

**Framework Document  
For Governance of  
Northern Ireland Policing  
Board**

January 2009

# FRAMEWORK DOCUMENT FOR GOVERNANCE OF NIPB

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# **FRAMEWORK DOCUMENT FOR GOVERNANCE OF NIPB**

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## **1. Introduction**

1.1. This framework document has been drawn up by the Northern Ireland Office ("NIO") in consultation with The Northern Ireland Policing Board ("the Board"). This document sets out the broad framework within which the Board will operate as an NDPB sponsored by the NIO, and does not convey any legal powers or responsibilities. The document is signed and dated by the NIO and the Board. Copies of the document and any subsequent amendments have been placed in the Libraries of both Houses of Parliament and made available to members of the public on the Board website. The document is based on a model set out in the HM Treasury "Managing Public Money" guidance, and takes account of the Board's statutory responsibilities as set out in the Police (Northern Ireland) Act 2000, as amended by the Police (Northern Ireland) Act 2003.

## **2. Purpose of the Board**

2.1. The Board is an Non Departmental Public Body established on 4 November 2001 under the Police (Northern Ireland) Act 2000, as amended by the Police (NI) Act 2003. The Board is responsible for securing the maintenance of the police in Northern Ireland, the efficiency and effectiveness of the police, and for holding the Chief Constable to account for the exercise of his functions and those of the police.

2.2. The Board is responsible for a range of other duties, including preparation and publication of an annual Policing Plan, reflecting the Secretary of State's long term policing objectives, and <sup>for</sup> ~~on~~ monitoring the performance of the police in general, and particularly in relation to compliance with the Human Rights Act and the extent to which membership of the police and support staff is representative of the community.

2.3. Its corporate vision is:

"To ensure for all the people of Northern Ireland the delivery of an effective, efficient, impartial, representative and accountable police service which will secure the confidence of the whole community by reducing crime and the fear of crime".

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2.4. The Board's corporate objectives are to:

- enhance and strengthen the Board's oversight role in order to achieve continuous improvement in police performance and service delivery;
- increase community support and confidence in policing and to increase the responsiveness of the police; and
- ensure the most effective and efficient delivery of services and functions by the Board.

## **Governance and Accountability Arrangements**

### **3. The Board's origins of powers and duties**

3.1. The Board's powers and duties stem from the Police (Northern Ireland) Act 2000, as amended by the Police (Northern Ireland) Act 2003.

### **4. Ministerial responsibility**

4.1. The Secretary of State is politically accountable within Parliament for the operation of the Board.

### **5. NIO's Accounting Officer's specific accountabilities and responsibilities**

5.1. The Permanent Secretary of the Northern Ireland Office is the Department's principal Accounting Officer ("AO"). The NIO's AO has designated the Chief Executive as the Board's AO. The respective responsibilities of the NIO AO and the Board's AO are set out in Chapter 3 of Managing Public Money.

5.2. The NIO's AO is accountable to Parliament for the issue of any grant-in-aid to the Board. The NIO AO is also responsible for advising the Secretary of State:

- on an appropriate framework of objectives and targets for the Board in the light of <sup>the Board's statutory responsibilities</sup> and the department's wider strategic aims and current PSA;

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- on an appropriate budget for the Board in the light of the sponsor department's overall public expenditure priorities; and
- how well the Board is achieving its strategic objectives and whether it is delivering value for money.

5.3. In line with the MPM guidance, the NIO's AO is also responsible for ensuring arrangements are in place in order to:

- monitor the Board's <sup>exercise of its functions</sup> ~~activities~~ on a continuous basis <sup>in order to ensure financial propriety and the efficient use of public funds;</sup>
- address significant problems in the Board, making necessary interventions if required;
- annually or when deemed necessary, carry out an assessment of the risks both to the department and the Board objectives and activities by requesting a copy of the Board's Risk Management policy and risk register;
- inform and involve the Board in development of relevant government policy in a timely manner; and
- bring concerns about any Board activities to the Chief Executive of the Board, requiring explanations and assurances that appropriate action has been taken.

5.4. The Director of Policing is the primary contact for the Board within the NIO. He/She provides support to the NIO AO in respect of their responsibilities in relation to the Board, and is the main source of advice to the Minister on the discharge of his/her responsibilities in respect of the Board.

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## 6. Responsibilities of the Chief Executive as Northern Ireland Policing Board Accounting Officer

6.1. The Chief Executive as Designated Accounting Officer is personally responsible for safeguarding the public funds for which he or she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the Board. In addition, he or she should ensure that the organisation complies with the governance, decision-making and financial management standards as set out in Box 3.1 to Managing Public Money.

### *Chief Executive's responsibilities as AO to Parliament*

6.2. The Chief Executive's responsibilities as AO include:

- signing the accounts and 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 ~~Secretary of State~~ <sup>NIO Accounting Officer</sup>;
- signing a Statement of AO's responsibilities, for inclusion in the Annual Report and accounts;
- signing a Statement on Internal Control regarding the system of internal control, for inclusion in the annual report and accounts;
- acting in accordance with the terms of this document, Managing Public Money and other instructions and guidance issued from time to time by the Department, the Treasury and the Cabinet Office; and
- giving evidence, normally with the AO of the NIO, when called before the PAC on the Board's stewardship of public funds.

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## *Chief Executive's responsibilities as AO to the Department*

6.3. The Chief Executive's responsibilities as AO include:

- establishing, in agreement with the department, the Board's corporate and business plans in the light of the department's wider strategic aims and current PSA(s);
- informing the department of progress in helping to achieve the department's policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the department; that the department is notified promptly if over 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 department in a timely fashion;
- support the District Policing Partnership (DPP) network and assess the effectiveness of DPPs in performing their functions particularly in relation to arrangements for obtaining the views of the public about matters concerning policing and gaining the co-operation of the public with the police in preventing crime; and
- provide information relating to DPP conditions of grant, including financial and performance management information.

## *Chief Executive's responsibilities as AO to the Board and to the Board's Senior Management Team*

6.4. The Chief Executive's responsibilities as AO to the Board include:

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- advising the Board on the discharge of the responsibilities as set out in this document, in the governing legislation and in any other relevant instructions and guidance that may be issued from time to time;
- advising the Board on the organisation's performance compared with its aims and objectives;

6.5. The Chief Executive's responsibilities as AO to the Board's SMT include:

- ensuring that financial considerations are taken fully into account by SMT at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed;
- taking action as set out in paragraphs 3.7.5 of Managing Public Money if the Senior Management Team, 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, questionable feasibility, or is unethical.

## **7. Chief Executive's responsibilities for effective corporate governance**

7.1. The Chief Executive should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control.

7.2. The Chief Executive must set up an Audit Committee chaired by an independent non-executive member of the Board to provide independent advice. The Board is expected to assure itself of the effectiveness of the internal control and risk management systems.

7.3. The Chief Executive in support of the Board is responsible for:



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- establishing and taking forward the corporate aims and objectives of the Board consistent with its overall strategic purpose and within the policy and resources framework determined by the Secretary of State;
- ensuring that the Secretary of State is kept informed of any changes which are likely to impact on the strategic direction of the Board or on the attainability of its targets, and determining the steps needed to deal with such changes;
- ensuring 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 NIO, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account guidance issued by the NIO;
- ensuring that the Board's Finance Committee receives and reviews regular financial information concerning the management of the Board; is informed in a timely manner about any concerns about its activities; and provides positive assurance to the Department that appropriate action has been taken on such concerns; and
- demonstrating high standards of corporate governance at all times, including by using the independent audit committee to help the Senior Management Team to address key financial and other risks.

*The Chief Executive's personal responsibilities are:*

7.4. The Chief Executive is responsible for ensuring that policies and actions support the NIO's wider strategic policies and that its affairs are conducted with probity. Where appropriate, these policies and actions should be clearly communicated and disseminated throughout the Board.

7.5. In addition, the Chief Executive has the following leadership responsibilities:

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- formulating the corporate strategy of the Board;
- ensuring that the Board's management, in reaching decisions, takes proper account of guidance provided by the responsible Minister or the Department;
- promoting the efficient and effective use of staff and other resources; and
- delivering high standards of regularity and propriety.

## *The Chairman and Board Members Responsibilities*

7.6. The Chairman and members of the Board are responsible for holding the Chief Constable to account for the exercise of his functions and those of the police and the police support staff; and ensuring the delivery of an effective, efficient, accountable and impartial police service in accordance with Section 3 of the Police (Northern Ireland) Act 2000.

7.7. They are required to comply with the arrangements laid out in their Terms of Appointment and the Code of Conduct.

## **8. Annual report and accounts**

8.1. The Board must publish an annual report of its activities together with its audited accounts after the end of each financial year. The Board shall provide the Department with its finalised (audited) annual accounts by a pre-agreed date, set by the Department.

8.2. The accounts will be signed by the Chief Executive and will be prepared and submitted in accordance with Paragraph 16(3) of Schedule 1 to the Act and all accounts directions issued to the Board by the Department as well as the Financial Reporting Manual (FReM), which will be replaced by the International Financial Reporting Manual (IFReM) to reflect the move to International Financial Reporting Standards (IFRS).

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8.3. The Annual Report must:

- cover any corporate, subsidiary or joint ventures under its control;
- outline main activities and performance during the previous financial year and set out in summary form forward plans.

8.4. Information on performance against key financial targets is within the scope of the audit and should be included in the notes to the accounts. The report and accounts shall be laid in Parliament and made available on the Board's website.

## **9. Internal audit**

9.1. The Board shall:

- establish and maintain arrangements for internal audit in accordance with the Treasury's Government Internal Audit Standards (GIAS) ([http://www.hmtreasury.gov.uk/...gia\\_guidance.cfm](http://www.hmtreasury.gov.uk/...gia_guidance.cfm));
- ensure the NIO is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with GIAS 5.2;
- set up an audit committee of its Board in accordance with the Cabinet Office's Guidance on Code of Practice for Public Bodies and the Audit Committee Handbook;
- forward the audit strategy, periodic audit plans and annual audit report, including the Board's Head of Internal Audit opinion on risk management, control and governance as soon as possible to the NIO; and
- keep records of, and prepare and forward to the department an annual report on fraud and theft suffered by the Board and notify the NIO of any unusual or major incidents as soon as possible.

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9.2. The NIO's internal audit service has a right of access to all documents prepared by the Board's internal auditor, including where the service is contracted out.

## **10. External audit**

10.1. The Comptroller & Auditor General (C&AG) audits the Board's annual accounts and lays them before Parliament, together with his report.

10.2. In the event that the Board has set up and controls subsidiary companies, the Board will, in the light of the provisions in the Companies Act 2006 ensure that the C&AG is appointed auditor of those company subsidiaries that it controls and/or whose accounts are consolidated within its own accounts. The Board shall discuss with the NIO the procedures for appointing the C&AG as auditor of the companies.

10.3. The C&AG:

- will consult the NIO and the Board on whom – the NIAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG;
- has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from the Board;
- will share with the NIO information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the NIO's responsibilities in relation to financial systems within the Board;
- will, where asked, provide the NIO and other relevant bodies with Regulatory Compliance Reports and other similar reports which the NIO may request at the

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commencement of the audit and which are compatible with the independent auditor's role.

10.4. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the Board 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 section 8 of the National Audit Act 1983. In addition, the Board shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

## **Management and financial responsibilities**

### **11. Managing Public Money and other government-wide corporate guidance and instructions**

11.1. Unless agreed by the department and, as necessary, HM Treasury, the Board shall follow the principles, rules, guidance and advice in Managing Public Money, referring any difficulties or potential bids for exceptions to the NIO Director of Policing in the first instance. A list of guidance and reporting requirements with which the Board should comply is detailed in the Financial Memorandum at Annex 3.

11.2. Once the budget has been approved by the NIO and subject to any restrictions imposed by statute, the Secretary of State's instructions and the instruction laid out in this document (in particular the budgetary conditions set out in Annex 3), the Board shall have authority to incur expenditure approved in the budget, on the following conditions:

- the Board shall comply with the delegations set out in Annex 2. These delegations shall not be altered without the prior agreement of the NIO;

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- the Board shall comply with Managing Public Money guidance regarding novel, contentious or repercussive proposals;
- inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed;
- the Board shall provide the NIO with such information about its operations, and financial performance as is reasonably required.

### **12. Corporate governance**

#### *Board appointments – the Chief Executive*

12.1. The Chief Executive is appointed by the Board.

#### *Board appointments – the Chairman and Board Members*

12.2. The Chairman and Members of the Board are appointed under Part III of Schedule 1 of the Act.

#### *Composition of the Senior Management Team*

12.3. In line with the government's Code of Practice on Corporate Governance ([http://www.hm-treasury.gov.uk/...governance\\_corporate.cfm](http://www.hm-treasury.gov.uk/...governance_corporate.cfm)), the Board's Senior Management Team will consist of a Chief Executive, together with a Senior Management Team that has a balance of skills and experience appropriate to managing the Board's business.

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## **13. Risk management**

13.1. The Senior Management Team shall ensure that risks are managed appropriately, in line with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with the Treasury guidance Management of Risk: Principles and Concepts (<http://www.hm-treasury.gov.uk/...risk>). It should adopt and implement policies and practices to safeguard itself against fraud and theft, in line with the Treasury's guide: Managing the Risk of Fraud ([http://www.hmtreasury.gov.uk/...fraud\\_guide\\_for\\_managers.pdf](http://www.hmtreasury.gov.uk/...fraud_guide_for_managers.pdf)). It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give grant or grant-in-aid. The Board will share its Corporate risk register with the NIO.

## **14. Corporate and business plans**

14.1. The Board shall submit annually to the NIO a draft of the corporate plan covering three years ahead. The draft should be submitted within a period determined by the NIO. The Board shall agree with the department the issues to be addressed in the plan and the timetable for its preparation. The plan shall reflect the Board's statutory duties, including the priorities set by the Secretary of State (including decisions taken on policy and resources in the light of wider public expenditure decisions). The plan shall demonstrate how the Board contributes to the achievement of the department's PSA targets.

14.2. The first year of the corporate plan, amplified as necessary, shall form the Board's business plan. The business plan shall be updated to 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 department. The level of budget information required will be agreed with the Department. Subject to any commercial considerations, the corporate and business plans should be published by the Board on its website and separately be made available to staff.

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14.3. The following key matters should be included in the plans:

- key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives;
- key non-financial performance targets;
- a review of performance in the preceding financial year, together with comparable outturns where appropriate, and an estimate of performance in the current year;
- alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast; and
- other matters as agreed between the department and the Board.

## **15. Annual Budgeting procedures**

15.1. Each year, in the light of decisions by the department on the updated draft corporate plan, the Department will send to the Board within a period determined by the NIO:

- a formal statement of the annual budgetary provision allocated by the department in the light of competing priorities across the department and of any forecast income approved by the department; and
- a statement of any planned change in policies affecting the Board.

15.2. The approved annual business plan will take account both of approved funding provision and any forecast receipts, and will include a resource 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.



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## **16. Grant-in-aid and any ring-fenced grants**

16.1. Any grant-in-aid provided by the department for the year in question will be voted in the department's Supply Estimate and be subject to Parliamentary control.

16.2. The grant-in-aid will normally be paid in instalments on the basis of written applications showing evidence of need. The Board will comply with the general principle that there is no payment in advance of need. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of the Board. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where grant-in-aid is delayed to avoid excess cash balances at the year-end, the NIO will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end, such as creditors.

16.3. The Board will have the opportunity to adjust grant-in-aid requirements at the in-year monitoring rounds subject to NIO and HM Treasury approval. The Board will ensure that the final grant-in-aid requirement will not exceed the grant-in-aid requirement published in the Spring Estimates of that year.

16.4. In the event that the NIO provides the Board separate grants for specific (ringfenced) purposes, it would issue the grant in response to a written request from the Board. The Board would provide evidence that the grant was used for the purposes authorised by the department. The Board shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year without the prior approval of the Department.

## **17. Reporting performance to the department**

17.1. The Board shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the corporate and business

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plans. The Board shall inform the NIO of any significant changes that could make achievement of objectives more or less difficult. It shall report financial and non-financial performance, including performance in helping to deliver ministers' policies, and the achievement of key objectives.

## *Providing monitoring information to the department*

17.2. As a minimum, the Board shall provide the department with information on a monthly basis to enable the department satisfactorily to monitor:

- the Board's cash management;
- its draw-down of grant-in-aid;
- forecast outturn by resource headings;
- other data required for the Combined On-line Information System (COINS).

Further guidance on financial reporting and budgetary controls are detailed in the Financial Memorandum at Annex 3

## *Board/Department working level liaison arrangements*

17.3. Officials from the NIO will liaise regularly with Board officials to review the Board's financial performance against plans, achievement against Board targets and the Board's expenditure against its DEL and AME allocations. These meetings will also be used to discuss wider policy developments that might have an impact on the Board.

## **18. Delegated authorities**

18.1. The Board's delegated authorities are set out in Annex 1. The Board shall obtain the department's prior written approval before:

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- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in the Board's annual budget as approved by the NIO;
- incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the department;
- making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required; or
- carrying out policies that go against the principles, rules, guidance and advice in Managing Public Money.

## **19. Human Resources**

### *Responsibilities for Board staff*

19.1. Under current arrangements Board staff at all levels can be recruited directly, or seconded from the NICS. Within these arrangements, the Board will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:

- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit: there is no discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;

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- the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness;
- the performance of its staff at all levels is satisfactorily appraised and the Board 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 Board 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 Disclosure Act are in place;
- a code of conduct for staff is in place based on the Cabinet Office's Model Code for Staff of Executive Non-departmental Public Bodies  
<http://www.civilservice.gov.uk/modelcode> .

### *Staff costs*

19.2. Subject to its delegated authorities, the Board shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

### *Pay and conditions of service*

19.3. The department should have regard to chapter 5 of the Cabinet Office Guide to Public Bodies that provides guidance on staff issues in public bodies ([www.civilservice.gov.uk/other/agencies/guidance\\_for\\_departments/pb\\_guidance/index.asp](http://www.civilservice.gov.uk/other/agencies/guidance_for_departments/pb_guidance/index.asp)).

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Board staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by the NIO and the Treasury. The Board has no delegated power to amend these terms and conditions.

19.4. If civil service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the staff and to any other party entitled to payment in respect of travel expenses or other allowances, payment shall be made in accordance with the Civil Service Management Code ([www.civilservice.gov.uk/publications/doc/csmc\\_jun06.doc](http://www.civilservice.gov.uk/publications/doc/csmc_jun06.doc)) except where prior approval has been given by the department to vary such rates.

19.5. Staff terms and conditions should be set out in an Employee Handbook, which should be provided to the department together with subsequent amendments.

19.6. The Board shall operate a performance-related pay scheme that shall form part of the annual aggregate pay budget approved by the department or the general pay structure approved by the department and Treasury whichever is applicable.

19.7. The travel expenses of Board members shall be tied to the rates allowed to senior staff of the Board or NIO rates [whichever is applicable]. Reasonable actual costs shall be reimbursed.

19.8. The Board shall comply with the EU Directive on contract workers – the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations.

### *Pensions, redundancy and compensation*

19.9. Board staff shall normally be eligible for a pension provided by PCSPS (NI). Staff may opt out of the occupational pension scheme provided by the Board, but that employers' contribution to any personal pension arrangement, including stakeholder pension shall normally be limited to the national insurance rebate level.

19.10. Any proposal by the Board to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior

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approval of the NIO. Proposals on severance must comply with the rules in chapter 4 of Managing Public Money.

## **20. Arrangements in the event that the Board is wound up**

20.1. The NIO shall put in place arrangements to ensure the orderly winding up of the Board. In particular it should ensure that the assets and liabilities of the Board are passed to any successor organisation and accounted for properly. (In the event that there is no successor organisation, the assets and liabilities should revert to the NIO.) To this end, the NIO shall:

- ensure that procedures are in place in the Board to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body;
- specify the basis for the valuation and accounting treatment of the Board's assets and liabilities;
- ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament/the Assembly, together with his report on the accounts;
- arrange for the most appropriate person to sign the closing accounts. In the event that another organisation takes on the role, responsibilities, assets and liabilities, the succeeding Board AO should sign the closing accounts. In the event that the department inherits the role, responsibilities, assets and liabilities, the sponsor department's AO should sign.

20.2. The Board shall provide the department with full details of all agreements where the Board or its successors have a right to share in the financial gains of

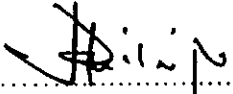
# FRAMEWORK DOCUMENT FOR GOVERNANCE OF NIPB

developers. It should also pass to the department details of any other forms of claw-back due to the Board.

## 21. Review of Framework Document

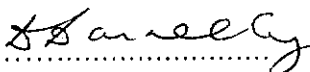
21.1. The Framework Document will normally be reviewed at least every [four] years or following a review of the NDPB's functions as provided for in Section 20 above.

21.2. The NIO will be consulted on any significant variation proposed to the Framework Document

Signed.....

Date..... 12.3.09

(On behalf of the NIO)

Signed.....

Date..... 6-2-2009

(On behalf of the Board)

## FRAMEWORK DOCUMENT FOR GOVERNANCE OF NIPB

### DELEGATED AUTHORITIES BETWEEN NIO AND THE NI POLICING BOARD

Category of spend	Delegated Limits
All Resource expenditure	Subject to budget cover – unlimited except if item is novel or contentious or new proposal over £100k
Service Level Agreements (SLAs)	£100k
Grants, subscriptions to, or contributions towards the costs of institutions whose services are of benefit to the Board	£10k
Employment of consultants	£50k
Compensation Payments  For admission claims made under a specific statutory provision or at common law, including claims for personal injury and property damage. Such compensation should normally only be paid on the advice of the Crown Solicitor	£50k
Legal Fees:	£10k and NIO to be informed of any cases which are likely to attract public interest or deemed novel & contentious.
Gifts	£100 on approval from the Chief Executive
<b>Capital Expenditure</b>	
Capital expenditure	£100k
Contract variations (other than variations on price)	5% or £25k whichever the greater, subject to internal controls
Capital Grants to, or contributions towards the costs of institutions whose services are of benefit to the Board	£10k
<b>Special Payments</b>	
Extra contractual and ex gratia payments	£5k



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Losses / Write Off	£5k
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NOTE: the amounts indicated represent the limit of the authority in individual cases unless otherwise stated. None of the above overrules the requirement to seek approval for any matter which might be deemed novel or contentious regardless of cost or which may be outside normal Departmental and HM Treasury guidance such as:

- Managing Public Money
- Corporate governance guidelines (Annex 2)
- NIO Business Case guidance/Delegations
- NIO Gifts and hospitality guidance
- NIO Use of External Consultants / Professional Services.

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**LIST OF GOVERNMENT-WIDE CORPORATE GUIDANCE INSTRUCTIONS**

The Board shall comply with the following general guidance documents and instructions:

- this document;
- Appropriate adaptations of sections of Corporate Governance in Central Government Departments: Code of Good Practice  
[http://www.hmtreasury.gov.uk/.../governance\\_risk/psr\\_governance\\_corporate.cfm](http://www.hmtreasury.gov.uk/.../governance_risk/psr_governance_corporate.cfm);
- Managing Public Money (MPM);
- Government Internal Audit Standards,  
[http://www.hmtreasury.gov.uk/...gia\\_guidance.cfm](http://www.hmtreasury.gov.uk/...gia_guidance.cfm);
- Management of Risk: Principles and Concepts:  
<http://www.hmtreasury.gov.uk/media/3/5/FE66035B-BCDC-D4B3-11057A7707D2521F.pdf>;
- Managing the Risk of Fraud,  
[http://www.hmtreasury.gov.uk/media/C/3/managing\\_the\\_risk\\_fraud\\_guide\\_for\\_manage\\_rs.pdf](http://www.hmtreasury.gov.uk/media/C/3/managing_the_risk_fraud_guide_for_manage_rs.pdf);
- Government Financial Reporting Manual (FReM), [www.financial-reporting.gov.uk/](http://www.financial-reporting.gov.uk/);
- Fees and Charges Guide, Chapter 6 of MPM;
- Departmental Banking: A Manual for Government Departments, annex 5.7 of MPM ;
- relevant Dear Accounting Officer letters;

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- Regularity, Propriety and Value for Money,  
[www.hm-treasury.gov.uk/media/A/2/Reg\\_Prop\\_and\\_VfM-November04.pdf](http://www.hm-treasury.gov.uk/media/A/2/Reg_Prop_and_VfM-November04.pdf);
- The Parliamentary Ombudsman's Principles of Good Administration  
[www.ombudsman.org.uk/improving\\_services/good\\_administration/index.html](http://www.ombudsman.org.uk/improving_services/good_administration/index.html) ;
- Consolidation Officer Memorandum, and relevant DCO letters;
- relevant Freedom of Information Act guidance and instructions (Ministry of Justice);
- Model Code for Staff of Executive Non-departmental Public Bodies (Cabinet Office);
- other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts;
- other relevant instructions and guidance issued by Central Departments;
- specific instructions and guidance issued by the NIO;
- recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and relevant to the BOARD.

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**NI POLICING BOARD FINANCIAL MEMORANDUM****1. Introduction**

1.1. This Financial Memorandum sets out certain aspects of the financial framework within which the Board is required to operate.

1.2. The terms and conditions set out in this Annex may be supplemented by guidelines or directions issued by the NIO in respect of the exercise of any individual functions, powers and duties of the Board.

1.3. The Board shall satisfy the conditions and requirements set out in the combined framework document, together with such other conditions as the sponsor Department/Minister may from time to time impose.

**2. Board's Income and Expenditure General****The Departmental Expenditure Limit (DEL)**

2.1. The Board's current and capital expenditure form part of the NIO's Resource DEL and Capital DEL respectively.

**Expenditure not proposed in the budget**

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

**Procurement**

2.3. The Board's procurement policies shall reflect guidance from the Office of Government Commerce including Procurement Policy Guidelines. The Board shall

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also ensure that it complies with any relevant EU or other international procurement rules.

2.4. Periodically and wherever practicable the Board's procurement shall be benchmarked against best practice elsewhere and contracted out where this would achieve better value for money.

### **Competition**

2.5. Contracts shall be placed on a competitive basis and tenders accepted from suppliers who provide best value for money overall.

2.6. Proposals to let single-tender or restricted contracts shall be subject to a specified delegated authority, and the Board shall send to the Department after each financial year a report for that year explaining any contracts above £100k in which competitive tendering was not employed.

### **Timeliness in paying bills**

2.7. The Board shall collect receipts and pay all matured and properly authorised invoices in accordance with the terms of contracts or within 30 days, as provided for in Annex 4.6 of Managing Public Money. The Board shall comply with the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890), and is subject to the Late Payment of Commercial Debts (Interest) Act 1998 as amended. [NOTE: The 1998 Act allows creditors to claim statutory interest and compensation on late payment of commercial debts.]

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

2.8. The Board shall obtain the approval of the NIO before:

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- incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including on staff benefits;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the NIO;
- making any change of policy or practice which has wider financial implications (e.g. because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of resources required.

### **Risk management**

2.9. The Board shall adhere to section 13 of the Framework Document relating to risk management and fraud.

2.10. The Board shall take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract, give grant or grant-in-aid.

### **Stewardship reporting**

2.11. Stewardship reporting enables the Departmental Accounting Officer to satisfy him/herself that all prescribed management practices are being adhered to throughout the Department, the Agencies and Arms Length Bodies. The Board's Accounting Officer shall complete and sign a stewardship report twice yearly or when requested, to tie in with the Department's own assurance processes and return to the Director of Policing in the NIO.

### **Wider markets**

2.12. In accordance with the wider markets policy the Board shall seek to maximise receipts from non-Exchequer sources provided that this is consistent with (a) the Board's main functions (b) its Corporate Plan agreed with the NIO.

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### **Fees and charges**

2.13. Fees or charges for any services supplied by the Board shall be determined in accordance with the Treasury's Fees and Charges Guide, and with the Freedom of Information Act.

### **3. BOARD FUNDING ARRANGEMENTS**

#### **Spending Reviews**

3.1. A Spending Review sets a fixed allocation over three years. The Board should plan to live within the budget set for each year. Any requests to transfer budgets between each year within the Spending Review period should be made to the Department.

#### **In-year Monitoring Rounds**

3.2. The Board will be provided with the opportunity to notify the department of pressures or easements against its opening budget at two monitoring rounds in August and November. The Board must adhere to the in-year monitoring timetable set by the Department to enable the NIO to meet internal and Treasury deadlines. The Board should not assume that all funding requests will be granted. Any funding requests will be considered by the NIO Finance Committee taking into consideration financial commitments throughout the Department. The outcome of the November Monitoring Round will set the final budget for the year. Board should ensure that they live within this budget as there will not be any further opportunity to increase or decrease the budget after this point.

#### **Year end**

3.3. Requests to carry forward year end underspends must be made to the Department and approvals will be made by the NIO Finance Committee. The Board should not exceed it's year end budget

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### **Grant-in-aid**

3.4. The Board shall adhere to section 16 of the Framework Document relating to Grant-in-aid and ring-fenced budgets.

3.5. The Board should have regard to the guidance in DAO (GEN)14/01 and to the general principle enshrined in Annex 5.1 of Managing Public Money that it should seek grant-in-aid according to need.

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

3.6. Unless financial provision is subject to specific Departmental or Treasury controls e.g. where provision is ring-fenced for specific purposes there are restrictions on transfer funds as follows:

- movement from capital to resource
- movement from non-cash resource to near-cash resource
- movement from AME to DEL

Any movements in these restricted areas should be discussed with the Directorate at the earliest opportunity and the final decision will be at the discretion of the Department.

3.7. To enable the Department to manage its overall budget the following movements should be discussed with the Directorate who will present a case for approval to the Departmental Finance Committee at in-year monitoring rounds:

- movement from near-cash to non-cash
- movement from resource to capital

3.8. There may be restrictions on certain budgets which are managed centrally within the Directorate. Any movements within these budgets must be approved by



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the Directorate. Details of these restrictions will be communicated to the PSNI through the Board.

### **COINS and Monthly Reporting**

3.9. To enable the Department to meet Treasury data reporting deadlines, Board will provide the Department with an agreed COINS return with explanations for major variances by the 5<sup>th</sup> working day of each month. The figures and explanations supplied in the COINS return will be also reported to the NIO Finance Committee each month.

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

3.10. Receipts of goods and services and capital in excess of budgets must be surrendered to the Directorate in the first instance as it is a Finance Committee (and/or Ministerial) decision as to how such surpluses should be prioritised. There is a requirement for a shortfall in receipts to be met through reduced spend.

### **Fines, taxes and other receipts**

3.11. Most fines and most taxes (including levies and some licences) are not negative public expenditure and do not provide additional DEL spending power. Such receipts shall either be surrendered to the Department or, if retained, shall either reduce the need for grant-in-aid or, if used to finance additional expenditure by the Board, shall require additional DEL cover from the Department.

### **Interest earned**

3.12. Any interest earned by the Board on its assets shall be given the same budgeting treatment as the cost of capital charge on the assets.

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3.13. Under CSR2007 budgeting rules (which operate from 2008-09), the cost of capital charge and any interest receipts on most DEL financed assets score as resource DEL.

3.14. If the receipts are used to finance additional expenditure by the Board, the NIO will need to ensure it has the necessary DEL cover. Any interest earned on cash balances arising from grant-in-aid or other Exchequer funds shall be treated as a receipt from an Exchequer source. Depending on the budgeting treatment of this receipt, and its impact on the Board's cash requirement, it may lead to commensurate reduction of grant-in-aid or be required to be surrendered to the Consolidated Fund via the Department.

**Proceeds from disposal of assets**

3.15. The Board shall dispose of assets which are surplus to its requirements. Assets shall be sold for best price, taking into account any costs of sale. High value assets shall be sold by auction or competitive tender [unless otherwise agreed by the NIO], and in accordance with Annex 4.8 of Managing Public Money.

3.16. Disposal proceeds from capital assets are a Departmental Resource, but the Board may normally retain receipts derived from the sale of assets provided that:

- the NIO and the Treasury are content for the Board to retain these receipts;
- they are used to finance other capital spending;
- the NIO receives prior notification of individual sales;
- total sales in any financial year do not exceed a limit agreed with the Department

3.17. If the criteria above is not met, any receipts shall be dealt with in line with the rules on surplus in-year receipts (paragraph 3.10 above).

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### 4. Board Expenditure

#### Economic appraisal

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

- involve capital or current spending, or both;
- are large or small;
- are above or below delegated limits(see Annex 1).

4.2. Appraisal itself uses up resources. The effort that should go into appraisal and the detail to be considered is a matter for case-by-case judgement, but the general principle is that the resources to be devoted to appraisal should be in proportion to the scale or importance of the objectives and resource consequences in question. Judgement of the appropriate effort should take into consideration the totality of the resources involved in a proposal. In accordance with NIO Business Case guidance, business cases must be prepared for **all projects over £100k**. A log of all cases above £100k should be kept in the finance branch and copies of the log should be sent to the Department every quarter.

4.3. General guidance on economic appraisal that apply to NDPB's can be found in:

- The HM Treasury Guide, The Green Book: Appraisal and Evaluation in Central Government.

**FRAMEWORK DOCUMENT FOR GOVERNANCE OF NIPB****Borrowing**

4.4. The Board shall observe the rules set out in Section 5.6 of Managing Public Money when undertaking borrowing of any kind. The Board shall seek the approval of the Department to ensure that it has any necessary authority and budgetary cover for any borrowing or the expenditure financed by such borrowing.

**Reserves**

4.5. No grant or grant-in-aid shall be paid into any reserve held by the Board. Funds in any reserve may be a factor for consideration when grant-in-aid is determined.

**Gifts and Hospitality**

4.6. The Board will take into account the Department's policy and practice on the Gifts and Hospitality. Please see the delegated limits set out in Annex 1.

**Use of Consultants**

4.7. The Board will take into account the Department's policy and practice on the use and recruitment of external consultants. Please see the delegated limits set out in Annex 1.

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

4.8. The Board shall not, without the NIO's prior written consent, lend money, charge any asset or security, give any guarantee or indemnities or letters of comfort, or incur any other contingent liability (as defined in Chapter 5 of Managing Public Money), whether or not in a legally binding form.

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### **Grant or loan schemes**

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

4.10. The terms and conditions of a grant or loan to a third party shall include a requirement on the receiving organisation to prepare accounts and to ensure that its books and records in relation to the grant or loan are readily available for inspection by the NDPB, the sponsor Department and the C&AG.

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

4.11. Proposals for making gifts or other special payments (including write-offs) outside the delegated limits set out in Annex 1 of this document must have the prior approval of the NIO.

### **Public/Private Partnerships**

4.12. The Board shall seek opportunities to enter into Public/Private Partnerships where this would be more affordable and offer better value for money than conventional procurement. Where cash flow projections may result in delegated spending authority being breached the Board shall consult the NIO.

4.13. Any partnership controlled by the Board shall be treated as part of the Board in accordance with UK GAAP and consolidated with it [subject to any particular treatment required by UK GAAP]. Where the judgment over the level of control is a close one the NIO will consult the Treasury (who may need to consult with the Office of National Statistics over national accounts treatment).

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

4.14. The Board shall not establish subsidiary companies or joint ventures without the express approval of the NIO. In judging such proposals the NIO will have regard to the NIO's wider strategic aims objective and current Public Service Agreement.

4.15. Any subsidiary company or joint venture controlled or owned by the Board shall be consolidated with it in accordance with UK GAAP for public expenditure accounts purposes [subject to any particular treatment required by UK GAAP]. Where the judgment over the level of control is a close one the NIO will consult the Treasury (who may need to consult with the Office of National Statistics over national accounts treatment). Unless specifically agreed with the NIO and the Treasury, such subsidiary companies or joint ventures shall be subject to the controls and requirements set out in this management statement and financial memorandum, and to the further provisions set out in supporting documentation.

### **Financial investments**

4.16. The Board shall not make any investments in traded financial instruments without the prior written approval of the NIO, nor shall it aim to build up cash balances or net assets in excess of what is required for operational purposes. Equity shares in ventures which further the objectives of the Board shall equally be subject to NIO approval unless covered by a specific delegation.

### **Unconventional financing**

4.17. Unless otherwise agreed with the NIO, the Board shall not enter into any unconventional financing arrangement.

### **Insurance**

4.18. The Board will not provide for insurance except as statutorily required to do so or as otherwise approved by the Department

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**Waiver of Claims for Compensation**

4.19. The Board will not make claim under criminal damage and related legislation.

**Register of assets**

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

**Recovery of grant-financed assets**

4.21. Where the Board has financed expenditure on capital assets by a third party, the Board shall make appropriate arrangements to ensure that any such assets above £10k are not disposed of by the third party without the Board's prior consent.

**Banking arrangements**

4.22. The Board's banking arrangements should be in accordance with the requirements of Managing Public Money and the Treasury guidance document Departmental Banking: a Manual for Government Departments and arrangements administered by the Department.