



MANAGEMENT STATEMENT AND FINANCIAL MEMORANDUM

**CHARITY COMMISSION FOR NORTHERN IRELAND (CCNI)
MANAGEMENT STATEMENT**

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Definitions

In this memorandum:

“Board”	means the CCNI’s Board of Commissioners
“Body”	means “CCNI”
“C&AG”	means the Comptroller and Auditor General for Northern Ireland
CCNI	means the Charity Commission for Northern Ireland
“The Chairman”	means the Chief Commissioner of the Board
“Chief Executive”	means the senior executive official of CCNI
Commissioner	means a member of the Board of CCNI
“DAO”	means “Dear Accounting Officer” letter
“DEL”	means “Departmental Expenditure Limits”
“DFP”	means the Department of Finance and Personnel
“DFPO”	means “Dear Principal Finance Officer” letter
“DSD”	means the Department for Social Development
“the Department”	means the Department for Social Development
“the Financial Memorandum”	means the Financial Memorandum within the latter part of this document.
“FREM”	means Financial Reporting Manual.
“GIAS”	means Government Internal Audit Standards

“Grant”	means any form of payment, of which “grant-in-aid” is an asset
“the Management Statement”	means this Statement and all attachments
“Members’ Agreement”	is the agreement entered into between the Department and the CCNI recording details of their relationship
“Minister”	means the Minister of DSD.
“MPMNI”	means the Managing Public Money Northern Ireland guide
“MSFM”	means the <i>Management Statement</i> and <i>Financial Memorandum</i> document
“Public Service Agreement (PSA)”	means the published annual statement of aims and objectives of a government department
“PFO”	means Principal Finance Officer
“UK”	means the United Kingdom of Great Britain and Northern Ireland
“UK GAAP”	means generally accepted accounting practice in the United Kingdom
“URCDG”	Urban Regeneration and Community Development Group
“VCU”	Voluntary & Community Unit
“Voted”	means provision voted by the Northern Ireland Assembly

1. INTRODUCTION

The Charity Commission for Northern Ireland (CCNI) was established as a non departmental public body under the Charities Act (Northern Ireland) 2008 on 27 March 2009 to provide a system of regulation and registration of charities operating in Northern Ireland. CCNI will be funded by DSD as set out in the Financial Memorandum.

1.1 This Document

1.1.1 *This Management Statement and Financial Memorandum (MSFM) has been drawn up by DSD in consultation with CCNI and agreed with the Department of Finance and Personnel (DFP). The document is based on a model prepared by DFP.*

1.1.2 The terms and conditions set out in this MSFM may be supplemented by guidelines or directions issued by DSD/Minister (in accordance with the “arm’s length” principle) in respect of the exercise of any individual functions, powers and duties of the NDPB.

1.1.3 A copy of this MSFM should be given to all newly appointed Commissioners, senior CCNI staff and departmental sponsor staff on appointment. Additionally the MSFM should be tabled for the information of Board Members at least annually at a full meeting of the Board. Amendments made to the MS/FM should also be brought to the attention of the full Board on a timely basis.

1.1.4 *Subject to the legislation noted below, this Management Statement sets out the broad framework within which CCNI will operate, in particular:*

- CCNI’s overall aims, objectives and targets in support of DSD’s wider strategic aims and the outcomes and targets contained in its current Public Service Agreements (PSA);
- the rules and guidelines relevant to the exercise of the CCNI’s functions, duties and powers;
- the conditions under which any public funds are paid to CCNI; and
- how CCNI is to be held to account for its performance.

1.1.5 *The associated Financial Memorandum sets out in greater detail certain aspects of the financial provisions which CCNI shall observe. However, the Management Statement and the Financial Memorandum do not convey any legal powers or responsibilities.*

1.1.6 *The document shall be periodically reviewed by DSD in accordance with the timetable referred to in section 7 below.*

1.1.7 CCNI, DSD or the Minister, may propose amendments to this document at any time. Any such proposals by CCNI shall be considered in the light of evolving Departmental policy aims, operational factors, developments in charity regulation across the UK and the track record of CCNI itself. The guiding principle shall be that the extent of flexibility and freedom given to CCNI shall reflect both the quality of its internal controls to achieve performance and its operational needs. DSD shall determine what changes, if any, are to be incorporated in the document. Legislative provisions shall take precedence over any part of the document. Significant variations to the document shall be cleared with DFP Supply after consultation with CCNI, as appropriate. (The definition of “significant” will be determined by DSD in consultation with DFP, having first taken the views of CCNI).

1.1.8 *The MSFM is approved by DFP Supply, and signed and dated by DSD and CCNI’s Chief Executive.*

1.1.9 *Any question regarding the interpretation of the document shall be resolved by DSD after consultation with CCNI and, as necessary, with DFP Supply.*

1.1.10 *Copies of this document and any subsequent substantive amendments shall be placed in the library of the Assembly. (Copies shall also be made available to members of the public on CCNI’s website).*

1.2 *Founding legislation; status*

CCNI is a non departmental public body established under the Charities (Northern Ireland) Act 2008 sponsored by the Department for Social Development. The objectives and aims of CCNI are set out in Part 2 of the Act. CCNI does not carry out its functions on behalf of the Crown.

1.3 *The functions, duties and powers of CCNI*

The functions, duties and powers of CCNI are set out in Part 2 clauses 6 – 10 of the Charities Act (NI) 2008 as below:-

The Charity Commission for Northern Ireland

(1) There shall be a body corporate to be known as the Charity Commission for Northern Ireland (in this Act referred to as “the Commission”).

(2) The Commission shall consist of a chair, a deputy chair and at least 3, but no more than 5, other members.

(3) The members shall be appointed by the Department.

(4) The Department shall exercise the power in subsection (3) so as to secure that —

- (a) the knowledge and experience of the members of the Commission (taken together) includes knowledge and experience of the matters mentioned in subsection (5), and
 - (b) at least 1 member is legally qualified
- (5) The matters mentioned in this subsection are—
- (a) the law relating to charities,
 - (b) charity accounts and the financing of charities, and
 - (c) the operation and regulation of charities of different sizes and descriptions.
- (6) A person is not legally qualified for the purposes of subsection (4)(b) unless the person is a barrister or solicitor of not less than 7 years' standing.
- (7) Schedule 1 makes further provision with respect to the Commission.
- (8) Subject to Schedule 1, section 19 of the Interpretation Act (Northern Ireland) 1954 (c. 33) applies to the Commission.

The Commission's objectives [j11]

7. (1) The Commission has the objectives set out in subsection (2).

(2) The objectives are —

1. The public confidence objective.
2. The public benefit objective.
3. The compliance objective.
4. The charitable resources objective.
5. The accountability objective.

(3) Those objectives are defined as follows —

1. The public confidence objective is to increase public trust and confidence in charities.
2. The public benefit objective is to promote awareness and understanding of the operation of the public benefit requirement.
3. The compliance objective is to promote compliance by charity trustees with their legal obligations in exercising control and management of the administration of their charities.
4. The charitable resources objective is to promote the effective use of charitable resources.

5. The accountability objective is to enhance the accountability of charities to donors, beneficiaries and the general public.
- (4) In this section “the public benefit requirement” means the requirement in subsection (1)(b) of section 2 that a purpose falling within subsection (2) of that section must be for the public benefit if it is to be a charitable purpose.

The Commission's general functions

8. (1) The Commission has the general functions set out in subsection (2).
- (2) The general functions are—
 1. Determining whether institutions are or are not charities.
 2. Encouraging and facilitating the better administration of charities.
 3. Identifying and investigating apparent misconduct or mismanagement in the administration of charities and taking remedial or protective action in connection with misconduct or mismanagement therein.
 4. Determining whether public collection certificates should be issued, and remain in force, in respect of public charitable collections.
 5. Obtaining, evaluating and disseminating information in connection with the performance of any of the Commission’s functions or meeting any of its objectives.
 6. Giving information or advice, or making proposals, to the Department on matters relating to any of the Commission’s functions or meeting any of its objectives.
- (3) The Commission’s fifth general function includes (among other things) the establishment and maintenance of an accurate and up-to-date register of charities under section 16.
- (4) The Commission’s sixth general function includes (among other things) complying, so far as is reasonably practicable, with any request made by the Department for information or advice on any matter relating to any of the Commission’s functions.

The Commission's general duties

9. (1) The Commission has the general duties set out in subsection (2).
- (2) The general duties are —
 1. So far as is reasonably practicable the Commission must, in performing its functions, act in a way —
 - (a) which is compatible with its objectives, and
 - (b) which it considers most appropriate for the purpose of meeting those objectives.

2. So far as is reasonably practicable the Commission must, in performing its functions, act in a way which is compatible with the encouragement of—
 - (a) all forms of charitable giving, and
 - (b) voluntary participation in charity work.
3. In performing its functions the Commission must have regard to the need to use its resources in the most efficient, effective and economic way.
4. In performing its functions the Commission must, so far as relevant, have regard to the principles of best regulatory practice (including the principles under which regulatory activities should be proportionate, accountable, consistent, transparent and targeted only at cases in which action is needed).
5. In performing its functions the Commission must have regard to the desirability of facilitating innovation by or on behalf of charities.
6. In managing its affairs the Commission must have regard to such generally accepted principles of good corporate governance as it is reasonable to regard as applicable to it.

The Commission's incidental powers [j14]

10. (1) The Commission has power to do anything which is calculated to facilitate, or is conducive or incidental to, the performance of any of its functions or general duties.
 - (2) However, nothing in this Act authorises the Commission —
 - (a) to exercise functions corresponding to those of a charity trustee in relation to a charity, or
 - (b) otherwise to be directly involved in the administration of a charity.
 - (3) Subsection (2) does not affect the operation of section 36 or 37 (power of Commission to give directions as to action to be taken or as to application of charity property).

1.4 Classification

1.4.1 For policy/administrative purposes CCNI is classified as an executive non-departmental public body.

1.4.2 For national accounts purposes CCNI is classified within the central government sector.

1.4.3 References to CCNI 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 CCNI (paragraphs 67 -68 of the Financial Memorandum refer).

2. AIMS, OBJECTIVES AND TARGETS

2.1 Overall aims

2.1.1 Within the legislation, the overall aims of CCNI are as follows:

- determining whether institutions are or are not charities;
- maintaining a register of charities;
- encouraging and facilitating the better administration of charities;
- identifying and investigating apparent misconduct or mismanagement in the administration of charities and taking remedial or protective action in connection with misconduct or mismanagement therein;
- determining whether public collection certificates should be issued, and remain in force, in respect of public charitable collections;
- obtaining, evaluating and disseminating information in connection with the performance of any of the Commission's functions or meeting any of its objectives;
- facilitating innovation by or on behalf of charities;
- encouraging all forms of charitable giving and voluntary participation in charity work; and
- giving information or advice, or making proposals, to the Department on matters relating to any of the Commission's functions or meeting any of its objectives.

2.2 Objectives and key targets

2.2.1 DSD determines CCNI's performance framework in the light of the Department's wider strategic aims and current PSA objectives and targets. The Minister has agreed the following objectives, key targets and performance measures are agreed within CCNI's corporate and business planning process (see section 4 below).

3. RESPONSIBILITIES AND ACCOUNTABILITY

3.1 The Minister

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

- approving CCNI's strategic objectives and the policy and performance framework within which CCNI will operate (as set out in this Management Statement and Financial Memorandum and associated documents);
- keeping the Assembly informed about CCNI's performance;
- approving the amount of grant-in-aid to be paid to CCNI and securing Assembly approval; and
- carrying out responsibilities specified in the founding legislation and the CCNI's strategic plan including appointments to the CCNI, approving the terms and conditions of CCNI Commissioners, and laying of the annual report and accounts before the Assembly.

3.2 The Accounting Officer of DSD.

3.2.1 The Permanent Secretary for DSD as DSD's principal Accounting Officer, is responsible for the overall organisation, management and staffing of DSD 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 CCNI. The Department will account for its funding to CCNI. The Departmental Accounting Officer designates the Chief Executive of CCNI as CCNI's Accounting Officer, and may withdraw the Accounting Officer designation if it is believed that the incumbent is no longer suitable for the role.

3.2.2 In particular the Departmental Accounting Officer of DSD shall ensure that:

- CCNI's strategic aims and objectives support the DSD wider strategic aims and current PSA objectives and targets;
- the financial and other management controls applied by DSD to CCNI are appropriate and sufficient to safeguard public funds and for ensuring that CCNI's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to CCNI by the Assembly but also any other funds falling within the stewardship of CCNI);
- the internal controls applied by CCNI conform to the requirements of regularity, propriety and good financial management; and
- any grant-in-aid to CCNI is within the ambit and the amount of the Request for Resources and that Assembly authority has been sought and given.

3.2.3 The responsibilities of a departmental Accounting Officer are set out in more detail in chapter 3 of Managing Public Money Northern Ireland (MPMNI).

3.3 Departmental Sponsor Branch

3.3.1 Within DSD, the nominated members of staff from VCU, will form the Sponsor Branch for CCNI. The team, in consultation as necessary with the departmental Accounting Officer, is the primary source of advice to the Minister on the discharge of their responsibilities in respect of CCNI, and the primary point of contact for CCNI in dealing with DSD. The Sponsor Branch has responsibility for overseeing the activities of CCNI. The Sponsor Branch shall carry out its duties under the management of a Senior Officer who shall have primary responsibility within the team overseeing the activities of CCNI.

3.3.2 The sponsor Branch shall advise the Minister on:

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

3.3.3 In support of the Departmental Accounting Officer, the Sponsor Branch shall:

On performance and risk management

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

On communication with CCNI

- inform CCNI of relevant Executive/Government policy in a timely manner; if necessary, advise on the interpretation of that policy; and issue specific guidance to CCNI as necessary;

- bring concerns about the activities of CCNI to the attention of the full board of Commissioners, and require explanations and assurances from the Commissioners that appropriate action has been taken; and
- representatives from the Sponsor Branch together with representatives from the wider sponsor team meet with CCNI on a regular basis (in advance of CCNI's board meetings).

3.4 The Chief Commissioner of the Board of CCNI

3.4.1 The Chief Commissioner is appointed by the Departmental Minister, in line with the Code of Practice issued by the Commissioner for Public Appointments (NI), for five years.

3.4.2 The Chief Commissioner is responsible to the Minister of DSD. The Chief Commissioner shall ensure that CCNI's policies and actions support the wider strategic policies of the Minister and that CCNI's affairs are conducted with probity. The Chief Commissioner shares with other members the corporate responsibilities set out in paragraph 3.5.2, and in particular for ensuring that CCNI fulfils the aims and objectives set by DSD and approved by the Minister in line with the Charities Act (NI) 2008. The Chief Commissioner's performance will be assessed annually by the Director of the Sponsor Branch.

3.4.3 The Chief Commissioner has a particular leadership responsibility on the following matters:

- formulating the CCNI's strategy;
- ensuring that the Commissioners, in reaching decisions, takes proper account of guidance provided by Ministers or DSD;
- promoting the efficient, economic and effective use of staff and other resources;
- encouraging and delivering high standards of regularity and propriety;
- representing the views of the CCNI to the general public; and
- ensuring that the CCNI 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 Commissioners.

3.4.4 The Chief Commissioner shall also:

- ensure that all Commissioners, 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 accountability training and the financial management and reporting requirements of public sector bodies as well as any differences which may exist between private and public sector practice;

- advise the Department of the needs of CCNI when Commissioner vacancies arise, with a view to ensuring a proper balance of professional and financial expertise; and
- assess the performance of individual Board Members. Board Members will be subject to ongoing performance appraisal, with a formal assessment being completed by the Chair of the Board at the end of each year and prior to any re - appointment of individual Members taking place. Members will be made aware that they are being appraised, the standards against which they will be appraised, and will have an opportunity to contribute to and view their report.

3.4.5 *The Chief Commissioner shall also ensure that a Code of Practice for Board Members is in place, based on the Cabinet Office’s model Code of Practice for Board Members of Public Bodies (FD (DFP) 03/06 refers). The Code shall commit the Chief Commissioner and other Commissioners to the Nolan “seven principles of public life”, and shall include a requirement for a comprehensive and publicly available register of Commissioners’ interests as well as a register of gifts, hospitality and awards.*

3.4.6 *Communications between the Commissioners and the Minister shall normally be through the Chief Commissioner. The Chief Commissioner shall ensure that the other members are kept informed of such communications on a timely basis.*

3.5 *The Board of Commissioners (The Board)*

3.5.1 *The Board is appointed by the Departmental Minister, in line with the Code of Practice issued by the Commissioner for Public Appointments, for five years. The Board of Commissioners shall comprise:*

- a body corporate to be known as the Charity Commission for Northern Ireland (in this document referred to as "the Commission");
- a Chair (Chief Commissioner), a Deputy Chair (Deputy Chief Commissioner) and at least 3, but no more than 5, other members;
- at least 1 member who is legally qualified.

An appointment of a Commissioner shall be in writing and shall be for such period (not exceeding five years) and on such terms and conditions as may be specified in the appointment.

3.5.2 *The Board has corporate responsibility for ensuring that CCNI fulfils the aims and objectives set by DSD, contained in the legislation and approved by the Minister, and promoting the efficient, economic and effective use of staff and other resources by CCNI. To this end, and in pursuit of its wider corporate responsibilities, the Board shall:*

- establish the overall strategic direction of CCNI within the policy and resources framework determined by the sponsor Minister and Department;
- constructively challenge CCNI's executive team in their planning, target setting and delivery of performance;
- ensure that DSD is kept informed of any changes which are likely to impact on the strategic direction of CCNI or on the attainability of its targets, and determine the steps needed to deal with such changes;
- ensure that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with DSD, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account all relevant guidance issued by DFP, and DSD;
- ensure that the Board receives and regularly reviews financial information concerning the management of CCNI; is informed in a timely manner of any concerns about the activities of CCNI; and provides positive assurance to DSD that appropriate action has been taken on such concerns;
- demonstrate high standards of corporate governance at all times, including using the independent audit committee (see paragraph 4.7) to help the Board address the key financial and other risks facing CCNI;
- appoint, subject to the Minister's and DSD's approval a Chief Executive to CCNI and in consultation with DSD, set performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use of public monies.

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

- comply at all times with the Code of Practice [see paragraph 3.4.5] that is adopted by CCNI 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 the Board's rules on the acceptance of gifts and hospitality, and of business appointments; and
- act in good faith and in the best interests of CCNI.

3.5.4 DSD shall have access to all Board Meeting minutes.

3.6 *The Chief Executive's role as Accounting Officer*

3.6.1 The Chief Executive of CCNI is designated as CCNI's Accounting Officer by the Departmental Accounting Officer of DSD.

3.6.2 The Accounting Officer of CCNI is personally responsible for safeguarding the public funds for which he or she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of CCNI.

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

on planning and monitoring –

- establish in agreement with the Department, CCNI's corporate and business plans in support of the Department's wider strategic aims and current PSA objectives and targets and in accordance with the legislative requirements under the Charities Act (NI) 2008;
- inform DSD of CCNI'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 DSD; that DSD is notified promptly if overspends or underspends are likely and that corrective action is taken; and that any significant problems¹, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to DSD 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 DFP, or DSD;
- advise the Board on CCNI's performance compared with its aims and objectives;
- ensure that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed appropriately;
- take action as set out in Section 3.8 of the MPMNI if the Board, or its Chairman, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency or effectiveness;

¹ The Sponsor Branch should be consulted if there is any doubt over what constitutes "significant"

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 and provide reports to the Department as required on a quarterly basis;
- ensure that an effective system of programme and project management and contract management is maintained;
- ensure compliance with the Northern Ireland Public Procurement Policy;
- ensure that all public funds made available to CCNI (including any income or other receipts) are used for the purpose intended by the Assembly, and that such monies, together with CCNI's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by CCNI, including effective measures against fraud and theft;
- maintain a comprehensive system of internal delegated authorities which 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 CCNI'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, DSD, or DFP;
- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Statement on Internal Control regarding CCNI's system of internal control, for inclusion in the annual report and accounts;
- ensure that effective procedures for handling complaints about CCNI are established and made widely known within CCNI;
- act in accordance with the terms of this document, and with the instructions and relevant guidance in MPMNI and other instructions and guidance issued from time to time by DSD, and DFP - in particular, Chapter 3 of MPMNI and the Treasury document Regularity, Propriety and Value for Money, (a copy of which the Chief Executive shall receive on appointment). Section IX of the Financial Memorandum refers to other key guidance;
- give evidence, normally with the Accounting Officer of DSD, if summoned before the Public Accounts Committee (PAC) on the use and stewardship of public funds by CCNI;

- ensure that an Equality Scheme is in place and that the policies and procedures are reviewed and equality impact assessed as required by the Equality Commission and OFMDFM;
- ensure that the requirements and obligations contained within the Charities Act (NI) 2008 are complied with;
- ensure that the requirements of the Freedom of Information Act 2000 are complied with; and
- ensure that the requirements of the Data Protection Act, 1998 are complied with.

3.7 The Chief Executive's role as Consolidation Officer

- 3.7.1 For the purposes of Whole of Government Accounts, the Chief Executive of CCNI is normally appointed by DFP as CCNI's Consolidation Officer;
- 3.7.2 As CCNI's Consolidation Officer, the Chief Executive shall be personally responsible for preparing the consolidation information, which sets out the financial results and position of CCNI; for arranging for its audit; and for sending the information and the audit report to the Principal Consolidation Officer nominated by DFP;
- 3.7.3 As Consolidation Officer, the Chief Executive shall comply with the requirements of CCNI's Consolidation Officer Letter of Appointment as issued by DFP and shall, in particular:
- Ensure that CCNI has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process; and
 - Prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions and directions ("Dear Consolidation Officer" (DCO) and "Dear Consolidation Manager" (DCM) letters) issued by DFP on the form, manner and timetable for the delivery of such information.

3.8 Delegation of duties

- 3.8.1 *The Chief Executive may delegate the day-to-day administration of his / her Accounting Officer and Consolidation Officer responsibilities to other staff in CCNI. However, he / she shall not assign absolutely i.e. the designation of Accounting Officer to any other person in respect of any of the responsibilities set out in this document or any other requirements of the role.***

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

- 3.9.1 *The Chief Executive of CCNI is the Principal Officer for handling cases involving the Northern Ireland Commissioner for Complaints. As Principal Officer he or she shall inform the Permanent Secretary of DSD***

in a timely manner of any complaints about CCNI accepted by the Ombudsman for investigation, and about CCNI's proposed response to any subsequent recommendations from the Ombudsman.

3.10 Consulting Stakeholders

3.10.1 CCNI will work in partnership with its stakeholders to deliver the services/programmes, for which it has responsibility under the Charities Bill (NI) 2008, to agreed standards. It will consult as appropriate to develop a clear understanding of needs and expectations of its services, and to seek feedback from stakeholders, and will work to deliver a modern, accessible service.

4. PLANNING, BUDGETING AND CONTROL

4.1 The Corporate Plan

4.1.1 Consistent with the timetable for the NI Executive's Budget Process Reviews, CCNI shall submit annually to DSD a draft of CCNI's updated rolling corporate plan. The draft Corporate Plan will be submitted to the Department by December of each year. CCNI shall have agreed with DSD the issues to be addressed in the plan and the timetable for its preparation.

4.1.2 DFP reserves the right to ask to see and agree CCNI's Corporate Plan.

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

4.1.4 The Corporate Plan shall set out:

- CCNI's key objectives and associated key performance targets for the three forward years, and its strategy for achieving those objectives;***
- a review of CCNI's performance in the preceding financial year together with comparable outturns for the previous 3 years, if appropriate, and an estimate of performance in the current year;***
- alternative scenarios to take account of factors which may significantly affect the execution of the plan but which cannot be accurately forecast;***
- a forecast of income and expenditure, taking into account guidance on resource assumptions and policies provided by DSD at the beginning of the planning round. The forecasts should represent CCNI's best estimate of all its available income, not just any grant or grant-in-aid;***
- any efficiency savings that the Department may require,***

- other matters as agreed between DSD and CCNI.

4.1.5 The main elements of the plan - including the key performance targets - shall be agreed between DSD and CCNI in the light of DSD's decisions on policy and resource taken in the context of the Executive's wider policy and spending priorities and decisions. It should also:

- identify those features which CCNI needs to take into account when determining how it can best meet its main aims and needs of its stakeholders;
- monitor and evaluate CCNI's policies (within the likely level of resources available) and ability to achieve its aims and objectives;
- provide a view on the long-term direction and priorities of CCNI;
- provide clear understanding of the corporate strategy which CCNI is to follow and enable that strategy to be implemented within an agreed policy and resources framework, which leaves day-to-day responsibility for the management of CCNI with the Chief Executive and key staff; and
- provide a financial overview.

4.2 The Business Plan

4.2.1 The first year of the corporate plan, amplified as necessary, shall form the basis of the business plan for the relevant forthcoming year. The business plan should be submitted to the Department by December each year. The Business Plan shall include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by DSD.

4.2.2 DFP reserves the right to ask to see and agree CCNI's annual business plan.

4.2.3 Corporate and business plans will be formally approved by the Minister.

4.3 Publication of plans

4.3.1 The corporate and business plans shall be published and made available on the internet. A summary version shall be made available to staff.

4.4 Reporting performance to DSD

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

4.4.2 CCNI shall take the initiative in informing the Department of changes in

external conditions which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives as set out in the corporate or business plans.

4.4.3 ***CCNI's performance in helping to deliver DSD policies, including the achievement of key objectives, shall be reported to the Department on a quarterly basis. Performance will be formally reviewed at least quarterly. The Minister shall meet the CCNI board formally each year to discuss CCNI's performance, its current and future activities and any policy developments relevant to those activities.***

4.4.4 ***CCNI's performance against key targets shall be reported in CCNI's annual report and accounts (see section 5.1 below).***

4.5 ***Budgeting Procedures***

4.5.1 ***CCNI's budgeting procedures are set out in the Financial Memorandum.***

4.6 ***Internal Audit***

4.6.1 ***DSD will provide the Internal Audit function for CCNI.***

4.6.2 ***Should CCNI wish to change this arrangement DSD must be consulted to ensure that the latter is satisfied with the competence and qualifications of the Head of Internal Audit and that the requirements for approving the appointment and the establishment of the internal audit arrangements are in accordance with GIAS and relevant DFP guidance. The Department will also wish to specify its requirements in terms of:***

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

4.6.3 ***DSD will review the CCNI's terms of reference for internal audit service provision. CCNI shall notify DSD of any subsequent changes to internal audit's terms of reference.***

4.7 ***Audit Committee***

- 4.7.1 CCNI shall set up an independent audit committee as a committee of its Board, in accordance with the Cabinet Office's *Guidance on Codes of Practice for Public Bodies* (FD (DFP) 03/06 refers) and in line with the Audit Committee Handbook DAO (DFP) 07/07.
- 4.7.2 DSD will be represented at the Audit Committee as an observer by the Head of URCDG Finance. The Department will have access to CCNI Audit Committee minutes which will also be shared with the Departmental Audit Committee.
- 4.7.3 DSD will review CCNI's audit committee terms of reference. CCNI shall notify DSD of any subsequent changes to the audit committee's terms of reference. where does the Accounting Officer of the Body fit in to the arrangements. We also need to make clear that the Board of CCNI approves the Audit Committee Terms of Reference and reviews it on a regular basis.

4.8 Fraud

- 4.8.1 CCNI shall report immediately to DSD all frauds (proven or suspected), including attempted fraud. DSD shall then report the frauds immediately to DFP and the C&AG. In addition CCNI shall forward to DSD the annual fraud return, commissioned by DFP, on fraud and theft suffered by CCNI.
- 4.8.2 DSD will review CCNI's Anti Fraud Policy and Fraud Response Plan. CCNI shall notify DSD of any subsequent changes to the policy or response plan.**

4.9 Additional departmental access to CCNI

- 4.9.1 In addition to the right of access referred to in paragraph 4.6.2 above, DSD shall have a right of access to all CCNI's records and personnel for purposes such as sponsorship audits and operational investigations. (See also paragraphs 3.5.4 and 4.7.2 access to Board and Audit Committee minutes).

5. EXTERNAL ACCOUNTABILITY

5.1 The Annual Report and Accounts

- 5.1.1 After the end of each financial year CCNI 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 CCNI. A draft of the report shall be submitted to DSD at least two weeks before the proposed publication date.

5.1.2 The report and accounts shall comply with the most recent version of the Government Financial Reporting Manual (FReM) issued by DFP. (*NOTE: This guidance is updated every year*). The accounts shall be prepared in accordance with any relevant statutes and the specific Accounts Direction issued by DSD.

5.1.3 *The report and accounts shall outline CCNI's main activities and performance during the previous financial year and set out in summary form CCNI's forward plans. Information on performance against key financial targets shall be included in the notes to the accounts, and shall therefore be within the scope of the audit.*

5.1.4 The report and accounts shall be laid before the Assembly and made available, in accordance with the guidance on the procedures for presenting and laying the combined annual report and accounts as prescribed in the relevant FD letter issued by DFP.

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

5.2 External audit

5.2.1 The Comptroller and Auditor General (C&AG) audits CCNI's annual accounts. DSD lays the combined Annual Report and Accounts before the Assembly as stipulated in the founding legislation. For the purpose of audit the C&AG has a statutory right of access to relevant documents as provided for in Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order 2003.

5.2.2 The C&AG will liaise with CCNI on the arrangements for completing the audit of their accounts. This will either be undertaken by staff of the NIAO or a private sector firm appointed by the C&AG to undertake the audit on his behalf. The final decision on how such audits will be undertaken rests with the C&AG, who retains overall responsibility for the audit.

5.2.3 The C&AG has agreed to share with DSDs relevant information identified during the audit process including the report to those charged with governance at the end of the audit. This shall apply, in particular, to issues which impact on the Department's responsibilities in relation to financial systems within CCNI. The C&AG will also consider, where asked, providing Departments and other relevant bodies with reports which Departments may request at the commencement of the audit and which are compatible with the independent auditor's role.

5.3 Value For Money examinations

5.3.1 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which CCNI has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under articles 3 and 4 of the Audit and

Accountability (Northern Ireland) Order 2003. Where making payment of a grant, or drawing up a contract, CCNI should ensure that it includes a clause which makes the grant or contract conditional upon the recipient or contractor providing access to the C&AG in relation to documents relevant to the transaction. Where subcontractors are likely to be involved, it should also be made clear that the requirements extend to them.

6. STAFF MANAGEMENT

6.1 General

6.1.1 Within the arrangements approved by the Minister and DFP, CCNI shall have responsibility for the recruitment, retention and motivation of its staff. To this end CCNI shall ensure that:

- its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued; where appointment is based on merit; and where there is no discrimination on any of the grounds stipulated in Section 75 of the Northern Ireland Act 1998;
- 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 its staff at all levels is satisfactorily appraised and CCNI's performance measurement systems are reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve CCNI's objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistleblowing procedures consistent with the Public Interest Disclosure (Northern Ireland) Order 2003 are in place; and
 - a code of conduct for staff is in place based on Annex 5A of Public Bodies: A Guide for NI Departments (available at www.afmdni.gov.uk).

7. REVIEWING THE ROLE OF CCNI

7.1 CCNI shall be reviewed periodically, in accordance with the business needs of DSD and CCNI. Reference should be made to Chapter 9 of the Public Bodies: a Guide for Northern Ireland Departments.

7.2 The first review of CCNI will take place in the financial year 2013-14.

- 7.3 If it is so determined following review DSD shall, in good time before CCNI is to be wound up:
- ensure that procedures are in place in CCNI to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body;
 - specify the basis for the valuation and accounting treatment of CCNI's assets and liabilities at wind-up, distinguishing between actual and potential assets and liabilities, in order to provide a clear basis for assessing CCNI's financial legacy;
 - if necessary, secure representation on CCNI's Board to ensure that the wind-up is conducted in a proper and satisfactory manner.
- 7.4 CCNI shall provide DSD with full details of any claw back due to CCNI.

CCNI LIMITED

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I. INTRODUCTION

1. This *Financial Memorandum* sets out in greater detail certain aspects of the financial framework within which CCNI is required to operate.
2. The terms and conditions set out in the combined Management Statement and Financial Memorandum may be supplemented by subordinate legislation arising out of the Charities Act (NI) 2008, guidelines or directions issued by DSD/Minister in respect of the exercise of any individual functions, powers and duties of CCNI.
3. CCNI shall satisfy the conditions and requirements set out in the combined document, together with such other conditions as DSD/Minister may, from time to time impose.

II. CCNI'S EXPENDITURE - GENERAL

The Departmental Expenditure Limit (DEL)

4. CCNI's current and capital expenditure form part of DSD's resource DEL and capital DEL respectively.

Expenditure not proposed in the budget

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

Procurement

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6. CCNI's procurement policies shall reflect the public procurement policy adopted by the Northern Ireland Executive in May 2002 (refreshed May 2009); Procurement Guidance Notes; and any other guidelines or guidance issued by Central Procurement Directorate (CPD) and the Procurement Board. CCNI's procurement activity should be carried out by means of a Service Level Agreement with CPD – this should ensure compliance with relevant UK, EU and international procurement rules.
7. Periodic reviews of the CCNI's procurement activity should be undertaken. The results of any such review will be shared with DSD.

Competition

8. Contracts shall be awarded on a competitive basis and tenders accepted from suppliers who provide best value for money overall.
9. Proposals to let single-tender contracts shall be subject to advice being taken from Central Procurement Directorate. Further information is published in Procurement Guidance Note 02/10 on the 'Award of Contracts without a Competition'. www.cpdni.gov.uk/index/guidance-for-purchasers/guidance-notes.htm].
10. Prior written approval must be obtained from the Departmental Accounting Officer before Single Tender Action is undertaken. CCNI shall send to the Department after each financial year a report for that year explaining all contracts in which competitive tendering was not employed.

Best Value for money

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

Timeliness in paying bills

12. CCNI shall collect receipts and pay all matured and properly authorised invoices in accordance with Annex 4.5 and 4.6 of *Managing Public Money Northern Ireland* and any guidance issued by DFP or DSD.

Novel, contentious or repercussive proposals

13. CCNI shall obtain the approval of DSD and DFP before:
 - making a commitment on the remuneration package for the Chief Executive;
 - incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including on staff benefits;
 - making any significant change in either the scale of operation or funding of any initiative or scheme previously approved by DSD; and
 - making any change of policy or practice which has wider financial implications (e.g. because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of resources required. (The sponsor Department will advise on what constitutes "significant" in this context).

Risk management/Fraud

14. CCNI shall ensure that it deals with risk appropriately, in accordance with relevant aspects of best practice in corporate governance, and shall develop a risk management strategy, in accordance with the Treasury Guidance “Management of Risk: A Strategic Overview (“The Orange Book”).
15. CCNI shall take proportionate and appropriate steps to assess the financial and economic standing of any organisation or other body with which it intends to enter into a contract or to which it intends to give grant or grant-in-aid.
16. CCNI shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with DFP’s guide “Managing the Risk of Fraud” available at www.afmdni.gov.uk .
17. All cases of attempted, suspected or proven fraud shall be reported to DSD who shall report it to DFP and the NIAO (see section 4.8 in the Management Statement) as soon as they are discovered, irrespective of the amount involved.

Wider markets

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

Fees and charges

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

III. CCNI’S INCOME

Grant-in-aid

20. CCNI will be funded by the Department. The Department will account for its expenditure. Grant-in-aid provided by DSD can only be used in to carry out the function and purposes of CCNI as laid down in the Charities Act (NI) 2008.
21. Grant-in-aid will be paid to CCNI in quarterly instalments on the basis of a written request from CCNI showing evidence of need. The request 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 CCNI’s functions. All requests for grant-in-aid must be in a format agreed by the Department and must be signed by the CCNI’s Chief Executive, or a person, notified in writing by the Chief Executive to the Department, authorised to sign on his behalf.

22. CCNI should have regard to the guidance in DAO (DFP) 04/03 and to the general principle enshrined in Annex 5.1 of Managing Public Money Northern Ireland (MPMNI) that it should seek grant-in-aid according to need.
23. Cash balances accumulated during the course of the year shall be kept at the minimum level consistent with the efficient operation of CCNI. 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, DSD will make available in the next financial year (subject to approval by the Assembly of the relevant Estimates provision) any such grant-in-aid which is required to meet any normal year end liabilities e.g. trade creditors.

Fines and taxes as receipts

24. Most fines and taxes (including levies and some licences) do not provide additional DEL spending power and should be surrendered to DSD.

Receipts from sale of goods or services

25. Receipts from the sale of goods and services normally provide additional DEL spending power. If CCNI wishes to retain a receipt or utilise an increase in the level of receipts, it must gain the prior approval of its DSD.
26. If there is any doubt about the correct classification of a receipt, CCNI shall consult DSD, who will consult DFP if necessary.

Interest earned

27. Interest earned on cash balances cannot necessarily be retained by CCNI. Depending on the budgeting treatment of this receipt, and its impact on CCNI's cash requirement, it may lead to commensurate reduction of grant-in-aid or be required to be surrendered to the NI Consolidated Fund via DSD. If the receipts are used to finance additional expenditure by CCNI, DSD will need to ensure it has the necessary budget cover.

Unforecast changes in in-year income

28. If the negative DEL income realised or expected to be realised in-year is less than estimated, CCNI shall, unless otherwise agreed with DSD, ensure a corresponding reduction in its gross expenditure so that the authorised provision is not exceeded. For example, if CCNI is allocated £100 resource DEL provision by its DSD and expects to receive £10 of negative DEL Income, it may plan gross expenditure of £110. If actual negative DEL income (on an accruals basis) is £5 CCNI will need to reduce its gross expenditure to £105 to stay within budget. However if CCNI still spends £110 the Department will need to find £5 of savings from elsewhere within total DEL to offset this overspend.
29. If the negative DEL income realised or expected to be realised in the year is more than estimated, CCNI may apply to DSD to retain the excess income for specified additional expenditure within the current financial year without an offsetting reduction to grant-in-aid. DSD shall consider such applications, taking account of

competing demands for resources, and will consult with DFP in relation to any significant amounts. If an application is refused grant-in-aid shall be commensurately reduced or CCNI will have to surrender the excess receipts to the Northern Ireland Consolidated Fund via DSD.

30. CCNI shall comply with the rules that any DEL expenditure financed by the draw-down of deposits counts within DEL and that the build-up of deposits may represent a saving to DEL (if the related receipts are negative DEL in the relevant budgets).
31. CCNI shall ensure that it has the necessary DEL provision for any expenditure financed by draw-down of deposits.

Proceeds from disposal of assets

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

Gifts and bequests received

33. CCNI is free to retain any gifts, bequests or similar donations subject to paragraph 34. These shall be capitalised at fair value on receipt and must be notified to DSD. NOTE: A release from the donated assets reserve should offset depreciation in the operating cost statement. The latest FReM requirements should be applied.
34. Before accepting a gift, bequest, or similar donation, CCNI shall assess any associated costs or any conflict of interest which may arise. CCNI shall keep a written record of any such gifts, bequests and donations including their estimated value and whether they are disposed of or retained.

Borrowing

35. Normally, CCNI will not be allowed to borrow, but when doing so CCNI shall observe the principles set out in Chapter 5 and the associated annexes of MPMNI when undertaking borrowing of any kind. CCNI shall seek the approval of DSD and, where appropriate, DFP, to ensure that it has any necessary authority and budgetary cover for any borrowing or the expenditure financed by such borrowing. Medium or long term private sector or foreign borrowing is subject to the value for money test in Section 5.7 of MPMNI.
36. NOTE: Where exceptionally CCNI is allowed to borrow the spending financed by borrowing scores gross in budgets. This applies whatever the source of borrowing (Department, market, European Investment Bank). The cash raised by borrowing does not score as negative DEL. This means that any expenditure by CCNI financed by borrowing will need DEL budget cover (provided that this is the normal budgeting treatment for such expenditure).

Reserves

37. CCNI is not permitted to hold any Reserves without obtaining the prior approval of DSD and DFP.

IV. EXPENDITURE ON STAFF

Staff costs

38. Subject to its delegated limits of authority, CCNI shall ensure that the creation of any additional posts does not incur forward commitments which will exceed its ability to pay for them.

Pay and conditions of service

39. Although not civil servants, the terms and conditions of employment for staff working in CCNI correspond to the main terms and conditions of employment for posts of comparable level in the Northern Ireland Civil Service (NICS). CCNI has no delegated power to amend these terms and conditions.
40. CCNI employees are subject to levels of remuneration and terms and conditions of service (including superannuation) within the general NICS pay structure as approved by DSD and DFP. Annual pay increases of CCNI staff must be in accordance with the annual FD letter on Pay Remit Approval Process and Guidance issued by DFP. Therefore, all proposed pay awards must have prior approval of DSD and the Minister for Finance before implementation.
41. Current terms and conditions for staff of CCNI shall be set out in its employee handbook. CCNI shall provide DSD and DFP with a copy of the Handbook and any subsequent amendments
42. The travel expenses of Commissioners and staff shall be tied to departmental rates. Reasonable actual costs will be reimbursed.
43. CCNI shall comply with the EU directive on contract workers "Fixed Term Employees Regulations (Prevention of Less Favourable Treatment)".

Pensions; redundancy/compensation

44. CCNI's staff shall be eligible for a pension provided by:
 - membership of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI));
 - admittance to the NI Local Government Officers Superannuation Committee (NILGOSC), or
 - their own scheme [stating whether it is an 'unfunded by analogy' or 'funded defined' benefit or 'defined contribution' (you need to state which option the pension scheme of CCNI is)]

45. Staff may opt out of the occupational pension scheme provided by CCNI. However, the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall normally be limited to the national insurance rebate level. The exception is where CCNI staff choose to be covered by the PCSPS(NI) Partnership arrangement where a contribution rate is already provided for in the legislation governing the PCSPS(NI) Partnership Pension Account. Where any other pension arrangements are chosen which include contributing to a stakeholder-type arrangement where staff opt out, CCNI must consult DFP with a formal proposal based on actuarial advice.
46. Any proposal by CCNI to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the approval of DSD and DFP. Proposals on severance payments must comply with DAO (DFP) 17/05. Should the PCSPS(NI) be chosen as the relevant pension scheme, CCNI must conform with the procedures for early retirement/severance which apply to the NICS and ensure that the level of benefits are the standard applicable under the Civil Service Compensation Scheme (Northern Ireland) (CSCS(NI)) rules. DSD is responsible for ensuring that CCNI does this.
47. DSD is responsible for ensuring that CCNI continues to meet the criteria for membership of the PCSPS(NI), where this is the pension scheme applicable.

V NON-STAFF EXPENDITURE

Economic Appraisal

48. CCNI 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, 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 (See Appendix A)
49. Appraisal itself uses up resources. The effort that should go into appraisal and the detail to be considered is a matter for case by case judgement, but the general principle is that the resources to be devoted to appraisal should be in proportion to the scale or importance of the objectives and resource consequences in question. Judgement of the appropriate effort should take into consideration the totality of the resources involved in a proposal.
50. General guidance on economic appraisal that apply to NDPBs can be found in:
 - DFP's on-line guide *The Northern Ireland Guide to Expenditure Appraisal and Evaluation* ("NIGEAE", 2009). See <http://www.dfpni.gov.uk/eag>
 - The HM Treasury Guide, *The Green Book: Appraisal and Evaluation in Central Government* (2003).

Capital expenditure

51. Subject to being above an agreed capitalisation threshold, all expenditure on the acquisition or creation of fixed assets shall be capitalised on an accruals basis in accordance with relevant accounting standards. Expenditure to be capitalised shall include the preparation of buildings and other structures or their associated fixtures and fittings; and acquisition, installation or replacement of movable equipment.
52. Proposals for large-scale individual capital projects or acquisitions will normally be considered within CCNI's corporate and business planning process. Subject to paragraph 54, applications for approval within the corporate/business plan by DSD and, DFP 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 DSD.
53. Approval of the corporate/business plan does not obviate CCNI's responsibility to abide by the economic appraisal process.
54. Within its approved overall resources limit CCNI shall, as indicated in Appendix A, obtain prior authority from DSD and where necessary DFP before expenditure on an individual capital project or acquisition is incurred over £100k. Beyond that delegated limit, DSD's and where necessary, DFP's prior authority must be obtained before expenditure on an individual project or acquisition is incurred.

Transfer of funds within budgets

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

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

56. CCNI shall not, without DSD's and where necessary, DFP's prior written consent, lend money, charge any asset or security, give any guarantee or indemnities or letters of comfort, or incur any other contingent liability (as defined in Annex 5.5 of MPMNI), whether or not in a legally binding form.

Grant or loan schemes

57. Unless covered by a delegated authority, all proposals to make a grant or loan to a third party, whether one-off or under a scheme, together with the terms and

conditions under which such grant or loan is made shall be subject to prior approval by DSD, and where necessary DFP. If grants or loans are to be made under a continuing scheme, statutory authority is likely to be required.

58. The terms and conditions of a grant or loan to a third party shall include a requirement on the receiving organisation to prepare accounts and to ensure that its books and records in relation to the grant or loan are readily available for inspection by CCNI, DSD and the C&AG.
59. See also below under the heading *Recovery of grant-financed assets* (paragraphs 83 - 85).

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

60. Proposals for making gifts or other special payments (including issuing write-offs), outside the delegated limits set out in Appendix A to this document, must be approved in advance by DSD and where necessary DFP.
61. Losses shall not be written off until all reasonable attempts to make a recovery have been made and proved unsuccessful.
62. Gifts made by management to staff are subject to the requirements of DAO (DFP) 05/03.

Leasing

63. Prior Departmental approval must be secured for all property and finance leases. CCNI must have capital DEL provision for finance leases and other transactions which are in substance borrowing (paragraph 32-33 above).
64. Before entering into any lease (including an operating lease) CCNI shall demonstrate that the lease offers better value for money than purchase.

Public/Private Partnerships

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

Subsidiary companies and joint ventures

67. CCNI shall not establish subsidiary companies or joint ventures without the express approval of DSD and DFP. In judging such proposals DSD will have regard to the Department's wider strategic aims and objectives and Public Service Agreements.
68. For public expenditure accounts purposes any subsidiary company or joint venture controlled or owned by CCNI shall be consolidated with it in accordance with FReM, subject to any particular treatment required by FReM. Where the judgment over the level of control is not clear DSD will consult DFP (who may consult the Office of National Statistics on national accounts treatment). Unless specifically agreed with DSD and DFP, such subsidiary companies or joint ventures shall be subject to the controls and requirements set out in this Management Statement and Financial Memorandum, and to the further provisions set out in supporting documentation.

Financial investments

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

Unconventional financing

70. CCNI shall not enter into any unconventional financing arrangement, without the approval of DSD and DFP.

Commercial insurance

71. CCNI shall not take out any insurance without the prior approval of DSD and DFP, other than third party insurance required by the Road Traffic (NI) Order 1981 (as amended) and any other insurance which is a statutory obligation, or which is permitted under Annex 4.5 of MPMNI.
72. In the case of a major loss or third-party claim DSD shall liaise with CCNI about the circumstances in which an appropriate addition to budget out of DSD's funds and/or adjustment to the CCNI's targets might be considered. DSD will liaise with DFP Supply where required in such cases.
73. A Certificate of Exemption for Employer's Liability Insurance has been issued to CCNI.

Payment/Credit Cards

74. CCNI, in consultation with DSD, shall ensure that a comprehensive set of guidelines on the use of payment cards (including credit cards) is in place. Reference should be made to DAO (DFP) 24/02.

Hospitality

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

Use of Consultants

76. CCNI shall adhere to guidance issued by DFP, as well as any produced by DSD, in relation to the use of consultants. Please see the delegated limits set out in Appendix A.
77. CCNI will provide DSD with an annual statement on the status of all consultancies completed and/or started in each financial year.
78. Care should be taken to avoid actual, potential, or perceived conflicts of interest when employing consultants.

VI. MANAGEMENT OF ASSETS

Register of assets

79. CCNI shall maintain an accurate and up-to-date fixed asset register.

Disposal of assets

80. CCNI shall dispose of assets which are surplus to its requirements. Assets shall be sold for the best price, taking into account any costs of sale. Generally, assets shall be sold by auction or competitive tender unless otherwise agreed by DSD in accordance with the principles in MPMNI.
81. All receipts derived from the sale of assets (including grant-financed assets, see below) must be declared to DSD who will consult with DFP on the appropriate treatment.

Information Assets

82. CCNI should have appropriate procedures in place to manage their information assets in accordance with departmental policies.

Recovery of grant-financed assets

83. Where CCNI has financed expenditure on capital assets by a third party, CCNI shall set conditions and make appropriate arrangements to ensure that such assets are not disposed of by the third party without CCNI's prior consent.
84. CCNI shall therefore ensure that such conditions and arrangements are sufficient to secure the repayment of the NI Consolidated Fund's due share of the proceeds of the sale, in order that funds may be surrendered to DSD.
85. CCNI shall ensure that if the assets created by grants made by CCNI 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 CCNI for surrender to DSD. The amounts recoverable under the procedures in paragraphs 82-83 above shall be calculated by reference to the best possible value of the asset and in proportion to the NI Consolidated Fund's original investment(s) in the asset.

VII. BUDGETING PROCEDURES

Setting the annual budget

86. Each year, in the light of decisions by DSD on CCNI's corporate plan (see section 4.1 of the Management Statement), DSD will send to CCNI:
 - a formal statement of the annual budgetary provision allocated by DSD in the light of competing priorities across DSD and of any forecast income approved by DSD; and
 - a statement of any planned change in policies affecting CCNI.
87. CCNI's approved annual business plan will take account both of its approved funding provision and of any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any DSD funding and/or other income over the year. These elements will form part of the approved business plan for the year in question. (See section 4.1 of the Management Statement.)
88. CCNI's approved annual business plan will include the following financial details:
 - projected income and expenditure for the financial year;
 - projected income analysed into funding from the Department and other income;
 - projected expenditure analysed under separate budget headings;
 - projected cash flow statement for financial year analysed into payments and receipts giving details of draw down of funding from the Department and other receipts over the year; and

- projected Balance Sheet.

89. Any grant-in-aid provided by DSD for the financial year will be voted in DSD's Estimates and will be subject to Assembly control.

General conditions for authority to spend

90. Once CCNI's budget has been approved by DSD and subject to any restrictions imposed by Statute, by Minister, or in this document, CCNI shall have authority to incur expenditure approved in the budget without further reference to DSD, on the following conditions:

- CCNI shall comply with the conditions set out in paragraph 13 above regarding novel, contentious or repercussive proposals;
- CCNI shall comply with the delegations set out in Appendix A to this document. These delegations shall not be altered without the prior agreement of DSD and DFP;
- inclusion of any planned and approved expenditure in CCNI's budget shall not remove the need to seek formal Departmental (and, where necessary, DFP) approval where any proposed expenditure is above the delegated limits as set out in Appendix A, or is for new schemes not previously agreed;
- CCNI shall provide DSD with such information about its operations, performance, individual projects or other expenditure as DSD may reasonably require (See paragraph 91 below): and
- the NDPB shall comply with NI Procurement Policy and carry out procurement via CPD or another recognised CoPE.

Providing monitoring information to DSD

91. CCNI shall provide DSD with, as a minimum, information on a quarterly basis which will enable the satisfactory monitoring by DSD of:

- CCNI's cash management;
- it's drawdown of any grant-in-aid;
- the expenditure for that quarter (see paragraph above);
- forecast outturn by resource headings; and
- other data required for the DFP Outturn and Forecast Outturn Return.

VIII. BANKING

Banking arrangements

92. CCNI's Accounting Officer is responsible for ensuring that CCNI's banking arrangements are in accordance with the requirements of Annex 5.7 of MPMNI. In particular he / she shall ensure that the arrangements safeguard public funds and that their implementation ensures efficiency, economy and effectiveness.
93. He/She shall therefore ensure that:
- these arrangements are suitably structured and represent value-for-money, and are reviewed at least every two years, with a comprehensive review, usually leading to competitive tendering, at least every three to five years;
 - sufficient information about banking arrangements is supplied to DSD's Accounting Officers to enable the latter to satisfy their own responsibilities (See Section 3.2 of the Management Statement);
 - CCNI's banking arrangements shall be kept separate and distinct from those of any other person, or organisation; and
 - adequate records are maintained of all payments and receipts and adequate facilities are available for the secure storage of cash.

IX. COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE

Relevant documents

94. CCNI shall comply with the following general guidance documents:
- this document (both the Financial Memorandum and the Management Statement);
 - Managing Public Money Northern Ireland (MPMNI);
 - Public Bodies - a Guide for NI Departments issued by DFP;
 - Government Internal Audit Standards, issued by DFP;
 - the document Managing the Risk of Fraud issued by DFP;
 - the Treasury document The Government Financial Reporting Manual (FReM) issued by DFP;
 - relevant DFP Dear Accounting Officer and Finance Director letters;
 - relevant Dear Consolidation Officer and Dear Consolidation Manager letters issued by DFP;
 - Regularity, Propriety and Value for Money, issued by Treasury;
 - the Consolidation Officer Letter of Appointment, issued by DFP;

- other relevant instructions and guidance issued by the central Departments (DFP/OFMDFM) including Procurement Board and CPD Guidance;
- specific instructions and guidance issued by DSD; and
- recommendations made by the Public Accounts Committee, or by other Assembly authority, which have been accepted by the Government and which are relevant to CCNI.

X. REVIEW OF FINANCIAL MEMORANDUM

95. The Management Statement and Financial Memorandum will normally be reviewed at least every five years or following a review of CCNI's functions as provided for in Section 7 of the Management Statement.
96. DFP Supply will be consulted on any significant variation proposed to the Management Statement and Financial Memorandum

On behalf of CCNI

Signed: _____ **Date:** _____

Signed: _____ **Date:** _____

On behalf of the Department for Social Development

Signed: _____ **Date:** _____

Signed: _____ **Date:** _____

Appendix A

DELEGATED EXPENDITURE LIMITS

General

CCNI have a Financial Procedures Manual which is reviewed regularly by the Audit and Risk Committee and any revisions approved by the Board.

Economic Appraisal/Business Cases

The principles of economic appraisal should be applied in all cases where expenditure is proposed, inline with the NI Guide to Expenditure Appraisal and Evaluation. In addition FD (DFP) 04/09 sets out guidance on consultancy requirements. The effort put into an economic appraisal/business case should be commensurate with the size or importance of the needs or resources under consideration. However, CCNI should undertake a comprehensive business case of all projects involving expenditure of £250,000 and over. A Post Project Evaluation must also be carried out in all cases.

1. PROCUREMENT OF GOODS AND SERVICES

Procurement of goods and services must be in accordance with Central Procurement Guidance Note PGN 04/12 or any revision thereof.

Where the minimum number of quotation/tenders is not obtained

Where CCNI is unable to obtain a sufficient number of tenders, it must advise the sponsoring Department of the situation and supply reasons for insufficient number of quotes/tenders having been obtained.

2. CAPITAL PROJECTS

The Chief Executive may authorise capital expenditure on discrete capital projects of up to £100,000. Capital projects over this amount require the approval of DSD, and may be subject to quality assurance by the Department of Finance and Personnel if requested.

Any novel and/or potentially contentious projects, regardless of the amount of expenditure, require the approvals of DSD and DFP.

3. APPROVAL OF INFORMATION TECHNOLOGY PROJECTS

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

ICT-enabled projects should be appraised and evaluated according to the general guidance in the Northern Ireland Guide to Expenditure Appraisal and Evaluation (*NIGEAE*) and managed using the new *Successful Delivery (NI)* guidance which was issued in June 2009.

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

Table 2 Delegation Arrangements for Information Technology Projects, Systems and Equipment

(All costs include VAT as CCNI is not VAT registered)

THRESHOLDS	AUTHORISATION
Up to £500	Staff Officer Equivalent
Up to £10,000	Grade 7 Equivalent
Up to £50,000	The Chief Executive
Projects over £50,000	The Department

4. ENGAGEMENT OF CONSULTANTS

General

All consultancy regardless of cost, must be approved by DSD in accordance with the guidance applicable at the time.

CCNI will provide DSD with an annual statement on the status of all consultancies completed and/or started in each financial year.

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

Economic Appraisal

A full business case should be prepared for all consultancy assignments expected to exceed £10,000. A proportionate business case should be prepared for all assignments below this threshold. Section 5 of the guidance note attached to FD (DFP) 04/09 explains the nature of the required business case.

5. DISPOSAL OF SURPLUS EQUIPMENT

The disposal of any surplus equipment requires the approval of DSD and DFP where necessary.

6. LEASE AND RENTAL AGREEMENTS

CCNI should consult DSD prior to entering into any lease and rental agreements.

7. LOSSES AND SPECIAL PAYMENTS

The Chief Executive will have the authority to write off losses and make special payments up to:

- (a) Cash losses – up to £2000 per case/incident
- (b) Stores/Equipment losses – up to £2000 per case/incident
- (c) Constructive losses and fruitless payments – up to £2000 per case.
- (d) Compensation payments:
 - i. Made under legal obligation, e.g. by Court Order – up to £2000 per case plus reasonable legal expenses

- ii. For damage to personal property of staff – up to £2000 per case
 - iii. Where written legal advice is that CCNI should not fight a court action because it is unlikely that it would win – up to £2000 per case
- (e) Claims abandoned or waiver of claim – up to £2000 per case
- (f) Extra contractual payments – up to £500 per case
- (g) Ex gratia payments – up to £2000 per case (Pensions payments are not covered by this threshold)
- (h) Extra statutory and extra regulatory payments – no delegation, all proposals must be submitted to DSD for approval

The prior approval of DSD must be obtained for amounts above these values. The delegated authority to write-off losses in the categories specified above is subject to an aggregate of £5000 in any financial year.

Where total losses exceed £100k in any financial year, an explanatory note should be included in the CCNI's accounts.

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