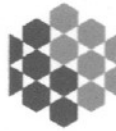




**DEPARTMENT  
OF HEALTH  
AND CHILDREN**  
AN ROINN  
SLÁINTE  
AGUS LEANAÍ



Department of

**Health, Social Services  
and Public Safety**

An Roinn

**Sláinte, Seirbhísí Sóisialta  
agus Sábháilteachta Poiblí**

[www.dhsspsni.gov.uk](http://www.dhsspsni.gov.uk)

Dear Martin

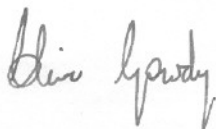
### **REVISED FINANCIAL MEMORANDUM**

During discussion on Corporate Governance issues at our Accountability meeting on 4<sup>th</sup> February 2004 it was agreed that the revised Financial Memorandum should issue jointly from both Sponsoring Departments. We are pleased to report that both the Department of Finance and the Department of Finance and Personnel have now given final approval to the various additions and amendments made to the original memorandum and are content for the revised document to be issued to the Food Safety Promotion Board.

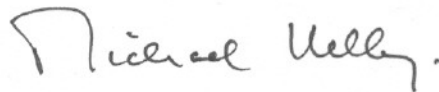
As you know the Memorandum sets out the financial procedures and accountability arrangements which govern the operating and financial relationship between the NSMC, the two Sponsoring Departments and the FSPB. The Memorandum exists to ensure proper use of public monies and pays due regard to the status of FSPB as a cross-border Body. In addition it describes the role of Sponsor Departments' Accounting Officers and in particular highlights the difference in the accountability position between the North and South. In Northern Ireland the Permanent Secretary is directly accountable and attends the Public Accounts Committee, together with the Chief Executive where appropriate, whereas in the South the Chief Executive would normally be expected to attend alone. The Secretary General would attend only if invited to do so by the Oireachtas Committee.

The Memorandum describes in detail your responsibilities as Chief Executive, and also sets out a range of requirements for the Body to fulfil in terms of financial planning, business planning, reporting and audit and a wide range of financial and management controls. It is important to recognise that the requirements of the memorandum are mandatory and it is your responsibility as Chief Executive to ensure they are strictly adhered to at all times. Failure to do so could lead to the consideration of sanctions by the Sponsoring Departments. We would particularly draw your attention to the revised delegated limits at Annexes 1 and 2 and the need to ensure that, when necessary the requisite approval is obtained from Sponsor Departments.

We therefore commend the revised Memorandum to you, and request that as the Accountable Person for the Body you ensure its widespread and consistent application across the whole range of FSPB functions with immediate effect.



D C Gowdy  
Permanent Secretary  
Department of Health, Social Services  
and Public Safety



M Kelly  
Secretary General  
Department of Health and  
Children



# **FINANCIAL MEMORANDUM**

**November 2004**

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## Definitions

In this Memorandum:

“Agreement” means the Agreement between the Government of Ireland and the Government of the United Kingdom of Great Britain and Northern Ireland establishing Implementation Bodies done on 8 March 1999

“Body” means the Food Safety Promotion Board

“Chief Executive” means the senior executive official of the Food Safety Promotion Board

“Committees of the Assembly” means committees of members of the Northern Ireland Assembly, whether ad hoc or statutory

“Committees of the Oireachtas” means committees or sub-committees of either House or both Houses of the Oireachtas

“Comptrollers and Auditors General” means the Irish Comptroller and Auditor General and the Comptroller and Auditor General for Northern Ireland

“DFP” means Department of Finance and Personnel in the North

“DHSSPS” means Department of Health, Social Services and Public Safety in the North

“DoF” means Department of Finance in the South

“Finance Departments” means Department of Finance and Personnel in the North and DoF and Department of Finance in the South

“Finance Ministers” means the Minister of Finance and Personnel in the North and the Minister for Finance in the South

“FSPB” means the Food Safety Promotion Board

“GANI” means *Government Accounting Northern Ireland*

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

“NSMC” means the North-South Ministerial Council

“Sponsor departments” means Departments issuing grant to a Body and/or Departments with policy responsibility for the sector in which the Body operates. For FSPB, they are Department of Health, Social Services and Public Safety in the North and Department of Health and Children in the South

“Voted” means provision voted by the Northern Ireland Assembly and/or either House or both Houses of the Oireachtas.

During the period of suspension, any reference to the NI Assembly in the Financial Memorandum should be read as a reference to the United Kingdom Parliament.

## **BACKGROUND**

### **The Good Friday/Belfast Agreement**

On Good Friday, 10 April 1998, after protracted multi-party negotiations, the British and Irish Governments agreed on a new way forward for Northern Ireland. The resulting Agreement provided for various new institutional and constitutional arrangements, including the Northern Ireland Assembly, the North/South Ministerial Council (NSMC), and implementation bodies.

### **North/South Ministerial Council (NSMC)**

The NSMC was established in December 1999 on the entry into force of the British-Irish Agreement. It comprises Ministers of the Irish Government and the Northern Ireland Administration, working together to develop consultation, co-operation and action within the island of Ireland on matters of mutual interest, in a way that will prove mutually beneficial.

On 18 December 1998, a Joint Statement was issued by the First Minister (designate) and Deputy First Minister (designate), setting out areas for co-operation that would come under the auspices of the NSMC, as agreed by the two Governments. Consequently, six North/South Implementation Bodies (Inland Waterways, Food Safety, Trade and Business Development, Special EU Programmes, Language, and Aquaculture and Marine Matters) along with Tourism Ireland Limited were identified to come under the remit of the NSMC. One of the NSMC's functions is to decide by agreement all-island policies and actions for implementation by the North/South Bodies.

### **NSMC Joint Secretariat**

The Joint Secretariat is mandated by Strand 2 of the Agreement to support the NSMC. It has a co-ordinating and liaison function, and acts as a channel of communication between the body and sponsor and Finance departments.

It facilitates meetings between sponsor departments, "centre departments" (the Office of the First Minister and Deputy First Minister in the North, the Department of the Taoiseach and Department of Foreign Affairs in the South, and the Finance departments North and South) and all of the Bodies, providing a forum at which the relevant parties can work together to achieve best practice in matters of corporate governance, and other issues affecting the business of the body.

# COMMON INTRODUCTORY CHAPTER

## Purpose of the Chapter

The purpose of this chapter is to set in context the operation of this Financial Memorandum and to provide an overview of the key principles of corporate governance and how they affect North/South bodies. It also highlights a number of common issues that are unique to North/South bodies and suggests how these should be handled. The body of the Memorandum sets out more detailed operational requirements.

## Context

North/South bodies are unique in that they implement policies and actions on a cross-border and all-island basis and therefore must comply with statutory and accounting requirements in both jurisdictions. This Financial Memorandum seeks to strike a balance between the need to allow the bodies sufficient autonomy to carry out their agreed functions in an efficient and effective manner, and the need for the bodies to account properly to their stakeholders and other interested parties for the stewardship of public funds, in line with the core principles of corporate governance.

## Corporate Governance – Historical Perspective

Interest in corporate governance dates back to the early 1990s, following a series of financial scandals and related listed company failures in the UK. These led to the publication of a variety of reports, and to the production of codes of best practice for the governance of public bodies. Following on from these flowed ‘The Seven Principles of Public Life’ (openness, integrity, accountability, objectivity, selflessness, leadership and honesty); provision of guidance on risk management and systems of internal control; establishment of audit committees; more regular performance reporting; and statutory access by the Comptrollers and Auditors-General in both jurisdictions to publicly funded bodies.

In 1997, the Department of Finance and Personnel in Northern Ireland issued guidance on codes of best practice for Board members of public bodies, and in 2003 legislation was introduced to extend access rights of the Comptroller and Auditor-General to public bodies. In the South, legislation was introduced in 1993 and 1998 in relation to the powers of the Comptroller and Auditor-General. This was followed in 2002 by the establishment of the Office of the Director of Corporate Enforcement, and the publication by the Minister for Finance of the Code of Practice for the Governance of State Bodies. This Code sets out a corporate governance best practice framework, which the Irish Government requires the State body sector to put in place.

## Accountability and Corporate Governance

Corporate governance comprises the systems and procedures by which organisations are directed and controlled. In the interests of transparency and accountability, it is important that corporate governance of public bodies, including North/South bodies, operates to the highest standards. The concept of accountability requires that an individual or body should be accountable for, or be expected to report back on, their actions. It makes them personally responsible for their actions and decisions and subjects them to external scrutiny for their management of public funds and all aspects

of performance. It is therefore important that those in the accountability chain understand their remit and responsibilities within a clearly defined structure.

It is also clear that accountability within public bodies and those organisations funded by them has much wider implications today given the multiplicity of stakeholders, including customers, Ministers and the taxpayer. Such stakeholders exercise much greater levels of scrutiny than formerly in relation to performance and securing value for money for the use of public resources.

### **Implementation of Guidance**

North/South bodies are unique when compared to other public bodies in that the Governments of two jurisdictions have jointly established them. Whilst the bodies are treated as being analogous to NDPBs and Semi-State bodies and are required, in terms of corporate governance, accounting and accountability, to adhere to guidance and best practice applicable to those organisations, it is recognised that this can create difficulties where the two sets of guidance differ. Dear Accounting Officer letters/Finance Circulars and similar guidance will be agreed by the Finance Departments, north and south, before being issued to departments for dissemination as appropriate to their relevant North/South body/bodies. However, where there already exists Northern and Southern established guidance on a particular issue, a body will be expected to satisfy both Northern and Southern criteria. If a body experiences any difficulties in this regard it should contact its Sponsor Departments, which will, if necessary, seek advice from the Finance Departments.

### **Departmental Accounting Officers**

The core roles and responsibilities of Departmental Accounting Officers (Permanent Secretaries in the North and Secretaries General in the South) are set out in specific Departmental Accounting Officer Memoranda in each jurisdiction. Their roles and responsibilities in relation to North/South bodies are very similar and these are set out in the "Role of the Departmental Accounting Officers and Departments" section of this Financial Memorandum. To summarise, Departmental Accounting Officers in both jurisdictions have responsibilities in relation to the conditions of payment of grant from Voted moneys, and for ensuring that there is a clear framework and system for the control of and accountability for public funds in all bodies operating under the aegis of their departments.

In relation to monitoring, there is also considerable commonality. The Accounting Officer Memorandum in the South states that "it is the boards and Chief Executives of other public sector bodies, not the Accounting Officers of Government Departments and Offices, who are responsible for running those organisations and preparing their accounts". In this respect, the role of the Departmental Accounting Officers is similar North and South.

However, it is recognised that their roles and responsibilities also differ in certain respects. For instance, if a North/South body's Accountable Person were invited to appear before the Public Accounts Committee in Northern Ireland or at Westminster, the Permanent Secretary of the Sponsor Department would normally be expected to attend and could be questioned on issues directly affecting his/her Department or the

North/South body. In the South, normally the Accountable Person would be expected to attend alone. The Secretary-General would attend only if invited by the Oireachtas Committee to answer on matters for which he is responsible.

It is recognised, however, that the Public Accounts Committees may place a different emphasis on the oversight expected of the respective Departmental Accounting Officers in each jurisdiction.

## **Delegations**

The use of delegations, whereby in a limited number of circumstances a sponsored body is required to obtain the approval of its Sponsor Departments and, on occasions, the Finance Departments, before committing to certain expenditure, operates in both jurisdictions in relation to NDPBs and Semi-State bodies. This practice has been extended to North/South bodies. Each body has a set of delegations, which have been approved by both of the Sponsor Departments. Departmental Accounting Officers will have available to them all supporting information relevant to expenditure decisions by the bodies and will be free to access whatever information they require to comply with normal procedures within each jurisdiction.

## **Economic Appraisal**

Economic appraisal is a key tool for achieving value for money and satisfying public accountability requirements. The principles of appraisal should apply to all decisions and proposals involving expenditure or resources. They apply equally to policies, programmes and projects and should be applied with appropriate and proportionate effort to all decisions and proposals for spending or saving public money, including EU funds, and any other decisions or proposals that involve changes in the use of public resources.

As there is guidance on economic appraisal in both jurisdictions, North/South bodies should follow the guideline mentioned in the Implementation of Guidance section above, namely, that they will have to satisfy both Northern and Southern criteria.

## **Purpose of the Financial Memorandum**

1. This Memorandum sets out the financial procedures and accountability arrangements which govern the operating and financial relationship between the North/South Ministerial Council (NSMC), Department of Health, Social Services and Public Safety, the Department of Health and Children, and the Food Safety Promotion Board, hereafter referred to as the Body. Its provisions have been approved by the Department of Finance & Personnel (DFP) and the Department of Finance (DoF). It should be read in conjunction with the Agreement between the Government of Ireland and the Government of the United Kingdom of Great Britain and Northern Ireland establishing Implementation Bodies and the related legislation North and South. These financial procedures and accountability arrangements may be reviewed from time to time.
2. The Memorandum has been designed to ensure proper use of public monies and pays due regard to the Body's status as a cross-border Body. It also reflects the Body's dependence on financial support from the sponsor Departments and sets out conditions for the sponsor Departments to pay grants to the Body in support of its operations. Compliance with this Memorandum is a condition for receiving grants.
3. To ensure robust financial monitoring, the proper use of the grant from the sponsor Departments, and to stimulate the efficiency and effectiveness of its performance, the Body shall, for the purposes of this Memorandum, be treated as a Non-Departmental Public Body (North) and a Non-Commercial Semi-State Body (South) within the public service, as appropriate.

## **Statutory Authority**

4. The statutory authority for the body is the North-South Cooperation (Implementation Bodies) (Northern Ireland) Order, 1999 and the British-Irish Agreement Acts, 1999 and 2002. Provision for grant will be made by the sponsor Departments from voted monies.

## **Functions**

5. The main functions of the Body, and the arrangements by which they are to be exercised, are as set out in Part 2 of Annex 1 and Part 2 of Annex 2 of the Agreement.

## **RELATIONSHIP BETWEEN THE BODY AND DEPARTMENTS**

### **Role of the Departmental Accounting Officers**

6. The sponsor Departments' Accounting Officers are responsible for the propriety and regularity of all resources voted to the sponsor Departments by the respective legislatures. In line with existing custom and practice in both jurisdictions, it is the responsibility of the Accounting Officers of the sponsor Departments to:



- i. ensure that the Body's strategic aims and objectives are set in accordance with this Memorandum;
- ii. ensure that accountability, financial and other management controls are appropriate and sufficient to safeguard the public funds provided to the Body in support of its operations;
- iii. satisfy themselves that the financial and managerial systems will provide accurate and timely information to the sponsor Departments;
- iv. ensure that controls being applied by the Body conform to the requirements of economy, propriety and good financial management;
- v. ensure that accounts for the Body are submitted to Departments, as appropriate, and that accounting systems and organisational arrangements of the Body are adequate for the proper administration of the public moneys of the body;
- vi. release grants to the Body only in accordance with conditions of grant and demonstrated need, and to monitor compliance with these conditions.
- vii. monitor any borrowing;
- viii. consider and recommend the Body's corporate and business plans; and,
- ix. attend any related hearings of a Committee of the Northern Ireland Assembly or Committee or sub-Committee of either House or both Houses of the Oireachtas as appropriate.

7. The Body shall provide the sponsor Departments with such returns of information relating to its proceedings or undertakings as the sponsor Departments may from time to time require, and for such purposes shall permit any person authorised by the sponsor Departments to inspect and make copies of their accounts, books, documents, data and records and shall afford such explanation as that person or the sponsor Departments may require.
8. The Body shall be subject to the data protection legislation applicable in each jurisdiction, in accordance with the legislation which establishes the North/South Bodies.

### **Parliamentary Accountability**

9. As provided in paragraph 1.5 of Part 7 of Annex 2 of the Agreement, a member of the Body or of its staff will, if so requested, appear before or otherwise co-operate with



- i. a Committee of the Assembly or a Committee or sub-Committee of either House or both Houses of the Oireachtas, in accordance with normal practice and relevant legislation within each jurisdiction, and
- ii. the NSMC.

10. If a Body's Accountable Person were invited to appear before the Public Accounts Committee in Northern Ireland or at Westminster, the Permanent Secretary of the sponsor Department would normally be expected to attend and could be questioned on issues directly affecting his/her Department or the North/South Body. In the South, normally the Accountable Person would be expected to attend alone. The Secretary-General would attend only if invited by the Oireachtas Committee to answer on matters for which he/se is responsible.
11. In answering/giving evidence to any Parliamentary Committee, neither the Chief Executive nor any member of staff of the Body shall question or express an opinion on the merits of any policy or the merits of objectives of such a policy of the Irish Government or Northern Ireland administration, or the NSMC, or a Minister of the Irish Government or of the Northern Ireland administration, or of the NSMC, or of the Attorney General of Ireland or Attorney-General for Northern Ireland.

### **Accountable Person for Body**

12. The Chief Executive Officer shall be the Accountable Person responsible for the economic, efficient and effective administration of the Body. With regard to the Northern Ireland Assembly, the Accountable Person shall be designated by the Departmental Accounting Officer and shall report to him/her in accordance with established procedures. There is no comparable procedure in the South.

### **Appointment and Responsibilities of the Chief Executive**

13. NSMC appoints the Chief Executive.
14. The Chief Executive is answerable to the NSMC for the Body's use of any resources made available to it. The Chief Executive has complete discretion to manage the day-to-day operations and financial management of the Body and shall among other things:
  - i. where appropriate, advise the Advisory Board on the discharge of its responsibilities;
  - ii. advise the sponsor Departments and NSMC as and when appropriate;
  - iii. ensure that public funds administered by the Body are used solely for the purposes stated by Dáil Éireann and the Northern Ireland Assembly and in accordance with the provisions of this Financial Memorandum;
  - iv. ensure that the financial and other management controls applied by the Body are appropriate and sufficient to safeguard public funds and

conform with the requirements of propriety, regularity and of good financial management;

- v. ensure that all resources are safeguarded and are used economically, efficiently and effectively;
- vi. ensure that the conditions set out in this Financial Memorandum are observed and that expenditure will be undertaken only to the extent and for the purposes authorised by the sponsor Departments, and with the consent of the Finance Departments;
- vii. ensure that expenditure is contained within the approved budget, and in this context if he/she is of the opinion that a decision or proposed decision of the Body would result in expenditure in excess of the approved budget, or result in borrowing in excess of the amount approved, he/she shall, as soon as possible, inform the sponsor Departments of that opinion;
- viii. ensure that appropriate personnel management policies are developed and observed, taking account of the statutory provisions and guidelines relating to the determination of the pay, numbers, grading and other conditions of service of staff, and of the staffing principles agreed between the Finance Departments;
- ix. ensure that adequate internal controls operate and are maintained;
- x. ensure that financial considerations (including any issues of propriety, regularity or value for money considerations) and the avoidance of extravagance or waste are taken fully into account at all stages in framing and reaching decisions and in their execution;
- xii. sign a statement on internal control regarding the Body's system of internal control for inclusion in annual report and accounts;
- xiii. sign the accounts and maintain supporting records, and in so doing accept personal responsibility for ensuring that the accounts are properly prepared in accordance with the relevant guidance;
- iv. ensure that specific approval for expenditure has been obtained in all cases where it falls outside the scope of any standing authority delegated by the sponsor Departments of the Body. Any proposed expenditure which might be considered novel, atypical or contentious, or which falls outside the agreed delegated limits must be referred for prior approval to the sponsor Departments (and Finance Departments where appropriate) (see section "Capital Expenditure and Delegations" below and Annexe 1 attached);
- . keep under review the Body's financial management systems, operating suitably transparent and accountable processes, providing the sponsor Departments with such periodic returns as the sponsor Departments may require;

consider necessary to satisfy themselves as to the effectiveness of these systems;

- xvi. ensure that correct procedures are observed in relation to any proposal which, while not leading to immediate expenditure, could involve a contingent liability on the Body or the Irish Exchequer/UK Treasury;
- xvii. have the personal authority to write off losses and make special payments, subject to the to the delegated limits at Annexe 1;
- xviii. ensure that effective internal audit is established in accordance with paragraph 48;
- xix. make appropriate written representation to the NSMC (copying it to the Departmental Accounting Officers) if he/she receives instructions which he/she regards as conflicting with his/her duties;
- xx. ensure that conflicts of interest are avoided, whether in the proceedings of the advisory structures or in the actions or advice of their staff;
- xxi. ensure that the Body observes any general guidance issued by the NSMC, the Irish Government, the Northern Ireland administration, the sponsor Departments and the Finance Departments, as appropriate, and puts into effect any relevant recommendations of the relevant Committee of the Northern Ireland Assembly or Committee or sub-Committee of either House or both Houses of the Oireachtas where accepted by the Irish Government and the Northern Ireland administration; and
- xxii. be amenable to a Committee of the Assembly or a Committee or sub-Committee of either House or both Houses of the Oireachtas, including attendance at their meetings, if so requested, in relation to:
  - (a) the regularity and propriety of the transactions required to be recorded in any account subject to audit by the Comptrollers and Auditors General;
  - (b) the economy and efficiency of the Body in the use of its resources;
  - (c) the systems procedures and practices employed by the Body for the purpose of evaluating the effectiveness of its operations; and
  - (d) any matter affecting the Body referred to in a report of the Comptrollers and Auditors General that is laid before Dáil Eireann and/or the Northern Ireland Assembly.

15. The Chief Executive may delegate responsibilities to other senior staff within the Body as he/she sees fit. However, he/she cannot delegate their full responsibility to other staff. The Chief Executive may delegate responsibilities or allocate resources as he/she considers necessary according to priorities, subject to the corporate plan agreed by NSMC. He/she shall keep the

operational activities of the Body under review and hold regular management meetings to monitor expenditure and performance.

16. The Chief Executive has particular responsibility to ensure that appropriate advice is tendered to the NSMC on all matters of financial propriety and regularity and on all considerations of prudent and economic administration. In tendering such advice, the Chief Executive shall, where necessary, make reference to the sponsor Departments' obligations to account to a relevant Committee of the Northern Ireland Assembly or Committee or sub-Committee of either House or both Houses of the Oireachtas for the Body's use of all resources made available to it by the sponsor Departments.
17. Should a course of action be contemplated which the Chief Executive considers would infringe the requirements of propriety or regularity or the provisions of this Memorandum, or does not represent prudent or economic administration, or efficiency or effectiveness, *or* value for money, he/she shall be obliged to draw the matter to the attention of the NSMC in writing and side copy to the Departmental Accounting Officers. In such circumstances, the relevant course of action shall not be pursued pending consideration of and adjudication on the matter by the NSMC and the Departmental Accounting Officers.
18. The functions of the Chief Executive may be performed during his/her absence or when the position of the Chief Executive is vacant by such member of the staff of the Body as may from time to time be designated for that purpose by the NSMC.

## **FINANCIAL AND BUSINESS PLANNING FRAMEWORK**

### **Sources of Funding**

19. The Body will receive grants from money voted by the Northern Ireland Assembly and Dáil Éireann. NSMC, with the approval of the Finance Ministers, will make recommendations as to the amount of such grants, in accordance with the budgetary cycle table at Annexe 3.
20. The total annual approved expenditure budget of the Body, must not exceed the aggregate of the amount voted to it by the respective legislatures, including supplementary estimates, together with income accruing to the Body, if any, consistent with the agreed three-year corporate and annual business plans.
21. The Body must inform the sponsor Departments of all funding arrangements entered into with other bodies. External sources of financing may be established by agreement with the sponsor Departments and Finance Departments.

### **Payments of Grant to the Body**

22. The sponsor Departments may pay grants to the Body conditional upon need and taking into account any support from other parties in either the public or private sector. The grant will be approved and payments made subject to the conditions outlined in this Memorandum. Any grant paid must only be used by the Body

for the purposes for which it has been given. Separate records must be kept of funds received and payments made in this respect.

23. Claims for grant payment shall be formulated having regard to the level of the Body's funds and to the forecast level of its payments and other receipts over the period of the claim. Any part of the grant provision in respect of a particular financial year which has not been paid to the Body by the end of that year shall lapse. Unspent grants in the hands of the Body may be subject to surrender.
24. The Body shall submit a profile of monthly cash requirements to the sponsor Departments in advance of each new financial year for approval, certifying that the grant is required for purposes appropriate to the Body's functions and approved Business Plan. This may be revised in light of adjustments to income and/or expenditure, agreed by sponsor Departments and Finance Departments. The profile shall be broken down into expenditure categories/activities contained in the approved Expenditure Plan/Business Plan. The sponsor Departments will make payments of grant to the Body monthly, in line with the approved profile and subject to quarterly review of the Business Plan and associated forecast cash flow requirements. Each quarter, the Body will submit to the sponsor Departments a statement of actual outturn for the previous quarter, the estimated outturn for each month of the next quarter, and a forecast of the cash required for the following 12 months on a rolling basis. The statement shall be accompanied by a certificate to the effect that the conditions applying to the previous grant instalment have been duly observed to date and that the current grant instalment is required for purposes appropriate to the Body's functions and approved Business Plan setting out written evidence of need, including cash bank balances. The Chief Executive or another officer designated by the Chief Executive, must sign all such applications. Applications for funds exceeding the delegated limit (Annexe 1, Para 8) for the next quarter must be countersigned by Director of Planning and Resources. Where the Director of Planning and Resources is unavailable, applications may be signed by another director, as notified in advance to the sponsor Departments.

### **Disbursement of Funds**

25. Where necessary because of different budgetary cycles in the two jurisdictions, disbursements of funds by Departments to the Body in the period January to March will be the primary responsibility of the appropriate sponsor Department in the South, payments in the period April to September will be shared between the two Departments on an agreed basis, and the appropriate sponsor Department in the North will carry the primary responsibility for payments in October to December, with contributions as necessary from the sponsor Department in the South to ensure that overall spending is financed in accordance with previously agreed shares. This profile may be altered with the agreement of both sponsor Departments.
26. The sponsor Departments reserve the right to modify existing conditions or attach new conditions to the payment of grant in the course of a spending year. The sponsor Departments may also suspend the payment of grant if they are not satisfied that the Body's systems for control of its resources are adequate.

27. Unless and until the UK adopts the euro, the grant to the Body from the sponsor Department in the North will be paid in sterling; the grant to the Body from the sponsor Department in the South will be in euro.

## **Economic Appraisal**

28. The principles of economic appraisal apply equally to policies, programmes and projects and should be applied with appropriate and proportionate effort to all decisions and proposals for spending or saving public money, including EU funds, and any other decisions or proposals that involve changes in the use of public resources.
29. As there is guidance on economic appraisal in both jurisdictions, the Body must satisfy both Northern and Southern criteria.
30. The Chief Executive of the Body should ensure that the guidelines are being complied with. Information should be maintained on the project from inception to completion in a form, which can be submitted to the sponsor Departments, if required, and which conform to requirements for audit and value-for-money scrutiny. Projects excluded from the term 'consultancy' under the headings in paragraph 85 are still subject to the principles of economic appraisal.

## **Payment of Grants to Third Parties**

31. The Body must first seek the prior approvals of NSMC and Finance Ministers for the arrangements of paying such a grant.
32. The Body must ensure that it has adequate procedures in place to ensure that entitlement to grant can be clearly established and documented. Payments should only be made to those who meet the criteria for receiving grant. These criteria shall be agreed with the sponsor Departments, with the consent of the Finance Departments. The Body must be even handed in deciding what payments are made and must maintain accurate and timely records of the reasons for the decisions made. The prior approval of the sponsor Departments must be obtained for all payments of grant to Third Parties in excess of the delegated limit (Annexe 1, para 9).
33. A condition of payment of grant shall be that the recipient allows officials of the Comptroller and Auditor General for Northern Ireland and the Irish Comptroller and Auditor General access to all records as may be required in the course of:
- i. the audit and certification of the accounts of the Body; and
  - ii. the performance of any value for money examination of the Body.



# FINANCIAL PLANNING

## Corporate/Management Planning Process

34. In order to service the information needs of the sponsor Departments, and the Finance Departments, in respect of both budgeting and overall management, the Body will be required to prepare a 3-year corporate plan, normally every three years, which will include a description of the proposed activities and the associated funding implications. The plans, which will be subject to the approval of NSMC, the Finance Ministers, should also include such other information and targets and indicators against which the Body's performance may be measured as may be required by the sponsor Departments and the Finance Departments. A detailed business plan will be required annually, for consideration in the context of the annual Department Estimates discussions, to be approved by the sponsor Departments, Finance Departments and NSMC. This business plan will also include projected budget figures and associated staffing for the two years following the year of the business plan.
35. Even though the sponsor Departments and Finance Departments approve the Business Plan, this does not obviate the Body's need to seek the sponsor Departments' and Finance Departments' approvals for its programme projects costing over the relevant delegated limits.

## Budgeting Arrangements

36. The budget for the Body will be determined by the process set out in the table at Annexe 3. The corporate and business plans set out the Body's proposed activities in both jurisdictions and any action outside Ireland, and form the basis of consideration of resource requirements by the two administrations.
37. The Body's proposed corporate and business plan, to be approved by the NSMC, will include activities which will be of benefit to both jurisdictions and will in principle, over an agreed number of years, be in broad proportion to their proposed respective contributions. In November/December each year, the Governments North and South shall make provision for the recommended contributions based on Ministers' recommendations in the processes of the Estimates in the South and Budget in the North.
38. The level of contributions of the two jurisdictions may be reviewed by the sponsor Departments in the light of major currency fluctuations or other significant factors.
39. The Body has authority to spend the amount as approved in the respective year's business plan. The Body shall seek the approval of the sponsor Departments and Finance Departments if it wishes to spend any unforeseen in-year income.

## **REPORTING AND AUDIT**

### **General**

40. The body will submit a report on its activities in each year to the NSMC, subject to the Audit Protocols at Annexe 4 at such date and in such form as the NSMC may direct. In addition, the Body has a general duty to provide the sponsor Departments with such financial information relating to income, expenditure and return in such form and at such times as the sponsor Departments and the Finance Departments may require.

The Body must also provide to the NSMC or relevant Minister or Department:

- i. such other reports and information as the NSMC or relevant Minister may from time to time require;
  - ii. an annual statement of assurance signed by the Chief Executive that the Body's financial systems are adequate and effective and that the terms of this Memorandum are being complied with.
41. The sponsor Departments may arrange to have periodic financial reviews carried out. The Body must provide adequate access to and collaborate with the sponsor Departments in the conducting of these reviews.
42. The Body must inform the sponsor Departments of any significant changes in the financial management system throughout the year. The sponsor Departments must also be informed at once if it becomes apparent at any time that an over or under-spend of the approved budget is likely to occur.

### **Financial Year**

43. The financial year for accounting purposes for the Body will be the calendar year.

### **Format of Accounts**

44. The accounts of the Body will be presented to the legislatures in sterling and euro only. The accounts will be on an accruals basis and will be prepared in a form directed by the sponsor Departments with the approval of the Finance Departments. The form of accounts will take into consideration available guidance to non-departmental public bodies in the North and non-commercial semi-state bodies in the South, following, as appropriate, generally accepted accounting principles.

### **External Audit**

45. The Body shall submit its annual accounts for audit to the Comptrollers and Auditors General as soon as possible after the end of the financial year but no



later than 1 April of the following year. The Comptrollers and Auditors General shall in co-operation, examine and certify the accounts. The Body shall also be subject to examinations by the Comptrollers and Auditors General of the economy, efficiency and effectiveness with which the Body has used its resources in discharging its functions (“Value for Money Examinations”). Both Comptrollers and Auditors General shall carry out their duties in a cooperative manner based on working methods agreed between them, as set out in the audit protocols in Annexe 4.

### **Access**

46. The Body shall permit audit officials access to all documents, records and data, as may be required to carry out the above examinations and in accordance with The Audit and Accountability (Northern Ireland) Order 2003 and the Comptroller and Auditor General (Amendment) Act 1993. Reference to audit officials in these paragraphs includes auditors not directly employed in the offices of either Comptroller and Auditor General, but undertaking work on behalf of one or both Comptrollers and Auditors General.
47. Reports of value for money examinations, having been prepared in a cooperative manner by both Comptrollers and Auditors General, shall be laid, simultaneously to the greatest extent possible, before the Northern Ireland Assembly and the Houses of the Oireachtas.

### **Internal Audit**

48. The Body shall establish an effective internal audit function which shall operate and report in accordance with relevant financial guidance (eg “Internal Audit Standards” issued by the DoF and the “Government Internal Audit Standards” (GIAS) issued by DFP). The Body shall review its internal audit function once every three years at least.

## **FINANCIAL AND MANAGEMENT CONTROLS**

### **Supervisory Functions**

49. The Body shall permit the nominated representatives of the Accounting Officers of the sponsor Departments, access to all records as may be required to enable the Accounting Officers of the sponsor Departments to fulfil their responsibilities.

### **Capital Expenditure and Delegations**

50. The Body may be given delegated authority to commit capital expenditure on a particular project up to a level to be approved from time to time by the sponsor Departments and Finance Departments. Regular reports on the progress of projects should be made to the sponsor Departments. The delegated expenditure limits are set out in Annexe 1.

51. Even though the sponsor Departments and Finance Departments approve the Business Plan, this does not obviate the Body's need to seek the sponsor Departments' and Finance Departments' approvals for projects costing over the relevant delegated limits.
52. Capital expenditure is defined as expenditure on new construction, land, extensions or alterations to existing buildings and the purchase of any other fixed asset (e.g. office equipment) including vehicles with an expected working life of more than one year and which meet the requirements of GAAP for inclusion in the Balance sheet of the Body.
53. Any capital project over the delegated limit (Annexe 1, para 10) must be subject to economic appraisal. The body should ensure that all projects are appraised in accordance with any relevant guidance, subject to the approval of the sponsor Departments and the Finance Departments. The Chief Executive of the Body should ensure that the guidelines are being complied with. Information should be maintained on the project from inception to completion in a form which can be submitted to the sponsor Departments if required, and which conforms to requirements for audit and value-for-money scrutiny.
54. The Body may spend up to the delegated limit (Annexe 1, Para 10) on individual capital items or projects. Beyond that delegated limit, the prior authority of the sponsor Departments must be obtained before expenditure is incurred.
55. Applications to the sponsor Departments for approval of projects with a net cost of the delegated limit (Annexe 1, Para 10) or above should be supported by formal notification that the project has been examined and is supported by the Advisory Board. Regular reports on the progress of projects should be made to the sponsor Departments, as defined by and agreed with the sponsor Departments when approval for the project is given.

### **Virement**

56. The Body shall refer to its sponsor Departments for guidance if it wishes to vire funds.
57. The Body shall not have delegated authority to apply virement between the capital and revenue budgets.

### **Receipts**

58. The Chief Executive is responsible for ensuring that there are adequate systems for collecting and accounting for receipts. He/she should ensure that money owed to the Body is collected promptly and that outstanding claims are followed up at frequent and regular intervals. All receipts received above the level agreed within the annual business plan must be returned to the sponsor Departments. The Body must make a case to, and gain the permission of, the Sponsor Departments, Finance Departments and the NSMC if it wishes to use extra receipts as additional Accruing Resources.

## **Balances**

59. The Body should keep cash and bank balances at the minimum consistent with efficient operation of the functions of the Body. The Body shall not draw down the Grant from the sponsor Departments in excess of immediate requirements.

## **Financial Investments**

60. The Body shall not make any financial investments without the sponsor Departments' approval.

## **Fraud and Theft**

61. The Body shall comply with any guidance provided by the sponsor Departments (e.g. the adoption of a Fraud Policy Statement) and take all necessary measures to safeguard against fraud and theft. All cases of attempted, suspected or proven fraud shall be investigated vigorously and promptly, and be reported to the Finance Departments, the Director of Audit, Health Services Audit (DHSSPS), DHSSPS Internal Audit, the Finance Departments' Internal Audit, and any other appropriate internal audit bodies as soon as they are discovered, irrespective of the amount involved.

## **Losses and Special Payments**

62. The Body shall keep a register of all losses and special payments, detailing the nature, gross amount and cause of each loss, the action taken and, where appropriate, the date of write-off. The sponsor Departments shall have the right to inspect the register at any time. Losses shall not be written off until all reasonable attempts to make a recovery have been made and proved unsuccessful. The Chief Executive shall ensure that attention is drawn to such losses and special payments by suitable notation in the Body's accounts and by notifying the sponsor Departments.
63. The Body shall have delegated authority to write off losses and make special payments within the limits specified in Annexe 1. All write-offs and special payments above this threshold and all cases where fraud is suspected or proven (even where the sum involved is within the delegated limit) will require the prior written approval of the sponsor Departments.

## **Advance/deferred payments**

64. The Body shall seek the approval of the sponsor Departments and Finance Departments if it wishes to make an advance payment or defer a payment.

## **Financial Liabilities, Guarantees, et cetera**

65. The Body may not give any guarantees, indemnities or letters of comfort, or incur any other such liability without the approval of the sponsor and Finance Departments.

## **Insurance**

66. The Body shall not take out any insurance without the prior approval of the sponsor Departments and Finance Departments unless there is a legal requirement to do so. The Body should adhere to all other relevant guidance in relation to insurance.

## **Gifts**

67. The Body may, subject to the approval of the sponsor Departments and Finance Departments, accept gifts of money, land or other property upon such trusts or conditions (if any) as may be specified by the donor, unless a conflict of interests could arise.
68. The Body shall not accept a gift if the conditions attached to it would be inconsistent with its functions.
69. If any gift received is valued at over €500 (Annexe 1, Para 11i) or more, the Body will notify the sponsor Departments accordingly.
70. Proposals for the making of gifts or donations outside of the Body must have the prior approval of the sponsor Departments. If the gifts made by the Body individually or collectively exceed the delegated limit (Annexe 1, Para 11ii) on an annual basis, their details shall be noted in its own accounts.
71. The Body shall maintain two registers, one containing details of all gifts received and one of those gifts made, and both should detail the estimated values of the gifts. For gifts received, the register should also record what happened to them (i.e. retained, disposed of, etc).

## **Credit Cards and Hospitality**

72. The Body will develop credit card guidelines and hospitality guidelines, which it will agree with the Sponsor Departments in line with the relevant guidance North and South.

## **Banking**

73. The Body's banking arrangements at inception are required to be subject to competitive tendering and at least every five years thereafter. They shall also be subject to the approval of the sponsor Departments and the Finance Departments, and shall be kept under regular review. The Chief Executive is responsible for ensuring that the arrangements are in accordance with relevant

financial guidelines, and are carried out efficiently, economically, and effectively, and that the Body's banking arrangements safeguard public funds. To this end, the Body's banking arrangements should be kept separate and distinct from any other person, body or organisation, and that there should be effective controls over the preparation and authorisation of payments. The Chief Executive will provide information about the Body's banking arrangements as required by the sponsor Departments and the Finance Departments.

74. Any interest earned should be netted off from the Body's budget for that year.

### **Leasing/Rental Agreements**

75. The Body may enter into lease and/or rental agreements for the purposes of its functions in line with the relevant guidance North and South.
76. Lease and rental agreements should be open to competitive tender in the same way as general procurement unless there are convincing reasons to the contrary. Before entering into any lease, the Body must be able to demonstrate that leasing is the most cost effective method for obtaining premises or equipment. An economic appraisal should be carried out in line with the delegated limit set out in Annexe 1, paragraph 10.

### **Borrowing**

77. The Body may borrow for the purposes of its functions subject to the prior approval of the Sponsor Departments and Finance Departments.

### **Currency**

78. The Chief Executive shall have discretion as to the normal operating currency of the Body, having due regard to the main place of business, and normal value for money considerations.

### **Fees and Charges**

79. Fees and charges for goods and services should be set, as far as possible and where appropriate, having regard to the full economic cost of such services, and shall be determined in accordance with all relevant guidance, including that of sponsor and Finance Departments, e.g. The Fees and Charges Guide issued by the Department of Finance and Personnel, GANI, and other relevant guidance. Fees and charges are subject to the approval of the sponsor Departments and the Finance Departments.

### **Purchasing**

80. The purchasing of goods and services is subject to the relevant national and EU legislation North and South. The Body shall ensure that it adheres to the obligations imposed particularly in relation to the awarding of public sector contracts. The Body shall ensure that all purchases of works, equipment, and

goods and services, are based on value for money – i.e. quality (or fitness for purpose) and delivery against price. Goods and services should be acquired by competition unless there are convincing reasons to the contrary. Any tender thresholds set by the sponsor Departments, the Finance Departments, and EU authorities should be adhered to at all times. (See Annexe 2).

## **Contracts**

81. The Body shall ensure that any contract, let either for administrative purposes or as part of a project, should be let on a competitive basis and conform to all requirements under UK, Irish, and EU law concerning the advertisement, letting and reporting of contracts and tenders. The Body must follow best public sector practice in placing any contract and should take reasonable steps to appraise the financial standing of any firm or body with which it intends to enter a contract. The Body shall ensure that costs expended on contracts, research, or otherwise are correct.
82. To ensure transparency and to avoid any question of impropriety, the Body should record detailed reasons whenever a contract is awarded to a tenderer other than the lowest. The Body should take reasonable steps to assess the financial and economic standing of any organisation with which it intends to enter a contract.
83. The Body should always obtain a written agreement whenever a contract is awarded.
84. The Body has a general duty to provide the sponsor Departments with such information about its competitive tendering activities and associated financial affairs in such form and at such times as the sponsor Departments may require.

## **Use of Consultants**

85. The Body may spend up to (Annexe 1, Para 12) on individual consultancy assignments or projects. Beyond that delegated limit, the prior authority of the sponsor Departments must be obtained before expenditure is incurred. The term ‘consultancy’ encompasses all contracts, including research but excluding expenditure within the business plan headings:
  - a) Creative Services – relating to publications, educational programmes and, advertising and promotions,
  - b) Media Purchase
  - c) Public Relations and Stakeholder Management
  - d) Event Management
  - e) Scientific Research & Collaborative Programmes
  - f) Initiatives funded from external sources (e.g. EU funded initiatives)g) Internet Development services
86. If in doubt the Body should consult Departments and seek clarification on individual contracts.

87. In all cases where the consultancy assignment exceeds the delegated limit (Annexe 1, Para 13) a Business Case and post-completion assessment of the consultancy should be prepared in line with the procedures in the relevant guidance North and South.
88. The Body will provide the Finance Departments with an annual statement on the status of all consultancies completed and/or started in each financial year.
89. Care should be taken to avoid actual, potential, perceived or perceivable conflicts of interest when employing consultants.

### **Payments**

90. The Body is subject to the Late Payment legislation in both jurisdictions.
91. The Body should be committed to the prompt payment of bills for goods and services received, and should conduct regular reviews to measure how promptly it paid its bills. The Body should include a statement of its prompt payment policy and its performance in its annual report and/or the foreword to its accounts.

### **Overpayments**

92. Overpayments should on discovery be recorded immediately and recovery action pursued in accordance with relevant financial guidance. The Body should, as a general rule, regard payment of grants, whether to persons or corporate bodies, as business transactions, and seek full refund of any overpayments made.

### **Asset Register**

93. The Body shall establish and maintain an accurate and up-to-date register of its stocks, stores and assets.

### **Retention of Records**

94. The Body shall retain safely all records, financial or otherwise, until the expiry of seven years, or later if appropriate, after the end of the year of account to which they relate. For example in relation to long-term contracts such as PFI contracts or where subject to a PAC enquiry. Where in doubt the Body should contact the sponsor Departments for advice.

### **Disposal of Assets**

95. The proceeds from the sale of, or income on, any assets or intellectual property of the Body shall be utilised by the Body only for the purposes approved by the sponsor Departments with the consent of the Finance Departments.



96. The Body shall not sell or develop any property or rights of the Body without the prior approval of the sponsor Departments and the consent of the Finance Departments, and until the amount of clawback due to the Department and any other funders has been agreed.
97. The Body must obtain the best price possible for the disposal of any asset. Specific prior approval must be obtained from the sponsor Departments, with the consent of the Finance Departments, for any proposals to sell assets at less than market value.

## **PERSONNEL**

### **Staffing**

98. This section on staffing should be read in conjunction with the Staffing Principles in the attached Annexe 5.
99. Within the resources available to the Body, the Chief Executive shall ensure that the Body is organised and staffed on a sound basis, and in conjunction with the Staffing principles, to provide for proper delegation and segregation of duties and to promote good management, including the promotion of economy, efficiency and effectiveness.
100. It will be the responsibility of the Chief Executive to recommend, within budgetary restrictions, a staffing structure and to identify the number of specialist and other staff required. Care should be taken to avoid actual, potential, perceived or perceivable conflicts of interest when employing staff. The Body shall ensure that it adheres to the rules and disclosure requirements governing the use of consultants by central Government Departments. The Chief Executive is responsible for managing and controlling pay and pension arrangements and for handling all conduct and related matters subject to the approval of the NSMC and Finance Ministers.

### **Pay**

101. In accordance with the provisions on staffing arrangements in Annex 2, Part 7, section 3.2 of the Agreement, remuneration, grading, numbers and other conditions of service of the Chief Executive and other staff of the Body are subject to the approval of the NSMC and Finance Ministers. Pay rates and practices should be guided by the Body's business requirements, but they should generally be no more generous than those applied to comparable posts in the public service. Proposals to use higher rates than are generally paid in the public service will, for reasons of propriety, need to be supported by clear evidence that such rates are necessary.
102. Following NSMC approval the Sponsor Departments are content that the responsibility for determining the starting salary of new recruits is vested in the Chief Executive. The determination of the starting salary is to be governed by public sector recruitment policy, best practice and value for money considerations and should draw heavily upon the "Checklist" as designed by the



sponsor Departments of Finance. As required by NSMC, the Chief Executive will provide monitoring information to the Sponsor Departments on at least an annual basis.

103. Where necessary, the Body shall refer to the Sponsor Departments for guidance in regard to starting salaries.

## **Conduct**

104. The Advisory Board members and the Chief Executive and other staff of the Body should act at all times in a way which complies with this Memorandum and with the high standards expected of those who handle public finance. The Body is required to draw up a code of conduct for the Advisory Board members and for its staff, subject to the approval of Sponsor Departments, Finance Departments and the NSMC.

## **CONCLUSION**

105. Any queries relating to the interpretation of this Financial Memorandum should be referred to the sponsor Departments.
106. The sponsor Departments and the Finance Departments may from time to time amend any of the provisions of this Memorandum, in consultation with the Body, and shall notify the Body of any amendments. The FM should be formally reviewed by the Body and sponsor Departments at least every five years.
107. This revised Memorandum is effective from 16th November 2004, and supersedes the version that was in operation from December 1999.

## DELEGATED LIMITS TO WRITE-OFF LOSSES AND AUTHORISE SPECIAL PAYMENTS

<b>Losses</b>	<b>LIMITS OF AUTHORITY (PER CASE)</b>	<b>€ (£)</b>
1. Cash Losses due to:-		
a. theft, fraud, arson (whether proved or suspected), neglect of duty or gross carelessness.		€2,000 (£1,250)
b. overpayments of salaries, wages, fees and other allowances.		€2,000 (£1,250)
c. Other causes, including unvouched or incompletely vouched payments, overpayments other than those included under (b); loss by fire (other than arson); physical cash losses and losses of stamps, or similar cash equivalents.		€2,000 (£1,250)
2. Fruitless payments (including payments in respect of abandoned capital schemes).		€2,000 (£1,250)
3. Bad debts and claims abandoned		€2,000 (£1,250)
4. Losses, etc of Equipment and Property in stores and in use due to:-		
a. incidents of the service (as a result of fire, flood etc motor vehicle accidents, damage to vehicles)		€5,000 (£3,125)
b. theft, fraud or arson (whether proved or suspected), neglect of duty or gross carelessness		€5,000 (£3,125)
c. discrepancies and unexplained issues		€5,000 (£3,125)
d. malicious damage		€5,000 (£3,125)
(see <b>Note</b> below)		
e. other causes		€5,000 (£3125)

### Special Payments

5. Compensation payments

a.	Made under legal obligation	Complete
b.	Compensation payments including payments to staff for loss of personal effects (see <b>Note</b> below)	€500 (£310)
6.	Ex-gratia payments:-	
a.	extra-contractual payments to contractor.	NIL
b.	for professional/clinical negligence (negotiated settlements following legal advice) where the guidance relating to such payments has been applied.	€150,000 (£93,750) including plaintiff's costs
c.	for personal injury claims involving negligence where legal advice obtained and relevant guidance has been applied.	€5,000 (£3125) including plaintiff's costs
d.	other payments (including Personal Injury not covered at 'c' above).	€5,000 (£3125)
e.	maladministration where there was <u>no</u> financial loss by claimant.	NIL
7.	Extra-statutory and extra-regulatory payments.	NIL

### **Payments of Grant to the Body**

8. Para 24. Applications for funds exceeding € 1,000,000 (£625,000) for the next quarter must be countersigned by Director of Planning and Resources or in his/her absence by a nominated Director in line with para 24.

### **Payment of Grants to Third Parties**

9. Para 31. The prior approval of the sponsor Departments must be obtained for all payments of grant to Third Parties in excess of €100,000 (£62,500).

### **Capital Expenditure/Leasing or Rental Agreements**

10. Para 53. Any project with expenditure over € 10,000 (£6,250).

Para 54. The Body may spend up to €150,000 (£93,750) on individual items or projects.

Para 55. Applications to the sponsor Departments for approval of projects with a net cost of €150,000 (£93,750) or above should be supported by formal notification that the project has been examined and is supported by the Advisory Board.

## **Gifts**

11. i. Para 67-71. The Body shall maintain a register containing details of all gifts received, their estimated value and what happened to them (ie retained, disposed of, etc). If any gift received is valued at €500 (£310) or more, the Body will notify the sponsor Departments accordingly.  
  
ii. Para 67-71. If the gifts made by the Body individually or collectively exceed €30,000 their details shall be noted in its own accounts.

## **Use of Consultants**

12. Para 85-89. The Body may spend up to €25,000 (£15,000) on individual consultancy assignments or projects.
13. Para 85-89. In all cases where the consultancy assignment exceeds €10,000 (£6,250) a Business Case and post-completion assessment of the consultancy should be prepared in line with the procedures in the relevant guidance North and South.

## **NOTE:**

- |         |  |
|---------|--|
| Item 3b | The total amount of arrears written off in each case must not exceed £5,000 (£3125) per annum. The limit of authority is NIL where arrears are in respect of a Contribution Order made by the Court. |
| Item 4d | All cases should be notified to the sponsor Departments.   |

## DELEGATED LIMITS FOR THE PURCHASE OF GOODS AND SERVICES

THRESHOLDS	NUMBER/TYPE OF TENDER REQUIRED	AUTHORISATION
Up to £1,000/€1,500	1 or 2 Oral Quotations depending on the need to have a price comparison (fax or e-mail confirmation should be obtained)	The Body
£1,000/€1,500 - £10,000/€15,000	3 Selected Tenders	The Body
> £10,000/€15,000 - £30,000/€45,000	4 Selected Tenders	The Body
> £30,000/€45,000 – EC Thresholds	Publicly advertised open or restricted tender competition	The Body, with prior approval from the Sponsor Departments

NB. A tender normally requires that the procurement be subject to the contracting authority's terms and conditions. Procurement by quotation is usually on the basis of the suppliers' terms and conditions. However where it is believed necessary to ensure value for money, etc., the Body may set its own terms and conditions. All costs exclude VAT.

### Value close to upper end of limits

If the estimated value of the purchase is close to the upper limit, the number of quotations/tenders required in the next level should be applied. The possibility of combining repeat orders to increase buying power should be explored. Orders must not be split so as to avoid the need for competitive tendering or authorisation.

### Minimum number of quotations/tenders not obtained

For any purchase where the minimum number of quotations/tenders is not obtained, the purchase may proceed if the accountable person is satisfied that every attempt has been made to obtain competitive offers and that value for money will be achieved. In these cases, the accountable person should complete a report and records of all correspondence should be retained on file including any justification given and/or approvals obtained.

**Lease and Rental Agreements**

The delegations above will also apply to lease and rental agreements with the cash v relating to the annual cost of the arrangements.

**PROCESS FOR AGREEING CORPORATE PLANS FOR 2005-2007 AND  
BUSINESS PLANS AND BUDGETS FOR 2005 FOR NORTH/SOUTH BODIES  
(where FULL Business Plans are submitted by mid-July)**

ACTION	RESPONSIBILITY	TIMETABLE	
		Corporate Plan	Business Plan and Budget
1. Working Group meeting <sup>1</sup>	NSMC Joint Secretariat		
2. Issue of Guidance re Budget Process etc	Finance Depts	W/C 10 May	W/C 10 May
3. Prepare and agree draft <b>Corporate Plan</b> and firm budget requirements for 2005 (including indicative projections for 2006 and 2007)	Bodies in association with Sponsor Depts and copied for info. To Joint Secretariat	1 July	
4. Prepare and agree draft <b>Business Plan</b> with firm funding implications for 2005 (including indicative projections for 2006 and 2007)	Bodies in association with Sponsor Depts and copied for info. To Joint Secretariat		15 July
5 Proposed North/South funding contributions, to be agreed between sponsor Depts	Sponsor Depts, in consultation with Bodies		15 July
6 Draft Corporate Plan and Business Plans / Budget / Contributions to be agreed at official level with Finance Depts	Finance Depts	22 July	10 August
7. Sponsor Depts to agree draft IP paper with Finance Depts, with recommended Budget proposals for 2005 (including North/South contributions), and indicative budgets for 2006 and 2007	Sponsor and Finance Depts	3 August	13 August
8. Draft Plans and IP paper to be cleared with Ministers in Sponsor Departments	Sponsor Depts and copied for info. To Joint Secretariat	9 August	20 August
9. Contact OFMDFM for advice	Sponsor Depts	10 August	23 August

<sup>1</sup> To agree nature and terms of decision needed.

ACTION	RESPONSIBILITY	TIMETABLE	
		Corporate Plan	Business Plan and Budget
on consultation with Advisers/Political Parties			
10. (If appropriate) Consult Advisers/Political Parties	OFMDFM	17 August	31 August
11. Draft Plans and IP paper submitted to Finance Depts	Sponsor Depts	17August	31 August
12. Draft Plans and IP paper cleared with Finance Ministers	Finance Depts	25 August	7 September
13. Finance Depts advise Sponsor Depts when Minister has cleared draft Plans and IP papers	Finance Depts and copied for info. To Joint Secretariat	25August	7September
14. IP Paper to NSMC Joint Secretariat	Sponsor Depts	26August	8 September
15. NSMC Joint Secretariat submit IP Papers to relevant Ministers North and South <sup>2</sup>	NSMC Joint Secretariat	26 August	8 September
16. Ministers sign and return signed Interim procedures Papers to NSMC Joint Secretariat	NSMC Joint Secretariat	3September	15 September
17. Issue Record of Decision to Sponsoring Depts and Joint Chairs of North South Centre Group	NSMC Joint Secretariat	3September	15 September
18. Inform Sponsor Depts and Body of decision by letter from Joint Secretaries	NSMC Joint Secretariat	3September	15 September
19. Governments North and South make provision for recommended contributions based on Ministers recommendations in Estimates (South)/Budget (North) processes	Finance Depts		September (Draft Budget) November (AEV South)

<sup>2</sup> Copied to OFMDFM, DFA and Joint Chairs of North South Centre Group



**PROCESS FOR AGREEING CORPORATE PLANS FOR 2005-2007 AND BUSINESS PLANS AND BUDGETS FOR 2005 FOR NORTH/SOUTH BODIES**

(where **OUTLINE Business Plans** are submitted by mid-July)

ACTION	RESPONSIBILITY	TIMETABLE	
		Corporate Plan	Business Plan and Budget
1. Working Group meeting <sup>3</sup>	NSMC Joint Secretariat		
2. Issue of Guidance re Budget Process etc	Finance Depts	W/C 10 May	W/C 10 May
3. Prepare and agree draft <b>Corporate Plan</b> and firm budget requirements for 2005 (including indicative projections for 2006 and 2007)	Bodies in association with Sponsor Depts and copied for info. To Joint Secretariat	1 July	
4. Prepare and agree draft <b>outline Business Plan</b> with firm funding implications for 2005 (including indicative projections for 2006 and 2007)	Bodies in association with Sponsor Depts and copied for info. To Joint Secretariat		15 July
5 Proposed North/South funding contributions, to be agreed between Sponsor Depts	Sponsor Depts, in consultation with Bodies		15 July
6 Draft <b>Corporate Plan and outline Business Plans / Budget / Contributions</b> to be agreed at <b>official</b> level with Finance Depts	Finance Depts	22 July	10 August (outline plan based on firm funding implications)
7. Sponsor Depts to agree draft IP paper with Finance Depts, with recommended Budget proposals for 2005 (including North/South contributions), and indicative budgets for 2006 and 2007	Sponsor and Finance Depts	3 August	13 August
8. Draft Plans and IP paper to be cleared with Ministers in Sponsor Depts	Sponsor Depts and copied for info. To Joint Secretariat	9 August	20 August
9. Contact OFMDFM for	Sponsor Depts	10 August	23 August

<sup>1</sup> To agree nature and terms of decision needed.

ACTION	RESPONSIBILITY	TIMETABLE	
		Corporate Plan	Business Plan and Budget
advice on consultation with Advisers/Political Parties			
10. (If appropriate) Consult Advisers/Political Parties	OFMDFM	17 August	31 August
11. Draft Plans and IP paper submitted to Finance Depts	Sponsor Depts	17August	31 August
12. Draft Plans and IP paper cleared with Finance Ministers	Finance Depts	25 August	7 September
13. Finance Depts advise sponsor Depts when Minister has cleared draft Plans and IP papers	Finance Depts and copied for info. To Joint Secretariat	25August	7September
14. IP Paper to NSMC Joint Secretariat	Sponsor Depts	26August	8 September
15. NSMC Joint Secretariat submit IP Papers to relevant Ministers North and South <sup>4</sup>	NSMC Joint Secretariat	26 August	8 September
16. Ministers sign and return signed Interim procedures Papers to NSMC Joint Secretariat	NSMC Joint Secretariat	3September	15 September
17. Issue Record of Decision to Sponsor Depts and Joint Chairs of North South Centre Group	NSMC Joint Secretariat	3September	15 September
18. Inform Sponsoring Depts and Body of decision by letter from Joint Secretaries	NSMC Joint Secretariat	3September	15 September
19. Governments North and South make provision for recommended contributions based on Ministers recommendations in Estimates (South)/Budget (North) processes	Finance Depts		September (Draft Budget)  November (AEV South)
20. Prepare and agree draft final Business Plan with firm funding implications <sup>5</sup>	Bodies in association with sponsor Depts and Joint Secretariat		7 September
21. Depts to agree draft Plan	Sponsor and		27 September

<sup>4</sup> Copied to OFMDFM, DFA and Joint Chairs of North South Centre Group

<sup>5</sup> Funding implications should be as stated in the outline Business Plan

ACTION	RESPONSIBILITY	TIMETABLE	
		Corporate Plan	Business Plan and Budget
and IP paper at <b>official</b> level with Finance Depts.	Finance Depts		
22. Draft Plan and IP paper to be cleared with Ministers in Sponsor Depts	Sponsor Depts / Sponsor Ministers		5 October
23. Contact OFMDFM for advice on consultation with Advisers/Political Parties	Sponsor Depts		8 October
24. (If appropriate) Consult Advisers/Political Parties	OFMDFM		8 October
25. Draft Plan and IP paper submitted to Finance Depts	Sponsor Depts		11 October
26. Draft Plan and IP paper cleared with Finance Ministers	Finance Depts		13 October
27. Finance Depts advise sponsor Depts when Minister has cleared Plan and IP Paper	Finance Depts		13 October
28. IP Paper to NSMC Joint Secretariat	Sponsor Departments		13 October
29. NSMC Joint Secretariat submit IP Paper to relevant Ministers North and South <sup>6</sup>	NSMC Joint Secretariat		15 October
30. Ministers sign and return signed IP Paper to NSMC Joint Secretariat	NSMC Joint Secretariat		18 October
31. Issue Record of Decision to Sponsoring Depts and Joint Chairs of North South Centre Group	NSMC Joint Secretariat		20 October
32. Inform Sponsor Depts and Body of decision by letter from Joint Secretaries	NSMC Joint Secretariat		20 October
33. Recommended contributions (in the form of grant payments/vote provisions) subject to approval of Parliament and Dail Eireann	Finance Depts		

<sup>6</sup> Copied to OFMDFM, DFA and Joint Chairs of North South Centre Group

**[Once agreed and issued by the Finance Departments, the N/S Bodies' Audit Protocol should be inserted here]**

**STAFFING PRINCIPLES OF NORTH/SOUTH IMPLEMENTATION BODIES**

1. The bodies will recruit and manage staff on the merit principle and within the legal requirements of the relevant jurisdictions.
2. In arriving at decisions on those staff who will transfer from either civil service on a permanent basis to the new Bodies, management will take the views of those staff fully into account and explore the option, where it is feasible, for seconding them for an initial period, before final decisions are taken. In the event of a dispute, staff will have access to the grievance procedure in their department.
3. Essential staff, other than those transferred or those seconded as an interim measure until their status is determined finally, will be provided initially on secondment terms from both civil services or from bodies with associated functions, where appropriate. These seconded staff will be selected under the following principles:
  - (i) staff identified as key to the successful establishment of the body;
  - (ii) other posts will be offered by a competitive process.
4. Staff will be recruited directly (at the outset where time permits or longer term) according to the requirements of the Body.
5. Transferred and directly recruited staff will not be civil servants, but employees of the Body.
6. Seconded staff will retain the terms and conditions of their employer.
7. The personnel policies of the Bodies will take account of and be informed by legislative requirements and best practice pertaining in both jurisdictions.
8. The Bodies will establish machinery for the resolution of grievances.
9. The Bodies will be responsible for their own industrial relations.