

BSO Management Statement

1. INTRODUCTION

1.1 This document

1.1.2 This Management Statement and Financial Memorandum (MS/FM) has been drawn up by the Department of Health in consultation with the Business services Organisation (BSO), 2 Franklin St, Belfast BT2 8DQ. The document is based on a model prepared by the Department of Finance (DoF).

1.1.3 The terms and conditions set out in the combined *Management Statement* and *Financial Memorandum* may be supplemented by guidelines or directions issued by the Sponsor Department/Minister in respect of the exercise of any individual functions, powers and duties of the BSO.

1.1.4 [A copy of the MS/FM for the BSO should be given to all newly appointed Board Members, senior BSO executive staff and Departmental Sponsor staff on appointment. Additionally the MS/FM should be tabled for the information of Board Members at least annually at a full meeting of the Board. Amendments made to the MS/FM should also be brought to the attention of the full Board on 23 June 2022.]

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

- the BSO's overall aims, objectives and targets in support of the Sponsor Department's wider strategic aims and the outcomes and targets contained in the Programme for Government (PfG).
- the rules and guidelines relevant to the exercise of the BSO's functions, duties and powers;
- the conditions under which any public funds are paid to the BSO;
- how the BSO is to be held to account for its performance.

1.1.6 From 1 April 2022 the staff of the former HSCB became employees of the BSO under a hosting arrangement with the Department enabling them to retain their existing terms and conditions of service.

- 1.1.7 Simultaneously the functions of the former HSCB (excluding discharge of social care and children) transferred to the Department's newly formed Strategic Planning and Performance Group (SPPG). Former HSCB staff continue to undertake their previous roles carrying out these functions albeit under the direction of the Department.
- 1.1.8 The attached MOU (Appendix 4) is a bilateral agreement between the Department and the BSO outlining the responsibilities and obligations of both organisations and the relationships between both parties.
- 1.1.9 A number of supporting MOUs covering the specific areas of Finance, Legal, Internal Audit and Procurement and Logistics are detailed in Appendices 2-5. The MOU in relation to the provision of Legal Services to SPPG was endorsed by OB in August 2021.
- 1.1.10 The associated Financial Memorandum sets out in greater detail certain aspects of the financial provisions which the BSO shall observe. However, the Management Statement and Financial Memorandum do not convey any legal powers or responsibilities.
- 1.1.11 The document shall be periodically reviewed by the Sponsor Department in accordance with the timetable referred to in Section 7 below.
- 1.1.12 The BSO, the Sponsor Department, or the Minister, may propose amendments to this document at any time. Any such proposals by the BSO shall be considered in the light of evolving Departmental policy aims, operational factors and the track record of the BSO itself. The guiding principle shall be that the extent of flexibility and freedom given to the BSO shall reflect both the quality of its internal controls to achieve performance and its operational needs. The Sponsor Department 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 DoF Supply after consultation with the BSO, as appropriate. (The definition of "significant" will be determined by the Sponsor Department in consultation with DoF).
- 1.1.13 The *MS/FM* is signed and dated by the Sponsor Department and the BSO's Chief Executive.
- 1.1.14 Any question regarding the interpretation of the document shall be resolved by the Sponsor Department after consultation with the BSO and, as necessary, with DoF Supply.

1.1.15 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 BSO's website).

1.2 Founding legislation; status

1.2.1 The BSO is established under Section 14(1) of the Health and Social Care (Reform) Act (Northern Ireland) 2009 (hereafter referred to as the Act). The BSO does not carry out its functions on behalf of the Crown.

1.2.2 The BSO is established for the purposes specified in Section 15(1) of the Act. The BSO's general powers etc are listed in Schedule 3 of the Act.

1.3 The primary functions, duties and powers of the BSO are detailed within the following legislation:

- Health and Social Care (Reform) Act (Northern-Ireland) 2009;
- Health and Social Care (Amendment) Act (Northern Ireland) 2014;
- and in supplementary directions issued periodically by the Department.

1.4 Classification

1.4.1 For policy/administrative purposes the BSO is classified as a Health and Personal Social Services Body (akin to an executive non-Departmental public body).

1.4.2 For national accounts purposes the BSO is classified to the public corporations sector

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

2. AIM, OBJECTIVES AND TARGETS

2.1 The approved overall aim for the BSO is to:

Provide, or secure the provision of, a range of support as directed by the Department. These can include HR, Finance, procurement and logistics services, legal advice, registration of the public for eligibility for health services, payments of family health practitioners, operation of a pensions service to eligible HSC employees, a range of information technology services, internal audit, Counter fraud and probity, shared services, education provision and management training and consultancy.

2.1.1 Objectives and key targets

2.1.2 The Department determines the BSO's performance framework in light of the Programme for Government, the Department's wider strategic aims, and current PFG objectives and targets.

The key targets, standards and actions to be delivered by the BSO are set out in its Annual Business Plan supported by the 4 year Corporate Plan.

3. RESPONSIBILITIES AND ACCOUNTABILITY

3.1 The Minister

3.1.1 The Minister is accountable to the Assembly for the activities and performance of the BSO.

Her responsibilities include:

- approving the BSO's strategic objectives and the policy and performance framework within which the BSO will operate (as set out in this Management Statement and Financial Memorandum and associated documents);
- keeping the Assembly informed about the BSO's performance as part of the HSC system;
- carrying out responsibilities specified in the founding legislation including appointments to the board (including its Chairman) and laying of the annual report and accounts before the Assembly; and

- approving the remuneration scheme for Non-Executive board members and setting the annual pay settlement each year under these arrangements.

3.2 The Accounting Officer of the Sponsor Department

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

3.2.2 In particular, the Departmental Accounting Officer of the Sponsor Department shall ensure that:

- the BSO's strategic aims and objectives support the Sponsor Department's wider strategic aims and current PFG objectives and targets;
- the financial and other management controls applied by the Sponsor Department to the BSO are appropriate and sufficient to safeguard public funds and for ensuring that the BSO's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to the BSO by the Assembly but also any other funds falling within the stewardship of the BSO);
- the internal controls applied by the BSO conform to the requirements of regularity, propriety and good financial management; and
- any grant-in-aid to the BSO 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 within Chapter 3 of Managing Public Money Northern Ireland (MPMNI).

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

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

3.3 The Sponsoring team in the Department

3.3.1 Within the Sponsoring Department, the BSO Sponsor Branch is the Sponsoring team for the BSO. The Team, in consultation as necessary with the relevant Departmental Accounting Officer, is the primary source of advice to the Minister on the discharge of his/her responsibilities in respect of the BSO, and the primary point of contact for the BSO in dealing with the Sponsoring Department. The Sponsoring team shall carry out its duties under the management of a senior officer, who shall have primary responsibility within the team for overseeing the activities of the BSO.

In general the roles and responsibilities of a Sponsor Department in terms of the:

- Minister;
- Departmental Accounting Officer;
- Senior Executive Sponsor; and

- Departmental Sponsor Team

are set out in Annex 7.4 of Managing Public Money in NI.

The BSO shall liaise with the Departmental Sponsor Branch Team on routine matters in the first instance. The BSO and the Departmental officials have the discretion to liaise with Sponsorship Officials / BSO staff where an issue is considered of significance or merit with the Sponsor Team appraised as appropriate.

The Departmental Senior Executive Sponsor is responsible for escalating issues within the Department to the Accounting Officer and Minister.

3.3.2 The Sponsoring team shall advise the Minister on:

- an appropriate framework of objectives and targets for the BSO in the light of the Department's wider strategic aims and current PfG;
- an appropriate budget for the BSO in the light of the Department's overall public expenditure priorities;

3.3.3 In support of the Departmental Accounting Officer, the Sponsoring team shall

on performance and risk management -

- monitor the BSO's activities on a continuing basis through an adequate and timely flow of information from the BSO on performance, budgeting, control, and risk management, including early sight of the BSO's Governance Statement;
- address in a timely manner any significant problems arising in the BSO, whether financial or otherwise, making such interventions in the affairs of the BSO as the Sponsor Department judges necessary to address such problems; and
- periodically carry out a risk assessment of the BSO's activities to inform the Sponsor Department's oversight of the BSO; 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 BSO's activities; the public monies at stake; the body's corporate governance arrangements; its financial performance; internal and external auditors' reports; the openness of communications

between the body and the Sponsor Department; and any other relevant matters;

on communication with the BSO -

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

3.4 The BSO's Board

3.4.1 The Board Members are appointed as follows:

Ultimate responsibility for appointment of the 8 board members lies with the current minister. The appointments and tenure will be varied over a period of time thus ensuring that a range of skill and experience is maintained on the board.

Appointments to the Boards of the BSO must be made in line with the 'Code of Practice the Commissioner for Public Appointments NI' (CPANI) and the 'Office of the Executive Office, Central Appointments Unit guidance'.

The structure of the Board will be appropriate to the organisation and its strategic direction. Any changes to accepted structure must be supported by the Department with consideration to the current people strategy and guidance within the public sector.

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

- establish the overall strategic direction of the BSO within the policy and resources framework determined by the Sponsor Minister and Department;

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

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

- comply at all times with the Code of Practice (see paragraph 3.5.5) that is adopted by the BSO and with the rules and guidance relating to the use of public funds and to conflicts of interest;

- All members will comply and strictly adhere to the Code of Conduct and Code of Accountability for Board Members of Health and Social Care Bodies;
- Board members shall not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations; and to declare publicly and to the board any private interests that may be perceived to conflict with their public duties;
- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments; and
- act in good faith and in the best interests of the BSO.

3.4.4 The Sponsor Department shall have access to all Board meeting minutes. The Sponsor Team should also receive all board papers including minutes as and when they are published through the BSO Sponsor Branch mailbox.

3.5 The Chairman of the BSO

3.5.1 The Chairman is appointed via the mechanism set out in paragraph 3.4.1 above – The BSO's Board.

3.5.2 The Chairman is accountable responsible to the Minister of the Sponsor Department. The Chairman shall ensure that the BSO's policies and actions support the wider strategic policies of the Minister; and that the BSO's affairs are conducted with probity. The Chairman shares with other Board members the corporate responsibilities set out in paragraph 3.4.2, and in particular for ensuring that the BSO fulfils the aims and objectives set by the Sponsor Department and approved by the Minister.

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

- formulating the Board's strategy;
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Minister or the Sponsor Department;

- ensuring that risk management is regularly and formally considered at Board meetings;
- promoting the efficient, economic and effective use of staff and other resources;
- encouraging and delivering high standards of regularity and propriety;
- representing the views of the Board to the general public;
- ensuring that the Board meets at regular intervals throughout the year and that the minutes of meetings accurately record the decisions taken and, where appropriate, the views of individual Board Members.
- public board meetings should take place regularly with details published in local press and published on the BSO's website.
- All public Board meetings and advertisements details shall be published on the BSO website and Sponsor Branch shall be notified through the Sponsor Branch Mailbox.

3.5.4 The Chairman shall also:

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

opportunity to contribute to and view their report. The Chair of the Board will also be appraised on an annual basis by the Departmental Accounting Officer.

- Ensure the completion of the Board Governance Self-Assessment Tool on an annual basis. Assurance will be provided through the mid-year assurance statement, that the tool is being completed, actions are being addressed and that any exception issues will be raised with the Department.

3.5.5 The Chairman shall also ensure that a Code of Practice for Board Members is in place, based on the **Codes of conduct for board members of public bodies (FD (DFP) 04/14)** refers. The Code shall commit the Chairman and other Board Members to the Nolan “seven principles of public life”, and shall include a requirement for a comprehensive and publicly available register of Board Members’ interests.

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

3.6 The Chief Executive’s role as Accounting Officer

3.6.1 The Chief Executive of the BSO is designated as the BSO’s Accounting Officer by the Departmental Accounting Officer of the Sponsor Department.

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

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

on planning and monitoring -

- establish, with approval of the Sponsor Department, the BSO’s corporate and business plans in support of the Department’s wider strategic aim[s] and current PFG objectives and targets;

- inform the Sponsor Department of the BSO's progress in helping to achieve the Department's policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensure that timely forecasts and monitoring information on performance and finance are provided to the Sponsor Department; that the Sponsor Department is notified promptly of 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 the Sponsor Department in a timely fashion;

on advising the Board -

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

on managing risk and resources –

- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensure that an effective system of programme and project management and contract management is maintained;

- ensure compliance with the Northern Ireland Public Procurement Policy;
- ensure that all public funds made available to the BSO [including any income or other receipts] are used for the purpose intended by the Assembly, and that such monies, together with the BSO's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by the BSO, including effective measures against fraud and theft;
- maintain a comprehensive system of internal delegated authorities that are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that effective personnel management policies are maintained;

on accounting for the BSO'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 Sponsor Department, or DoF;
- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Governance Statement regarding the BSO's system of internal control, for inclusion in the annual report and accounts, that details significant internal control divergences;
- sign a mid-year assurance statement reporting on the BSO's system of internal control;
- ensure that effective procedures for handling complaints about the BSO are established and made widely known within the BSO;
- 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 Sponsor Department and DoF - in particular, Chapter 3 of *MPMNI* and the Treasury document *Regularity*

and Propriety and Value for Money (a copy of which the Chief Executive shall receive on appointment). Section IX of the *Financial Memorandum* refers to other key guidance;

- give evidence, normally with the Accounting Officer of the Sponsor Department, if summoned before the Public Accounts Committee on the use and stewardship of public funds by the BSO;
- 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; and ensure that the requirements of the Data Protection Act 1998 and the Freedom of Information Act 2000 are complied with.
- reporting on compliance with controls assurance and quality standards to the Department;
- ensuring that a business continuity plan is developed and maintained;
- ensuring that effective procedures for handling adverse incidents are established and made widely known within the BSO;
- Copies of adverse inspection reports are shared with the Department;
- ensuring that the requirements of relevant statutes, court rulings and Departmental directions are fully complied with;
- Ensuring an acceptance and provision of Gifts and Hospitality Policy is in place that set out the principles and requirements under which gifts and hospitality can be received and in turn when such offers can be made.

3.6.4 The Accounting Officer will ensure that documentary requirements and provision of information as detailed in appendix 1 (not exhaustive or exclusive) is provided to the Department on a timely basis to support the Departments governance responsibilities for BSO.

3.7 The Chief Executive's role as Consolidation Officer

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

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

3.8 Delegation of duties

- 3.8.1 The Chief Executive may delegate the day-to-day administration of his/her Accounting Officer and Consolidation Officer responsibilities to other employees in the BSO. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in this document.
- 3.8.2 The Chief Executive of the BSO is the Principal Officer for handling cases involving the Northern Ireland Commissioner for Complaints. As Principal Officer, he/she shall inform the Permanent Secretary of the Sponsor Department of any complaints about the BSO accepted by the Ombudsman for investigation, and about the BSO's proposed response to any subsequent recommendations from the Ombudsman.

3.9 Consulting customers

- 3.9.1 The BSO 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 the NI Executive's Budget process reviews, the BSO shall submit to the Sponsor Department a draft of the BSO's corporate plan covering the four years ahead. The BSO shall have agreed with the Sponsor Department the issues to be addressed in the plan and the timetable for its preparation.

4.1.2 DoF reserves the right to ask to see and agree the BSO's corporate plan.

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

4.1.4 The corporate plan shall set out:

- the BSO's principle key objectives and associated key performance targets for the agreed years, and its strategy for achieving those objectives;
- a review of the BSO's performance in the preceding financial year [together with comparable outturns for the previous [2-5] years], and an estimate of performance in the current year;
- alternative scenarios to take account of factors which may significantly affect the execution of the plan, but which cannot be accurately forecast;
- a forecast of expenditure and income, taking account of guidance on resource assumptions and policies provided by the Sponsor Department at the beginning of the planning round. These forecasts should represent the BSO's best estimate of all its available income not just any grant or grant-in-aid; and
- other matters as agreed between the Sponsor Department and the BSO - for example - statement of purpose of organisation as per legislation, strategic aims, performance in preceding corporate plan period,

governance and accountability arrangements, links with PFG and wider ministerial/Departmental priorities.

- 4.1.5 The main elements of the plan, including the key performance targets, shall be agreed between the Sponsor Department and the BSO in the light of the Sponsor Department'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 forthcoming year. The business plan shall include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the Sponsor Department.

The business plan should include reference to SMART objectives that:

- support the delivery of Programme for Government Commitments;
 - support the delivery of Departmental policy and strategy;
 - deliver on the functions etc. specified in the BSOs founding legislation setting out the purposes for which the BSO was created and the functions/services it is to deliver;
 - address known areas of underperformance, the findings of inquiries etc. and respond to particular events, serious adverse incidents and near misses as reasonably appropriate and;
 - ensure appropriate organisational consideration is afforded to employee planning and development to support the organisation in the current and forthcoming delivery periods.
- 4.2.2 DoF reserves the right to ask to see and agree the BSO's annual business plan.
- 4.2.3 Corporate and business plans will be formally approved by the Permanent Secretary or Senior Sponsor if delegated.

4.3 Publication of plans.

- 4.3.1 The corporate and business plans shall be published made available on the Internet. It shall be made available to staff.

4.4 Reporting performance to the Sponsor Department

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

- 4.4.2 The BSO shall take the initiative in informing the Sponsor Department of changes in external conditions, which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives as set out in the corporate or business plans.

- 4.4.3 The BSO's performance in helping to deliver Departmental policies, including the achievement of key objectives, shall be reported to the Department on a three-monthly basis.

The Department may, at its discretion, request evidence of progress against key objectives at any time.

- 4.4.4 Senior Departmental officials will hold biannual Ground Clearing meetings with the BSO. The purpose of these meetings is to discuss the BSO's overall performance, its current and future activities, any policy developments relevant to those activities safety and quality, financial performance and corporate control/risk management performance, and other issues as prescribed by the Department.

Issues identified at the Ground Clearing meeting which cannot be resolved at the meeting or through other avenues will be escalated for discussion to the biannual Accounting Officer Accountability meeting with the Chair and Chief Executive of the BSO.

- 4.4.5 The BSO's performance against key targets shall be reported in the BSO's annual report and accounts [see Section 5.1 below].

4.5 Budgeting procedures

4.5.1 The BSO's budgeting procedures are set out in the Financial Memorandum.

4.6 Internal audit

4.6.1 The BSO shall establish and maintain arrangements for internal audit in accordance with the Public sector Internal Audit Standards (PSIAS).

4.6.2 Departments should outline the arrangements that they have determined as appropriate for the BSO taking account of DAO (DoF) 01/10 Internal Audit Arrangements between Departments and Arm's Length Bodies.) This will include specifying the Department's requirements in terms of

- having input to BSO 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 BSO internal audit function against PSIAS including advising that the Sponsor Department reserves a right of access to carry out its own independent reviews of internal audit in the BSO;
- the right of access to all documents prepared by the BSO's internal auditor, including where the service is contracted out. Where the BSO's audit service is contracted out the BSO should stipulate this requirement when tendering for the services.

4.6.3 The BSO shall consult the Sponsor Department 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 DoF guidance.

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

4.6.5 Sponsor branch officials will undertake an annual meeting with the Head of the BSO's Internal Audit function / service provider to discuss the BSO's internal audit plan and strategy in addition to exploring any areas of note.

4.7 Audit Committee

4.7.1 The BSO shall set up an independent audit committee as a committee of its Board, in accordance with current Cabinet Office Guidance.

4.7.2 The audit committee's meeting agendas, minutes and papers shall be made available to the Department Sponsoring team prior to any planned audit committee meeting taking place.

The Audit Committee should complete the National Audit Office Self Assessment Checklist on an annual basis and any other governance requirement in support of the committee on a timely basis. Assurance on completion of the checklist and other requirements will be provided through the mid-year assurance statement any exception issues should be reported to the Department.

4.7.3 The Sponsor Department will review the BSO's audit committee terms of reference. The BSO shall notify the Sponsor Department of any subsequent changes to the audit committee's terms of reference.

4.7.4 The Sponsor Department will attend at least one BSO audit committee meeting per year as an observer, and will not participate in any Audit Committee discussion.

4.8 Fraud

4.8.1 The BSO shall report immediately to the Counter Fraud and Probitity Services (CFPS) and Departmental Sponsor Branch all frauds (proven or suspected), including attempted fraud - CFPS shall then report the frauds immediately to DF and the C&AG. In addition the BSO shall forward to CFPS and Departmental Sponsor branch the annual fraud return, commissioned by DoF, on fraud and theft suffered by the BSO

4.8.2 All HSC bodies are required to have an Anti-Fraud Policy and Fraud Response Plan in place. This should be reviewed at least every 5 years and sent to CFPS for review. The BSO shall notify the Sponsor Department of any subsequent changes to the policy or response plan.

4.9 Additional Departmental access to the BSO

- 4.9.1 In addition to the right of access referred to in paragraph 4.6.2 above, the Sponsor Department shall have a right of access to all the BSO's records and personnel for purposes such as for example Sponsorship audits, or operational investigations. (See also paragraphs 3.4.4 and 4.7.2 access to Board and Audit Committee minutes).

5. EXTERNAL ACCOUNTABILITY

5.1 The annual report and accounts

- 5.1.1 After the end of each financial year the BSO shall publish as a single continuous document an annual report of its activities together with its audited annual accounts. The report shall also cover the activities of any corporate bodies under the control of the BSO. A draft of the report shall be submitted to the Sponsor Department on the basis of the published timetable issued periodically by the Department before the proposed publication date although it is expected that the Department and the BSO will have had extensive prepublication discussion on the content of the report prior to formal submission to the Department.
- 5.1.2 The report and accounts shall comply with the most recent version of the Government Financial Reporting Manual (FRoM) issued by DoF. (*NOTE: This guidance is updated every year*). The accounts shall be prepared in accordance with any relevant statutes and the specific Accounts Direction issued by the Sponsor Department.
- 5.1.3 The report and accounts shall outline the BSO's main activities and performance during the previous financial year and set out in summary form the BSO's forward plans. Information on performance against key financial targets shall be included in the notes to the accounts, and shall therefore be within the scope of the audit.
- 5.1.4 The report and accounts shall be laid before the Assembly and made available, in accordance with the guidance on the procedures for presenting and laying the combined annual report and accounts as prescribed in the relevant FD letter issued by DoF.

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

5.2 External audit

5.2.1 The Comptroller and Auditor General (C&AG) audits the BSO's annual report and the accounts these shall be laid before the assembly as prescribed by the Department. For the purpose of audit the C&AG has a statutory right of access to relevant documents as provided for in Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order 2003.

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

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

5.3 VFM examinations

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

The decision to fill vacant or new senior positions in the BSO (at Director or Assistant Director Level) is subject to approval by the Department, except where there are exceptional circumstances which have been agreed by the Department in advance.

Approvals for any change to the remuneration of Senior Executives must be obtained from the Department.

6.1.1 Within the arrangements approved by the Minister and DoF the BSO shall have responsibility for the recruitment, retention and motivation of its staff. To this end the BSO 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 BSO'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 BSO's objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistle blowing procedures consistent with the Public Interest (Northern Ireland) Order 2003 are in place; and

- a code of conduct for staff is in place based on Annex 5A of Public Bodies: A Guide for NI Departments (available at www.afmdni.gov.uk).

7. REVIEWING THE ROLE OF THE BSO

- 7.1 The BSO shall be reviewed periodically, in accordance with the business needs of the Sponsor Department and the BSO. Reference should be made to Chapter 9 of the Public Bodies: a Guide for Northern Ireland Departments.
- 7.2 The next review of the BSO will take place in the financial year [2022/23].

Documentary requirements

Documentation to be sent to the Sponsor Branch for information without exception

Monthly (or as the occasion arises)

- Board meeting papers (including draft minutes) for each meeting as and when issued to Board members
- Audit Committee papers (including draft minutes) for each meeting as and when issued to Committee members
- Monthly financial monitoring returns.

Bi-annual

- Corporate Risk Register every six months
- Mid-year Assurance Statement, end of year Governance Statement (to be forwarded to the Sponsor Department in October/November and May/June respectively)

Annually

- Annual Governance Statement
- Mid-year Assurance Statement (by end-October)
- Annual report on Compliance with Controls Assurance Standards
- Internal audit work plan for the forthcoming year (to be forwarded in February/March)
- Internal Audit Progress Report
- Annual Fraud return
- Corporate/Business Plan (to be forwarded to the Sponsor Department, in draft form, prior to sign-off by the BSO in February/March)

- The Head of Internal Audit's end-of-year and mid-year opinion on risk management, control and governance
- Register of Board members' interests
- The annual report, with the draft submitted to the Department two weeks before the publication date (separate timetable for the annual accounts, Governance Statement etc. set by Finance Directorate)
- Assurance Framework (to be updated, at least annually, and forwarded to the Sponsor Department in March/April)
- Business Continuity plan (to be updated, at least annually, and forwarded to the Sponsor Department thereafter)

Once and then when revised

- Code of Conduct for Board members
- Code of Practice for staff
- Audit Committee Terms of Reference
- Audit Strategy
- Complaints procedure
- Anti-Fraud Policy
- Fraud Response Plan
- Whistle-blowing procedures
- Grievance and Disciplinary procedures
- Equality scheme
- Publication scheme
- Consultation Scheme

- Business Continuity Plan (BCP exercise to be observed by a member of Sponsor Branch)

As specified

- Corporate Plan for approval
- Periodic adhoc reports or other publications and documents as appropriate and considered reasonable by the Sponsor Department.

Once

- Inspection/review reports (immediately following receipt of report (e.g. RQIA, MHRA).
- Internal audit reports where substantive assurance not achieved (immediately following report)
- Reports charged to those with governance
- NIAO management letters

SCHEDULE 3 THE REGIONAL BUSINESS SERVICES ORGANISATION

Status

1—(1) BSO shall not be regarded—

- (a) as the servant or agent of the Crown; or
 - (b) as enjoying any status, immunity or privilege of the Crown.
- (2) The property of BSO shall not be regarded as property of, or held on behalf of, the Crown.
- (3) Where land in which the Department has an interest is managed, used or occupied by RBSO, the interest of the Department shall be treated for the purposes of any statutory provision or rule of law relating to Crown land or interests as if it were an interest held otherwise than by, or on behalf of, the Crown.
- (4) BSO shall, notwithstanding that it is exercising any functions on behalf of the Department, be entitled to enforce any rights acquired and shall be liable in respect of any liabilities incurred (including liabilities in tort) in the exercise of those functions in all respects as if it were acting as a principal, and all proceedings for the enforcement of such rights or liabilities shall be brought by or against BSO in its own name.
- (5) Subject to the provisions of this Schedule, section 19 of the Interpretation Act (Northern Ireland) 1954 (c. 33) applies to RBSO.

General Powers

- 2—(1) Subject to any directions given by the Department, BSO may do anything which appears to it to be necessary or expedient for the purpose of, or in connection with, the exercise of its functions.
- (2) But BSO may not borrow money.

Membership

3—(1) BSO shall consist of—

- (a) a Chair appointed by the Department;
 - (b) a prescribed number of members appointed by the Department;
 - (c) the chief officer of RBSO; and
 - (d) such other officers of BSO as may be prescribed.
- (2) Except in so far as regulations otherwise provide, no person who is an officer of BSO may be appointed under sub-paragraph (1) (a) or (b).

[F1(3) Regulations may provide—

- (a) that the person appointed under sub-paragraph (1) (a) must fulfil prescribed conditions or hold a post of a prescribed description;
- (b) that all or any of the persons appointed under sub-paragraph (1)(b) must fulfil prescribed conditions or hold posts of a prescribed description.]

Annotations: 

 **Amendments (Textual)**

F1Sch. 3 para. 3(3) substituted (11.4.2014) by Health and Social Care (Amendment) Act (Northern Ireland) 2014 (c. 5), s. 3(1)

Commencement Information

I1Sch. 3 para. 3 wholly in operation at 1.4.2009; Sch. 3 para. 3 in operation for certain purposes at Royal Assent see s. 34(2)(d); Sch. 3 para. 3 in operation at 1.4.2009 insofar as not already in operation by S.R. 2009/114, **art. 2**

Remuneration and allowances

4—(1) BSO shall pay to its members such remuneration and allowances as the Department may determine.

(2) A determination of the Department under this paragraph requires the approval of the Department of Finance and Personnel.

Appointment, procedure etc.

5 Regulations may make provision as to—

- (a) The appointment of members of BSO under paragraph 3(1) (b) and (d) (including any conditions to be fulfilled for appointment);
- (b) the tenure of office of the Chair and other members (including the circumstances in which they cease to hold office or may be removed or suspended from office);
- (c) the appointment of, constitution of, and exercise of functions by, committees and subcommittees (including committees and sub-committees which consist of or include persons who are not members of RBSO);
- (d) the procedure of BSO and any committees or sub-committees (including the validation of proceedings in the event of vacancies or defects in appointment);
- (e) the staff, premises and expenses of RBSO;
- (f) such other matters in connection with BSO as the Department thinks fit.

Annotations: 

Commencement Information

I2Sch. 3 para. 5 wholly in operation at 1.4.2009; Sch. 3 para. 5 in operation for certain purposes at Royal Assent see s. 34(2)(d); Sch. 3 para. 5 in operation at 1.4.2009 insofar as not already in operation by S.R. 2009/114, **art. 2**

The chief officer

6—(1) There shall be a chief officer of BSO who shall be a member of the staff of BSO and shall be responsible to BSO for the general exercise of its functions.

(2) Subject to regulations made under paragraph 5(e)—

- (a) the first chief officer shall be appointed by the Department; (b) any subsequent chief officer shall be appointed by RBSO.

Application of the seal

7 The application of the seal of BSO shall be authenticated by the signature— (a) of any member of RBSO; and

- (b) of any other person who has been authorised by BSO (whether generally or specifically) for that purpose.

Execution of documents

8—(1) Any document which if executed by an individual would not require to be executed as a deed may be executed on behalf of BSO by any person generally or specially authorised by BSO for that purpose.

(2) In any legal proceedings any document purporting to have been so executed on behalf of BSO shall be deemed to be so executed until the contrary is proved.

Finance

9—(1) The Department may make payments to BSO out of money appropriated for the purpose.

(2) Payments under this paragraph shall be made on such terms and conditions as the Department may determine.

Accounts

10—(1) BSO shall—

(a) keep proper accounts and proper records in relation to the accounts; and (b) prepare a statement of accounts in respect of each financial year.

(2) The statement of accounts shall— (a) be in such form; and (b) contain such information, as the Department may, with the approval of the Department of Finance and Personnel, direct.

(3) BSO shall, within such period after the end of each financial year as the Department may direct, send copies of the statement of accounts relating to that year to—

(a) the Department; and

(b) the Comptroller and Auditor General.

(4) The Comptroller and Auditor General shall—

(a) examine, certify and report on every statement of accounts received from BSO under this paragraph; and

(b) send a copy of any such report to the Department.

(5) The Department shall lay a copy of the statement of accounts and of the Comptroller and Auditor General's report before the Assembly.

Annual report

11—(1) BSO shall within such period after the end of each financial year as the Department may direct, prepare and send to the Department a report in such form, and containing such information, as may be prescribed.

(2) BSO shall publish any report prepared under sub-paragraph (1) in such manner as the Department may direct.

(3) The Department shall lay a copy of the report before the Assembly.

Annotations:

Commencement Information

I3Sch. 3 para. 11 wholly in operation at 1.4.2009; Sch. 3 para. 11 in operation for certain purposes at Royal Assent see s. 34(2) (d); Sch. 3 para. 11 in operation at 1.4.2009 insofar as not already in operation by S.R. 2009/114, **art. 2**

Interpretation

12 In paragraphs 10 and 11—

“Comptroller and Auditor General” means the Comptroller and Auditor General for Northern Ireland;

“financial year” means—

- (a) the period beginning with the day on which BSO is established and ending on the next following 31st March; and
- (b) each subsequent period of 12 months ending on 31st March.

Information

13—(1) BSO shall at such times as the Department may direct— (a) provide the Department or a specified body with such information, and (b) permit the Department or the specified body to inspect and take copies of such documents, relating to RBSO's functions as the Department may direct.

(2) In sub-paragraph (1) “specified body” means a body specified in directions under that subparagraph.

Default powers of Department

14—(1) the powers conferred by this paragraph are exercisable by the Department if it is satisfied that BSO has without reasonable excuse failed to discharge any of its functions adequately or at all.

(2) The Department may—

- (a) make an order declaring BSO to be in default; and
 - (b) direct BSO to discharge such of its functions, in such manner and within such period or periods, as may be specified in the direction.
- (3) If BSO fails to comply with the Department's direction under sub-paragraph (2), the Department may—
- (a) discharge the functions to which the direction relates itself; or
 - (b) make arrangements for any other person to discharge those functions on its behalf.

Annotations: 

 **Commencement Information**

I4Sch. 3 para. 14 wholly in operation at 1.4.2009; Sch. 3 para. 14 in operation for certain purposes at Royal Assent see s. 34(2) (d); Sch. 3 para. 14 in operation at 1.4.2009 insofar as not already in operation by S.R. 2009/114, **art. 2**

FINANCIAL MEMORANDUM

BETWEEN

The Department of Health (DoH)

AND

Regional Business Services Organisation (BSO)

January 2018

FINANCIAL MEMORANDUM

BETWEEN

The Department of Health (DoH)

AND

Regional Business Services Organisation (BSO)

AGREEMENT OF TERMS

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

The Memorandum has been drawn up by the Sponsor Department, in consultation with the BSO, who agree to conduct their finances within the conditions contained therein. The contents of the Memorandum have been approved by the Department of Finance and Personnel. It will remain in force and binding on the BSO until such time as it is reviewed and/or revised by the Sponsor Department.

SIGNED ON BEHALF OF THE

SIGNED ON BEHALF OF THE

Department of Health

Business Services Organisation

Karen Bailey

PERMANENT SECRETARY

INTERIM CHIEF EXECUTIVE

DATE:

DATE:



Working together



Excellence



Openness & Honesty



Compassion

FINANCIAL MEMORANDUM

BETWEEN

The Department of Health And Business Service Organisation

1. INTRODUCTION

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

2. INCOME AND EXPENDITURE- GENERAL

2.1. The Departmental Expenditure Limit (DEL)

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

2.2. Expenditure not proposed in the budget / Delegated Limits

- 2.2.1. The BSO must not enter into any commitments or incur expenditure above pre-defined limits as set out in the delegated arrangements or which incur expenditure which is not provided for in the annual budget as approved by the Sponsor Department. This reflects the general principles set out in MPMNI relating to the authority for expenditure, regularity, propriety and value for money which applies to all public expenditure.

- 2.2.2. The BSO shall not, without prior Departmental approval, enter into any undertaking to incur any expenditure outside its remit or which may be likely to bring either the BSO or the Sponsor Department into disrepute.

2.3. **Novel, Contentious or Repercussive Proposals**

The BSO must obtain the approval of the Department of Health (DoH) and Department of Finance (DoF) for any transactions which set precedents, are novel, potentially contentious or could cause repercussions elsewhere in the public sector. Departmental /DoF approval must be obtained even where such transactions are within the BSO's delegated limits which appear to offer value for money, examples include

- a. incurring expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications;
- b. making any significant changes in the operation of funding of initiatives or particular schemes previously approved by the Sponsor Department;
- c. Unusual financing transactions, especially those with lasting commitments; and
- d. making any change of policy or practice which has wider financial implications (e.g. because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of the resources required. The Department will advise on what constitutes 'significant' in this context.

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

2.4. **Procurement**

- 2.4.1. The BSO's procurement policies shall reflect the public procurement policy adopted by the Northern Ireland Executive in May 2002 (refreshed May 2009); Procurement Guidance Notes and any other guidelines or guidance issued by

DoH, Central Procurement Directorate (CPD) and the Procurement Board. The BSO shall also ensure that it complies with any relevant UK and EU or other international procurement rules.

- 2.4.2. In particular, the BSO shall reflect in its policies DoH and DoF Guidance on procurement which addresses the appropriate market testing and evidence retention that should take place for all levels of purchase, irrespective of value, as small expenditures may not require CoPE involvement, but nonetheless require a form of market testing.
- 2.4.3. Periodically and wherever practicable, the BSO procurement policies shall be benchmarked against best practice elsewhere.
- 2.4.4. The BSO's procurement activity should be carried out by means of a Service Level agreement with a recognised and approved Centre of Procurement Expertise (CoPE). The relevant CoPEs are: the Business Services Organisation – Procurement and Logistics Service (BSO PaLS) for Goods and Services and Central Procurement Directorate – Health Projects (CPD HP) for Construction Works/Services. If another CoPE or equivalent is to be used for a specific project, this should be consented to in advance by either BSO PaLS or CPD HP depending on the subject matter.
- 2.4.5. The Accounting Officer may decide on the level of internal delegation required for approval of purchases subject to delegated limits set by Departmental or DoF guidance, and subject to any additional SLA requirements regarding, or formal guidance on, lowest acceptable delegations given by the relevant CoPE.
- 2.4.6. Delegations for the approval of purchases should be formally recorded within the organisation's scheme of delegation.

2.5. Competition

- 2.5.1. Competition promotes economy, efficiency and effectiveness in public expenditure. Works, goods and services should be acquired through public competition unless there are convincing reasons to the contrary, and where appropriate should comply with EU and domestic advertising rules and policy. The form of competition chosen should be appropriate to the value and complexity of the goods or services to be acquired.
- 2.5.2. Contracts shall be placed on a competitive basis and tenders accepted from suppliers who provide best value for money overall.

- 2.5.3. Where a contract is awarded to an economic operator (i.e. supplier, contractor) without competition, this is referred to as a Direct Award Contract [DAC]. In light of their exceptional nature, all DACs should be dealt with in accordance with the advice requirements and delegations set out in DoH and DoF guidance and in accordance with the SLA or any formal general guidance on direct awards given by the relevant CoPE (in addition to complying with any other applicable delegations not arising as a result of DAC status e.g. capital or IT delegations)
- 2.5.4. The BSO shall send to the Sponsor Department on a bi-annual basis (or on such other basis as shall be required by DoH) a report of contracts above the current de minimis limit for procurement expenditure in which competitive tendering was not employed.

2.6. Best Value for money

- 2.6.1. Procurement of work, supplies and services by the BSO shall be based on best value for money. It is defined as the most advantageous combination of costs, quality and sustainability to meet customer requirements. In this context, cost means consideration of the whole life cost; quality means meeting a specification which is fit for purpose and sufficient to meet the customer's requirements; and sustainability means economic, social and environmental benefits. It is not about minimising up front prices. Whether in conventional procurement, market testing, private finance or some other form of public private partnership, finding value for money involves an appropriate allocation of risk.

In accordance with MPMNI /NIGEAE, where appropriate a full options appraisal should be carried out before procurement decisions are taken.

2.7. Expenditure and Payments

- 2.7.1. Timeliness in paying bills

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

2.7.2. Payments in advance

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

2.7.3. Deferred payments

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

2.8. Risk Management

2.8.1. The BSO shall ensure that it has systems in place for identifying and managing risk and that the risks it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and shall develop a risk management strategy, in accordance with the Treasury guidance *The Management of Risk: Principles and Concepts (the Orange Book)* and MPMNI.

2.8.2. The BSO shall take proportionate and appropriate steps to assess the financial and economic standing of any organisation or other body with which it intends to enter into a contract or which it intends to give grant or grant-in-aid.

2.8.3. Fraud

The BSO shall adopt and implement policies and practices to safeguard itself against fraud, and ensure it has adequate controls to detect and deter fraud in accordance with MPMNI and Departmental and DoF guidance which includes DoF's guide *Managing the Risk of Fraud* In line with this the BSO should develop a fraud policy statement and fraud response plan which should be updated every 5 years. The BSO shall notify the Department of any subsequent changes to the policy or the response plan.

The BSO should identify, and assess how it might be vulnerable to fraud (including bribery), and evaluate the possible impact and likelihood of each fraud risk. Fraud should be always considered as a risk in the risk register.

2.8.4. All cases of attempted, suspected or proven fraud shall be reported to the Counter Fraud and Probity Service as soon as they are discovered, irrespective of the amount involved. Counter Fraud and Probity Service then reports this to DoH which then reports it to DoF and the C&AG.

2.9. Wider markets

2.9.1. In line with MPMNI the BSO shall seek to maximise receipts and seek out and implement wider market opportunities, provided that this is consistent with (a) the BSO's main functions and core objectives and (b) its corporate plan as agreed with the Sponsor Department. All such proposals must be supported by a business case and subject to Departmental approval and DoF approval where appropriate.

2.9.2. The BSO must ensure that services are priced fairly and competition law and the rules on state aid are considered. The BSO must not however acquire assets just for the purpose of engaging in, or extending, commercial activity. If the wider markets activity demands further investment to keep it viable, the BSO must ensure the activity is reappraised.

2.10. State Aid

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

2.11. Fees and Charges

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

All fees and charges should be disclosed in the annual accounts in line with MPNMI / FReM.

2.12. Commercial services

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

2.13. Shared services

Active engagement should be undertaken with the BSO to continue improving, enhancing and extracting value from existing and new services with consideration to consolidating services through shared service provisioning.

BSO should always use the BSO Shared Services in the first instance where it can provide the relevant service. Where it is not possible to avail of BSO Shared Services then Enterprise Shared Services (ESS) should be always be considered as a viable alternative and must appraised in the business case.

All charges should be at cost in accordance with fees and charges guidance in MPMNI.

3. THE BSO's INCOME

3.1. Grant-in-Aid

3.1.1. Grant-in-aid will be paid to the BSO in regular instalments as agreed on the basis of a written application from the BSO showing evidence of need. The application shall certify that the conditions applying to the use of grant-in-aid have been observed to date and that further grant-in-aid is now required for purposes appropriate to the BSO's functions. The forecast grant-in-aid provided by the BSO and included in the DoH spring supplementary estimates cannot be exceeded.

3.1.2. Where grant in aid is drawn by the BSO on behalf of an ALB as service provider, the ALB should provide periodic assurances throughout the period about monies drawn on their behalf. The monies should be managed separately and in line with the same principles as applied to BSO Grant in Aid.

3.1.3. The BSO should have regard to the general guidance and principles enshrined in MPMNI that it should seek grant in aid according to need. Grant in Aid and general cash requirements should be managed in line with operational requirements and not drawn down in advance of need.

3.1.4. Cash balances during the year shall be held at the minimum consistent with the efficient operation of the functions of the BSO. Grant-in-aid not drawn down by the end of the year shall lapse. However, where draw-down of grant-in-aid is delayed to avoid excess cash balances at year-end, the Sponsor Department will make available in the next financial year (subject to approval by the Assembly of the relevant estimates provision) any such grant-in-aid required to meet any liabilities at year end, such as creditors.

3.2. Fines and Taxes as Receipts

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

3.3. Receipts from sale of goods or services

3.3.1. Receipts from the sale of goods and services (including certain licences), rent of land and dividends normally provide additional spending power. If the BSO wishes to retain a receipt or utilise an increase in the level of receipts, it must gain the prior approval of the Sponsor Department.

3.3.2. If there is any doubt about the correct classification of a receipt, the BSO shall consult the Sponsor Department, which may consult DoF as necessary.

3.4. Interest earned

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

3.5. Unforecast changes in in-year income

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

3.6. Build-up and draw-down of deposits

- 3.6.1. The BSO shall comply with the rules that any DEL expenditure financed by the draw-down of deposits counts within DEL. The BSO shall maintain and manage cash balances as working balances only. These shall be held at a minimum level throughout the year. Any interest earned on overnight deposits must be returned to the Sponsor Department.
- 3.6.2. Deposits drawn on behalf of other functions should be managed separately from BSO operational funds.

3.7. Proceeds from Disposal of Assets

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

3.8. Gifts and Bequests received

- 3.8.1. The BSO is free to retain any gifts, bequests or similar donations subject to paragraph 3.8.2. These shall be treated as receipts and must be notified to the Sponsor Department.
- 3.8.2. Before accepting a gift, bequest or similar donation, the BSO shall consider if there are any costs associated in doing so or any conflicts of interest arising. The BSO shall not accept a gift, bequest or similar donation if there are conditions attached to its acceptance that would be inconsistent with the BSOs function.
- 3.8.3. The BSO must keep a register detailing gifts they have received, their estimated value and what happened to them (whether they were retained, disposed of, etc.). The BSO should liaise with Sponsor Department as to whether the gifts received need to be noted in annual report and accounts.
- 3.8.4. Donations, Sponsorship or contributions received by the BSO from any external source should be treated as gifts and managed in line with guidance within Managing Public Money NI on Gifts and accounted for in accordance with FReM requirements.

3.9. Other Receipts

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

3.10. Borrowing

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

4. EXPENDITURE ON STAFF

4.1 Staff Costs

- 4.1.1. Subject to its delegated limits of authority, the ALB will ensure that the creation of any new/additional posts does not incur future commitments which will exceed its ability to pay for them.
- 4.1.2. The BSO shall submit a summary of its establishment levels to the Sponsor Department at the end of the financial year.
- 4.1.3. The BSO should ensure full compliance with its formal procedures in relation to internal job evaluations. The procedures should comply with the annual FD Letter on Pay Remit Approval Process and Guidance issued by DoF.
- 4.1.4. The BSO should ensure that any resulting job evaluation proposals are approved by the BSO Remuneration Committee and the BSO Board prior to submission to the Sponsor Department for consideration. No pay commitments can be entered into without Sponsor Department/DoF approval.

4.2 Pay and Conditions

- 4.2.1 Employees of the BSO, whether on permanent or temporary contract, will be subject to levels of remuneration, and terms and conditions of service (including Superannuation) as agreed. (Current terms and conditions for employees are set out in the relevant Conditions of Service).
- 4.2.2 Annual pay increases of the BSO staff must be in accordance with the annual FD letter on Pay Remit Approval Process and Guidance issued by DoF. All proposed pay awards must be approved by the BSO Remuneration Committee and Board prior to submission to the Sponsor Department for approval. All proposed pay awards must have prior approval of the Sponsor Department and DoF before implementation.
- 4.2.3 Payments shall be made to Board members in respect of travelling expenses, fees or other allowances in accordance with the relevant (Payment of Allowances to Members) Determination and Direction (Northern Ireland), which the Sponsor Department may from time to time amend. The BSO shall ensure

that a comprehensive set of guidelines on all expenditure on travel and subsistence is in place.

- 4.2.4 Recruitment exercises to fill vacant or new senior positions in the BSO should proceed only where there are exceptional circumstances which have been agreed by the Department in advance.
- 4.2.5 Any change to the remuneration of Senior Executives must have Department approval. Organisations are encouraged to continue to work within the existing arrangement.

4.3. Pension Costs

- 4.3.1 The BSO's staff shall be eligible to join the Health and Social Care (HSC) Pension Scheme.
- 4.3.2 Staff may opt out of the HSC Pension Scheme provided by the BSO. However, the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall be limited to the national insurance rebate level.
- 4.3.3 Any proposal by the BSO to move from the existing pension arrangements, or to pay any redundancy, or compensation for loss of office, requires the approval of the Sponsor Department and DoF. Proposals on severance payments must comply with MPMNI and any related DoF/ Departmental guidance.

5. NON-STAFF EXPENDITURE

5.1. Economic Appraisal

- 5.1.1 The BSO 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 externally acquired funds, and any other decisions or proposals that involve changes in the use of public resources. For example, appraisal must be applied irrespective of whether the relevant public expenditure or resources
 - involve capital or current spending, or both;
 - are large or small; and

- are above or below delegated limits.

5.1.2 All business cases must be approved internally in line with the scheme of delegation. Those Business cases above the delegated limits must be submitted for Departmental approval prior to any expenditure being committed. Business cases submitted to the Sponsor Department for approval must be approved by the BSO Board and signed off by its Accounting Officer.

5.1.3 All business cases for external consultancy, including those below delegated limits, must be submitted to the Sponsor Department in advance of any expenditure. All business cases for direct award contracts should be advised on by the CoPE and appropriately approved in advance of expenditure.

5.1.4 The application of delegated limits does not remove the requirement to apply appropriate appraisals and evaluation processes. All expenditure, including that below delegation limits, must be appraised and evaluated with effort that is proportionate to the resources involved, with due regard to the specific nature of the case. NIGEAE provides more detailed guidance on the application of appropriate and proportionate effort.

5.1.5 Business cases and appraisals should be prepared in accordance with the following guidance, using the pro forma templates or full business case as required:

- The Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE);
- The HM Treasury Guide, The Green Book: Appraisal and Evaluation in Central Government; and
- Department circulars.
- Business cases below delegated limits will be subject to an annual test drilling exercise by the Sponsoring Department and DoF.

5.2. Capital Expenditure

5.2.1. Subject to being above an agreed capitalisation threshold, all expenditure on the acquisition or creation of fixed assets shall be capitalised on an accruals basis in accordance with relevant accounting standards.

5.2.2. Proposals for large scale capital projects or acquisitions will normally be

considered within the BSO's corporate and business planning process. Applications for approval within the corporate/business plan by the Sponsor Department, and DoF if necessary, shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Board. Regular reports on the progress of projects shall be submitted to the Sponsor Department in accordance with current instructions.

- 5.2.3. Approval of the corporate/business plan does not obviate the BSO's responsibility to abide by the economic appraisal process.

5.3. Capital Projects

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

5.4. Transfer of Funds within Budgets

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

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

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

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

5.6. Grants or loans by The BSO (if applicable)

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

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

5.7. Gifts Made

5.7.1. Departmental / DoF approval is needed for all gifts above delegated limits and those exceeding £250,000, (or subsequent updated limits) also require Estimate cover and notified to the Assembly. Gifts include transfers of assets or leases at below market value. Public money must not be used to provide for gifts to members of staff. This shall also apply to members of the Board. Gifts by management to staff are subject to the requirements of DAO (DoF) 05/03.

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

5.8. Write-offs, Losses and Other Special Payments

5.8.1. Proposals for write offs, losses or other special payments including ex gratia and compensation payments outside the delegated limits must have the prior

approval of the Sponsor Department and where necessary DoF. Furthermore it is important to consult with the Department if, payments are made irrespective of delegations, which:

- involve important questions of principle;
- raise doubts about the effectiveness of existing systems;
- contain lessons which might be of wider interest;
- might create a precedent for other Departments; or
- arise because of obscure or ambiguous instructions issued centrally.

5.8.2 Losses shall not be written off until all reasonable attempts to make a recovery have been made and have proved unsuccessful and there is no feasible alternative.

5.8.3 The BSO should always pursue recovery of overpayments, irrespective of how they came to be made.

5.8.4 Special payments should only be authorised after careful appraisal of the facts and when satisfied that the best course has been identified.

5.8.5 The BSO should ensure that full, justification is provided together with the necessary legal advice where appropriate and lessons learned clearly identified.

5.8.6 Details of all losses and special payments should be recorded in a Losses and Special Payments Register, which will be available to auditors. The Register should be kept up-to-date and should show evidence of the approval by the appropriate officer as notified to the Sponsor Department, for amounts below the delegated limit, and the Sponsor Department, where appropriate.

5.8.7 Losses and special payments should be reported in the annual accounts in accordance with MPMNI and the latest FReM requirements.

5.9. Remedy

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

5.10. Leasing

5.10.1. Prior Sponsor Department approval is required for all property and finance leases as delegated authority has been removed. The BSO must have DEL provision for finance leases and other transactions that are, in substance, a form of borrowing.

5.10.2. Before acquiring a new lease or continuing with an existing lease term, The BSO must, at expiry or break option dates, submit a proportionate business case at least 12 months before either the lease expiry date or landlord /tenant notice date whichever is earlier. The BSO must ensure that the lease demonstrates value for money and that this is appropriately demonstrated in the business case through analysis of options including leasing of alternative property assets and purchase.

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

5.11. Public Private Partnerships

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

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

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

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

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

5.12. Subsidiary Companies and Joint Ventures

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

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

5.13. Financial Investments

5.13.1. The BSO shall not make any financial investment, nor should it build up cash balances or net assets in excess of what is required for operational purposes. Funds held in bank accounts or as financial investments may be a factor for consideration when grant-in-aid is determined. Equity shares in ventures which further the objectives of the BSO shall equally be subject to Departmental and DoF approval unless covered by a specific delegation.

5.14. Unconventional Financing

5.14.1. The BSO shall not enter into any unconventional financing arrangement without the approval of the Department and DoF. If the BSO is using a new or non-standard technique, it should ensure that it has the competence to manage, control and track its use and any resulting financial exposures, which may vary with time. In particular, the BSO should consult the Department before using derivatives for the first time. The BSO must evaluate any such financing

techniques carefully, especially to assess value for money and any proposal must be assessed in line with MPMNI chapter on funding.

5.15. Commercial Insurance

5.15.1. The BSO shall not take out any insurance without the prior approval of the Sponsor Department and DoF, other than third party insurance required by the Road Traffic (NI) Order 1981 (as amended) and any other insurance which is a statutory obligation or which is permitted in Managing Public Money Northern Ireland. Decisions on whether to buy insurance should be based on objective cost-benefit analysis, using guidance in the *Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE)* (supported by additional DoF guidance).

5.15.2. In the case of a major loss or third-party claim, the Sponsor Department shall liaise with the BSO about the circumstances in which an appropriate addition to budget out of the Sponsor Department's funds and/or adjustment to the BSO's targets shall be considered. The Department will liaise with DoF Supply where required in such cases.

5.15.3. Employers Liability

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

5.16. Payment/Credit Cards

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

5.17. Hospitality

5.17.1. The BSO shall ensure that a comprehensive set of guidelines on the provision of hospitality is in place. Reference should be made to Sponsor Department guidance.

5.18. Use of consultants

5.18.1. The BSO must notify the Department of any occasion when it intends to use consultants, for what purpose, and submit consultancy business case in advance of any expenditure being committed. Prior Departmental/ DoF approval must be sought in line with current delegated limits the BSO shall also comply with current Departmental and DoF guidance on the Use of Consultants

5.18.2. The BSO will provide the Department with a quarterly statement on the status of all consultancies completed and/or started in each financial year.

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

6. MANAGEMENT AND DISPOSAL OF FIXED ASSETS

6.1 Asset Management Strategy

Each public sector organisation is expected to develop and operate an asset management strategy underpinned by a reliable and up to date asset register. The Accounting Officer should review the strategy annually as part of the corporate planning process.

- The BSO should develop and operate an asset management strategy which should be reviewed annually as part of the corporate planning process.
- The BSO must ensure effective use, maintenance, acquisition and disposal of the public sector assets under its control.
- The BSO should keep an asset register of all the capital assets it owns and uses.
- Public sector organisations may transfer property amongst themselves without placing the asset on the open market, provided they do so at

market prices and in appropriate circumstances and accounted for in compliance with MPMNI and FReM

6.2 Machinery of Government changes

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

6.3 Register of Assets

6.3.1 The BSO shall maintain an accurate and up to date register of fixed assets.

6.4 Disposal of Assets

6.4.1 The BSO shall dispose of those assets that are surplus to its requirements in compliance with current policy. Assets should be sold for best price, as advised by Land & Property Services. Assets shall be sold by auction or competitive tender as advised by Land & Property Services (unless otherwise agreed by the Sponsor Department) and in accordance with the principles of Managing Public Money Northern Ireland provided that:

- The BSO is satisfied that the articles are spent, redundant or surplus to requirements, and
- Other than at a public auction, no article shall pass into the possession of any member of staff of the BSO or member of the Board without approval of the Department.

6.4.2 All receipts derived from the sale of assets (including grant financed assets, see below) must be declared to the Sponsor Department, which will consult with DoF on the appropriate treatment.

6.5 Recovery of Grant – Financed Assets

6.5.1 Where the BSO has financed expenditure on capital assets by third parties, the BSO shall set conditions and make appropriate arrangements to ensure that assets are not disposed of without the BSO prior consent.

6.5.2 The BSO shall ensure that any grants to third parties for the acquisition of assets should normally include a claw back condition under which they can recoup the proceeds if the recipient of the grant later sells the asset.

6.5.3 The BSO shall ensure that, if the assets created by grants made by the Board 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 BSO for surrender to the Sponsor Department. The amount recoverable shall be calculated by reference to the best possible value of the asset and in proportion to the NI Consolidated Fund's original investment(s) in the asset.

7. BUDGETING PROCEDURES

7.1 Setting the Annual Budget

7.1.1 Each year, in the light of decisions by the Sponsor Department on the BSO's updated draft corporate plan, the Sponsor Department will send to the BSO:

- a formal statement of the annual budgetary provision allocated by the Sponsor Department in the light of competing priorities across the Department and of any forecast income approved by the Department; and
- Where applicable, a statement of any planned change in policies affecting the BSO.

7.1.2 The BSO approved annual business plan will take account both of its approved funding provision and any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any Departmental funding and/or other income over the year. These elements will form part of the approved business plan for the year in question (Section 4.1 of the Management Statement).

7.1.3 Any Grant-in-Aid provided by the Sponsor Department for the year in question will be voted in the Department's Estimate and will be subject to Assembly control.

7.2 General Conditions for the Authority to Spend

7.2.1 Once the BSO's budget has been approved by the Department (and subject to any restrictions imposed by Statute/the Minister/this MSFM or any other circulars, directives, and best practice guidance that may issue from, or by way of, the Department), the BSO shall have authority to incur expenditure approved in the budget without further reference to the Sponsor Department, on the following conditions:

- The BSO shall comply with the delegations issued by the Department. These delegations shall not be altered without the prior agreement of the Sponsor Department and DoF;
- The BSO shall comply with the conditions set out in paragraph 2.7 above regarding novel, contentious or repercussive proposals;
- Inclusion of any planned and approved expenditure in the BSO's budget shall not remove the need to seek formal Departmental (and, where necessary, DoF) approval where such proposed expenditure is above the delegated limits, or is for new schemes not previously agreed;
- The BSO shall provide the Sponsor Department with such information about its operations, performance, individual projects or other expenditure as the Sponsor Department may reasonably require (see paragraph 7.3 below); and
- The BSO shall comply with NI Procurement Policy and carry out procurement via a recognised and approved CoPE.

7.3 Providing Monitoring Information to the Sponsor Department

7.3.1 The BSO shall provide the Sponsor Department with information on a regular basis which will enable the satisfactory monitoring by the Department of :

- The BSO's cash management;
- its draw-down of any grant-in-aid;
- the expenditure for that month;
- forecast outturn by resource headings; and

- other data required for the DoF Outturn and Forecast Outturn Return.

8. BANKING

8.1 Banking Arrangements

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

8.1.2 The BSO Accounting Officer shall therefore ensure that:

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

9. COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE

9.1 Relevant Documents

9.1.1 The BSO shall comply with the following general guidance documents:

- This document (both the Financial Memorandum and the Management Statement);
- Managing Public Money Northern Ireland (MPMNI);
- Public Bodies - a Guide for NI Departments issued by DoF;
- Government Internal Audit Standards, issued by DoF;
- Managing the Risk of Fraud issued by DoF;
- The Government Financial Reporting Manual (FReM) (Treasury document) issued by DoF;
- Treasury guidance Management of Risk: A Strategic Overview (The “Orange Book”
- Relevant DoF Dear Accounting Officer and Finance Director letters;
- Relevant Dear Consolidation Officer and Dear Consolidation Manager letters issued by DoF;
- Regularity, Propriety and Value for Money, issued by Treasury; is this still in issue?
- The Consolidation Officer Letter of Appointment, issued by DoF;
- PFI - Working Together in Financing our Future: Policy Framework for Public Private Partnerships in Northern Ireland” available at www.ofmdfmni.gov.uk/maindoc.pdf.
- Other relevant instructions and guidance issued by the central Departments (DoF/OFMDFM) including Procurement Board and CPD guidance.
- Specific instructions and guidance issued by the Sponsor Department.



Working together



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- 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 ALB.

10. REVIEW OF FINANCIAL MEMORANDUM

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

Memorandum of Understanding

Between

Department of Health

And

The Business Services Organisation

In relation to arrangements for former Health and Social Care Board (HSCB) staff employed by the Business Services Organisation (BSO) and the provision of services in respect of the former functions of the HSCB, with effect from 1 April 2022

April 2022

INTRODUCTION

1. This Memorandum of Understanding (MOU) is a bilateral agreement between the Department and the BSO which outlines the responsibilities and obligations of the Department and the BSO, and the relationships between the two parties.

BACKGROUND

2. In November 2015, the then Health Minister outlined an end to the current way health and social care is commissioned in Northern Ireland and set out the need to strengthen accountability and authority within the system by streamlining structures, which included the closure of the HSCB. This decision was endorsed by Minister Swann in 2020 and it was agreed that legislation be taken forward to give effect to the closure.

LEGAL CONTEXT

3. The Health and Social Care Act (Northern Ireland) 2022 is the primary legislation enabling the dissolution of the HSCB, the transfer of most* of the former HSCB's functions to the Department and the making of schemes to enable the transfers of all the assets and liabilities of the HSCB to the Department or the BSO and the transfer of staff of the HSCB to the BSO under a hosting arrangement.

*The discharge of social care and children functions will continue to be carried out by HSC Trusts under the Department's Delegated Statutory Function power.

OPERATIONAL CONTEXT

4. The HSCB will cease to exist on 31 March 2022 at which point responsibility for its functions (excluding discharge of social care and children) will transfer to the Department. The Department's Strategic Planning and Performance Group (the Group) will be established from 1 April 2022 and will be responsible for carrying out these transferred functions. The staff of the HSCB will transfer and be employed by the BSO under a hosting arrangement, where they will retain their HSC terms and conditions and continue to undertake their current roles fulfilling functions of the Department under its direction.

5. The Group is not a legal entity in its own right; any reference to the Group is a reference to the Group as part of the Department.

RESPONSIBILITIES

6. Responsibility and accountability for the direction, planning and delivery of operational activities undertaken by the Group will reside with the Department.

7. The BSO will not be responsible or accountable for the direction, planning or delivery of the operational activities undertaken in the Group or any of the functions transferred to the Department.

8. A Service Delivery Plan will be put in place between the BSO and the Group so that the services previously provided by the BSO to the HSCB can be continued. This Service Delivery Plan will encompass all relevant Service Level Agreements that existed previously between the BSO and the HSCB in support of the new arrangement and with the terms of the Service Level Agreements continuing as before save where expressly agreed between the Parties.

9. The BSO will hold the budget for the Group's operating costs (salaries, facilities, goods and services etc). This is fully documented in the MoU, attached at Appendix 2

10. Ownership of the Linenhall Street facility and the lease in relation to County Hall, Ballymena premises will sit with the BSO. Staff in the Group located in these sites will continue to be located in and have access to these buildings unless the Department and the BSO jointly agree otherwise.

11. The BSO will be responsible and accountable for hosting the former HSCB employees transferred to the Group in terms of HR, IT and facilities. As such, staff in the Group will be required to comply with BSO's policies and procedures.

12. Staff in the former HSCB Digital Health and Care NI team will also be transferred to the BSO under a hosting arrangement pursuant to the staff transfer scheme. However, operational responsibility for these staff in terms of direction and oversight will reside with the Department's Chief Digital Information Officer rather than the Head of the Group.

13. A number of documents/MOUs have been developed in support of this overarching MOU and are appended as follows:

Appendix 2 - Finance Services MOU

Appendix 1 – Hosting Principles

Appendix 3 – Legal Services MOU

Appendix 4 – Internal Audit Services MOU

Appendix 5 – Procurement and Logistics Services MOU

AGREEMENT AND REVIEW OF MOU

14. This MOU is not a legally binding document; it is not a contract between the two parties, nor is it intended to cover every aspect of the relationship between both. Each signatory agrees to work together within the framework outlined in this MOU.

15. The parties will keep each other promptly and regularly informed about any work being undertaken or issues arising which may impact on the other, or in which the other has potential interest. Issues arising from the operation of the MOU must be brought to the attention of the Head of Group and the BSO Chief Executive by either party as soon as practicable and vice versa.

16. This MOU will be further reviewed as considered necessary by the parties collectively and if appropriate, amendments may be made following any relevant changes to policies, procedures or structures of the parties concerned

17. Agreement to this Memorandum of Understanding is confirmed by the signature of the following:

On behalf of the Department of Health Date:



On behalf of the Business Services Organisation Date:



Working together



Excellence



Openness & Honesty



Compassion