a clear breach of public sector guidelines on financial propriety.

2.4. Procurement

2.4.1. NIFRS procurement policies shall reflect the public procurement policy adopted by the Northern Ireland Executive in May 2002 (refreshed May 2009); Procurement Guidance Notes and any other guidelines or guidance issued by DoH, Central Procurement Directorate (CPD) and the Procurement Board. NIFRS shall also ensure that it complies with any relevant UK and EU or other international procurement rules.

2.4.2. In particular, NIFRS shall reflect in its policies DoH and DoF Guidance on procurement which addresses the appropriate market testing and evidence retention that should take place for all levels of purchase, irrespective of value, as small expenditures may not require CoPE involvement, but nonetheless require a form of market testing.

2.4.3. Periodically and wherever practicable, NIFRS procurement policies shall be benchmarked against best practice elsewhere.

2.4.4. NIFRS procurement activity should be carried out by means of a Service Level Agreement (SLA) with a recognised and approved Centre of Procurement

Expertise (CoPE). The relevant CoPEs are: the Business Services Organisation – Procurement and Logistics Service (BSO PaLS) for Goods and Services and Central Procurement Directorate – Health Projects (CPD HP) for Construction Works/Services. If another CoPE or equivalent is to be used for a specific project, this should be consented to in advance by either BSO PaLS or CPD HP depending on the subject matter.

- 2.4.5. The Accounting Officer may decide on the level of internal delegation required for approval of purchases subject to delegated limits set by departmental or DoF guidance, and subject to any additional SLA requirements regarding, or formal guidance on, lowest acceptable delegations given by the relevant CoPE.
- 2.4.6. Delegations for the approval of purchases should be formally recorded within the organisation's scheme of delegation.

2.5. Competition

- 2.5.1. Competition promotes economy, efficiency and effectiveness in public expenditure. Works, goods and services should be acquired through public competition unless there are convincing reasons to the contrary, and where appropriate should comply with EU and domestic advertising rules and policy. The form of competition chosen should be appropriate to the value and complexity of the goods or services to be acquired.
- 2.5.2. Contracts shall be placed on a competitive basis and tenders accepted from suppliers who provide best value for money overall.
- 2.5.3. Where a contract is awarded to an economic operator (i.e. supplier, contractor) without competition, this is referred to as a Direct Award Contract (DAC). In light of their exceptional nature, all DACs should be dealt with in accordance with the advice requirements and delegations set out in DoH and DoF guidance and in accordance with the SLA or any formal general guidance on direct awards given by the relevant CoPE (in addition to complying with any other applicable delegations not arising as a result of DAC status e.g. capital or IT delegations).
- 2.5.4. NIFRS shall send to the Department on a bi-annual basis (or on such other basis as shall be required by DoH) a report of contracts above the current de minimis limit for procurement expenditure in which competitive tendering was not employed.

2.6. Best Value for money

- 2.6.1. Procurement of work, supplies and services by NIFRS shall be based on best value for money. This is defined as the most advantageous combination of costs, quality and sustainability to meet customer and NIFRS requirements. In this context, cost means consideration of the whole life cost; quality means meeting a specification which is fit for purpose and sufficient to meet the customer's requirements; and sustainability means economic, social and

environmental benefits. It is not about minimising up front prices. Whether in conventional procurement, market testing, private finance or some other form of public private partnership, finding value for money involves an appropriate allocation of risk.

- 2.6.2. In accordance with MPMNI/Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE), where appropriate a full options appraisal should be carried out before procurement decisions are taken.

Expenditure and Payments

2.7. Timeliness in paying bills

- 2.7.1. NIFRS shall collect receipts and pay all matured and properly authorised invoices in accordance with applicable terms, MPMNI and any guidance issued by the Department/ DoF.

2.8. Payments in advance

- 2.8.1. NIFRS should control its commitments and expenditure to provide value for money. Payments made in advance of the delivery of a service are not value for money and should only be made in exceptional circumstances and require the approval of DoF. There are occasions where advance payments are acceptable and examples are listed in MPMNI.

2.9. Deferred payments

- 2.9.1. Any proposal for deferred payments is considered novel and contentious and must receive DoF approval.

2.10. Risk Management

- 2.10.1. NIFRS shall ensure that it has systems in place for identifying and managing risk and 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 *The Management of Risk: Principles and Concepts (the Orange Book)* and MPMNI.
- 2.10.2. NIFRS 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 which it intends to give grant or grant-in-aid.

2.11. Fraud

- 2.11.1. NIFRS shall adopt and implement policies and practices to safeguard itself against fraud, and ensure it has adequate controls to detect and deter fraud in accordance with MPMNI and Departmental and DoF guidance which includes DoF's guide *Managing the Risk of Fraud*. In line with this NIFRS should develop a fraud policy statement and fraud response plan. This should be updated every 5 years and sent to Counter Fraud and Probitry Services at BSO for review. NIFRS shall notify the Department of any subsequent changes to the policy or response plan.
- 2.11.2. NIFRS should identify, and assess how it might be vulnerable to fraud (including bribery), and evaluate the possible impact and likelihood of each fraud risk. Fraud should be always considered as a risk in the risk register.
- 2.11.3. All cases of attempted, suspected or proven fraud shall be reported to the BSO who shall report it to DoF and the Comptroller and Auditor General (C&AG) (see section 4.8 in the Management Statement) as soon as they are discovered, irrespective of the amount involved.

2.12. Wider markets

- 2.12.1. In line with MPMNI NIFRS shall seek to maximise receipts and seek out and implement wider market opportunities, provided that this is consistent with (a) NIFRS main functions and core objectives and (b) its corporate plan as agreed with the Department. All such proposals must be supported by a business case and subject to Departmental approval and DoF approval where appropriate.
- 2.12.2. NIFRS must ensure that services are priced fairly and competition law and the rules on state aid are considered. NIFRS must not however acquire assets just for the purpose of engaging in, or extending, commercial activity. If the wider markets activity demands further investment to keep it viable, NIFRS must ensure the activity is reappraised.

2.13. State Aid

- 2.13.1. Any funding favouring a particular company or sector or seen to distort competition could be subject to the EU rules and, in certain circumstances, require notification to the European Commission. Article 107(1) of the EU Treaty prohibits in principle any form of preferential government assistance – state aid - to commercial undertakings. The purpose is to prevent distortion of competition within the EU. When designing policies, NIFRS should consider early whether state aids rules apply and seek advice from the Department.

2.14. Fees and Charges

- 2.14.1. Fees or charges for any services supplied by NIFRS, including services provided between bodies shall be determined in accordance with MPMNI and should be based on a full cost recovery basis. Where it is decided to charge less than full costs, this will require Ministerial and DoF approval and there should be an agreed plan to achieve full cost recovery within a reasonable period. If the subsidy is intended to last the decision should be documented and periodically reviewed.
- 2.14.2. All fees and charges should be disclosed in the annual accounts in line with MPMNI / FReM.

2.15. Commercial services

- 2.15.1. Charges for commercial services should be set at a commercial rate in line with market practice and reflect fair competition with private sector providers. The requirements of competition law and State Aid must be considered. Decisions to set rates at below market practice must have Ministerial and DoF approval.

2.16. Shared services

- 2.16.1. Active engagement should be undertaken with the BSO to continue improving, enhancing and extracting value from existing and new services with consideration to consolidating services through shared service provisioning.
- 2.16.2. NIFRS should always use BSO in the first instance where it can provide the relevant service. Where it is not possible to avail of BSO services then Enterprise Shared Services (ESS) should be always be considered as a viable alternative and must be appraised in the business case.
- 2.16.3. All charges should be at cost in accordance with fees and charges guidance in MPMNI.

3. NIFRS INCOME

3.1. Grant-in-Aid

- 3.1.1. Grant-in-aid (GIA) will be paid to NIFRS in regular instalments as agreed on the basis of a written application from NIFRS 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 NIFRS functions. The forecast grant-in-aid provided by NIFRS and included in the Department's spring supplementary estimates cannot be exceeded.

- 3.1.2. Where GIA is drawn by a service provider party on behalf of NIFRS, NIFRS should seek assurances throughout the period about monies drawn on their behalf.
- 3.1.3. NIFRS should have regard to the general guidance and principles enshrined in MPMNI that it should seek GIA according to need. GIA should not be drawn down in advance of need.
- 3.1.4. Cash balances during the year shall be held at the minimum consistent with the efficient operation of the functions of NIFRS. Grant-in-aid not drawn down by the end of the year shall lapse. However, where draw-down of grant-in-aid is delayed to avoid excess cash balances at year-end, the Department will make available in the next financial year (subject to approval of the relevant Estimates provision by the Assembly) any such GIA required to meet any liabilities at year end, such as creditors.

3.2. Fines and Taxes as Receipts

- 3.2.1. Most fines and taxes (including levies and some licences) do not provide additional DEL spending power and should be surrendered to the Department.

3.3. Receipts from sale of goods or services

- 3.3.1. Receipts from the sale of goods and services (including certain licences), rent of land and dividends normally provide additional spending power. If NIFRS wishes to retain a receipt or utilise an increase in the level of receipts, it must gain the prior approval of the Department.
- 3.3.2. If there is any doubt about the correct classification of a receipt, NIFRS shall consult the Department, which may consult DoF as necessary.
- 3.3.3. NIFRS will provide the Department with full details of all agreements where NIFRS or its successors have a right to share in the financial gains of developers. It should also pass to the Department details of any other forms of claw back due to NIFRS.

3.4. Interest earned

- 3.4.1. Interest earned on cash balances cannot necessarily be retained by NIFRS without Departmental approval. Depending on the budgeting treatment of this receipt, and its impact on NIFRS cash requirement, it may lead to commensurate reduction of GIA or be required to be surrendered to the NI Consolidated Fund via the Department.

3.5. Unforecast changes in in-year income

- 3.5.1. If the negative DEL income realised or expected to be realised in-year is less than estimated, NIFRS shall, unless otherwise agreed with the Department, ensure a corresponding reduction in its gross expenditure so

that the authorised provision is not exceeded. (NOTE: For example, if NIFRS is allocated £100 resource DEL provision by the Department and expects to receive £10 of negative DEL income, it may plan to spend a total of £110. If income (on an accruals basis) turns out to be only £5, NIFRS will need to reduce its expenditure to £105 to avoid breaching its budget. If NIFRS still spends £110, the Department will need to find £5 of savings from elsewhere within its total DEL to offset this overspend).

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

3.6. Build-up and draw-down of deposits

- 3.6.1. NIFRS shall comply with the rules that any DEL expenditure financed by the draw-down of deposits counts within DEL. NIFRS shall maintain and manage cash balances as working balances only. These shall be held at a minimum level throughout the year. Any interest earned on overnight deposits must be returned to the Department.

3.7. Proceeds from Disposal of Assets

- 3.7.1. Disposals of land and buildings are dealt with in Section 6 below.

3.8. Gifts and Bequests received

- 3.8.1. NIFRS is free to retain any gifts, bequests or similar donations subject to paragraph 3.8.2. These shall be capitalised at fair value on receipt and must be notified to the Department.
- 3.8.2. Before accepting a gift, bequest or similar donation, NIFRS shall consider if there are any costs associated in doing so or any conflicts of interest arising. NIFRS shall not accept a gift, bequest or similar donation if there are conditions attached to its acceptance that would be inconsistent with NIFRS function.
- 3.8.3. NIFRS must keep a register detailing gifts they have received, their estimated value and what happened to them (whether they were retained, disposed of, etc). NIFRS should liaise with the Department as to whether the gifts received need to be noted in annual report and accounts.

- 3.8.4. Donations, sponsorship or contributions, e.g. from developers should also be treated as gifts and should be treated in line with guidance in Managing Public Money NI on Gifts and accounted for in accordance with FReM requirements.

3.9. Other Receipts

- 3.9.1. NIFRS should ensure that effective control is maintained, and records kept, of receipts from other sources (e.g. provision of fire certificates, reports etc).

3.10. Borrowing

- 3.10.1. *Normally* NIFRS is not permitted to borrow funds. However if doing so, under exceptional circumstances, NIFRS must observe the principles in MPMNI, seeking the approval of the Department and, where appropriate DoF, to ensure it has the necessary authority and budget cover for borrowing or the expenditure to be financed for such borrowing.

4. EXPENDITURE ON STAFF

4.1 Staff Costs

- 4.1.1. Subject to its delegated limits of authority, NIFRS will ensure that the creation of any new/additional posts does not incur future commitments which will exceed its ability to pay for them.
- 4.1.2. The number of staff appointed by NIFRS will be subject to a staffing ceiling approved by the Department. The ceiling may be varied from time to time to reflect changes in the scale of the NIFRS operations or functions.
- 4.1.3. NIFRS shall submit a summary of its establishment levels to the Department at the end of the financial year.
- 4.1.4. NIFRS should ensure full compliance with its formal procedures in relation to internal job evaluations. The procedures should comply with the annual Finance Director (FD) Letter on Pay Remit Approval Process and Guidance issued by DoF.
- 4.1.5. NIFRS should ensure that any resulting job evaluation proposals are approved by the NIFRS Remuneration Committee and the NIFRS Board prior to submission to the Department for consideration. No pay commitments can be entered into without Departmental/DoF approval.

4.2 Pay and Conditions of Service

- 4.2.1. Employees of NIFRS, whether on permanent or temporary contract, will be subject to levels of remuneration, and terms and conditions of service (including Superannuation) as agreed by the National Joint Council. Current terms and conditions for employees of NIFRS are set out in the National Joint Councils' **Scheme of Conditions of Service**.
- 4.2.2. Annual pay increases of NIFRS staff must be in accordance with the annual Finance Director (FD) letter on Pay Remit Approval Process and Guidance issued by DoF. All proposed pay awards must be approved by NIFRS Remuneration Committee and Board prior to submission to the Department for approval. All proposed pay awards must have prior approval of the Department and the DoF Minister before implementation.
- 4.2.3. Payments shall be made to Board members in respect of travelling expenses, fees or other allowances in accordance with the relevant (Payment of Allowances to Members) Determination and Direction (Northern Ireland), which the Department may from time to time amend. The Board shall ensure that a comprehensive set of guidelines on all expenditure on travel and subsistence is in place.
- 4.2.4. Recruitment exercises to fill vacant or new senior positions in NIFRS should proceed only where there are exceptional circumstances which have been agreed by the Permanent Secretary of the Department in advance.
- 4.2.5. Any change to the remuneration of Senior Executives must have prior approval of the Department and DOF Ministerial approval. Organisations are encouraged to continue to work within the existing arrangement.
- 4.2.6. NIFRS shall comply with the EU directive on contract workers [Fixed Term Employees Regulations (Prevention of Less Favourable Treatment)].

4.3. Pension Costs

- 4.3.1. NIFRS employees shall normally be eligible for a pension provided by their own scheme which is an unfunded defined benefit scheme or admittance to NI Local Government Officers Superannuation Committee (NILGOSC)
- 4.3.2. Staff may opt out of the occupational pension scheme provided by the Board. However, the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall be limited to the national insurance rebate level.
- 4.3.3. Any proposal by NIFRS to move from the existing pension arrangements, or to pay any redundancy, or compensation for loss of office, requires the approval of the Department and DoF. Proposals on severance payments must comply with MPMNI and any related DoF/ Departmental guidance.

5. NON-STAFF EXPENDITURE

5.1. Economic Appraisal

- 5.1.1. NIFRS 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
- involve capital or current spending, or both;
 - are large or small;
 - are above or below delegated limits.
- 5.1.2. All business cases must be approved internally in line with the scheme of delegation. Those business cases above the delegated limits must be submitted for Departmental approval prior to any expenditure being committed. Business cases submitted to the Department for approval must be approved by the NIFRS Board and signed off by its Accounting Officer.
- 5.1.3. All business cases for external consultancy, including those below delegated limits, must be submitted to the Department in advance of any expenditure. All business cases for Direct Award Contracts should be advised on by the CoPE and appropriately approved in advance of expenditure.
- 5.1.4. Delegations do not remove the need for appraisal or evaluation. All expenditure, including that below delegation limits, must be appraised and evaluated with effort that is proportionate to the resources involved, with due regard to the specific nature of the case. NIGEAE provides more detailed guidance on the application of appropriate and proportionate effort.
- 5.1.5. Business cases and appraisals should be prepared in accordance with the following guidance, using the pro forma templates or full business case as required:
- :
- The Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE);
 - The HM Treasury Guide, The Green Book: Appraisal and Evaluation in Central Government;
 - Departmental circulars;
 - Business cases below delegated limits will be subject to an annual test drilling exercise by the Department and DoF.

5.2. Capital Expenditure

- 5.2.1. 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.
- 5.2.2. Proposals for large scale capital projects or acquisitions will normally be considered within NIFRS corporate and business planning process. Applications for approval within the corporate/business plan by the Department, 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 the Department in accordance with current instructions.
- 5.2.3. Approval of the corporate/business plan does not obviate NIFRS responsibility to abide by the economic appraisal process.

5.3. Capital Projects

- 5.3.1. The Accounting Officer or appropriate officer as notified to the Department may authorise capital or IT expenditure on discreet capital projects of up to the agreed delegated limits. Capital or IT projects over this amount require the approval of the Department and where necessary DoF.
- 5.3.2. 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. The appraisal of Information Technology (IT) projects should include the staffing and other resource implications.
- 5.3.3. Any novel and/or potentially contentious projects, regardless of the amount of expenditure, require the approvals of the Department and DoF.
- 5.3.4. Transfers of assets between government departments should generally be at full current market value; assets transferred under a transfer of functions order to implement a machinery of government change are generally made at no charge.

5.4. Transfer of Funds within Budgets

- 5.4.1. Unless financial provision is subject to specific Department or DoF controls (e.g. where provision is ring-fenced for specific purposes such as contractually committed projects) or delegated limits, transfers between budgets within the total capital budget, or between budgets within the total revenue budget, do not need Departmental approval. The one exception to this is that, due to HM Treasury controls, any movement into, or out, of depreciation and impairments within the resource budget will require Departmental and possibly DoF approval.

5.4.2. Virement of funding from capital to resource budgets shall not be permitted without prior approval from the Department, DoF and the Executive.

5.5. Lending, Guarantees, Indemnities; Contingent Liabilities; Letters of Comfort

5.5.1. NIFRS shall not, without the prior written consent of the Department (and, where necessary, DoF), lend money, charge any asset or security, give any guarantees or indemnities or letters of comfort, or incur any other contingent liability (as defined in Managing Public Money Northern Ireland), whether or not in a legally binding form.

5.6. Grants or loans by NIFRS (if applicable)

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

5.6.2. The terms and conditions of such grants or loans shall include the requirement on the recipient organisation to prepare accounts and to ensure that its books and records in relation to the grant or loan are readily available for inspection by the Board, the Department and the Comptroller and Auditor General.

5.7. Gifts Made

5.7.1. Departmental / DoF approval is needed for all gifts above delegated limits. Those exceeding £300,000 (or subsequent updated limits) also require Estimate cover and notified to the Assembly. Gifts include transfers of assets or leases at below market value. Public money must not be used to provide for gifts to members of staff. This shall also apply to members of the Board. Gifts by management to staff are subject to requirements of DAO (DOF) 05/03.

5.7.2. Gifts should be noted in the annual report and accounts in line with MPMNI and the latest FReM requirements.

5.8. Write-offs, Losses and Other Special Payments

5.8.1. Proposals for write off's losses or other special payments including ex gratia and compensation payments outside the delegated limits must have the prior approval of the Department and where necessary DoF. Furthermore it is important to consult with the Department if payments are made, irrespective of delegations, which:

- involve important questions of principle;
- raise doubts about the effectiveness of existing systems;
- contain lessons which might be of wider interest;

- might create a precedent for other departments; or
- arise because of obscure or ambiguous instructions issued centrally.

- 5.8.2. Losses shall not be written off until all reasonable attempts to make a recovery have been made and have proved unsuccessful and there is no feasible alternative.
- 5.8.3. NIFRS should always pursue recovery of overpayments, irrespective of how they came to be made.
- 5.8.4. Special payments should only be authorised after careful appraisal of the facts and when satisfied that the best course has been identified.
- 5.8.5. NIFRS should ensure that full, justification is provided together with the necessary legal advice where appropriate and lessons learned clearly identified.
- 5.8.6. 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 appropriate officer as notified to the Department, for amounts below the delegated limit, and the Department, where appropriate.
- 5.8.7. Losses and special payments should be reported in the annual accounts in accordance with MPMNI and the latest FReM requirements.

5.9. Remedy

- 5.9.1. NIFRS should operate a clear accessible complaints process which should respond promptly and consistently and consider whether a remedy is appropriate in line with MPMNI.

5.10. Leasing

- 5.10.1. Prior Departmental and DOF approval is required for all property and finance leases as delegated authority has been removed. NIFRS must have DEL provision for finance leases and other transactions that are, in substance, a form of borrowing.
- 5.10.2. Before acquiring a new lease or continuing with an existing lease term, NIFRS must, at expiry or break option dates, submit a proportionate business case at least 12 months before either the lease expiry date or landlord /tenant notice date whichever is earlier. NIFRS must ensure that the lease demonstrates value for money and that this is appropriately demonstrated in the business case through analysis of options including leasing of alternative property assets and purchase.

- 5.10.3. Business cases must be submitted for Departmental approval in the first instance. The sponsor Department will then seek approval from DoF before expenditure is committed.

5.11. Public Private Partnerships

- 5.11.1. NIFRS should seek opportunities to enter into public/private partnerships where this would be more affordable and offer better value for money than conventional procurement.

- 5.11.2. All such proposals require Departmental / DoF approval. NIFRS must consult with the Department when considering any proposal to enter into such arrangements. Procurement by private finance is only considered suitable for capital projects of £50million and above, because less capital intensive projects seldom justify the relatively high procurement and management costs involved. For instance, PFI solutions are not usually considered appropriate for Information Communication Technology (ICT) projects. Private finance should only be used after the rigorous scrutiny of all alternative procurement options, where:

- the use of private finance offers better value for money for the public sector compared with other forms of procurement; and
- the public sector partner is able to predict the nature and level of its long term service requirements with a reasonable degree of certainty.

- 5.11.3. NIFRS should ensure adherence to DoF guidance on value for money assessments of alternative procurement options.

- 5.11.4. NIFRS should consult with the Department over the accounting and budgeting treatment for any private finance initiative. Where judgement over the level of control is difficult, the Department will consult DoF (who may need to consult with the Office of National Statistics over national accounts treatment).

5.12. Subsidiary Companies and Joint Ventures

- 5.12.1. NIFRS shall not establish subsidiary companies or joint ventures without the express approval of the Department and DoF. In judging such proposals, the Department will have regard to its own wider strategic aims, objectives and those of the Government.

- 5.12.2. For public expenditure accounts purposes, any subsidiary company or joint venture controlled or owned by NIFRS shall be consolidated with it in accordance with guidance in the FReM, subject to any particular treatment required by the FReM. Where the judgement over the level of control is difficult, the Department will consult DoF (who may need to consult with the Office of National Statistics over national accounts treatment). Unless specifically agreed with the Department and DoF, such subsidiary companies or joint ventures shall be subject to the controls and

requirements set out in this MSFM and to the further provisions set out in supporting documentation.

5.13. Financial Investments

- 5.13.1. NIFRS shall not make any financial investment without the prior written approval of the sponsor Department and, where appropriate, DoF, nor should 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 NIFRS shall equally be subject to Departmental and DoF approval unless covered by a specific delegation.

5.14. Unconventional Financing

- 5.14.1. NIFRS shall not enter into any unconventional financing arrangement without the approval of the Department and DoF. If NIFRS is using a new or non-standard technique, it should ensure that it has the competence to manage, control and track its use and any resulting financial exposures, which may vary with time. In particular, NIFRS should consult the Department before using derivatives for the first time. NIFRS must evaluate any such financing techniques carefully, especially to assess value for money and any proposal must be assessed in line with MPMNI chapter on funding.

5.15. Commercial Insurance

- 5.15.1. NIFRS shall not take out any insurance without the prior approval of the Department 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 in Managing Public Money Northern Ireland. Decisions on whether to buy insurance should be based on objective cost-benefit analysis, using guidance in the *Northern Ireland Guide to Expenditure Appraisal and Evaluation* (NIGEAE) (supported by additional DoF guidance).
- 5.15.2. In the case of a major loss or third-party claim, the Department shall liaise with NIFRS about the circumstances in which an appropriate addition to budget out of the Department's funds and/or adjustment to the Board's targets shall be considered. The Department will liaise with DoF Supply where required in such cases.

5.16. Employers Liability

- 5.16.1 NIFRS is listed in exemption Regulations made by the Department of Enterprise, Trade and Investment (now the Department for the Economy), under the Employer's Liability (Compulsory Insurance) (Amendment) Regulations (Northern Ireland) 2009, and therefore is not required to insure against liability for personal injury suffered by its employees.

5.17. Payment/Credit Cards

- 5.17.1. NIFRS, in consultation with the Department, shall ensure that procedures on the issue of payment cards (including credit cards) are in place. No payment/credit cards should be issued without the prior written approval of the NIFRS Accounting Officer.

5.18. Hospitality

- 5.18.1. NIFRS shall ensure that a comprehensive set of guidelines on the provision of hospitality is in place. Reference should be made to Departmental guidance.

5.19. Use of consultants

- 5.19.1. NIFRS must notify the Department of any occasion when it intends to use consultants, for what purpose, and submit consultancy business case in advance of any expenditure being committed. Prior Departmental/ DoF approval must be sought in line with current delegated limits. NIFRS shall also comply with current Departmental and DoF guidance on the Use of Consultants.
- 5.19.2. NIFRS will provide the Department with a quarterly statement on the status of all consultancies completed and/or started in each financial year.
- 5.19.3. Care should be taken to avoid actual, potential, or perceived conflicts of interest when employing consultants.

6. MANAGEMENT AND DISPOSAL OF ASSETS

6.1. Asset Management Strategy

- 6.1.1. Each public sector organisation is expected to develop and operate an asset management strategy underpinned by a reliable and up to date asset register which should be reviewed annually by the NIFRS Accounting Officer as part of the corporate planning process.
- 6.1.2. NIFRS must ensure effective use, maintenance, acquisition and disposal of the public sector assets under its control.
- 6.1.3. NIFRS should keep an asset register of all the capital assets it owns and uses.

6.2. Asset transfer between public bodies

- 6.2.1. Public sector organisations may transfer property among themselves without placing the asset on the open market, provided they do so at market prices and in appropriate circumstances and this is accounted for in compliance with MPMNI and FReM.

6.3. Machinery of Government changes

- 6.3.1. Some assets transfer due to machinery of government changes. The relevant legislation (Transfer Order) should prescribe the terms of any such transfer.
- 6.3.2. NIFRS should maintain information asset registers as part of their asset management strategy.

6.4. Register of Assets

- 6.4.1. NIFRS shall maintain an accurate and up to date register of fixed assets.

6.5. Disposal of Assets

- 6.5.1. NIFRS shall dispose of those assets that are surplus to its requirements in compliance with current policy. Assets should be sold for best price, as advised by Land & Property Services. Assets shall be sold by auction or competitive tender as advised by Land & Property Services (unless otherwise agreed by the Department) and in accordance with the principles of MPMNI provided that NIFRS is satisfied that the articles are spent, redundant or surplus to requirement.
- 6.5.2. Other than at a public auction, no article shall pass into the possession of any member of staff of NIFRS or member of the Board without approval of the Department.
- 6.5.3. All receipts derived from the sale of assets (including grant financed assets, see below) must be declared to the Department, which will consult with DoF on the appropriate treatment.

6.6. Recovery of Grant – Financed Assets

- 6.6.1. Where NIFRS has financed expenditure on capital assets by third parties, NIFRS shall set conditions and make appropriate arrangements to ensure that assets are not disposed of without NIFRS prior consent.
- 6.6.2. NIFRS shall ensure that any grants to third parties for the acquisition of assets should normally include a clawback condition under which they can recoup the proceeds if the recipient of the grant later sells the asset.
- 6.6.3. NIFRS shall ensure that, if the assets created by grants made by NIFRS 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 NIFRS for surrender to the Department. The amount recoverable 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.

7.

BUDGETING PROCEDURES

7.1. Setting the Annual Budget

- 7.1.1. Each year, in the light of decisions by the Department on NIFRS updated draft corporate plan, the Department will send to NIFRS:
- (a) a formal statement of the annual budgetary provision allocated by the Department in the light of competing priorities across the Department and of any forecast income approved by the Department; and
 - (b) a statement of any planned change in policies affecting NIFRS.
- 7.1.2. NIFRS approved annual business plan will take account both of its approved funding provision and 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 Departmental funding and/or other income over the year. These elements will form part of the approved business plan for the year in question (Section 4.1 of the Management Statement).
- 7.1.3. Any Grant-in-Aid provided by the Department for the year in question will be voted in the Department's Estimate and will be subject to Assembly control.

7.2. General Conditions for the Authority to Spend

- 7.2.1. Once the NIFRS budget has been approved by the Department (and subject to any restrictions imposed by Statute/the Minister/this MSFM or any other circulars, directives, and best practice guidance that may issue from, or by way of, the Department), NIFRS shall have authority to incur expenditure approved in the budget without further reference to the Department, on the following conditions:
- NIFRS shall comply with the delegations issued by the Department in HSC(F) 52-2016 (Appendix 1 (FM)). These delegations shall not be altered without the prior agreement of the Department and DoF;
 - NIFRS shall comply with the conditions set out in paragraph 2.3 above regarding novel, contentious or repercussive proposals;
 - inclusion of any planned and approved expenditure in the NIFRS budget shall not remove the need to seek formal Departmental (and, where necessary, DoF) approval where such proposed expenditure is above the delegated limits, or is for new schemes not previously agreed;
 - NIFRS shall provide the Department with such information about its operations, performance, individual projects or other

expenditure as the Department may reasonably require (see paragraph 7.3 below); and

- NIFRS shall comply with NI Procurement Policy and carry out procurement via a recognised and approved CoPE.

7.3. Providing Monitoring Information to the Department

7.3.1. NIFRS shall provide the Department with information on a regular basis which will enable the satisfactory monitoring by the Department of:

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

Other information requirements are listed at Appendix 2 (FM).

8. BANKING

8.1. Banking Arrangements

8.1.1. NIFRS Accounting Officer is responsible for ensuring that NIFRS banking arrangements are in accordance with the requirements of Chapter 5 of *MPMNI*. In particular, the Accounting Officer shall ensure that the arrangements safeguard public funds and that their implementation ensures efficiency, economy and effectiveness. This responsibility remains even with the current banking pool arrangements. Accounting Officers are responsible for the credit risk to which public funds are exposed when held in commercial banks. It is important that they manage this risk actively, so that it is kept to a minimum. This means using the most efficient and cost effective money transmission methods and securing the best terms possible from banks. NIFRS should seek the advice of the Department before opening new bank accounts.

8.1.2. NIFRS Accounting Officer 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 the Department's Accounting Officer to enable the latter to satisfy his/her own responsibilities;
- NIFRS 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.

9. COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE

9.1. Relevant Documents

9.1.1. NIFRS 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;
- *Managing the Risk of Fraud* issued by DoF;
- *The Government Financial Reporting Manual (FReM)* (Treasury document) 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;
- *PFI - Working Together in Financing our Future: Policy Framework for Public Private Partnerships in Northern Ireland* available at:
<http://webarchive.proni.gov.uk/20141007005953/http://www.ofmdf.mni.gov.uk/maindoc.pdf>.
- Other relevant instructions and guidance issued by the central Departments (DoF/The Executive Office (TEO)) including Procurement Board and CPD guidance;
- Specific instructions and guidance issued by the Department;
- Recommendations made by the Public Accounts Committee, or by other Assembly/Parliamentary authority, which have been accepted by the Government and which are relevant to the Board.

10. REVIEW OF FINANCIAL MEMORANDUM

- 10.1.** This Financial Memorandum will normally be formally reviewed every four years, or following a review of NIFRS functions as provided for in the Management Statement.
- 10.2.** The Department of Finance will be consulted on any significant variation proposed to the Management Statement and Financial Memorandum.

Revision of HSC and NIFRS Delegated Limits and requirements for Departmental/ DoF approval

1. DoF has updated some of the delegated limits per (DAO (DPF) 06/12) providing guidance on the revised arrangements for Departmental delegations, following the restructuring of the new nine Departments, and the associated requirements for DoF approval. The revised DAO can be found at: https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/daodfp0612_revised%20280716_0.pdf . The principles of DAO (DFP) 06/12 still remain and reminds organisations of the guidance contained in MPMNI relating to the authority for expenditure, regularity, propriety and value for money and the requirement to ensure that the principles of appraisals are applied when expending resources. The relevant extracts are included at **Annex A**.
2. This circular sets out the delegations between DoH and Health and Social Care bodies and NIFRS and conveys delegated authority to commit and incur expenditure subject to the restrictions set out at table A below and per **Annex B and Annex C**.
3. The main changes to delegated limits are:
 - Capital Projects
 - DoH delegated limit excluding hospital schemes has increased from £1m to £2m
 - Trusts delegated limit, excluding hospital schemes, has increased from £500k to £1.5m
 - New delegated limit introduced for PHA lead Research and development of £1.5m
 - Trusts delegated limit for hospital schemes has also increased from £500k to £1.5m
 - Gifts has increased from £100 to £250 for all bodies;

- Ex-Gratia Financial Remedy Payments (i.e.those made to complainants through an organisation's internal complaints procedures/processes increased from £250 to £500;
- Overpayments - Foregoing the recoupment of overpayments of pay, pensions and allowances ; Pensions from £500 to £1,000;
- Clinical negligence – delegated limit increased from £500k to £1m;
- Delegated limit for all leases for Office / warehouse / storage accommodation is nil for all bodies;
- DoH Delegated limit for EU Peace IV and In VA Programmes has increased from £2m to £5m. Delegated limits for all bodies remains NIL.

4. The table below summarises the main financial delegated limits where the Department has given delegated authority to HSC and NIFRS to spend within those limits. This must be read in conjunction with Annex B and Annex C which contains a full list of delegations for which HSC bodies and NIFRS have NO delegated authority other than those listed below.

All proposed expenditure which is set to exceed the HSC/NIFRS delegated limit must receive the appropriate prior approval before commitment to spend.

TABLE A

Area of Delegation	HSC/NIFRS Delegated Limit	DoH Delegated Limit
Use of External Consultants	HSC Bodies - £10,000 NIFRS - £10,000	£75,000
Capital Expenditure (excluding hospital schemes)	HSC Board & Trusts - £1,500,000 BSO £250,000 PHA - £50,000 PHA R&D - £1,500,000 NIBTS - £200,000 Other HSC Bodies - £10,000 NIFRS - £250,000	£2,000,000
Hospital Schemes – New Build, Extension, Refurbishment and Equipment involving capital expenditure	HSC Board & Trusts - £1,500,000 BSO - £250,000 PHA - £50,000 NIBTS - £200,000 Other HSC Bodies - £10,000	£5,000,000
IT Projects	HSC Board; Trusts; BSO; PHA; £250,000	£1,000,000

Area of Delegation	HSC/NIFRS Delegated Limit	DoH Delegated Limit
	NIBTS - £200,000	
	NIMDTA - £20,000	
	Other HSC Bodies - £10,000	
	NIFRS - £250,000	
Gifts	£250	£250
Losses – write off of cash losses and cash equivalents, bookkeeping losses, exchange rate fluctuations, fruitless payments and constructive losses, property in stores or in use due to any deliberate act	HSC Bodies £10,000 NIFRS - £1,000	n/a*
Losses -. The write off of losses relating to pay, allowances, superannuation benefits, social security benefits, grants, subsidies and the failure to make adequate charges for use of public property or services and loans - as per guidance in MPMNI	All HSC Bodies and NIFRS - Nil**	Nil**
Losses - Waived of Abandoned claims	HSC Bodies £10,000 NIFRS - £1,000	£100,000
Special payments / Ex-Gratia Payments	All HSC Bodies - £10,000 NIFRS - £1,000	£100,000
Overpayments - Foregoing the recoupment of overpayments of pay, pensions and allowances	All HSC Bodies and NIFRS - £1,000 (pay & allowances) £1,000 (pensions)	£20,000
Overpayments - Foregoing the recoupment of overpayments of grants	All HSC Bodies and NIFRS - Nil**	Nil**
Special severance payments	All HSC Bodies and NIFRS - Nil**	Nil**
Ex-Gratia Financial Remedy Payments (i.e..those made to complainants through an organisation's internal complaints procedures/processes)	All HSC Bodies and NIFRS - £500	£500
Ex-Gratia Payments to be made as a result of a recommendation from the NI Public Services Ombudsman	All HSC Bodies - £10,000 NIFRS - £1,000	£50,000
Compensation payments for Clinical Negligence (to include interim payments if overall settlement is expected to exceed delegated limits) To include agreement of Periodic Payment Orders (PPOs)	HSC Bodies £1,000,000 NIFRS n/a	£2,000,000
Compensation payments following legal advice (This would include all personal injury and public liability claims)	HSC Bodies - £25,000 NIFRS - £1,000	£100,000
Compensation payments without legal advice	All HSC Bodies and NIFRS - Nil	£10,000
Extra-Statutory and Extra-Regulatory payments	All HSC Bodies and NIFRS - Nil	£100,000

Area of Delegation	HSC/NIFRS Delegated Limit	DoH Delegated Limit
Confidentiality Agreements	Nil	Nil
Grants: Revenue Capital	All HSC Bodies and NIFRS £500k per annum £200k in total	£500k per annum £200k in total
Leases for office accommodation/ warehousing / storage	- All HSC Bodies and NIFRS Nil	Nil
Pay remits	All HSC Bodies and NIFRS Nil	Nil
Revenue Business cases	NIFRS - £250,000 All other HSC Bodies – fully delegated	Nil

* DoH has full delegated authority

**Prior DoH and DoF approval required in all cases

6. It is mandatory for HSC bodies and NIFRS to obtain prior Departmental approval for expenditure above those limits outlined above and per Annex B & C attached. Failure to obtain the required DoF approvals will result in regularity and propriety issues. Any expenditure which falls outside a Department's delegated authority and which has not been approved by DoF is deemed irregular and could result in qualified accounts and investigation by PAC.
7. Where expenditure proposals exceed the Department's delegated limits, DoF Supply will act as the approving authority.
8. All expenditure which is novel, contentious, repercussive or which could set a potentially expensive precedent, irrespective of size, even if it appears to offer value for money taken in isolation **must** have Departmental and DoF approval before expenditure is committed.

Further Guidance

9. For further details on these categories of expenditure, including approvals procedures, HSC Bodies and NIFRS should refer to Managing Public Money Northern Ireland¹ and NIGEAE², as well as current Departmental finance guidance on:

- The use of professional services (including consultants)
- Losses and special payments
- Claims handling (including clinical negligence and personal injury litigation)
- Fraud
- Capital

Process for approval of expenditure

10. Any payments / expenditure that require Departmental approval must be submitted through Financial Policy and Accountability Unit, who will act as a single point of contact through whom all liaison with DoF on significant financial matters, including approvals, should be conducted. This is to ensure that appropriate Departmental approvals have been obtained and that regularity, propriety and VFM have been adhered to.
11. It has been agreed that the Infrastructure Investment Director will be the contact point for all such submissions concerning capital.

Should you have any queries please contact the following

Paula Shearer 02890 765689
Sharon Allen (Capital) 02890 523169

Action Required

12. HSC Bodies and NIFRS to note the requirements to obtain prior Departmental approval before committing expenditure outside the delegations conveyed by this letter. This circular should therefore be circulated as appropriate

¹ <https://www.finance-ni.gov.uk/articles/managing-public-money-ni-mpmni>
² <https://www.finance-ni.gov.uk/topics/finance/northern-ireland-guide-expenditure-appraisal-and-evaluation-nigeae>

throughout your organisation, and schemes of delegation revised and updated accordingly.

Yours sincerely

PAULA SHEARER

Financial Policy, Accountability and Counter Fraud Unit

Extract from revised DAO (DFP) 06/2012

Expenditure Appraisal and Evaluation

1. FD(DFP) 20/09 draws departments' attention to the Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE), which contains DoF's core guidance on the appraisal, evaluation, approval and management of policies, programmes and projects. The principles of appraisal should be applied, with proportionate effort, to every proposal for spending or saving public money, or proportionate changes in the use of public sector resources. For example, appraisal must be applied irrespective of whether the relevant public expenditure or resources:
 - involve capital or current spending, or both;
 - are large or small;
 - are above or below delegated limits.
2. Appraisal is a systematic process for examining alternative uses of resources. It is designed to assist in defining problems and finding the solutions which offer the best value for money. It is a way of thinking expenditure proposals through, right from the emergence of the need for a project through its implementation, to post-project evaluation. It is the established vehicle for planning and approving projects and other expenditures. Good appraisal leads to better decisions and use of resources. It facilitates good project management and project evaluation. Appraisal is not optional; it is an essential part of good financial management, which is vital to decision-making and crucial to accountability. But it must also be proportionate.
3. It is important to begin applying appraisal early in the gestation of any proposal which has expenditure or resource implications. The justification for incurring any expenditure at all should be considered. Appraisal should be applied from the emergence of a need right through to the recommendation of the most

cost-effective course of action. It should not be regarded merely as the means to refine the details of a predetermined option.

4. It should be noted that delegations do not remove the need for appraisal or evaluation. All expenditure, including that below delegation limits, must be appraised and evaluated with effort that is proportionate to the resources involved, with due regard to the specific nature of the case. NIGEAE provides more detailed guidance on the application of appropriate and proportionate effort.

Implementation of delegated authority

5. This DAO restates a number of working arrangements which are intended to facilitate the efficient implementation of delegated authority and the achievement of accountability and value for money. They are part of the internal controls of a department and should facilitate an Accounting Officer in signing the Governance Statement.

Management Arrangements

- i. Departments should nominate a senior official, preferably the Departmental Finance Director, to assist in the discharge of all aspects of the delegation arrangements within the department. This official should act as a single point of contact through whom all liaison with DoF on significant financial matters, including approvals, should be conducted, unless alternative arrangements are agreed with DoF. Departments should inform DoF of the name and job title of this point of contact and notify DoF of any subsequent change.
- ii. Expenditure above delegated limits generally requires specific DoF approval. The normal procedure for seeking DoF approval is to submit a suitable business case to the appropriate DoF Supply Division in accordance with the guidance in NIGEAE.
- iii. All cases presented to DoF for approval must confirm that the department is content with the regularity, propriety and value for money

of the project and the project has the necessary approvals within the departmental Accounting Officer's delegated arrangements. Where it is clear to DoF that a case has been submitted without proper departmental approval procedures being followed, the case will be returned without consideration.

- iv. It should be noted that where DoF approval is required, expenditure should not be committed until DoF approval has been granted. Where DoF's approval has not been sought, DoF will not generally grant retrospective approval where the relevant expenditure has already been committed or the works have commenced.
- v. The practice of consulting DoF informally during the course of development of a project is strongly encouraged, particularly where the project is deemed to be complicated, novel or contentious. However, such informed consultation does not remove the need for a department to formally submit the project for DoF approval if that is required. DoF will not confirm its formal view of any proposal unless the department has provided confirmation of its Accounting Officer's view (under the responsibility of the Accounting Officer) on the regularity, propriety and value for money of the relevant proposed expenditure.

Appraisals and Post Project Evaluations

- vi. All departments should ensure that their operating procedures and guidance on conducting economic appraisals comply with NIGEAE, are recorded in a Finance Manual, that this Manual is kept updated regularly, and that those who are involved in the economic appraisal process have access to it.

vii. The Departmental Finance Director should ensure that commensurate Post Project Evaluations (PPEs) are completed in accordance with the principles set out in NIGEAE that lessons learnt are shared within the department (and, where appropriate, with other departments). A copy of the PPE should be forwarded to DoF Supply if it formed a condition of the approval. Departmental Finance Manuals should ensure that appropriate procedures are established for PPEs.

Review of Processes

viii. Each department should carry out an annual review (independent of the spending areas) of the processes in relation to the appraisal of cases and PPEs that fall within its delegated limits, to ensure that the proper processes are being followed and the delegation limits set out in this DAO adhered to. If a department has evidence-based confidence in its internal controls, it may decide to implement a cycle of reviews, taking a different part of the department each year.

Review of Economic Appraisals/PPEs

ix. In addition to the annual review of processes described at (viii) above, departments should conduct ad hoc 'test drilling' of economic appraisals and PPEs that fall (a) within their delegated limits and (b) within the delegated limits given to their sponsored bodies, to ensure that the appropriate appraisal standards have been applied in accordance with NIGEAE guidance and that decisions have been taken on a proper basis. The review should be undertaken independent of the spending area. A department may undertake a cycle of reviews concentrating on the higher risk areas. A report of

the findings of the examination of individual cases should be provided by departments to the Departmental Accounting Officer and to DoF Supply on an annual basis, by 30 June each year. This should provide further assurance to the Departmental Accounting Officer in signing off the Annual Governance Statement.

- x. Departments should submit to DoF Supply a list of all appraisals above the level agreed with their Supply Officer. Supply may request a sample of those cases for review, to confirm the effectiveness of departments' control systems (in line with the criteria in MPMNI A.2.3.8). Any necessary corrective action identified should be implemented within an agreed timescale.

AREAS REQUIRING DoF APPROVAL FOR ALL DEPARTMENTS

	Details	Reference
Where DoF approval (in writing) is required:		
Use of Resources		
1	Public statements which might imply a willingness on the part of the Executive to commit resources or incur expenditure beyond agreed levels	MPMNI Box A.2.3.A
2	Guarantees, indemnities or general statements/ letters of comfort which could create a contingent liability	MPMNI Box A.2.3.A
3	All expenditure which is novel, contentious, repercussive or which could set a potentially expensive precedent, irrespective of size, even if it appears to offer value for money taken in isolation	MPMNI Box A.2.3.A Box 2.3
4	Expenditure that could create pressures which could lead to a breach of: <ol style="list-style-type: none"> 1. Departmental Expenditure Limits (DELs); 2. resource limits or capital limits; or 3. Estimates provision. 	MPMNI Box A.2.3.B
5	Expenditure that would entail contractual commitments to significant levels of spending in future years for which plans have not been set	MPMNI Box A.2.3.B
6	Legislation with financial implications as per guidance in MPMNI	MPMNI A.2.2.1
7	New services under the sole authority of the Budget Act	MPMNI A.2.5.15
8	Loans – on borrowing from the Northern Ireland Consolidated Fund for Contingencies	MPMNI A.2.5.9 MPMNI A.2.5.11
Accounting Officers		
9	Appointment of the permanent head of each central government department to be its Accounting Officer	MPMNI 3.2.1
10	Appointment of an Accounting Officer for a Trading Fund (TF)	Financial Provisions NI Order 1993 and MPMNI 3.2.2
Internal Management		
11	Gifts – Giving any individual gift in excess of £250. Refer to Table A for HSC and NIFRS Delegation	MPMNI A.4.12.3

12	Insurance – Decision to purchase commercial insurance.	MPMNI 4.4.1 – 4.4.2
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	Details	Reference
13	Losses – The write off of losses relating to pay, allowances, superannuation benefits, social security benefits, grants, subsidies and the failure to make adequate charges for use of public property or services and loans - as per guidance in MPMNI - Refer to Table A for HSC and NIFRS Delegation	MPMNI Annex A.4
14	Losses - Waived or Abandoned claims above £100,000 and Special payments e.g. ex gratia over £100,000. To include the foregoing the recoupment of overpayments of pay, pensions and allowances over £20,000 and the recoupment of overpayments of grants. Refer to Table A for HSC and NIFRS Delegation	MPMNI A.4.10.2 & Box A.4.10.A MPMNI A.4.11
15	Payments – Advance payments excluding those allowed under the guidance in MPMNI	MPMNI A.4.6.5
16	Payments – Deferred payments excluding those allowed under the guidance in MPMNI	MPMNI A.4.6.9
17	Payments - Special severance payments - Refer to Table A for HSC and NIFRS Delegation	MPMNI A.4.13.9
18	Payments – Financial Remedy Payments over £500 (ie payments made to complainants through an organisations internal complaints procedures/processes) and payments over £50,000 to be made as a result of a recommendation from the Northern Ireland Public Services Ombudsman	MPMNI A.4.14.8
Funding		
19	Banking – Proposals to open an account outside the pool or any proposed changes to Banking Pool arrangements	MPMNI 5.8.2 MPMNI A.5.7.3 MPMNI Box A.5.7.B
20	Banking – Requests for indemnities that commercial banks may seek to replace their normal arrangements	MPMNI Box A.5.7B
21	Borrowing from the Private Sector for all Arms Length Bodies (ALBs)	MPMNI 5.7.1
22	Borrowing on terms more costly than those usually available to government	MPMNI A.5.6.11
23	Borrowing – foreign borrowing	MPMNI A.5.6.12
24	Foreign Currency - Any proposals to negotiate contracts in foreign currencies other than the euro, yen or US dollar	MPMNI A.5.7.13
25	Income - Use of income and cash by departments to meet expenditure needs if there is no specific legislation	MPMNI A.5.3.1 MPMNI A.5.3.5

26	Income & Receipts - Increases to the amount that can be treated as an accruing resource	MPMNI A.5.3.8 MPMNI A.5.3.9
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	Details	Reference
	during a financial year in order to finance a comparable increase in expenditure as per in-year monitoring/budgeting guidance	
27	Liabilities – Departments seeking statutory authority to accept liabilities	MPMNI A.5.5.5
28	Liabilities – Assuming statutory liabilities including the liabilities of any sponsored bodies in excess of £1 million for any single transaction	MPMNI A.5.5.14
29	Liabilities – Reporting non-statutory, where required, to the Assembly	MPMNI A.5.5.23
30	Liabilities – Reporting a contingent liability in confidence by writing to the Chair of the PAC	MPMNI A.5.5.28
31	Liabilities – Departments should consult DoF about reporting a liability during recess and outside Assembly sessions during a dissolution	MPMNI A.5.5.30 MPMNI A.5.5.34
32	Loans – proposals to make voted loans and premature repayment	MPMNI 5.6.1 MPMNI A.5.6.2
Fees, Charges and Levies		
33	Charges - Primary legislation to empower charging	MPMNI 6.2.1
34	Charges - Restructuring charges using the Fees and Charges (NI) Order 1988 No. 929 (N.I.8) in line with guidance in MPMNI	MPMNI Box 6.2
35	Charges - Public sector supplier moving away from full cost charging	MPMNI A.6.4.8
36	Interdepartmental Transactions – where the transaction may require legislative procedures or where DoF agreement is required under statute	MPMNI A.6.6.3
Working with Others		
37	Agency framework documents and the methods of financing an agency	MPMNI 7.4.2 & Box 7.2
38	All Management Statements and Financial Memorandums (MSFM) or other relationship documents	MPMNI 7.7.6
39	The establishment or termination of an NDPB	Public Bodies: A Guide for NI Departments
40	The establishment and operation of a Trading Fund including sources of capital	Financial Provisions NI Order 1993 and MPMNI A.6.6.3, MPMNI 7.5.2, 7.5.4 & Box 7.3
41	Provision of funding by way of an Endowment Fund	A.5.1.10
42	Grants to Councils under the Local Government (Finance) Act (NI) 2011	Local Government (Finance) Act (NI) 2011
Other Delegations		

43	Wider market projects where the full annual cost or aggregated annual income from such	MPMNI A.7.6.6
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	Details	Reference
	services exceeds, or is expected to exceed thresholds agreed by DoF	
44	Assets - Transfer or disposal of assets at less than market value.	
45	Assets – to appropriate any sums realised as a result of selling an asset above the deminimis level in the DoF Budget/In-year Monitoring Guidance	
46	Assets – to allow an organisation to retain receipts arising from the sale of assets funded by grant or grant-in-aid above the deminimis level in the DoF Budget/In-year Monitoring Guidance	
47	Compensation payments without legal advice - Individual compensation claims settled out of court over £10,000. - Refer to Table A for HSC and NIFRS Delegation	
48	Compensation payments following legal advice - Individual compensation claims settled out of court over £100,000 where the legal advice is that the department will not win the case if contested in court. - Refer to Table A for HSC and NIFRS Delegation	
49	Consultants – Expenditure on external consultancy projects over £75,000 Expenditure on external consultancy assignments co-funded by the Strategic Investment Board over £150k – Refer to Table A for HSC and NIFRS Delegation	FD(DOF)07/12 Minute to Principal Finance Officers dated 19 April 2004
50	Estimates – form and content of Main and Supplementary Estimates.	Supply Estimates in Northern Ireland – A Guidance Manual
51	Virement	Supply Estimates in Northern Ireland – A Guidance Manual
52	Fraud – any departure from immediate reporting (not including National Fraud Initiative (NFI) for which separate arrangements have been agreed	FD(DFP) 02/13
53	IT projects over £1 million Refer to Table A for HSC and NIFRS Delegation	CONSIDER AGAINST AGILE
54	Capital Projects - All other expenditure on Capital Projects involving over £2million of Central Government expenditure unless other delegations specifically allow - Refer to Table A for HSC and NIFRS Delegation	
55	Projects - All PFI + 3PD projects at key stages as stipulated in NIGEAE	NI Guide to Expenditure Appraisal and Evaluation

		MPMNI A.7.5.4 FD(DFP) 20/09 FD(DFP) 17/11
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	Details	Reference
56	Receipts – repayment of CFERs from the Northern Ireland Consolidated Fund	
57	Redundancy – All staff redundancy schemes not covered by existing regulations or which are more generous than existing NICS scheme.	
58	EU - All expenditure over £5 million under the EU Programmes for which the Special EU Programmes Body is responsible rather than with a threshold of £2 million.	Letter to Finance Directors & EUSG Members 2 March 2011
59	Pay Remits - Refer to Table A for HSC and NIFRS Delegation	FD Letter - Pay Remit Approval Process and Guidance
60	All leases for Office Accommodation (including supporting storage or warehousing) – both new and existing extension or renewal beyond break points. Excluding offices outside Northern Ireland - Refer to Table A for HSC and NIFRS Delegation	Letter to Accounting Officers 28 July 2014

Specific DEPARTMENT OF HEALTH delegations

Ref number	Details	Reference
Where DFP approval (in writing) is required:		
1	Hospital Schemes – New Build, Extension, Refurbishment and Equipment involving capital expenditure over £5m. Refer to Table A for HSC and NIFRS Delegation	
2	Third Party Development schemes for health and social care/ service provision.	
3	All grants/awards to the Voluntary and Community Sector: Revenue Grants £500,000 per annum Capital Grants £200,000 - Refer to Table A for HSC and NIFRS Delegation	
4	Medical/Clinical Negligence settlements over £2m. - Refer to Table A for HSC and NIFRS Delegation	
5	Staff redundancy schemes.	
6	Provisions concerning appointment of officers.	Fire Services (NI) Order 1984
7	Doctors Qualifications.	HPSS Order 1972 Article 107(6)
8	Doctors Rights/Working Conditions.	HPSS Order 1972 Article 107(6)
9	Requirement to maintain list of Doctors/Dentists by Boards/Departments.	HPSS Order 1972 Article 107(6)
10	Terms of Service for Medical Professionals.	HPSS Order 1972 Article 107(6)
11	Prescription Charges.	HPSS Order 1972 Article 98 (2) Schedule 15

APPENDIX 2 (FM)

Core Departmental Information Requirements

1. *INFORMATION TO BE PROVIDED ROUTINELY DURING THE FINANCIAL YEAR*
 - 1.1 Minutes of Board and all Committee meetings (to be forwarded to the Department as soon as possible following each meeting)
 - 1.2 Internal audit reports where substantive assurance not achieved (immediately following report)
 - 1.3 Inspection/review reports (immediately following receipt of report by NIFRS)
 - 1.4 Monthly financial monitoring returns (to enable the Department to exercise both Estimate and budgetary control)
2. *OTHER INFORMATION TO BE PROVIDED*
 - 2.1 Corporate/Business Plan (to be forwarded to the Department, in draft form, prior to sign-off by the NIFRS Board in February/March)
 - 2.2 Internal audit work plan for the forthcoming year (to be forwarded in February/March)
 - 2.3 Internal audit report for the previous year (to be forwarded in May/June)
 - 2.4 Business Continuity plan (to be updated at least annually, and forwarded to the Department thereafter)
 - 2.5 Risk register (to be updated at, least annually, and forwarded to the Department in March/April)
 - 2.6 Assurance Framework (to be updated, at least annually, and forwarded to the Department in March/April)
 - 2.7 Mid-year Assurance Statement, end of year Governance Statement (to be forwarded to the Department in October/November and May/June respectively)

12	Optical Charges.	HPSS Order 1972 Article 98 (2) Schedule 15
13	Dental Charges.	HPSS Order 1972 Article 98 (2) Schedule 15