

Maze/Long Kesh  
Development Corporation

**Management Statement  
&  
Financial Memorandum**

Effective from:	5 December 2012
Effective to:	

Author: Alison Stafford, MLK PDU  
Date: January 2012  
TRIM Ref: To be advised – Unrestricted  
Change Control Amended Version - Increase in DFP Delegations  
Appendix 1 Refers.

---

## Contents

<b>1</b>	<b>INTRODUCTION.....</b>	<b>5</b>
1.1	DEFINITIONS	5
1.2	THIS DOCUMENT	5
1.3	FOUNDING LEGISLATION; STATUS	6
1.4	THE FUNCTIONS, DUTIES AND POWERS OF THE CORPORATION	6
1.5	CLASSIFICATION	7
<b>2</b>	<b>AIM, OBJECTIVES AND TARGETS</b>	<b>7</b>
2.1	OVERALL AIM	7
2.2	OBJECTIVES AND KEY TARGETS	7
<b>3</b>	<b>RESPONSIBILITIES AND ACCOUNTABILITY.....</b>	<b>8</b>
3.1	THE DEPARTMENTAL MINISTERS OF OFMDDFM	8
3.2	THE ACCOUNTING OFFICER AND ADDITIONAL ACCOUNTING OFFICER OF OFMDFM	8
3.3	THE SPONSORING DIVISION IN OFMDFM	9
3.4	THE CHAIR	10
3.5	THE CORPORATION	11
3.6	THE CHIEF EXECUTIVE'S ROLE AS ACCOUNTING OFFICER	12
3.7	THE CHIEF EXECUTIVE'S ROLE AS CONSOLIDATION OFFICER	14
3.8	DELEGATION OF DUTIES	15
3.9	THE CHIEF EXECUTIVE'S ROLE AS PRINCIPAL OFFICER FOR OMBUDSMAN CASES	15
3/10	CONSULTING CUSTOMERS	

---

<b>4</b>	<b>PLANNING, BUDGETING AND CONTROL.....</b>	<b>15</b>
4.1	THE CORPORATE PLAN	15
4.2	THE BUSINESS PLAN	16
4.3	PUBLICATION OF PLANS	16
4.4	REPORTING PERFORMANCE TO THE DEPARTMENT	16
4.5	BUDGETING PROCEDURES	17
4.6	INTERNAL AUDIT	17
4.7	AUDIT COMMITTEE	18
4.8	FRAUD	18
4.9	ADDITIONAL DEPARTMENTAL ACCESS TO THE CORPORATION	18
<b>5</b>	<b>EXTERNAL ACCOUNTABILITY.....</b>	<b>18</b>
5.1	THE ANNUAL REPORT AND ACCOUNTS	18
5.2	EXTERNAL AUDIT	19
5.3	VALUE FOR MONEY EXAMINATIONS	19
<b>6</b>	<b>STAFF MANAGEMENT.....</b>	<b>19</b>
6.1	GENERAL	19
<b>7</b>	<b>REVIEWING THE ROLE OF THE CORPORATION.....</b>	<b>20</b>
7.1	COMPREHENSIVE REVIEW	20
7.2	WINDING UP	20

---

**FINANCIAL MEMORANDUM.....22**

- I INTRODUCTION**
- II THE CORPORATION'S INCOME AND EXPENDITURE – GENERAL**
- III THE CORPORATION'S INCOME**
- IV EXPENDITURE OF STAFF**
- V NON-STAFF EXPENDITURE**
- VI MANAGEMENT AND DISPOSAL OF FIXED ASSETS**
- VII BUDGETING PROCEDURES**
- VIII BANKING**
- IX COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE**
- X REVIEW OF FINANCIAL MEMORANDUM**

**APPENDIX 1 – DELEGATED EXPENDITURE LIMITS**

- 1 PURCHASING ALL GOODS SERVICES AND WORKS**
- 2 CAPITAL PROJECTS**
- 3 DISPOSAL OF SURPLUS EQUIPMENT AND ASSETS**
- 4 LEASE AND RENTAL AGREEMENTS**
- 5 APPROVAL OF INFORMATION TECHNOLOGY PROJECTS**
- 6 ENGAGEMENTS OF CONSULTANTS**
- 7 LOSSES AND SPECIAL PAYMENTS**

---

# 1 Introduction

## 1.1 Definitions

In this Memorandum:

- “the Corporation” means the Maze/Long Kesh Development Corporation
- “the Members” means the Corporation’s Board
- “the Chief Executive” means the Chief Executive of the Corporation
- “the Chair” means the Chair of the Corporation
- “the Department” or “OFMDFM” means Office of the First Minister and Deputy First Minister
- “DFP” means the Department of Finance and Personnel
- “C&AG” means Comptroller and Auditor General
- “the Ministers” means the First Minister and deputy First Ministers
- “NIAO” means the Northern Ireland Audit Office
- “IFRS” means International Financial Reporting Standards

## 1.2 This Document

- 1.2.1 This *Management Statement and Financial Memorandum (MS/FM)* has been drawn up by the Office of the First Minister and Deputy First Minister (OFMDFM) in consultation with the Maze Long/Kesh Development Corporation and is based on the model prepared by the Department of Finance and Personnel (DFP).
- 1.2.2 The terms and conditions set out in the combined MS/FM may be supplemented by guidelines or directions issued by OFMDFM/Ministers in respect of the exercise of any individual functions, powers and duties of the Corporation.
- 1.2.3 A copy of the MS/FM for the Corporation should be given to all newly appointed Members, Senior Corporation executive staff and OFMDFM’s Regeneration Sites Team staff on appointment. Additionally the MS/FM should be tabled for the information of Members at least annually at a full meeting of the Members. Amendments made to the MS/FM should also be brought to the attention of the Members on a timely basis.
- 1.2.4 Subject to the legislation noted below, the MS/FM sets out the broad framework within which the Corporation will operate, in particular:
- the Corporation’s overall aim, objectives and targets in support of OFMDFM’s wider strategic aims and the outcomes and targets contained in its current Public Service Agreement (PSA);
  - the rules and guidelines relevant to the exercise of the Corporation’s functions, duties and powers;

- 
- the conditions under which any public funds are paid to the Corporation; and
  - how the Corporation is to be held to account for its performance.
- 1.2.5 The associated *Financial Memorandum* sets out in greater detail certain aspects of the financial provisions which the Corporation is required to observe. However, the *Management Statement and Financial Memorandum* does not convey any legal powers or responsibilities. The combined document will be reviewed by OFMDFM one year after its introduction and at least every five years thereafter as part of the comprehensive review of the Corporation (section 7 below). Revisions will be subject to approval by DFP.
- 1.2.6 The Corporation, OFMDFM, or the Ministers, may propose amendments to this document at any time. Any such proposals by the Corporation shall be considered in the light of evolving OFMDFM policy aims, operational factors and the track record of the Corporation itself. The guiding principle shall be that the extent of flexibility and freedom given to the Corporation shall reflect both the quality of its internal controls to achieve performance and its operational needs. The OFMDFM 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 the Corporation, as appropriate. (The definition of “significant” will be determined by OFMDFM in consultation with DFP).
- 1.2.7 The MSFM is approved by DFP Supply, and signed and dated by OFMDFM and the Chief Executive.
- 1.2.8 Any question regarding the interpretation of the document shall be resolved by OFMDFM after consultation with the Corporation and, as necessary, with DFP Supply.
- 1.2.9 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 the Corporation’s website).
- 1.3 Founding Legislation; Status**
- 1.3.1 The Corporation is established by the Strategic Investment and Regeneration of Sites (Maze/Long Kesh Development Corporation) Order (NI) 2010, an order issued under the Strategic Investment and Regeneration of Sites (NI) Order 2003. The Company’s full designated powers took effect from 12 October 2012. The Corporation does not carry out its functions on behalf of the Crown.
- 1.4 The Functions, Duties and Powers of the Corporation**
- 1.4.1 The functions, duties and powers of the Corporation are set out in Schedules I and II of the Strategic Investment and Regeneration of Sites (NI) Order 2003 (copy attached).
-

---

## **1.5 Classification**

- 1.5.1 For financial and policy/administrative purposes the Corporation is classified as an executive Non-Departmental Public Body.
- 1.5.2 For national accounts purposes the Corporation is classified to the central government sector.
- 1.5.3 References to the Corporation, where they exist, include 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 the Corporation (paragraphs 68 et seq refer).

## **2 Aim, Objectives and Targets**

### **2.1 Overall Aim**

- 2.1.1 Within the founding legislation, Ministers have approved the overall aim for the Corporation as being to secure the regeneration of the Maze/Long Kesh site. That objective is to be achieved in particular by the following means:
  - a. by bringing land and buildings into effective use;
  - b. by encouraging public and private investment and the development of industry and commerce;
  - c. by creating an attractive environment;
  - d. by ensuring that social, recreational, cultural and community facilities are available.

The legislation provides that the Corporation may:

- a. hold, manage and dispose of land and other property;
- b. carry out the development or redevelopment of land, including the conversion or demolition of existing buildings;
- c. carry out building and other operations;
- d. provide services and facilities;
- e. act with other persons, whether in partnership or otherwise;
- f. give financial assistance to other bodies or persons doing or intending to do specified works in line with its objects, or anything which the Corporation considers will benefit its site;
- g. carry on any business or undertaking;
- h. carry out studies, investigations and research;
- i. generally do anything necessary or expedient for the purposes of its object or for purposes incidental to those purposes.

---

## **2.2 Objectives and Key Targets**

2.2.1 OFMDFM determines the Corporation's performance framework in the light of OFMDFM's wider strategic aim and current PSA objectives and targets as outlined in paragraph 1.2.4 above. The Ministers have agreed the objectives, key targets and performance measures within the Corporation's corporate and business planning process. The Statutory Object of the Corporation as defined in the SIRS Order will be:

- "to secure the regeneration of the site"

## **3 Responsibilities and Accountability**

### **3.1 The Ministers**

3.1.1 The Ministers are accountable to the Assembly for the activities and performance of the Corporation. Their responsibilities include:

- approving the Corporation's strategic objectives and the policy and performance framework within which it will operate (as set out in this *Management Statement and Financial Memorandum* and associated documents);
- keeping the Assembly informed about the Corporation's performance;
- approving the amount of grant-in-aid, capital grant and other funds to be paid to the Corporation, and securing Assembly approval;
- carrying out responsibilities specified in the founding legislation including appointments to the Corporation, approving the terms and conditions of the Corporation Chair and Members, appointment of the first Chief Executive, approval of terms and conditions of staff, and laying of the annual report and accounts before the Assembly.

### **3.2 The Accounting Officer of OFMDFM**

3.2.1 The OFMDFM Accounting Officer is responsible for the overall organisation, management and staffing of the OFMDFM and for ensuring that there is a high standard of financial management in the Department as a whole. The Accounting Officer is accountable to the Assembly for the issue of any grant-in-aid and capital grant to the Corporation. The Accounting Officer designates the Chief Executive of the Corporation as the Corporation's Accounting Officer, and may withdraw the accounting officer designation if he/she believes that the incumbent is no longer suitable for the role.

3.2.2 In particular, the Accounting Officer of OFMDFM shall ensure that:

- the Corporation's strategic aim(s) and objectives support OFMDFM's wider strategic aims and current PSA objectives and targets;
- the financial and other management controls applied by OFMDFM to the Corporation are appropriate and sufficient to safeguard public funds and for ensuring that the Corporation's compliance with those controls is



---

effectively monitored ("public funds" include not only any funds granted to the Corporation by the Assembly but also any other funds falling within the stewardship of the Corporation);

- the internal controls applied by the Corporation conform to the requirements of regularity, propriety and good financial management;
- any grant-in-aid or capital grant to the Corporation 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 NI* (MPNI).

### **3.3 The Sponsoring Division in OFMDFM**

3.3.1 Within OFMDFM, the Maze/Long Kesh Sponsor Team (MLK ST) of the Strategic Investment, Regeneration, International Relations Division is the sponsor for the Corporation. MLK ST in consultation as necessary with OFMDFM's Accounting Officer, is the primary source of advice to Ministers on the discharge of their responsibilities in respect of the Corporation, and the primary point of contact for the Corporation in dealing with OFMDFM. The Division shall carry out its duties under the management of a senior officer who shall have the primary responsibility within the team for overseeing the activities of the Corporation.

3.3.2 RST shall, in consultation with the Corporation, advise Ministers on:

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

3.3.3 In support of the Accounting Officer, MLK ST shall, in consultation with the Corporation, where appropriate:

#### **On performance and risk management -**

- monitor the Corporation's activities on a continuing basis through an adequate and timely flow of information from the Corporation on performance, budgeting, control and risk management, including early sight of the Corporation's Statement on Internal Control;
- address in a timely manner any significant problems arising in the Corporation, whether financial or otherwise, making such interventions in the affairs of the Corporation as OFMDFM judge necessary to address such problems;
- periodically carry out a risk assessment of the Corporation's activities to inform OFMDFM's oversight of the Corporation, strengthen these arrangements if necessary, and amend the *Management Statement* and *Financial Memorandum* accordingly. The risk assessment shall take into

---

account the nature of the Corporation's activities, the public monies at stake, its corporate governance arrangements, financial performance, internal and external auditors' reports, the openness of communications between the Corporation and OFMDFM, and any other relevant matters;

**On communication with the Corporation –**

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

### **3.4 The Chair of the Corporation**

3.4.1 The Chair will be appointed by OFMDFM with the approval of the Ministers for a period of three years. The appointment is made in line with the Code of Practice issued by the Commissioner for Public Appointments. This period may be extended for a second term of no more than two years. The Chair will be supported by a deputy Chair, appointed by OFMDFM from amongst Members appointed, if such an appointment is made.

3.4.2 The Chair is responsible to OFMDFM Ministers. The Chair shall ensure that the Corporation's policies and actions support the wider strategic policies of the Ministers; and that the Corporation's affairs are conducted with probity. The Chair shares with other Members the corporate responsibilities set out in paragraph 3.5.2, and in particular for ensuring that the Corporation fulfils the aims and objectives set by OFMDFM and approved by Ministers.

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

- formulating the Corporation's strategy;
- ensuring that the Corporation, in reaching decisions, takes proper account of guidance provided by Ministers or OFMDFM;
- 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 Corporation to the general public; and
- ensuring that the Corporation 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 Members.

3.4.4 The Chair shall also:

- ensure that all Members of the Corporation, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction training, including on the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice;

- 
- advise OFMDFM of the needs of the Corporation when Member vacancies arise, with a view to ensuring a proper balance of professional and financial expertise; and
  - assess the performance of individual Members. Members will be subject to ongoing performance appraisal, with a formal assessment being completed by the Chair at the end of each year and prior to when they are being considered for re-appointment to the Corporation. Members should have an awareness that they are being appraised, the standards against which they will be appraised, and have an opportunity to contribute to and view their report.
  - The Chair will also be appraised on an annual basis by the OFMDFM Accounting Officer.

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

3.4.6 Communications between the Corporation and the Ministers of OFMDFM on operational matters shall normally be through the Chief Executive. Communications with Ministers on strategic matters relevant to the Corporation will normally be through the Chair. The Chair shall ensure that other Members are kept informed of such communications on a timely basis.

### **3.5 The Members**

3.5.1 The Members are appointed jointly by OFMDFM and the Corporation with the approval of the Ministers.

3.5.2 The Members have corporate responsibility for ensuring that the Corporation fulfils the aims and objectives set out in legislation and set by OFMDFM and approved by Ministers, and for promoting the efficient and effective use of staff and other resources by the Corporation. To this end, and in pursuit of the Members' wider corporate responsibilities, the Members shall:

- establish the overall strategic direction of the Corporation within the policy and resources framework determined by the Ministers and OFMDFM;
- constructively challenge the Corporation's executive team in their planning, target setting and delivery of performance;
- ensure that OFMDFM is kept informed of any changes which are likely to impact on the strategic direction of the Corporation 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 Corporation operates within the limits of its statutory authority and any delegated authority agreed with OFMDFM, and in accordance with any other conditions relating to the

---

use of public funds; and that, in reaching decisions, the Corporation takes into account all relevant guidance issued by DFP and OFMDFM;

- ensure that the Members receive and review regular financial information concerning the management of the Corporation; the Members are informed in a timely manner about any concerns about the activities of the Corporation; and the Members provide positive assurance to OFMDFM 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 4.6.3) to help the Members to address the key financial and other risks facing the Corporation; and
- appoint, with OFMDFM's approval, a Chief Executive to the Corporation and, in consultation with OFMDFM, 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 Members shall act in accordance with their wider responsibility as Members of the Corporation – namely:

- to comply at all times with the Code of Practice (see paragraph 3.4.5) that is adopted by the Corporation and with the rules and guidance relating to the use of public funds and to conflicts of interest;
- not to 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 Corporation any private interests that may be perceived to conflict with their public duties;
- to comply with the Corporation's rules on the acceptance of gifts and hospitality, and of business appointments; and
- to act in good faith and in the best interests of the Corporation.

3.5.4 The OFMDFM shall have access to all Corporation Meeting minutes. OFMDFM should determine with the Corporation when the meeting minutes will be received and may also build in any requirements they have for receiving Corporation papers, attending Corporation meetings etc. If attending the Corporation meetings, this will normally be as an observer.

### **3.6 The Chief Executive's Role as Accounting Officer**

3.6.1 The Chief Executive of the Corporation is designated as the Corporation's Accounting Officer by the Accounting Officer of OFMDFM, and his or her responsibilities are set out in accordance with *MPMNI*.

3.6.2 As the Corporation's Accounting Officer, the Chief Executive is personally responsible for safeguarding the public funds for which he has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the Corporation.

---

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 OFMDFM, the Corporation's corporate and business plans in support of OFMDFM's wider strategic aims and current PSA objectives and targets;
- inform OFMDFM of the Corporation's progress in helping to achieve OFMDFM's policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensure that timely forecasts and monitoring information on performance and finance are provided to the OFMDFM; that the OFMDFM is notified promptly if overspends or under-spends are likely and that corrective action is taken; and that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to OFMDFM in a timely fashion;

**On advising the Corporation -**

- advise the Corporation 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 the OFMDFM;
- advise the Corporation on the organisation's performance compared with its aims and objectives;
- ensure that financial considerations are taken fully into account by the Corporation at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed appropriately;
- take action in line with Section 3.8 of *MPMNI* if the Corporation, or its Chair, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency' or effectiveness;

**On managing risk and resources -**

- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensure that an effective system of programme and project management and contract management is maintained;
- ensure compliance with the Northern Ireland public procurement Policy.
- ensure that all public funds made available to the Corporation, including any approved income or other receipts, are used for the purpose intended by the Assembly, and that such monies, together with the Corporation's assets, equipment and staff, are used economically, efficiently and effectively;

- 
- ensure that adequate internal management and financial controls are maintained by the Corporation, 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 the Corporation's activities -**

- sign the accounts and be responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Minister, the OFMDFM, 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 the Corporation's system of internal control, for inclusion in the annual report and accounts;
- ensure that effective procedures for handling complaints about the Corporation are established and made widely known within the Corporation;
- 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 the OFMDFM and DFP - in particular, Chapter 3 of *MPMNI* and the Treasury document *Regularity and Propriety and Value for Money* (a copy of which the Chief Executive shall receive on appointment). Section 9 of the *Financial Memorandum* refers to other key guidance;
- give evidence, normally with the Accounting Officer of the OFMDFM, if summoned before the Public Accounts Committee on the use and stewardship of public funds by the Corporation;
- ensure that an Equality Scheme is in place, reviewed and equality impact assessed as required by the Equality Commission and OFMDFM;
- ensure that Lifetime opportunities is taken into account;
- ensure that the requirements of the Data Protection Act 1998 are complied with; and
- ensure that the requirements of the Freedom of Information Act 2000 are complied with.

**3.7 The Chief Executive's Role as Consolidation Officer**

- 3.7.1 For the purposes of Whole of Government Accounts the Chief Executive will normally be designated as the Corporation's Consolidation Officer by DFP and will carry out such functions as may be necessary.
- 3.7.2 As the Corporation's Consolidation Officer the Chief Executive shall be personally responsible for preparing the consolidation information that sets

---

out the financial results and position of the Corporation, 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 the Consolidation Officer Letter of Appointment as issued by DFP and shall, in particular:

- ensure that the Corporation has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process;
- 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 employees in the Corporation. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in this document.

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

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

### **3.10 Consulting Customers**

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

## **4 Planning, Budgeting and Control**

### **4.1 The Corporate Plan**

4.1.1 Consistent with the timetable for Northern Ireland Executive's Budget process reviews, the Corporation shall submit annually to OFMDFM a draft corporate plan covering three years ahead. This plan shall be submitted to the OFMDFM by 1 February each year. The Corporation shall have agreed with OFMDFM the issues to be addressed in the plan and the timetable for its preparation.

- 
- 4.1.2 DFP reserves the right to see and agree the Corporation's corporate plan.
- 4.1.3 The plan shall reflect the Corporation's statutory duties and, within those duties, the priorities set from time to time by Ministers. In particular, the plan shall demonstrate how the Corporation contributes to the achievement of OFMDFM's strategic aims and PSA objectives and targets.
- 4.1.4 The corporate plan shall set out:
- the Corporation's key objectives and associated key performance targets for the three forward years, and its strategy for achieving those objectives;
  - a review of the Corporation's performance in the preceding financial year and an estimate of performance in the current year together with comparable outturns for the previous [2-5 years] and an estimate of expenditure 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 account of guidance on resource assumptions and policies provided by OFMDFM at the beginning of the planning round. These forecasts shall represent the Corporation's best estimate of its available income, including any Capital Grant or Grant-in-Aid; and
  - other matters as agreed between OFMDFM and the Corporation.
- 4.1.5 The main elements of the plan - including the key performance targets - shall be agreed between OFMDFM and the Corporation in the light of OFMDFM's decisions on policy and resources taken in the context of the Executive's wider policy and spending priorities and decisions.

## **4.2 The Business Plan**

- 4.2.1 Each year of the corporate plan, amplified as necessary, shall form the basis of the Business Plan for the relevant forthcoming year. Thus the Business Plan shall include key targets and milestones for the year immediately ahead, and shall be linked to budget information so that resources allocated to achieve specific objectives can readily be identified by OFMDFM.
- 4.2.2 DFP reserves the right to ask to see and agree the Corporation's annual business plan.
- 4.2.3 Corporate and business plans will be formally approved by Ministers.

## **4.3 Publication of Plans**

- 4.3.1 Subject to any commercial considerations, the corporate and business plans will be made available to the public and to staff and on the Corporation's website.

## **4.4 Reporting Performance to OFMDFM**

- 4.4.1 The Corporation 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 The Corporation shall take the initiative in informing OFMDFM 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 The Corporation's performance in helping to deliver Departmental policies, including the achievement of key objectives, shall be reported to OFMDFM on a three-monthly basis. Performance will be formally reviewed twice yearly by officials of OFMDFM at meetings with the Chief Executive of the Corporation. Ministers shall meet the Corporation formally each year to discuss the Corporation's performance, its current and future activities and any policy developments relevant to those activities.
- 4.4.4 The Corporation's performance against key targets shall be reported in its annual report and accounts.

#### **4.5 Budgeting Procedures**

- 4.5.1 The Corporation's budgeting procedures are set out in the accompanying financial memorandum.

#### **4.6 Internal Audit**

- 4.6.1 The Corporation shall establish and maintain arrangements for internal audit in accordance with the Treasury's Government Internal Audit Standards (GIAS).
- 4.6.2 OFMDFM should outline the arrangements that they have determined as appropriate for the Corporation taking account of the current DFP guidance on Internal Audit Arrangements between a Sponsoring Department and its Arms Length Bodies. This will include specifying the OFMDFM's requirements in terms of:
- having input to the Corporations 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 Corporation's internal audit function against GIAS including advising that OFMDFM reserves the right of access to carry out its own independent reviews of internal audit in the Corporation; and
  - the right of access to all documents prepared by the Corporation's internal auditor, including where the service is contracted out. Where the Corporation's audit service is contracted out, the Corporation should stipulate this requirement when tendering for the services.
- 4.6.3 The Corporation shall consult the OFMDFM 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 are in accordance with GIAS and relevant DFP guidance.

---

4.6.4 OFMDFM will review the Corporation's terms of reference for internal audit service provision. The Corporation shall notify OFMDFM of any subsequent changes to internal audit's terms of reference.

## **4.7 Audit Committee**

4.7.1 The Corporation shall set up an independent audit committee as a committee of its Members, 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 OFMDFM should specify the arrangements it has determined appropriate for the Corporation which may include the need for:

- attendance by OFMDFM representatives at Corporation Audit Committee meetings;
- access required to the Audit Committee papers and meetings; and
- any input required from the Corporation Audit Committee to OFMDFM's own Audit Committee.

4.7.3 OFMDFM will review the Corporation's audit committee terms of reference. The Corporation shall notify OFMDFM of any subsequent changes to the audit committee's terms of reference.

## **4.8 Fraud**

4.8.1 The Corporation shall report immediately to OFMDFM all frauds (proven or suspected), including attempted fraud. OFMDFM shall then report the frauds immediately to DFP and the C&AG. In addition, the Corporation shall forward to OFMDFM an annual fraud return, commissioned by DFP, on fraud and theft suffered by the Corporation.

4.8.2 OFMDFM will review the Corporation's Anti Fraud Policy and Fraud Response Plan. The Corporation shall notify OFMDFM of any subsequent changes to the policy or response plan.

## **4.9 Additional Departmental Access to the Corporation**

4.9.1 In addition to the right of access referred to in paragraph 4.6.2 above, OFMDFM shall have a right of access to all the Corporation's records and personnel for purposes such as sponsorship audits. (See also paragraph 3.5.4).

# **5 External Accountability**

## **5.1 The Annual Report and Accounts**

5.1.1 After the end of each financial year the Corporation shall publish, as a single document, an annual report of its activities, together with its audited annual

---

accounts. The report will also cover the activities of any corporate bodies under the control of the Corporation. A draft of the report shall be submitted to OFMDFM in line with the Departmental Faster Closing timetable.

- 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 the OFMDFM.
- 5.1.3 The report and accounts shall outline the Corporation's main activities and performance during the previous financial year and set out in summary form the Corporation'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 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 OFMDFM.

## **5.2 External Audit**

- 5.2.1 The Comptroller and Auditor General (C&AG) audits the Corporation's annual accounts and passes the accounts to OFMDFM who shall lay them before the Assembly, together with the Corporation's annual report. 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 (NI) Order 2003.
- 5.2.2 The C&AG will liaise with the Corporation on the arrangements for completing the audit of the Corporation's accounts. This will either be undertaken by staff of the NIAO or a private sector firm appointed by the C&AG to undertake the actual 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 OFMDFM 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 OFMDFM's responsibilities in relation to financial systems within the Corporation. The C&AG will also consider, where asked, providing Departments and other relevant bodies with Regulatory Compliance Reports and other similar 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 the Corporation 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 (NI) Order 2003. Where making payment of a grant, or drawing up a contract, the Corporation 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 Ministers and DFP, the Corporation shall have responsibility for the recruitment, retention and motivation of its staff. To this end the Corporation shall ensure that:

- its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued; where appointment and advancement is based on merit; and where there is no discrimination on grounds of gender, marital status, domestic circumstances, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
- the level and structure of its staffing, including grading and numbers of staff, are appropriate to its functions and the requirements of efficiency, effectiveness and economy;
- the performance of its staff at all levels is satisfactorily appraised and the Corporation'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 the Corporation's objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistle blowing procedures consistent with the Public Interest (NI) 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](http://www.afmdni.gov.uk)).

---

## **7 Reviewing the Role of the Corporation**

### **7.1 Comprehensive Review**

- 7.1.1 The Corporation shall be reviewed periodically and at least every five years, in accordance with the business needs of OFMDFM and the Corporation itself. Reviews shall be carried out with sufficient frequency to give OFMDFM confidence that the Corporation is delivering high quality services, efficiently and effectively and fits appropriately into the OFMDFM,s overall delivery structure. (PBGNI: 9.1.2.2).
- 7.1.2 The next review of the Corporation will take place in the financial year 2017-18

### **7.2 Winding Up**

- 7.2.1 OFMDFM shall, in good time before the Corporation is to be wound up:
- ensure that procedures are in place in the Corporation to gain independent assurance on key transactions, financial commitments, cash flows and other elements of de-designation and to provide information to OFMDFM as required to facilitate the effective wind-up of the Corporation;
  - specify the basis for the valuation and accounting treatment of the Corporation's assets and liabilities at wind-up, distinguishing between actual and potential assets and liabilities, in order to provide a clear basis for assessing the Corporation's financial legacy; and
  - if necessary, secure representation on the Corporation to ensure that the wind up is conducted in a proper and satisfactory manner.
- 7.2.2 The Corporation shall provide OFMDFM with full details of all agreements where the Corporation or its successors have a right to share in the financial gains of developers. Any gain will be surrendered to OFMDFM who will in turn surrender them to the Consolidated Fund.
- 7.2.3 The Corporation shall also pass to OFMDFM details of any other forms of claw back due to the Corporation.

---

# Financial Memorandum

## I Introduction

### General

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

## II The Corporation's Income and Expenditure - General

### The Departmental Expenditure Limit (DEL)

- 4 The Corporation's current and capital expenditure form part of OFMDFM's Resource DEL and Capital DEL respectively.

### Expenditure not proposed in the budget

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

### Procurement

- 6 The Corporation's procurement policies shall reflect 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 and the Procurement Board. The Corporation's procurement activity should be carried out by means of a Service Level Agreement with CPD or another recognised Centre of Procurement Expertise (CoPE) – this should ensure that it complies with any relevant UK, EU or other international procurement rules.
- 7 Periodic reviews of Corporation procurement activity should be undertaken. The results of any such review will be shared with OFMDFM.

### Competition

- 8 Contracts shall be placed on a competitive basis and tenders accepted from suppliers who provide best value for money overall.
- 9 Direct Award contract (DAC) is the process where a contract is awarded to a supplier or contractor without competition. The Corporation shall follow the procedure outlined in OFMDFM's guidance letter of CG01/12 and CG 02/12:

- 
- all proposals to let DAC's must be supported by a case to the MLK Development Corporation Accounting Officer, setting out the rationale and justification for doing so. The OFMDFM's Accounting Officer's approval is required before awarding any contract through a DAC;
  - the Corporation's Accounting Officer shall approve all DACs in advance of presentation to the Members;
  - the DAC proposal should be subject to further approval by the Members before the OFMDFM's Accounting Officer's approval is sought;
  - the Corporation shall seek advice from Central Procurement Directorate or a Centre of Expertise in Procurement, or their legal advisor to provide assurance for the Accounting Officer that the use of DAC is legitimate in a particular case; and
  - the Corporation shall send quarterly reports on all current DACs to OFMDFM.

#### **Best Value for money**

- 10 Procurement by the Corporation 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 the Corporation's requirements. Where appropriate, a full option appraisal shall be carried out before procurement decisions are taken.

#### **Timeliness in paying bills**

- 11 The Corporation shall collect receipts and pay all matured and properly authorised invoices in accordance with Annex 4.5 and 4.6 of *MPMNI* or any guidance issued by DFP or OFMDFM.

#### **Novel, contentious or repercussive proposals**

- 12 The Corporation shall obtain the approval of OFMDFM, and DFP before:
  - incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including on staff benefits;
  - making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by OFMDFM;
  - 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 OFMDFM will advise on what constitutes "significant" in this context).

#### **Risk management/Fraud**

- 13 The Corporation shall ensure that the risks which it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and shall develop a risk management strategy, in accordance with the Treasury guidance *Management of Risk: A*

---

*Strategic Overview: (The "Orange Book") - Miscellaneous Guidance (DFP) 01-10-2004.*

- 14 The Corporation shall take all proportionate and appropriate steps to appraise the financial and economic standing of any organisation or other body with which it intends to enter into a contract or to give grant or grant-in-aid.
- 15 The Corporation 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*".
- 16 All cases of attempted, suspected or proven fraud shall be reported to the OFMDFM who shall report it to DFP and the C&AG (see section 4.8 in the Management Statement) as soon as they are discovered, irrespective of the amount involved.

#### **Wider markets**

- 17 In accordance with the wider markets policy the Corporation shall seek to maximise receipts from non-consolidated fund sources provided that this is consistent with (a) the Corporation's main functions (b) its corporate plan as agreed with OFMDFM. OFMDFM will confirm with the DFP Supply Officer that such proposed activity is appropriate.

#### **Fees and charges**

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

### **III The Corporation's Income**

#### **Grant-in-Aid and Capital Grant**

- 19 Grant-in-aid and capital grant will be paid to the Corporation in quarterly instalments, on the basis of a written application from the Corporation showing evidence of need. The application shall certify that the conditions applying to the use of grant-in-aid and capital grant have been observed to date and that further grants-in-aid and capital grant are now required for purposes appropriate to the Corporation's functions.
- 20 The Corporation should have regard to the guidance in DAO (DFP) 04/03 and to the general principle enshrined in Annex 5.1 of *MPMNI* that it should seek grant-in-aid and capital grant according to need.
- 21 Cash balances accumulated during the course of the year shall be kept at the minimum level consistent with the efficient operation of the Corporation. Grant-in-aid and capital grant not drawn down by the end of the year shall lapse. However, where draw-down of grants is delayed to avoid excess cash balances at year-end, the OFMDFM will make available in the next financial year (subject to approval by the Assembly of the relevant Estimates provision) any such grants required to meet any liabilities at year end, such as creditors.

#### **Fines and taxes as receipts**

- 22 Most fines and taxes, including levies and some licences, are treated as such in National Accounts and are not termed as negative public



---

expenditure receipts. These fines and taxes do not provide additional DEL spending power and should be surrendered to OFMDFM.

#### **Receipts from sale of goods or services**

- 23 Receipts from the sale of goods and services (including certain licenses), rent of land and dividends normally provide additional DEL spending power. If the Corporation wishes to retain a receipt or utilise an increase in the level of receipts, it must gain the prior approval of OFMDFM.
- 24 If there is any doubt about the correct classification of a receipt the Corporation shall consult OFMDFM, who will consult DFP as necessary.

#### **Interest earned**

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

#### **Unforecast changes in in-year income**

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

#### **Build-up and draw-down of deposits**

- 28 The Corporation 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).

- 
- 29 The Corporation shall ensure that it has the necessary DEL provision for any expenditure financed by draw-down of deposits.

#### **Proceeds from disposal of assets**

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

#### **Gifts and bequests received**

- 31 The Corporation is free to retain any gifts, bequests or similar donations subject to paragraph 32. These shall be capitalised at fair value on receipt and must be notified to OFMDFM.
- 32 Before accepting a gift, bequest or similar donation the Corporation shall consider if there are any associated costs in doing so or any conflicts of interests arising. The Corporation shall keep a written record of any such gifts, bequests and donations and of their estimated value and whether they are disposed of or retained.

#### **Borrowing**

- 33 Normally the Corporation will not be allowed to borrow, but when doing so the Corporation shall observe the principles set out in Chapter 5 and the associated annexes of *MPMNI* when undertaking permitted borrowing of any kind. The Corporation shall seek the approval of the OFMDFM and, where appropriate, DFP, to ensure that it has any necessary authority and budgetary cover for any permitted 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*.
- 34 Where exceptionally the Corporation is allowed to borrow, the spending financed by borrowing scores gross in the budgets. This applies whatever the source of borrowing. The cash raised by borrowing does not score as negative DEL. This means that any expenditure by the Corporation financed by borrowing will need DEL budget cover, provided that this is the normal budgeting treatment for such expenditure.

### **IV Expenditure on Staff**

#### **Staff costs**

- 35 Subject to its delegated levels of authority the Corporation 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**

- 36 The staff of the Corporation, whether on permanent or temporary contract shall be subject to levels of remuneration and terms of conditions of service (including superannuation) within the general NICS pay structure/as approved by OFMDFM and DFP. The Corporation has no delegated power to amend these terms and conditions.
- 37 Current terms and conditions for staff of the Corporation are those set out in its Employee Handbook and shall be analogous to those pertaining to the NICS. The Corporation shall provide the OFMDFM and DFP with a copy of the Handbook and subsequent amendments.

- 
- 38 Annual pay increases of Corporation 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 the prior approval of OFMDFM and the Minister for Finance before implementation.
  - 39 The travel expenses of Corporation Members shall be tied to Departmental rates. Reasonable actual costs shall be reimbursed.
  - 40 The Corporation shall operate a performance-related pay scheme which shall form part of the general pay structure approved by OFMDFM and DFP.
  - 41 The Corporation shall comply with the EU directive on contract workers "Fixed Term Employees Regulations (Prevention of Less Favourable Treatment)".

### **Pensions; Redundancy/Compensation**

- 42 The Corporation's staff may be seconded from other organisations, taking their pension terms with them on secondment. Where staff are employed directly by the Corporation they shall normally be eligible for a pension provided by admittance to the NI Local Government officers Superannuation Committee (NILGOSC) or payment of an approved contribution into a suitably approved stakeholder pension in the name of the employee. However, the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall normally be limited to the national insurance rebate level.
- 43 Any proposal by the Corporation to move from the existing pension arrangements, to create a separate pension scheme or to pay any redundancy or compensation for loss of office, requires the approval of the OFMDFM and DFP. Proposals on severance payments must comply with DAO (DFP) 17/05. Where the PCSPS (NI) is the relevant pension scheme, the Corporation must conform with the procedures for early retirement/severance which apply to the OFMDFM and ensure that the level of benefits are standard applicable under the Civil Service Compensation Scheme (Northern Ireland) (CSCS (NI)) rules. OFMDFM is responsible for ensuring that the Corporation does this.
- 44 OFMDFM is responsible for ensuring that the Corporation continues to meet the criteria for the membership of the PCSPS (NI), where this is the pension scheme applicable.

## **V Non-Staff Expenditure**

### **Economic Appraisal**

- 45 The Corporation is required to apply the principles of economic appraisal, with appropriate and proportionate effort, to all decisions and proposals concerning spending or saving public money, including European Union (EU) funds, and any other decisions or proposals that involve changes in the use of public resources. For example, appraisal must be applied irrespective of whether the relevant public expenditure or resources:
  - a. involve capital or current spending, or both;

- 
- b. are large or small;
- c. are above or below delegated limits (see Appendix 1).
- 46 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.
- 47 General guidance on economic appraisal that apply to the Corporation can be found in:
- DFP's on-line guide *The NI 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**

- 48 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 (a) acquisition, reclamation or laying out of land; (b) acquisition, construction, preparation or replacement of buildings and other structures or their associated fixtures and fittings; and (c) acquisition, installation or replacement of movable or fixed plant, machinery, vehicles and vessels.
- 49 Proposals for large-scale individual capital projects or acquisitions will normally be considered within the Corporation's corporate and business planning process. Subject to paragraph 51, applications for approval within the corporate plan or business plan by OFMDFM 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 OFMDFM.
- 50 Approval of the corporate/business plan does not obviate the Corporation's responsibility to abide by the economic appraisal process.
- 51 Within its approved overall resources limit the Corporation shall, as indicated in the attached Appendix on delegations, have delegated authority to spend up to £1,000,000 on any individual capital project or acquisition, £250,000 resource. Beyond that delegated limit, OFMDFM and where necessary DFP's prior authority must be obtained before expenditure on an individual project or acquisition is incurred.
- 52 The Corporation must inform OFMDFM of its intention to enter into Development Agreements before completion, subject to the application of delegated authority.
- 53 The Corporation must inform OFMDFM of the structure of any proposed development, disposal or acquisition deal before completion, subject to the application of delegated authority.

- 
- 54 The Corporation must ensure that OFMDFM is provided with a clear description of the structure and financing of all development, disposal or acquisition deals it proposes, subject to the application of delegated authority.

#### **Transfer of funds within budgets**

- 55 Unless financial provision is subject to specific OFMDFM or DFP controls (e.g. where provision is ring-fenced for specific purposes), transfers between expenditure budgets within the total capital budget, or between expenditure 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 resource budgets will require OFMDFM and possibly DFP approval. Transfers from capital to resource budgets are not allowed.

#### **Virement**

- 56 The Corporation will abide by the guidance on virement issued by DFP.

#### **Lending, guarantees, indemnities, contingent liabilities, letters of comfort**

- 57 The Corporation may, with OFMDFM'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**

- 58 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, shall be subject to prior approval by OFMDFM and where necessary DFP, together with the terms and conditions under which such grant or loan is made. If grants or loans are to be made under a continuing scheme, statutory authority is likely to be required.
- 59 The terms and conditions of a grant or loan to a 3<sup>rd</sup> 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 the Corporation, OFMDFM and the C&AG.
- 60 In providing financial assistance under paragraph 57, the corporation may impose such conditions as it sees fit, including conditions for repayment in specified circumstances. See also below under the heading ***Recovery of grant-financed assets.***

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

- 61 Proposals for making gifts or other special payments (including issuing write-offs) outside the delegated limits set out in Appendix 1 to this document must have the prior approval of OFMDFM and where necessary DFP.
- 62 Losses shall not be written off until all reasonable attempts to make a recovery have been made and proved unsuccessful.

- 
- 63 Gifts by management to staff are subject to the requirements of DAO (DFP) 05/03.

#### **Leasing**

- 64 Prior OFMDFM approval must be secured for all property and finance leases. The Corporation must have capital DEL provision for finance leases and other transactions which are in substance borrowing (paragraph 33 and 34 above).
- 65 Before entering into any lease (including an operating lease) the Corporation shall demonstrate that the lease offers better value for money than purchase.

#### **Public/Private Partnerships**

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

#### **Subsidiary companies and joint ventures**

- 68 The Corporation shall not establish subsidiary companies or joint ventures without the express approval of OFMDFM and DFP. In considering such proposals OFMDFM will have regard to the Department's wider strategic aim, objectives and current Public Service Agreement
- 69 For public expenditure accounts purposes any subsidiary company or joint venture controlled or owned by the Corporation shall be consolidated with it in accordance with guidance in the FReM subject to any particular treatment required by the FReM. Where the judgment over the level of control is difficult, the OFMDFM will consult DFP (who may need to consult with the Office of National Statistics over national accounts treatment). Unless specifically agreed with the *OFMDFM 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**

- 70 The Corporation shall not make any investments in traded financial instruments without the prior written approval of OFMDFM, and where appropriate DFP, nor shall it aim to build up cash balances or net assets in excess of what is required for operational purposes, unless specifically provided for. Funds held in Bank accounts or as financial investments may

---

be a factor for consideration when grant-in-aid and capital grant is determined. Equity shares in ventures which further the objectives of the Corporation shall equally be subject to OFMDFM and DFP approval unless covered by a specific delegation.

### **Unconventional financing**

- 71 Unless otherwise agreed with OFMDFM and DFP, the Corporation shall not enter into any unconventional financing arrangement.

### **Commercial insurance**

- 72 The Corporation shall not take out any insurance without the prior approval of OFMDFM 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*.
- 73 OFMDFM shall have a written agreement with the Corporation about the circumstances in which, in the case of a major loss or third-party claim, an appropriate addition to budget out of OFMDFM's funds and/or adjustment to the Corporation's targets shall be considered. OFMDFM will liaise with DFP Supply where required in such cases.
- 74 OFMDFM shall issue a Certificate of Exemption for Employer's Liability Insurance to the Corporation.

### **Payment/Credit Cards**

- 75 The Corporation, in consultation with the OFMDFM, 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**

- 76 The Corporation, in consultation with OFMDFM, 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**

- 77 The Corporation shall adhere to the guidance issued by DFP, as well as any produced by OFMDFM in relation to the use of consultants. Please see the delegated limits set out in Appendix 1.
- 78 The Corporation will provide OFMDFM with an annual statement on the status of all consultancies completed and/or started in each financial year.
- 79 The Corporation will provide quarterly reports to OFMDFM on all Single Tender Actions awarded in the quarter.
- 80 Care should be taken to avoid actual, potential, or perceived conflicts of interest when employing consultants.

## **VI Management and Disposal of Fixed Assets**

### **Register of assets**

- 81 The Corporation shall maintain an accurate and up-to-date register of its fixed assets.

---

### **Acquisition of assets**

- 82 The Corporation has power to acquire, by agreement or compulsorily, land adjacent to its site and which the Corporation requires for purposes connected with the discharge of its functions, or is required to provide or improve access to the site.

### **Disposal of assets**

- 83 The Corporation may dispose of any land for the time being held by it to such a person or body and in such manner as it considers expedient for securing regeneration of the Corporation's site or for purposes connected with the regeneration of the site that are in keeping with approved Corporate Plan objectives.
- 84 The Corporation shall dispose of assets which are surplus to its requirements. Assets shall be sold for best price, taking into account any costs of sale. Generally assets shall be sold by auction or competitive tender [unless otherwise agreed by the OFMDFM, and in accordance with the principles in *MPMNI*.
- 85 All receipts derived from the sale of assets including grant financed assets, see below, must be declared to OFMDFM which will consult with DFP on the appropriate treatment.

### **Recovery of grant-financed assets**

- 86 Where the Corporation has financed expenditure on capital assets by a third party, the Corporation shall set conditions and make appropriate arrangements to ensure that any such assets individually above a value of £1,000 are not disposed of by the third party without the Corporation's prior consent.
- 87 The Corporation shall therefore ensure that such conditions and arrangements are sufficient to secure the repayment of the Consolidated Fund's due share of the proceeds of the sale, in order that funds may be surrendered to OFMDFM.
- 88 The Corporation shall ensure that if the assets created by grants made by the Corporation 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 the Corporation for surrender to OFMDFM. The amounts recoverable under the procedures set out above shall be calculated by reference to the best possible value of the asset and in proportion to the Consolidated Fund's original investment(s) in the asset.

## **VII Budgeting Procedures**

### **Setting the annual budget**

- 89 Each year, in light of decisions by OFMDFM on the Corporation's corporate plan, OFMDFM will send to the Corporation:
- a formal statement of the annual budgetary provision allocated by OFMDFM in the light of competing priorities across OFMDFM and of any forecast income approved by OFMDFM; and



- 
- a statement of any planned change in policies affecting the Corporation.
- 90 The Corporation's approved annual business plan will take account both of its approved funding provision where this applies 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 OFMDFM funding and/or other income over the year. These elements will form part of the approved business plan for the year in question (Section 4.1 of the Management Statement).
- 91 Any Grant-in-aid and capital grant provided by OFMDFM for the year in question will be voted in OFMDFM's Estimate and will be subject to Assembly control.

#### **General conditions for authority to spend**

- 92 Once the Corporation's budget has been approved by OFMDFM and subject to any restrictions imposed by Statute/Ministers of state/this document, the Corporation shall have authority to incur expenditure approved in the budget without further reference to OFMDFM, on the following conditions:
- the Corporation shall comply with the delegations set out in Appendix 1 of this document. These delegations shall not be altered without the prior agreement of OFMDFM and DFP.
  - the Corporation shall comply with the conditions set out in paragraph 12 above regarding novel, contentious or repercussive proposals;
  - inclusion of any planned and approved expenditure in the Corporation's budget shall not remove the need to seek formal OFMDFM and where necessary DFP approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed;
  - the Corporation shall provide OFMDFM with such information about its operations, performance, individual projects or other expenditure as OFMDFM may reasonably require; and
  - the Corporation shall comply with NI Procurement Policy and carry out procurement via CPD or another recognised CoPE.

#### **Providing monitoring information to OFMDFM**

- 95 The Corporation shall provide OFMDFM with, as a minimum, information on a quarterly basis which will enable the satisfactory monitoring by the OFMDFM of:
- the Corporation's cash management;
  - its draw-down of any grant-in-aid and capital grant;
  - the expenditure for that quarter;
  - forecast outturn by resource headings; and
  - other data required for the DFP Outturn and Forecast Outturn Return.

---

## VIII Banking

### Banking arrangements

- 96 The Corporation's Accounting Officer is responsible for ensuring that the Corporation'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.
- 97 The Corporation's Accounting Officer shall therefore ensure that:
- these arrangements are suitably structured and represent value-for-money, and are reviewed at least every two years, with a comprehensive review, usually leading to competitive tendering, at least every three to five years;
  - sufficient information about banking arrangements is supplied to OFMDFM's Accounting Officer to enable the latter to satisfy his own responsibilities;
  - the Corporation's banking arrangements shall be kept separate and distinct from those of any other person or organisation;
  - adequate records are maintained of payment and receipts and adequate facilities are available for the secure storage of cash.

## IX Compliance with Instructions and Guidance

### Relevant documents

- 98 The Corporation shall comply with:
- 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 Treasury document *Managing the Risk of Fraud* issued by DFP;
  - The Treasury document *The Government Financial Reporting Manual (FReM)* issued by DFP;
  - Banking Annex 5.7 of *MPMNI*;
  - Relevant DFP Dear Accounting Officer and Finance Director letters;
  - Relevant Dear Consolidation Officer and Dear Consolidation Manager letters issued by DFP;
  - *Regularity and 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 the OFMDFM;
  - Recommendations made by the Public Accounts Committee, or by other Assembly/Parliamentary authority, which have been accepted by the Government and which are relevant to the Corporation.

## **X Review of Financial Memorandum**

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

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

## Appendix 1 Delegated Expenditure Limits

### General

These delegated expenditure limits have been agreed by OFMDFM and DFP. Adherence to these limits will be verified through regular test drilling by the Department.

### 1. PURCHASING ALL GOODS AND SERVICES

All costs include VAT

**Table 1: Delegated Authority for the Purchase of Goods, Services and Works - Tendering Process**

THRESHOLDS	NUMBER / TYPE OF TENDER REQUIRED
Up to £1,500	3 Written Quotations
Between £1,500 and £10,000	4 Written Quotations/ Selected Tenders
Between £10,000 and £30,000	5 Written Quotations/ Selected Tenders
More than £30,000 and less than EU Thresholds	Publicly advertised tender competition.

**Table 2: Internal/Corporation Delegated limits for Authorisations\*:**

	Capital	Resource	External Consultancy	Single Tender
CEO	Up to £1,000,000	Up to £ 250,000	Up to £5,000	Up to £150,000

*\*covers regeneration projects and building maintenance and other site related works to secure or maintain assets.*

#### 1.1. Economic Appraisal

The principles of economic appraisal should be applied in all cases where expenditure is proposed, whether the proposal involves capital or current expenditure, or both. The effort put into economic appraisal should be commensurate with the size or importance of the needs or resources under consideration. However, The Corporation should undertake a comprehensive business case of all projects involving expenditure of £250,000 and over. In all procurement the advice of a Centre of Procurement Expertise should be sought. The Corporation will use CPD or other CoPE.

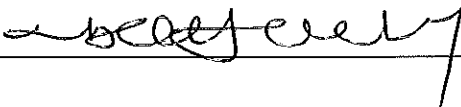
#### 1.2 Where the minimum number of quotation/tenders is not obtained

Where the Corporation is unable to obtain a sufficient number of tenders, it must advise OFMDFM of the situation and supply reasons for insufficient number of tenders having been sought.

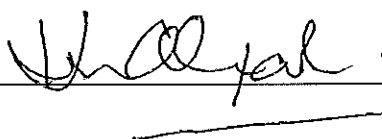
---

Management Statement and Financial Memorandum agreed and signed:

On behalf of OFMDFM

 Accounting Officer

On Behalf of the Corporation

 Chief Executive

---

## Appendix 1 Delegated Expenditure Limits

### General

These delegated expenditure limits have been agreed by OFMDFM and DFP. Adherence to these limits will be verified through regular test drilling by the Department.

#### 1. PURCHASING ALL GOODS AND SERVICES

All costs include VAT

**Table 1: Delegated Authority for the Purchase of Goods, Services and Works - Tendering Process**

THRESHOLDS	NUMBER / TYPE OF TENDER REQUIRED
Up to £1,500	3 Written Quotations
Between £1,500 and £10,000	4 Written Quotations/ Selected Tenders
Between £10,000 and £30,000	5 Written Quotations/ Selected Tenders
More than £30,000 and less than EU Thresholds	Publicly advertised tender competition.

**Table 2: Internal/Corporation Delegated limits for Authorisations\*:**

	Capital	Resource	External Consultancy	Single Tender
CEO	Up to £1,000,000	Up to £ 250,000	Up to £5,000	Up to £150,000

*\*covers regeneration projects and building maintenance and other site related works to secure or maintain assets.*

#### 1.1. Economic Appraisal

The principles of economic appraisal should be applied in all cases where expenditure is proposed, whether the proposal involves capital or current expenditure, or both. The effort put into economic appraisal should be commensurate with the size or importance of the needs or resources under consideration. However, The Corporation should undertake a comprehensive business case of all projects involving expenditure of £250,000 and over. In all procurement the advice of a Centre of Procurement Expertise should be sought. The Corporation will use CPD or other CoPE.

#### 1.2 Where the minimum number of quotation/tenders is not obtained

Where the Corporation is unable to obtain a sufficient number of tenders, it must advise OFMDFM of the situation and supply reasons for insufficient number of tenders having been sought.

---

### **1.3 Single Tender Actions**

Single Tender Actions should be avoided and advice from CPD must be sought. Paragraphs 8-9 of the *Financial Memorandum* refer.

The Maze Long Kesh Development Corporation Accounting Officer can approve STA's up to the value of £150,000, with the exception of external consultancy STAs. Single tender actions above this value and all external consultancy must also be approved by the Departmental Accounting Officer.

Any proposal to procure services through single tender action must be supported by a business case setting out the rationale and justification for doing so. The relevant Accounting Officer(s) approval is required before awarding any contract through a single tender action.

### **1.4. Novel and Contentious Projects**

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

## **2 CAPITAL PROJECTS**

The Chief Executive may authorise non-regeneration capital expenditure on discrete non-regeneration capital projects of up to £1,000 (i.e. capital expenditure that will be in the Corporation's ownership and on The Corporation's books). All capital projects over £1,000 require the approval of OFMDFM, and may be subject to quality assurance by OFMDFM and DFP if requested.

## **3. DISPOSAL OF SURPLUS EQUIPMENT**

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

## **4. LEASE AND RENTAL AGREEMENTS**

The Corporation should consult OFMDFM prior to entering into any lease and rental agreements.

## **5. APPROVAL OF INFORMATION TECHNOLOGY PROJECTS**

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

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

- 5.3 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](http://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 6.

**Table 6: Delegation Arrangements for Information Technology Projects, Systems and Equipment**

THRESHOLDS	QUOTATIONS	AUTHORISATION
Up to £500	No Special Requirement	Director of Corporate Services
>£500 to £5000	2 Written quotations / tenders	Chief Executive
>£5000 to £10,000	3 Written tenders	Chief Executive
>£10,000 to £25,000	4 Written tenders	Chief Executive plus advice and prior written approval from OFMDFM
>£25,000 to £50,000	Open tendering process secured by public advertisement	Chief Executive plus advice and prior written approval from OFMDFM
>£50,000	Open tendering process secured by public advertisement and full economic appraisal and business case (see FD (DFP) 20/09)	Chief Executive plus advice and prior written approval from OFMDFM

## 6. ENGAGEMENT OF CONSULTANTS

### 6.1 General

The Corporation must conform to OFMDFMs', Ministerial and DFP policies / guidance and approval limits on the use of external consultants.

Maze Long Kesh Development Corporation has the authority to appoint consultants for a single contract without recourse to OFMDFM up to a total of £5,000, and subject to any guidance as may be issued by DFP or OFMDFM.

Maze Long Kesh Development Corporation shall provide OFMDFM 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.

## 6.2 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 Notes attached to FD (DFP) 04/09 explains the nature of the required business case.

## 7. LOSSES AND SPECIAL PAYMENTS

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

- Cash losses – up to £1,000 per case/incident;
- Stores/Equipment losses – up to £1,000 per case/incident;
- Constructive losses and fruitless payments – up to £1,000 per case;
- Compensation payments:
  - i. made under legal obligation, e.g. by Court Order – up to £1,000 per case plus reasonable legal expenses;
  - ii. for damage to personal property of staff – up to £1,000 per case;
  - iii. where written legal advice is that the Corporation should not fight a court action because it is unlikely that it would win – up to £1,000 per case;
- Claims abandoned or waiver of claim – up to £1,000 per case;
- Extra contractual payments – up to £1,000 per case;
- Ex gratia payments – up to £1,000 per case (Pensions payments are not covered by this threshold);
- Extra statutory and extra regulatory payments – no delegation, all proposals must be submitted to the OFMDFMs for approval;
- The prior approval of the OFMDFMs must be obtained for amounts above these values; and
- Where total losses exceed £5,000 in any financial year, an explanatory note should be included in the 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 the OFMDFMs, where appropriate.