

**SPORTS COUNCIL FOR NORTHERN IRELAND**

**MANAGEMENT STATEMENT**

**AND**

**FINANCIAL MEMORANDUM**

## CONTENTS

PAGE		
	<b>Definitions</b>	1
<b>1.</b>	<b>INTRODUCTION</b>	<b>2</b>
1.1	This document	2
1.2	Founding legislation; status	3
1.3	The functions, duties and powers of the NDPB	3
1.4	Classification	5
<b>2.</b>	<b>AIMS, OBJECTIVES AND TARGETS</b>	<b>5</b>
2.1	Overall aims	5
2.2	Objectives and key targets	5
<b>3.</b>	<b>RESPONSIBILITIES AND ACCOUNTABILITY</b>	<b>6</b>
3.1	The Minister	6
3.2	The Accounting Officer of the sponsor Department	6
3.3	The sponsoring team in the Department	7
3.4	The Sport NI Board	8
3.5	The Chairman of Sport NI	9
3.6	The Chief Executive's role as Accounting Officer	11
3.7	The Chief Executive's role as Consolidation Officer	13
3.8	Delegation of duties	14
3.9	The Chief Executive's role as Principal Officer for Ombudsman cases	14
3.10	Consulting Customers	14
<b>4.</b>	<b>PLANNING, BUDGETING AND CONTROL</b>	<b>14</b>
4.1	The corporate plan	14
4.2	The business plan	15
4.3	Publication of plans	16
4.4	Reporting performance to the sponsor Department	16
4.5	Budgeting procedures	16
4.6	Internal audit	16
4.7	Audit Committee	17
4.8	Fraud	18
4.9	Additional Departmental access to the NDPB	18
<b>5.</b>	<b>EXTERNAL ACCOUNTABILITY</b>	<b>19</b>
5.1	The annual report and accounts	19
5.2	External audit	19
5.3	VFM examinations	20

<b>6.</b>	<b>STAFF MANAGEMENT</b>	<b>20</b>
6.1	General	20
6.2	Re-Grading/Creating Posts	21
<b>7.</b>	<b>REVIEWING THE ROLE OF SPORT NI</b>	<b>21</b>
<b>FINANCIAL MEMORANDUM</b>		
<b>I.</b>	<b>INTRODUCTION</b>	<b>22</b>
<b>II.</b>	<b>SPORT NI'S INCOME AND EXPENDITURE - GENERAL</b>	<b>22</b>
	The Departmental Expenditure Limit (DEL)	22
	Expenditure not proposed in the budget	22
	Procurement	22
	Competition	22
	Best Value for money	23
	Timeliness in paying bills	23
	Novel, contentious or repercussive proposals	23
	Risk management/Fraud	23
	Wider markets	24
	Fees and charges	24
<b>III.</b>	<b>SPORT NI'S INCOME</b>	<b>24</b>
	Grant-in-aid	24
	Fines and taxes as receipts	25
	Receipts from sale of goods or services	25
	Interest earned	25
	Unforecast changes in in-year income	25
	Build-up and draw-down of deposits	25
	Proceeds from disposal of assets	26
	Gifts and bequests received	26
	Distribution of Lottery Funds	26
	Receipts from the EU	26
	Borrowing	26
<b>IV.</b>	<b>EXPENDITURE ON STAFF</b>	<b>27</b>
	Staff costs	27
	Pay and conditions of service	27
	Pensions; redundancy/compensation	27
<b>V.</b>	<b>NON-STAFF EXPENDITURE</b>	<b>28</b>
	Economic appraisal	28
	Capital expenditure	29
	Transfer of funds within budgets	29
	Lending, guarantees, indemnities; contingent liabilities; letters of comfort	30
	Grant or loan schemes	30
	Gifts made, write-offs, losses and other special payments	30

Leasing	30
Public/Private Partnerships	31
Subsidiary companies and joint ventures	31
Financial investments	31
Unconventional financing	31
Commercial insurance	32
Payment/Credit Cards	32
Hospitality	32
Use of Consultants	32
<b>VI. MANAGEMENT AND DISPOSAL OF FIXED ASSETS</b>	<b>32</b>
Register of assets	32
Disposal of assets	32
Recovery of grant-financed assets	33
<b>VII. BUDGETING PROCEDURES</b>	<b>33</b>
Setting the annual budget	33
General conditions for authority to spend	34
Providing monitoring information to the sponsor Department	34
<b>VIII. BANKING</b>	<b>35</b>
Banking arrangements	35
<b>IX. COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE</b>	<b>35</b>
Relevant documents	35
<b>X. REVIEW OF FINANCIAL MEMORANDUM</b>	<b>36</b>
<b>XI. SIGNATURES</b>	<b>36</b>
<b>APPENDIX A - Delegated Expenditure Limits</b>	
<b>PURCHASING ALL GOODS, SERVICES AND WORKS</b>	<b>1</b>
<b>CAPITAL PROJECTS</b>	<b>2</b>
<b>DISPOSAL OF SURPLUS EQUIPMENT</b>	<b>2</b>
<b>LEASE AND RENTAL AGREEMENTS</b>	<b>2</b>
<b>APPROVAL OF INFORMATION TECHNOLOGY PROJECTS</b>	<b>2</b>
<b>ENGAGEMENT OF CONSULTANTS</b>	<b>3</b>
<b>LOSSES AND SPECIAL PAYMENTS</b>	<b>4</b>

## DEFINITIONS

In this Management Statement and Financial Memorandum:

“Sport NI” means the Sports Council for Northern Ireland;

“the Board” means the Board of the Sports Council for Northern Ireland;

“Body” means the Sports Council for Northern Ireland;

“CPD” means Central Procurement Directorate of the Department of Finance and Personnel;

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

“Chief Executive” means the senior executive official of the Sports Council for Northern Ireland;

“DAO” means “Dear Accounting Officer” letter;

“the Department” means the Department of Culture, Arts and Leisure;

“DCAL” means the Department of Culture, Arts and Leisure;

“DFP” means Department of Finance and Personnel;

“DPFO” means “Dear Principal Finance Officer” letter;

“FReM” means the Government Financial Reporting Manual;

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

“Minister” means the Minister of the Department of Culture, Arts and Leisure;

“MPMNI” means Managing Public Money Northern Ireland;

“MSFM” means the Management Statement and Financial Memorandum document;

“OFMDFM” means Office of the First Minister and deputy First Minister;

“PSIAS” means Public Sector Internal Audit Standards;

“PFO” means Principal Finance Officer;

“the Order” means The Recreation and Youth Service (Northern Ireland) Order 1986;

“Voted” means provision voted by the Northern Ireland Assembly;

## INTRODUCTION

### 1.1 This Document

- 1.1.1 This *Management Statement and Financial Memorandum (MS/FM)* has been drawn up by the Department of Culture, Arts and Leisure (DCAL) in consultation with Sport NI. The document is based on a model prepared by the Department of Finance and Personnel (DFP).
- 1.1.2 The terms and conditions set out in the combined *Management Statement and Financial Memorandum* may be supplemented by guidelines or directions issued by the Department/Minister in respect of the exercise of any individual functions, powers and duties of Sport NI.
- 1.1.3 A copy of the MSFM for Sport NI should be given to all newly appointed Board Members, senior Sport NI executive staff and departmental sponsor staff on appointment. Additionally the MSFM should be tabled for the information of Board Members at least annually at a full meeting of the Board. Amendments made to the MSFM should also be brought to the attention of the full Board on a timely basis.
- 1.1.4 Subject to the legislation noted below, this *Management Statement* sets out the broad framework within which Sport NI will operate, in particular:
- Sport NI's overall aims, objectives and targets in support of DCAL's wider strategic aims and the outcomes and targets contained in its current Programme for Government (PfG);
  - the rules and guidelines relevant to the exercise of Sport NI's functions, duties and powers;
  - the conditions under which any public funds are paid to Sport NI; and
  - how Sport NI is to be held to account for its performance.
- 1.1.5 The associated *Financial Memorandum* sets out in greater detail certain aspects of the financial provisions which Sport NI shall observe. However, the *Management Statement and Financial Memorandum* do not convey any legal powers or responsibilities.
- 1.1.6 The document shall be periodically reviewed by the Department in accordance with the timetable referred to in section 7 below.
- 1.1.7 Sport NI, the Department, or the Minister, may propose amendments to this document at any time. Any such proposals by Sport NI shall be considered in the light of evolving Departmental policy aims, operational factors and the track record of Sport NI itself. The guiding principle shall be that the extent of flexibility and freedom given to Sport NI shall reflect both the quality of its internal controls to achieve performance and its operational needs. The 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 DFP Supply after consultation with Sport NI, as appropriate. (The definition of "significant" will be determined by the Department in consultation with DFP).

The MS/FM is approved by DFP Supply, and signed and dated by the Department and Sport NI's Chief Executive.

1.1.8 Any question regarding the interpretation of the document shall be resolved by the Department after consultation with Sport NI and, as necessary, with DFP Supply.

1.1.9 Copies of this document and any subsequent substantive amendments shall be placed in the Library of the Assembly. (Copies shall also be made available to members of the public on Sport NI's website).

## **1.2 Founding Legislation; Status**

1.2.1 Sport NI is established under the Recreation and Youth Service (Northern Ireland) Order 1986 as a body corporate. Sport NI does not carry out its functions on behalf of the Crown.

1.2.2 Sport NI is designated in the National Lottery etc Act 1993, as amended by the National Lottery Act 1998, as the body responsible for the distribution of lottery proceeds for sport in Northern Ireland. The financial framework within which Sport NI operates as a distributing body is set out in a Statement of Financial Directions issued separately by the Department.

1.2.3 Sport NI's principal source of income is grant-in-aid provided by the Department. Other income is derived from receipts for services.

## **1.3 The Functions, Duties and Powers of Sport NI**

1.3.1 The Recreation and Youth Service (Northern Ireland) Order 1986 (The Order) gives Sport NI the following:

### **Functions:**

- a) On matters relating to sport and physical recreation, to advise the Department and other government departments, education and library boards, district councils and other bodies interested in sport and physical recreation;
- b) To encourage the provision of facilities for, and participation in, sport and physical recreation;
- c) To assist the provision of administrative services, equipment, coaching and instruction by bodies providing facilities for sport or recreational activities or organising such activities;

- d) To assist the organising or supporting of, or participating in, international or other events by bodies providing facilities for sport or recreational activities or organising such activities; and
- e) To assist bodies providing supportive services in connection with sport and physical recreation.

**Duties:**

- a) Comply with any direction given to it by the Department, relating to the exercise of its functions, which the Department may find expedient;
- b) Provide the Department with such information as it may require for the purpose of making grants towards Sport NI expenditure;
- c) Keep in such a form as the Department may direct, accounts of all monies received and all monies paid out by it;
- d) Prepare and submit and submit to the Comptroller and Auditor General for Northern Ireland ("C&AG") a statement of accounts before such a date and in such a form as the Department, with the approval of DFP may direct and shall before that date send a copy thereof to the Department; and
- e) Prepare and transmit to the Department an annual report on the exercise of its functions, a copy of which shall be laid before the Assembly.

**Powers:**

- a) With the approval of the Department, receive donations and make charges for its services;
- b) With the approval of the Department, organise, or assist in the organisation of, conferences, courses of training, sport and physical recreation;
- c) With the approval of the Department, provide and manage, or assist in the provision and management of centers for sport and physical recreation;
- d) With the approval of the Department, print, publish and disseminate information relating to sport and physical recreation;
- e) With the approval of the Department, visit other parts of the United Kingdom and other countries;
- f) With the approval of the Department co-operate with other bodies in the exercise or pursuit of its functions; and



- g) With the approval of the Department, carry out, or assist or co-operate with other persons in carrying out, research into and studies concerning matters relating to sport and physical recreation;

1.3.2 Within this framework it is the role of Sport NI to take forward the Minister's priorities in the area of sport and physical recreation.

#### **1.4 Classification**

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

1.4.2 For national accounts purposes Sport NI is classified to the central government sector.

1.4.3 References to Sport NI 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 Sport NI (*paragraphs 69-70 of the Financial Memorandum refer*).

### **2. AIMS, OBJECTIVES AND TARGETS**

#### **2.1 Overall Aims**

2.1.1 The aims of Sport NI are those agreed with the Department and approved by the DCAL Minister in Sport NI's Corporate Plan and Business Plan.

#### **2.2 Objectives and Key Targets**

2.2.1 The Department determines Sport NI's performance framework in line with the Department's wider strategic aims and current PfG objectives and targets. Sport NI's key targets and performance measures are set out in its annual business and corporate plans.

### **3. RESPONSIBILITIES AND ACCOUNTABILITY**

#### **3.1 The Minister**

3.1.1 The Minister is accountable to the Assembly for the activities and performance of Sport NI. His/Her responsibilities include:

- approving Sport NI's strategic objectives and the policy and performance framework within which Sport NI will operate (as set out in this *Management Statement and Financial Memorandum* and associated documents);
- keeping the Assembly informed about Sport NI's performance;
- approving the amount of grant-in-aid/grant/other funds to be paid to

Sport NI, and securing Assembly approval; and

- carrying out responsibilities specified in the Order including appointments to the Board (including the Chairman), approving terms and conditions of Board Members, approval of terms and conditions of staff and laying of the annual report and accounts before the Assembly.

### **3.2 The Accounting Officer of the Department**

3.2.1 The Permanent Secretary, as the Department's principal Accounting Officer (the "Departmental Accounting Officer"), is responsible for the overall organisation, management and staffing of the 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 Sport NI. The Departmental Accounting Officer designates the Chief Executive of Sport NI as Sport NI'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 Department shall ensure that:

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

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

3.2.4 The Departmental Accounting Officer or his/her designated officials or representatives may attend as an observer at Sport NI's Board meetings, Audit and Risk Committee meetings and from time to time any other sub-committees as considered appropriate by the Department.

### 3.3 The Sponsoring Team in the Department

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

3.3.2 The sponsoring team shall advise the Minister on:

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

3.3.3 In support of the Departmental Accounting Officer, the sponsoring team shall:

***on performance and risk management -***

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

***on communication with Sport NI -***

- inform Sport NI of relevant Executive/Government policy in a timely

manner; if necessary, advise on the interpretation of that policy; and issue specific guidance to Sport NI as necessary;

- bring concerns about the activities of Sport NI to the attention of the Board, and require explanations and assurances from the Board that appropriate action has been taken.

### **3.4 The Sport NI Board**

3.4.1 The Board Members are appointed by the Minister, normally for a period of four years. These appointments are made in accordance with the Code of Practice issued by the Commissioner for Public Appointments Northern Ireland.

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

- establish the overall strategic direction of Sport NI within the policy and resources framework determined by the Department and the Minister;
- constructively challenge Sport NI's executive team in its planning, target setting and delivery of performance;
- ensure that the Department is kept informed of any changes which are likely to impact on the strategic direction of Sport NI 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 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 guidance issued by DFP and the Department;
- ensure that the Board receives and reviews regular financial information concerning the management of Sport NI; is informed in a timely manner about any concerns about the activities of Sport NI; and provides positive assurance to the 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 Sport NI; and
- appoint, with the Department's approval, a Chief Executive to Sport NI

and, in consultation with the 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 3.5.6*) that is adopted by the Sport NI and with the rules and guidance relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations; and to declare publicly and to the board any private interests that may be perceived to conflict with their public duties;
- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments; and
- act in good faith and in the best interests of Sport NI.

3.4.4 The Department shall have access to all Board and committee meeting minutes. These should be sufficiently detailed and accurate, recording the discussions held and the decisions taken. Draft minutes should be forwarded to the Department within one month of the meeting taking place.

3.4.5 The Department should receive copies of the papers for Board meetings at least three working days before the meeting is due to take place.

### **3.5 The Chairman of Sport NI**

3.5.1 The Chairman is appointed by the Minister for a period which is normally four years. This appointment is made in accordance with the Code of Practice issued by the Commissioner for Public Appointments Northern Ireland.

3.5.2 The Chairman is responsible to the Minister of the sponsor department. The Chairman shall aim to ensure that Sport NI's policies and actions support the wider strategic policies of the Minister; and that Sport NI'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 Sport NI fulfils the aims and objectives set by the Department and approved by the Minister in line with statutory obligations.

3.5.3 The performance of the Chairman shall be assessed annually by a senior official in the Department, either the Permanent Secretary or Deputy Secretary. This assessment shall be carried out in line with the Department's policies for assessing the performance of Chairs of its arm's length bodies.

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

- formulating the Board's strategy;
- ensuring that Sport NI, in reaching decisions, takes proper account of guidance provided by the Department, the Minister and all relevant information provided by Sport NI's Executive;
- promoting the efficient 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; and
- 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;

3.5.5 The Chairman shall also:

- ensure that all board members, 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 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 Sport NI when vacancies on the Board 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. 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 or an official acting on his or her behalf.

3.5.6 The Chairman shall also ensure that a Code of Practice for Board Members is in place, based on the Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013, "the 2013 Code", (FD (DFP) 03/06 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.

3.5.7 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 Sport NI is designated as Sport NI's Accounting Officer by the Departmental Accounting Officer.

3.6.2 The Accounting Officer of Sport NI is personally responsible for safeguarding the public funds for which he/she has charge (including those received from the National Lottery); for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of Sport NI.

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

#### ***on planning and monitoring -***

- establish, in agreement with the Department, Sport NI's corporate and business plans in support of the Department's wider strategic aims and current PFG objectives and targets;
- inform the Department of Sport NI's progress in helping to achieve the Department's policy objectives and in demonstrating how resources are being used to achieve those objectives; and
- ensure that timely forecasts and monitoring information on performance and finance are provided to the Department; that the Department is notified promptly if overspends or underspends 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;

#### ***on advising the Board -***

- advise the Board on the discharge of its responsibilities as set out in this document, the Order, and in any other relevant instructions and guidance that may be issued from time to time by DFP or the Department;
- advise the Board on Sport NI'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; and

- take action as set out in 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 Sport NI, including any income or other receipts, are used for the purpose intended by the Assembly, and that such monies, together with Sport NI's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate and appropriate internal management and financial controls are maintained by Sport NI, 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; and
- ensure that effective personnel management policies are maintained;

***on accounting for Sport NI'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 Department, or DFP;
- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Governance Statement for inclusion in the annual report and accounts;



- ensure that effective procedures for handling complaints about Sport NI are established and made widely known within Sport NI and that these are published on the Sport NI website;
- 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 Department and DFP - in particular, Chapter 3 of MPMNI and the Treasury document, *Regularity and Propriety and Value for Money* (a copy of which the Chief Executive shall receive on appointment). **Section IX** of the *Financial Memorandum* refers to other key guidance;
- ensure that Sport NI acts in accordance with the Financial Directions issued by the sponsor Department of Culture, Arts and Leisure on behalf of the Secretary of State for Culture, Media and Sport under s26(3) of the National Lottery etc. Act 1993.
- give evidence, normally with the Accounting Officer of the Department, if summoned before the Public Accounts Committee on the use and stewardship of public funds by Sport NI;
- 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' (Government's Anti-Poverty and Social Inclusion Strategy for Northern Ireland) is taken into account; and
- ensure compliance with all legislative requirements including the Data Protection Act 1998 and the Freedom of Information Act 2000.

### **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 Sport NI is normally appointed by DFP as Sport NI's Consolidation Officer.
- 3.7.2 As Sport NI's Consolidation Officer, the Chief Executive shall be personally responsible for preparing the consolidation information, which sets out the financial results and position of Sport NI; for arranging for its audit; and for sending the information and the audit report to the Principal Consolidation Officer nominated by DFP.
- 3.7.3 As Consolidation Officer, the Chief Executive shall comply with the requirements of Sport NI Consolidation Officer Letter of Appointment as issued by DFP and shall, in particular:

- ensure that Sport NI 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 issued by DFP "Dear Consolidation Office" (DCO) and "Dear Consolidation Manager" (DCM) letters 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 Sport NI. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in this document.

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

- 3.9.1 The Chief Executive of Sport NI 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 Department of any complaints about Sport NI accepted by the Ombudsman for investigation, and about Sport NI's proposed response to any subsequent recommendations from the Ombudsman.

### **3.10 Consulting Customers**

- 3.10.1 Sport NI 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, Sport NI shall submit to the sponsor Department a draft of its Corporate Plan covering the years ahead (normally three or four). Sport NI shall have agreed with the sponsor Department the issues to be addressed in the plan and the timetable for its preparation.
- 4.1.2 The Corporate Plan shall reflect Sport NI's statutory duties and, within those duties, the priorities set by the Minister. In particular, the Corporate Plan shall demonstrate how Sport NI contributes to the achievement of the Department's strategic aims and PfG objectives and targets.

#### 4.1.3 The Corporate Plan shall set out:

- Sport NI's key objectives and associated key performance indicators and targets for the period, and its strategy for achieving those objectives (aligned to PfG objectives and targets);
- a review of the Sport NI'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 Department at the beginning of the planning period. These forecasts should represent Sport NI's best estimate of all its available income not just any grant or grant-in-aid; and
- other matters as agreed between the Department and Sport NI.

4.1.4 The main elements of the Plan, including the key performance targets, shall be agreed between the Department and Sport NI 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.

4.1.5 DFP reserves the right to ask to see and agree Sport NI's Corporate Plan.

4.1.6 The Corporate Plan will require approval by the Minister.

#### 4.2 The Business Plan

4.2.1 Each year of the Corporate Plan, amplified as necessary, shall form the basis of the business plan for the relevant forthcoming year. The Business Plan shall include key performance indicators, milestones and targets linked to the Programme for Government for the year immediately ahead. It shall also be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the Department.

4.2.2 The draft Business Plan is submitted to the Department as early as possible, but by no later than 31 January of the preceding Financial Year, [DN: This date may change as Department considers taking a uniform approach across its ALBs] unless otherwise agreed with the Department. Sport NI's plans are agreed by the Department, including measures of performance and annual targets in respect of each of those measures and the proposed annual efficiency (including market testing where appropriate) plans with Sport NI. The Department may meet with the Chief Executive to discuss and formally agree the business plan and/or funding within a reasonable period following its submission and normally prior to the beginning of the financial year to which it

relates. Until the business plan is agreed, it will be at the Department's discretion whether, to what extent and on what basis, payments of grant-in-aid should be made to Sport NI.

4.2.3 DFP reserves the right to ask to see and agree the Sport NI annual Business Plan.

4.2.4 The Business Plans will require formal approval by the Minister.

### **4.3 Publication of Plans**

4.3.1 Sport NI's Corporate and Business Plans will be made available to the public in electronic format and published on Sport NI's website. A summary version shall also be made available to staff.

### **4.4 Reporting Performance to the Department**

4.4.1 Sport NI shall operate management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its agreed Corporate and Business Plans.

4.4.2 Sport NI shall take the initiative in informing the Department of changes in external conditions, which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives as set out in the Corporate or Business Plans.

4.4.3 Sport NI'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. Performance will be formally reviewed quarterly by officials of the Department. The Minister shall meet the Board formally, at least annually, to discuss Sport NI's performance, its current and future activities, and any policy developments relevant to those activities.

4.4.4 Sport NI's performance against key targets shall be reported in its annual report and accounts (see section 5.1 below). Arrangements for the validation of reported performance will be agreed between Sport NI and the Department.

### **4.5 Budgeting Procedures**

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

### **4.6 Internal Audit**

4.6.1 Sport NI shall establish and maintain arrangements for internal audit in accordance with the Public Sector Internal Audit Standards (PSIAS) which replaced the Government Internal Audit Standards (GIAS) from 1 April 2013.

4.6.2 The Department shall outline the arrangements that it has determined as appropriate for Sport NI taking account of DAO (DFP) 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 Sport NI's 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 Sport NI's internal audit function against PSIAS including advising that the Department reserves a right of access to carry out its own independent reviews of internal audit in Sport NI;
- the right of access to all documents prepared by Sport NI's internal auditor, including where the service is contracted out. Where Sport NI's audit service is contracted out Sport NI should stipulate this requirement when tendering for the services.

4.6.3 Sport NI shall consult the Department to ensure that the latter is satisfied with the competence and qualifications of Sport NI's Head of Internal Audit and that the requirements for approving the appointment of an auditor are in accordance with PSIAS and relevant DFP guidance.

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

#### **4.7 Audit Committee**

4.7.1 Sport NI shall set up an independent audit committee as a committee of its Board, in accordance with the Cabinet Office's *Guidance on Codes of Practice for Public Bodies* (FD (DFP) 03/06 refers) and in line with the Audit Committee Handbook (April 2013).

4.7.2 Departmental representatives will attend Sport NI's Audit and Risk Committee as an observer. The Departmental Audit and Risk Management Committee may also ask officials of Arts Council's Audit and Risk Committee to attend to assist it with its discussions on any particular matter.

4.7.3 The Department shall have access to the Audit Committee's minutes. These should be sufficiently detailed and accurate, recording the discussions held and the decisions taken. Draft minutes should be supplied within one month of the meeting taking place.

4.7.4 At least three working days in advance of all meetings of Sport NI's Audit and Risk Committee, papers will be forwarded to the Department. These papers will include a summary of all final internal audit reports issued in the period since the previous committee meeting and the implementation of audit recommendations. Notification of any significant issues arising during the audit

process should be fast-tracked to Management and to the Audit and Risk Committee. The Department may make ad-hoc requests relating to Internal Audit work and the implementation of recommendations.

- 4.7.5 Sport NI shall arrange for periodic quality reviews of its internal audit in accordance with PSIAS. The Department shall consider whether it can rely on these reviews to provide assurance on the quality of internal audit. However, the Department reserves a right of access to carry out independent reviews of internal audit in Sport NI.
- 4.7.6 The Department's Internal Audit Service shall also have a right of access to all documents prepared by Sport NI's internal auditor, including where the service is contracted out. The audit strategy, periodic audit plans and annual audit report, including Sport NI's Head of Internal Audit's opinion on risk management, control and governance shall be forwarded as soon as possible to the sponsoring team who shall consult the Head of Internal Audit as appropriate.
- 4.7.7 Sport NI shall provide the Department with a copy of all internal reports and, on request, with information on the implementation of audit recommendations.
- 4.7.8 Sport NI shall ensure that its Internal Auditors review the information held on its Grants Management System to ensure that information extracted and input on the Government Funding Database is timely reliable and accurate.
- 4.7.9 The Department will review Sport NI's audit committee terms of reference. Sport NI shall notify the sponsor Department of any subsequent changes to the audit committee's terms of reference.

## **Fraud**

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

## **4.9 Additional Departmental access to Sport NI**

- 4.9.1 In addition to the right of access referred to in *paragraph 4.6.2* above, the Department shall have a right of access to all Sport NI's records and personnel for purposes such as sponsorship audits, operational investigations and other purposes including third part reports. (See also *paragraphs 3.4.4* and *4.7.3* 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 Sport NI shall publish as a single document an annual report of its activities together with its audited annual accounts. The report shall also cover the activities of any corporate bodies under the control of Sport NI. A draft of the report shall be submitted to the sponsor Department at the same time a draft is issued to the auditors and at least two weeks before the proposed publication date although it is expected that the Department and Sport NI will have had extensive pre publication 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 DFP. (NOTE: This guidance is updated every year). The accounts shall be prepared in accordance with any relevant statutes and the specific Accounts Direction issued by the Department.
- 5.1.3 The report and accounts shall outline Sport NI's main activities and performance during the previous financial year and set out in summary form Sport NI's forward plans. Information on performance against key financial targets shall be included in the notes to the accounts, and shall therefore be within the scope of the audit.
- 5.1.4 The report and accounts shall be laid before the Assembly and made available, in accordance with the guidance on the procedures for presenting and laying the combined annual report and accounts as prescribed in the relevant FD letter issued by DFP.
- 5.1.5 Due to the potential accounting and budgetary implications, any changes to accounting policies or significant estimation techniques underpinning the preparation of annual accounts, requires the prior written approval of the Department.

### **5.2 External Audit**

- 5.2.1 The Comptroller and Auditor General (C&AG) audits Sport NI's annual accounts and passes the accounts to the Department who shall lay them before the Assembly, together with Sport NI's annual report. For the purpose of audit, the C&AG has a statutory right of access to relevant documents as provided for in Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order 2003.
- 5.2.2 The C&AG will liaise with Sport NI on the arrangements for completing the audit of Sport NI's accounts. This will either be undertaken by staff of the NIAO or a private sector firm appointed by the C&AG to undertake the 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 the Department 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 Sport NI. 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.
- 5.2.4 Sport NI will, on request, provide the sponsoring team in DCAL with information on the implementation of Management Letter recommendations. All accepted audit recommendations must be implemented within the external auditor's recommended priority time frame.

### **5.3 VFM examinations**

- 5.3.1 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which Sport NI 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, Sport NI should ensure that it includes a clause which makes the grant or contract conditional upon the recipient or contractor providing access to the C&AG in relation to documents relevant to the transaction. Where subcontractors are likely to be involved, it should also be made clear that the requirements extend to them.

## **6. STAFF MANAGEMENT**

### **6.1 General**

- 6.1.1 Within the arrangements approved by the Minister and DFP, Sport NI shall have responsibility for the recruitment, retention and motivation of its staff. To this end the Council 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 Sport NI'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 Sport NI'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 Disclosure (Northern Ireland) Order 2003 are in place;
- a code of conduct for staff is in place based on Annex 5A of Public Bodies: A Guide for NI Departments (available at [www.afmdni.gov.uk](http://www.afmdni.gov.uk)).

## **6.2 Re-grading/Creating Posts**

6.2.1 Approval of the Department is required to re-grade/create posts at DP level and above, unless otherwise advised by the Department. Sport NI has approval to re-grade posts up to Deputy Principal Level and analogous grades. Approval of the Department is required to create posts below DP level, unless otherwise advised by the Department.

## **7. REVIEWING THE ROLE OF SPORT NI**

7.1.1 Sport NI shall be reviewed periodically, in accordance with the business needs of the Department and Sport NI. A review of Sport NI was completed in April 2014 and was carried out in line with Chapter 9 of the Public Bodies: a Guide for NI Departments.

7.2 Sport NI shall provide the Department with full details of all agreements where Sport NI or its successors have a right to share in the financial gains of developers. It should also pass to the Department details of any other forms of claw back due to Sport NI.

## **FINANCIAL MEMORANDUM**

### **I. INTRODUCTION**

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

### **II. SPORT NI'S INCOME AND EXPENDITURE - GENERAL**

#### **The Departmental Expenditure Limit (DEL)**

4. Sport NI's current and capital expenditure form part of the sponsoring Department's Resource Departmental Expenditure Limits (DEL) and Capital DEL respectively.

#### **Expenditure not proposed in the budget**

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

#### **Procurement**

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

#### **Competition**

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

9. Single Tender Action is the process where a contract is awarded to an economic operator (i.e. supplier, contractor) without competition. All Single Tender Actions should be approved by the Sport NI Accounting Officer. STA's for consultants must be approved by both the Sport NI and DCAL Accounting Officers. Sport NI should forward a report to DCAL on an Annual basis of all contracts of £5,000 or over where competitive tendering was not employed. Sport NI should comply with the relevant Procurement Guidance Notes (PGN), PGN 03/11 'Awards of Contracts without Competition' and PGN 04/12 'Procurement Control Limits and Basis for Contract Awards'.

### **Best Value for money**

10. Procurement by Sport NI of works, supplies and services shall be based on best value for money, i.e. the optimum combination of whole life cost and quality (or fitness for purpose) to meet Sport NI's requirements. An options appraisal shall be carried out before procurement decisions are taken.

### **Timeliness in paying bills**

11. Sport NI shall collect receipts and pay all matured and properly authorised invoices in accordance with Annexes 4.5 and 4.6 of *Managing Public Money Northern Ireland* and any guidance issued by DFP or the Department.

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

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

### **Risk Management/Fraud**

13. Sport NI shall ensure 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 *Management of Risk: A Strategic Overview* ("*The Orange Book*").

14. Sport NI shall take proportionate and appropriate steps to assess the financial and economic standing of any organisation or other body with which it intends to enter into a contract or to which it intends to give grant or grant-in-aid.
15. Sport NI shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with DFP's guide *Managing the Risk of Fraud*.
16. All cases of attempted, suspected or proven fraud shall be reported to the Department who shall report it to DFP and the NIAO (see section 4.8 in the *Management Statement*) as soon as they are discovered, irrespective of the amount involved.

### **Wider Markets**

17. Sport NI shall seek to maximise receipts from non-Consolidated Fund sources, provided that this is consistent with (a) Sport NI's main functions and (b) its Corporate Plan as agreed with the Department. The Department will confirm with the DFP Supply Officer that such proposed activity is appropriate.

### **Fees and charges**

18. Fees or charges for any services supplied by Sport NI shall be determined in accordance with Chapter 6 of MPMNI.

## **III. SPORT NI'S INCOME**

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

19. Grant-in-aid will be paid to Sport NI every other month as determined by the Department, having considered its risk assessment of Sport NI. Grant-in-aid will be paid on the basis of a written application from Sport NI 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 Sport NI's functions.
20. Sport NI should have regard to the general principle enshrined in Annex 5.1 of *Managing Public Money Northern Ireland* that it should seek grant-in-aid according to need.
21. Verification checks will be carried out by the Department. Sport NI must retain all original invoices for inspection and provide the Department with information and access to documentation as required.
22. Cash balances accumulated during the course of the year shall be kept at the minimum level consistent with the efficient operation of Sport NI. 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 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.

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

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

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

24. Receipts from the sale of goods and services (including certain licences), rent of land and dividends normally provide additional DEL spending power. If a body wishes to retain a receipt or utilise an increase in the level of receipts, it must gain the prior approval of its sponsor Department.
25. If there is any doubt about the correct classification of a receipt, Sport NI shall consult the Department, which may consult DFP as necessary.

### **Interest earned**

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

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

27. If the negative DEL income realised or expected to be realised in-year is less than estimated, Sport NI shall, unless otherwise agreed with the Department, ensure a corresponding reduction in its gross expenditure so that the authorised provision is not exceeded. (NOTE: For example, if Sport NI is allocated £100 resource DEL provision by the 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, Sport NI will need to reduce its expenditure to £105 to avoid breaching its budget.
28. If the negative DEL income realised or expected to be realised in the year is more than estimated, Sport NI may apply to the Department to retain the excess income for specified additional expenditure within the current financial year without an offsetting reduction to grant-in-aid. The Department shall consider such applications, taking account of competing demands for resources, and will consult with DFP in relation to any significant amounts. If an application is refused, any grant-in-aid shall be commensurately reduced or the excess receipts shall be required to be surrendered to the NI Consolidated Fund via the Department.

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

29. Sport NI shall comply with the rules that any DEL expenditure financed by the draw-down of deposits counts within DEL and that the build-up of deposits may

represent a saving to DEL (if the related receipts are negative DEL in the relevant budgets).

30. Sport NI shall ensure that it has the necessary DEL provision for any expenditure financed by draw-down of deposits.

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

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

### **Gifts and bequests received**

31. Sport NI is free to retain any gifts, bequests or similar donations subject to *paragraph 32*. These shall be capitalised at fair value on receipt and must be notified to the Department. (NOTE: *A release from the donated assets reserve should offset depreciation in the operating cost statement. The latest FReM requirements should be applied.*)
32. Before accepting a gift, bequest, or similar donation, Sport NI shall consider if there are any associated costs in doing so or any conflicts of interests arising. Sport NI shall keep a written record of any such gifts, bequests and donations and of their estimated value and whether they are disposed of or retained. A gifts and hospitality policy must be in place and a gifts and hospitality register must be maintained.

### **Distribution/Allocation of Lottery Funds**

33. Sport NI shall observe the Financial Directions issued by the Department on behalf of the Secretary of State for Culture, Media and Sport under section 23 of the National Lottery etc. Act 1993. Receipts from the National Lottery are additional to public expenditure and provide additional spending power for the Authority. The Chief Executive will be held to account for the use of any Lottery grant as though it were public expenditure and Sport NI will need to identify any such receipts separately in its Accounts and reporting systems.

### **Receipts from the EU**

34. Receipts from the European Union are additional to public expenditure and provide additional spending power for Sport NI. The Chief Executive will be held to account for the use of any EU grant as though it were public expenditure and Sport NI will need to identify any such receipts separately in its Accounts and reporting systems.

### **Borrowing**

35. Normally, Sport NI will not be permitted to borrow, but when doing so, shall observe the principles set out in Chapter 5 and the associated annexes of MPMNI when undertaking borrowing of any kind. Sport NI shall seek the approval of the Department and, where appropriate, DFP, to ensure that it has any necessary authority and budgetary cover for any borrowing or the

expenditure financed by such borrowing. Medium or long term private sector or foreign borrowing is subject to the value for money test in *Section 5.7 of MPMNI*.

36. Where exceptionally Sport NI is allowed to borrow the spending financed by borrowing scores gross in budgets. This applies whatever the source of borrowing (Department, market, European Investment Bank). The cash raised by borrowing does not score as negative DEL. This means that any expenditure by Sport NI financed by borrowing will need DEL budget cover (provided that this is the normal budgeting treatment for such expenditure).

#### **IV. EXPENDITURE ON STAFF**

##### **Staff costs**

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

##### **Pay and conditions of service**

38. The staff of Sport NI, whether on permanent or temporary contract, shall be subject to levels of remuneration and terms and conditions of service as approved by the Department and DFP. Sport NI has no delegated power to amend these terms and conditions.
39. Current terms and conditions for staff of Sport NI are those set out in its Employee Handbook. Sport NI shall provide the Department and DFP with a copy of the Handbook and subsequent amendments.
40. Annual pay increases of Sport NI staff must be in accordance with the annual FD letter on Pay Remit Approval Process and Guidance issued by DFP. Therefore, all proposed pay awards must have prior approval of the Department and the Minister for Finance before implementation. Separate pay remits are required for SCS level staff (Chief Executive) and non SCS level staff.
41. The travel expenses of Board Members shall be tied to Departmental rates. Reasonable actual costs shall be reimbursed.
42. Sport NI shall operate a performance-related pay scheme which shall form part of the annual aggregate pay budget approved by the Department and DFP.
43. Sport NI shall comply with the EU directive on contract workers Fixed Term Employees Regulations (Prevention of Less Favourable Treatment).

##### **Pensions; redundancy/compensation**

44. Sport NI's staff shall be eligible for a pension provided by admittance to the NI Local Government Officers Superannuation Committee (NILGOSC).

45. Staff may opt out of the occupational pension scheme provided by Sport NI. However, the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall be limited to the national insurance rebate level.
46. Any proposal by Sport NI to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the approval of the Department and DFP.

## V. NON-STAFF EXPENDITURE

### Economic appraisal and Evaluation

47. Sport NI 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; and
  - are above or below delegated limits (see *Appendix A*).
48. 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.
49. Spending commitments should not be entered into until a proportionate business case/economic appraisal has been completed and the appropriate approvals are in place.
50. Evaluation plays an important role which is complementary to appraisal, and should be embedded within Sport NI's decision making process. Sport NI should have systems in place to ensure project outturns are measured, recorded and compared with original estimates and lessons learned are appropriately disseminated. An evaluation report should be completed for all expenditure which is supported by a business case, irrespective of the level of expenditure.
51. General guidance on economic appraisal and evaluation that apply to Sport NI can be found in:



- DFP's on-line guide *The Northern Ireland Guide to Expenditure Appraisal and Evaluation* ("NIGEAE", 2009). See <http://www.dfpni.gov.uk/eag> and
- The HM Treasury Guide, *The Green Book: Appraisal and Evaluation in Central Government* (2003).

### Capital expenditure

52. Subject to being above an agreed capitalisation threshold, all expenditure on the acquisition or creation of fixed assets shall be capitalised on an accruals basis in accordance with relevant accounting standards. Expenditure to be capitalised shall normally include the (a) acquisition, reclamation or laying out of land; (b) acquisition, construction, preparation or replacement of buildings and other structures or their associated fixtures and fittings; and (c) acquisition, installation or replacement of movable or fixed plant, machinery, vehicles and vessels.
53. Proposals for large-scale individual capital projects or acquisitions will normally be considered within Sport NI's corporate and business planning process. Subject to *paragraph 55*, applications for approval within the Corporate/Business plan by the Department and, DFP if necessary, shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Board. Regular reports on the progress of projects shall be submitted to the Department.
54. Approval of the Corporate/Business plan does not obviate Sport NI's responsibility to abide by the economic appraisal process.
55. Within its approved overall resources limit Sport NI shall, as indicated in the attached Appendix on delegations, have delegated authority to spend £500,000, on any individual capital project or acquisition (this also applies to capital projects where Sport NI is not the primary funder). Beyond that delegated limit, the Department's and, where necessary, DFP's prior authority must be obtained before expenditure on an individual project or acquisition is incurred.
56. If the costs of a capital project increase by 10% or more of the approved costs as set out in the economic appraisal, Sport NI is required to submit a revised economic appraisal to the Department and, where appropriate, DFP for approval prior to agreeing the cost increase. Sport NI should make the Department aware in cases where the cost of a capital project increases, but by less than 10%.

### Transfer of funds within budgets

57. Unless financial provision is subject to specific Departmental or DFP controls (e.g., where provision is ring-fenced for specific purposes) or delegated limits, transfers between budgets within the total capital budget, or between budgets within the total revenue budget, do not need Departmental approval. The one exception to this is that, due to HM Treasury controls, any movement into, or

out, of depreciation and impairments within the resource budget will require departmental and possibly DFP approval. (NOTE: Under resource budgeting rules, transfers from capital to resource budgets are not allowed.)

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

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

### **Grant or loan schemes**

59. 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 Department, and where necessary, DFP. If grants or loans are to be made under a continuing scheme, statutory authority is likely to be required.
60. 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 Sport NI, the Department and the C&AG.
61. See also below under the heading '*Recovery of grant-financed assets*' (*paragraphs 83-85*).

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

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

### **Leasing**

65. Prior Departmental approval must be secured for all property and finance leases. Sport NI must have capital DEL provision for finance leases and other transactions which are, in substance, borrowing (*paragraphs 35-36 above*).
66. Before entering into any lease (including an operating lease) Sport NI shall demonstrate that the lease offers better value for money than purchase.

## **Public/Private Partnerships**

67. Sport NI 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, Sport NI shall consult the Department. Sport NI should also ensure that it has the necessary budget cover.
68. Any partnership controlled by Sport NI shall be treated as part of Sport NI in accordance with guidance in the FReM and consolidated with it, subject to any particular treatment required by FReM. Where the judgement over the level of control is difficult, the Department will consult DFP (who may need to consult with the Office of National Statistics over national accounts treatment).

## **Subsidiary companies and joint ventures**

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

## **Financial investments**

71. Sport NI shall not make any investments in traded financial instruments without the prior written approval of the Department and, where appropriate, DFP, nor shall it aim to build up cash balances or net assets in excess of what is required for operational purposes. 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 Sport NI shall equally be subject to Departmental and DFP approval unless covered by a specific delegation.

## **Unconventional financing**

72. Sport NI shall not enter into any unconventional financing arrangement without the approval of the Department and DFP.

## **Commercial insurance**

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

## **Payment/Credit Cards**

75. Sport NI, in consultation with the Department, shall ensure that a comprehensive set of guidelines on the use of payment cards (including credit cards) is in place. DAO (DFP) 24/02 refers.

## **Hospitality**

76. Sport NI, in consultation with the Department, shall ensure that a comprehensive set of guidelines on the provision of hospitality is in place. DAO (DFP) 10/06 (Revised) refers.

## **Use of Consultants**

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

## **VI. MANAGEMENT AND DISPOSAL OF FIXED ASSETS**

### **Register of assets**

80. Sport NI shall maintain an accurate and up-to-date register of its fixed assets.

### **Disposal of assets**

81. Sport NI shall dispose of assets which are surplus to its requirements. Assets shall be sold for best price, taking into account any costs of sale. Generally, assets shall be sold by auction or competitive tender (unless otherwise agreed by the Department), and in accordance with the principles in MPMNI.

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

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

83. Where Sport NI has financed expenditure on capital assets by a third party, Sport NI shall set conditions and make appropriate arrangements to ensure that any such assets individually above a value of £1,000 are not disposed of by the third party without Sport NI's prior consent.
84. Sport NI shall therefore ensure that such conditions and arrangements are sufficient to secure the repayment of the NI Consolidated Fund's due share of the proceeds of the sale, in order that funds may be surrendered to the Department.
85. Sport NI shall ensure that if the assets created by grants made by Sport NI 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 Sport NI for surrender to the Department. The amounts recoverable under the procedures in *paragraphs 83-84* above shall be calculated by reference to the best possible value of the asset and in proportion to the NI Consolidated Fund's original investment(s) in the asset.

## **VII. BUDGETING PROCEDURES**

### **Setting the annual budget**

86. Each year, in the light of decisions by the Department on Sport NI's updated Corporate Plan (See **section 4.1** of the *Management Statement*), the Department will send to Sport NI:
- 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 Sport NI.
87. Sport NI's approved annual Business Plan will take account of its approved funding provision and of any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of the Departmental funding and/or other income over the year. These elements will form part of the approved Business Plan for the year in question (See **section 4.2** of the *Management Statement*.)
88. Any grant-in-aid provided by the Department for the year in question will be voted in the Department's Estimate and will be subject to Assembly control.

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

89. Once Sport NI's budget has been approved by the Department and subject to any restrictions imposed by Statute, the Minister, the Department, this MSFM, Sport NI shall have authority to incur expenditure approved in the budget without further reference to the Department, on the following conditions:

- Sport NI shall comply with the delegations set out in *Appendix A* of this document and CPD's Procurement Guidance Note 04/12. These delegations shall not be altered without the prior agreement of the Department and DFP;
- Sport NI shall comply with the conditions set out in *paragraph 12* above regarding novel, contentious or repercussive proposals;
- inclusion of any planned and approved expenditure in Sport NI's budget shall not remove the need to seek formal Departmental (and, where necessary, DFP) approval where such proposed expenditure is above the delegated limits as set out in *Appendix A*, or is for new schemes not previously agreed;
- Sport NI shall provide the Department with such information about its operations, performance, individual projects or other expenditure as the Department may reasonably require; and
- Sport NI shall comply with NI Procurement Policy, all relevant Procurement Guidance Notes (PGN's) and carry out procurement via CPD or another recognised CoPE, if required.

## **Providing monitoring information to the Department**

Sport NI shall provide the Department with, as a minimum, information on a monthly basis which will enable the satisfactory monitoring by the Department of:

- Sport NI's cash management;
- its draw-down of any grant-in-aid;
- the expenditure for that month;
- forecast outturn by resource headings;
- explanation of variances between monthly resource forecasts and actual outturn; and
- other data required for the DFP Outturn and Forecast Outturn returns.

## VIII. BANKING

### Banking arrangements

90. Sport NI's Accounting Officer is responsible for ensuring that Sport NI's banking arrangements are in accordance with the requirements of Annex 5.7 of *MPMNI*. In particular, he/she shall ensure that the arrangements safeguard public funds and that their implementation ensures efficiency, economy and effectiveness.
91. He/she shall therefore ensure that:
- Sport NI's bank account is within the 'pool' of accounts determined by DFP. Participation in the pool does not absolve Sport NI's obligation to keep balances to a minimum and avoid overdrawing their account.
  - sufficient information about banking arrangements is supplied to the Department's Accounting Officer to enable the latter to satisfy his/her own responsibilities (See Section 3.2 of the *Management Statement*);
  - the advice of the Department is sought before opening new bank accounts;
  - Sport NI '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.

## IX. COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE

### Relevant documents

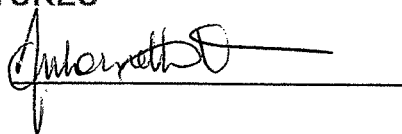
92. Sport NI shall comply with the following general guidance documents:
- This document (both the *Financial Memorandum* and the *Management Statement*);
  - *Managing Public Money Northern Ireland (MPMNI)*;
  - *Public Bodies - a Guide for NI Departments* issued by DFP;
  - Public Sector Internal Audit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

- Specific instructions and guidance issued by the Department; and
- Recommendations made by the Public Accounts Committee, or by other Assembly authority, which have been accepted by the Government and which are relevant to Sport NI.

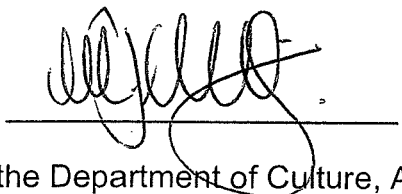
#### X. REVIEW OF MANAGEMENT STATEMENT AND FINANCIAL MEMORANDUM

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

#### XI. SIGNATURES

Signed:  Date: 19 MAY 2014

On behalf of the Sports Council for Northern Ireland

Signed:  Date: 9/6/2014

On behalf of the Department of Culture, Arts and Leisure



## Appendix A

### DELEGATED EXPENDITURE LIMITS

#### General

The Department has delegated the following expenditure limit to Sport NI. Sport NI's delegated authority for expenditure is subject to the conditions in this appendix and the Management Statement and Financial Memorandum. These delegated expenditure limits have been agreed by the Department and the Department of Finance and Personnel.

#### 1. PURCHASING ALL GOODS AND SERVICES

Before any procurement activity is undertaken, the requisite number of quotations/tenders must be obtained from potential suppliers/contractors. Sport NI should follow DFP Guidance in relation to the number and type of tender required. Sport NI's procurement authorisation should be carried out in line with delegated authority levels (delegated from the Department and its internal delegated authority levels). PGN 04/12 refers.

**Table 1 Delegated Authority for the Purchase of Goods, Services and Works**

(All costs exclude VAT)

Value	Procedure
Up to £5,000	Organisations must demonstrate that value for money has been secured.
£5,000 to £30,000	A minimum of two tenders invited by the person authorised to procure for their organisations in accordance with a Service Level Agreement (SLA) with a CoPE: <b>or</b> A tender process undertaken by a CoPE
£30,000 to EU Thresholds	Advertise on eSourcing NI. Tender process must be conducted in line with <b><u>Procurement Guidance Note 05/12: Procurement of Goods, Works and Services Over £30,000 and Below EU thresholds.</u></b>
Above EU Thresholds	Advertise on e-Sourcing NI. EU Directives apply – advertise in the Official Journal of the European Union (OJEU).

#### Economic Appraisal

The principles of economic appraisal should be applied in all cases where expenditure is proposed, whether the proposal involves capital or current expenditure, or both. The effort put into economic appraisal should be commensurate

with the size or importance of the needs or resources under consideration.  
Economics.

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

Where Sport NI is unable to obtain a sufficient number of tenders, it must follow DFP guidance on the award of contracts without a competition. PGN 03/11 refers.

## **2. CAPITAL AND RESOURCE PROJECTS**

Sport NI's CEO shall have delegated authority for projects where central government capital or resource expenditure is below £500,000. Projects where central government expenditure is above £500,000 require the approval of the Department, and may be subject to quality assurance by the Department of Finance and Personnel if requested. (Note - central government expenditure includes funding from all government departments and their agencies and ALBs).

Where the project is funded by a number of government departments and Sport NI is not the primary funder, Departmental approval is still required if Sport NI's contribution exceeds the delegated authority level.

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

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

Disposal must be at current market value by public auction or another public process, unless otherwise agreed with the Department. Prior approval of the Department is required for disposal of surplus equipment with a value in excess of £1,000.

Proceeds from the disposal of surplus equipment must be declared to the Department, which will consult with DFP on the appropriate treatment.

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

Sport NI shall not enter into any property or finance lease without the prior approval of the Department.

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

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

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

The purchase of IT equipment and systems should be in line with the guidance on Procedures and Principles for Application of Best Practice in Programme/Project Management (PPM), (available at [www.dfpni.gov.uk/successful-delivery](http://www.dfpni.gov.uk/successful-delivery)) and be subject to competitive tendering unless there are convincing reasons to the contrary. The form of competition should be appropriate to the value and complexity of the project, and in line with the Procurement Control Limits in Table 1. Delegated authority for each IT project is set out in Table 2.

Sport NI has delegated authority of £50,000 for Information Technology Projects. Sport NI may set internal delegated authority levels for projects within its delegated authority level. Projects above £50,000 require Departmental approval.

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

(All costs exclude VAT)

<b>Value</b>	<b>Procedure</b>
Up to £5,000	Organisations must demonstrate that value for money has been secured.
£5,000 to £30,000	A minimum of two tenders invited by the person authorised to procure for their organisations in accordance with a Service Level Agreement (SLA) with a CoPE: <b>or</b> A tender process undertaken by a CoPE
£30,000 to EU Thresholds	Advertise on eSourcing NI. Tender process must be conducted in line with <b><u>Procurement Guidance Note 05/12: Procurement of Goods, Works and Services Over £30,000 and Below EU thresholds.</u></b>
Above EU Thresholds	Advertise on eSourcing NI. EU Directives apply – advertise in the Official Journal of the European Union (OJEU).

## 6. ENGAGEMENT OF CONSULTANTS

### General

Sport NI has authority to appoint consultants for a single contract without recourse to the sponsor Department below a total cost of £10,000 and subject to any guidance as may be issued by DFP or the Department.

### Economic appraisal

A proportionate business case should be prepared for all consultancy assignments. Section 3 of the guidance note attached to FD (DFP) 07/12 explains the nature of the required business case.

## 7. LOSSES AND SPECIAL PAYMENTS

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

- (a) Cash losses – up to £500 per case/incident;
- (b) Stores/Equipment losses – up to £500 per case/incident;
- (c) Constructive losses and fruitless payments – up to £500 per case;
- (d) Compensation payments:
  - 1. Made under legal obligation, e.g. by Court Order – up to £500 per case plus reasonable legal expenses;
  - 2. For damage to personal property of staff – no delegated authority; and
  - 3. Where written legal advice is that Sport NI should not fight a court action because it is unlikely that it would win – no delegated authority.
- (e) Claims abandoned or waiver of claim – up to £500 per case;
- (f) Extra contractual payments – no delegated authority;
- (g) Ex gratia payments – up to £100 per case (Pensions payments are not covered by this threshold); and
- (h) Extra statutory and extra regulatory payments – no delegation, all proposals must be submitted to the Department for approval.

The prior approval of the Department must be obtained for amounts above these values.

Where total losses exceed £5,000 in any financial year, an explanatory note should be included in Sport NI's accounts.

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