



**Management Statement
and
Financial Memorandum**

between the

**Department for Employment and
Learning**

and

**Stranmillis University College
(Executive NDPB)**

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MANAGEMENT STATEMENT

1. INTRODUCTION

1.1 This document

1.1.1 This Management Statement and Financial Memorandum (MS/FM) has been drawn up by the Department for Employment and Learning in consultation with Stranmillis University College (the College). 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 in respect of the exercise of any individual functions, powers and duties of the College.

1.1.3 While overall responsibility for ensuring compliance with this document rests with the Governing Body, the Principal, as designated accounting officer, is responsible in the first instance for all matters within the MS/FM in respect of the College. The document should be tabled for the information of members annually at a full meeting of the Governing Body and any substantive amendments brought to their attention in a timely manner.

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

- the College's overall aims, objectives and targets in support of the Department's wider strategic aims and the outcomes and targets contained in its current Programme for Government (PfG) targets;
- the rules and guidelines relevant to the exercise of the College's functions, duties and powers;
- the conditions under which any public funds are paid to the College;
- how the College 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 the College 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 line with paragraph 88 of the financial memorandum below.

1.1.7 The College, the Department, or the Minister, may propose amendments to this document at any time. Any such proposals by the College shall be considered in the light of evolving departmental policy aims, operational factors and the track record of the College itself. The guiding principle shall be that the extent of flexibility and freedom given to the College 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 the College, as appropriate. (The definition of "significant" will be determined by the Department in consultation with DFP).

1.1.8 The MS/FM is approved by DFP Supply, and signed and dated by the Department and the College's Principal.

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

- 1.1.10 Copies of this document and any subsequent substantive amendments shall be placed in the Library of the Assembly. (Copies shall also be made available to members of the public on the College's website: www.stran.ac.uk).
- 1.2 Founding legislation; status
- 1.2.1 The College is established under the Colleges of Education (NI) Order 2005. The legislation specifies the duties and principal powers of the Governing Body and where there are restrictions on the exercise of these powers, requiring the prior consent of the Department. The constitution of the College is set out in the Instrument of Government for Stranmillis University College. The College does not carry out its functions on behalf of the Crown. Any company established by the College in accordance with arrangements approved by the Department shall comply with this MS/FM.
- 1.3 The functions, duties and powers of the College
- 1.3.1 Under the following documents, the Governing Body of the College is required to provide or secure the provision of education (and in particular education relevant to the initial or further training of teachers) and to secure the carrying on of research related to such education:
- the 2005 Order provides the statutory basis for the Governing Body to manage the College and for the respective functions of the Governing Body and the Department. All other documents are subordinate to the 2005 Order and subject to its provisions;
 - the Instrument of Government under the 2005 Order sets out the composition of the Governing Body, the arrangements for the appointment of its members and the principles of their conduct whilst in office; and
 - the Articles of Government under the 2005 Order determine the responsibilities of the Governing Body and the Principal of the College, the proceedings and committee structure of the Governing Body and the role of the Governing Body in relation to staff, students and finance.
- 1.4 Classification
- 1.4.1 For policy/administrative purposes the College is classified as a central government body and is treated as an executive non-departmental public body.
2. AIMS, OBJECTIVES AND TARGETS
- 2.1 Overall aims
- 2.1.1 Within the 2005 Order, section 7(1) (a), the Department has approved the overall aim for the College as follows:
- The provision of education, in particular education related to the initial or further training of teachers, and to secure the carrying on of research related to such education.
- 2.2 Objectives and key targets
- 2.2.1 The Governing Body has the responsibility to set the objectives and targets for the College, taking account of the conditions of grant and targets attached to the financial allocations made by the Department and set out in the annual funding agreement. The Department does not wish to determine the College's detailed performance framework as this is at variance with the arrangements for all other higher educational institutions which are autonomous bodies. The

Department judges that compromising the College in this way would restrict operational flexibility and place it at a competitive disadvantage against the other institutions in the sector.

3. RESPONSIBILITIES AND ACCOUNTABILITY

3.1 The Minister

3.1.1 The Minister is accountable to the Assembly for the activities and performance of the College. His/her responsibilities include:

- keeping the Assembly informed about the College's performance as required;
- approving the amount of grant-in-aid to be paid to the College, and securing Assembly approval; and
- carrying out responsibilities specified in the 2005 Order, including certain appointments to the Governing Body.

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 the College. The Accounting Officer of the Department designates the Principal of the College as the College'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 shall ensure that:

- the Governing Body of the College has established strategic aims and objectives in line with the 2005 Order and any conditions of grant and targets set out in the annual funding agreement with the Department;
- the financial and other management controls applied by the Department to the College are appropriate and sufficient to safeguard public funds and for ensuring that the College's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to the College by the Assembly but also any other funds falling within the stewardship of the College);
- the internal controls applied by the College conform to the requirements of regularity, propriety and good financial management;
- any grant-in-aid to the College is within the ambit and the amount of the Request for Resources and that Assembly authority has been sought and given;
- any concerns about the College's finances or controls are raised with the Governing Body and audit committee;
- payment of grant is suspended if appropriate to safeguard public funds; and
- the offer of grant is varied, payment of grant is withheld or sums repaid in whole or in part if the College does not comply with the terms of this MS/FM or any conditions or targets attached to the offer of grant set out in the annual funding agreement.

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

3.3 The sponsoring team in the Department

3.3.1 Within the Department, Higher Education (HE) Finance Branch is the sponsoring team for the College. The Team is the primary source of advice to the Accounting Officer/Minister on the discharge of his/her responsibilities in respect of the College, and the primary point of contact for the College in dealing with the Department. The sponsoring team shall carry out its duties under

the management of the Director of HE Division, who shall have primary responsibility for the team overseeing the activities of the College.

3.3.2 The sponsoring team shall advise the Accounting Officer and /or Minister on all matters relating to the College, including: governance; accountability; budgeting; and performance.

3.3.3 In support of the departmental Accounting Officer, the sponsoring team and / or other agents acting on behalf of the Department shall:

on performance and risk management -

- monitor the College's activities on a continuing basis through an adequate and timely flow of information from the College on performance, budgeting, control, and risk management, including early sight of the College's Statement on Internal Control;
- address in a timely manner any significant problems arising in the College, whether financial or otherwise, making such interventions in the affairs of the College as the Department judges necessary to address such problems;
- carry out an annual accountability review and risk assessment of the College taking into account the public monies at stake and the College's corporate governance arrangements through an examination of assurance returns to the Department, annual report and financial statements, external audit findings, internal audit assurance statement, and audit committee report to the Governing Body;

on communication with the College -

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

3.4 The College's Governing Body

3.4.1 The members of the Governing Body are appointed in accordance with the 2005 Order and the Instrument of Government. Members shall serve for a maximum of two, four year terms in accordance with the Instrument of Government and the Code of Practice issued by the Commissioner for Public Appointments for Northern Ireland.

3.4.2 The Governing Body has corporate responsibility under the 2005 Order to approve the mission and strategic vision of the College, secure the effective and efficient management of the College and ensure that the College provides, or secures the provision of, suitable and efficient education to students of the College. To this end, in pursuit of its wider corporate responsibilities, the Governing Body shall:

- ensure that funds from the Department are used only in accordance with the Financial Memorandum and any other conditions which the Department may from time to time establish;
- ensure that the financial, planning and other management controls (including controls against fraud and theft) are appropriate and sufficient to safeguard public funds;
- secure the efficient, economical and effective management of all of the College's resources and expenditure, including: funds other than those provided by the Department; capital assets; equipment; and human resources, so that the investment of public funds in the College is not put at risk;
- ensure that financial considerations are taken into account at all stages in reaching decisions and in their execution; and
- require the Principal to take responsibility for: ensuring the proper and effective operation of the controls referred to above; and giving effect to the Governing Body's policies for securing

the efficient, economical and effective management of all the College's resources and expenditure.

- 3.4.3 Individual members of the Governing Body shall act in accordance with their wider responsibilities as members of the Governing Body to comply at all times with the Stranmillis University College Code of Conduct for Members of the Governing Body, based on the Cabinet Office model noted at 3.5.5 below.
- 3.4.4 The College shall submit ratified minutes of each meeting of the Governing Body to the Department in a timely manner.
- 3.5 The Chair of the Governing Body
- 3.5.1 The Chair is appointed in accordance with the 2005 Order and Instrument of Government.
- 3.5.2 The Chair is responsible to the Minister of the Department. The Chair shall ensure that the College's policies and actions support the wider strategic policies of the Minister; and that the College's affairs are conducted with probity. The Chair shares with other Governing Body members the corporate responsibilities set out in paragraph 3.4.2, and in particular for ensuring that the College fulfils the aims and objectives approved by the Minister.
- 3.5.3 The Chair has a particular leadership responsibility on the following matters:
- formulating the Governing Body's strategy;
 - ensuring that the Governing Body, in reaching decisions, takes proper account of guidance provided by the Minister or the Department;
 - promoting the efficient, economic and effective use of staff and other resources;
 - encouraging and delivering high standards of regularity and propriety;
 - representing the views of the Governing Body to the general public; and
 - ensuring that the Governing Body 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 Governing Body members.
- 3.5.4 The Chair shall also:
- ensure that all members of the Governing Body, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction training, including on the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice;
 - advise the Department of the needs of the College when Governing Body vacancies arise, with a view to ensuring a proper balance of professional and financial expertise; and
 - assess the performance of individual members. Members will be subject to ongoing performance appraisal, with a formal assessment being completed by the Chair of the Governing Body at the end of each year [and prior to any re - appointment of individual members taking place]. Members will be made aware that they are being appraised, the standards against which they will be appraised, and will have an opportunity to contribute to and view their report. The Chair of the Governing Body will also be appraised on an annual basis by the Director of Higher Education Division.
- 3.5.5 The Chair shall also ensure that a Code of Conduct for Governing Body Members is in place, based on the Cabinet Office's *Code of Practice for Board Members of Public Bodies*. The Code shall commit the Chair and other members of the Governing Body to the Nolan "seven principles of public life", and shall include a requirement for a comprehensive and publicly available register of Members' interests.

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

3.6 The Principal's role as Accounting Officer

3.6.1 The Principal is designated as the College's Accounting Officer by the Departmental Accounting Officer.

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

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

on planning and monitoring –

- establish and present to the Governing Body and its relevant committees, corporate and business plans and revenue and capital budgets, taking account of any conditions of grant and targets set by the Department;
- inform the Governing Body and relevant committees of progress towards achieving objectives and demonstrating how resources are being used to achieve these objectives;
- 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 Governing Body-

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

on managing risk and resources -

- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensure that an effective system of programme and project management and contract management is maintained;
- ensure compliance with the Northern Ireland Public Procurement Policy;
- ensure that all public funds made available to the College [including any income or other receipts] are used for the purpose intended by the Assembly, and that such monies, together with the College's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by the College, including effective measures against fraud and theft;
- maintain a comprehensive system of internal delegated authorities that are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that effective personnel management policies are maintained;

on accounting for the College's activities –

- sign the accounts and be responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Minister, the sponsor Department, or DFP;
- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Statement on Internal Control regarding the College's system of internal control, for inclusion in the annual report and accounts;
- ensure that effective procedures for handling complaints about the College are established and made widely known within the College;
- 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 Principal shall receive on appointment). Section IX of the *Financial Memorandum* refers to other key guidance;
- give evidence, normally with the Accounting Officer of the sponsor Department, if summoned before the Public Accounts Committee on the use and stewardship of public funds by the College;
- ensure that an Equality Scheme is in place, reviewed and equality impact assessed as required by the Equality Commission and OFMDFM;
- ensure that Lifetime Opportunities is taken into account; and
- ensure that the requirements of the Data Protection Act 1998 and the Freedom of Information Act 2000 are complied with.

3.7 The Principal's role as Consolidation Officer

3.7.1 For the purposes of Whole of Government Accounts, the Principal of the College is normally appointed by DFP as the College's Consolidation Officer.

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

3.8 Delegation of duties

3.8.1 The Principal may delegate the day-to-day administration of his/her Accounting Officer responsibilities to other employees in the College. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in this document. Where the Principal is expected to be unavailable for a period in excess of four weeks, the Department should be informed so that an acting accounting officer can be formally appointed.

3.9 Consulting customers

3.9.1 The College 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 as necessary 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 The Department expects the College to have in place a clearly defined planning process based on reasonable assumptions of student number and resource allocations. The outputs of this process should include a College development plan and an estates development plan, normally covering a three year period.

4.1.2 The corporate plan shall reflect the College's statutory duties and, within those duties, the priorities set from time to time by the Department (and Department of Education). The plan should be approved by the Governing Body and provided to the Department

4.1.3 The corporate plan shall set out:

- the College's key priorities and associated key performance targets for the three forward years, and its strategy for achieving those objectives;
- a review of the College's performance in the preceding financial year [together with comparable outturns for the previous two 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 any guidance on resource assumptions and policies provided by the Department at the beginning of the planning round. These forecasts should represent the College's best estimate of all its available income not just any grant or grant-in-aid; and
- an annual review of its estates strategy
- other matters as agreed between the Department and the College.

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 be copied to the Department in advance of the commencement of the academic year. The business plan shall include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the Department.

4.3 Publication of plans

4.3.1 The corporate and business plans shall be published on the College's web-site.

4.4 Reporting performance to the sponsor Department

4.4.1 The College 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. The College shall provide an asset management plan to the Department upon request.

- 4.4.2 The College 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 The College's performance, including the achievement of key objectives, shall be reported to the Department on an annual basis. Performance will be formally reviewed annually by officials of the Department. The Accounting Officer shall meet the Chair of the Governing Body and Principal formally each year to discuss the College's performance, its current and future activities, and any policy developments relevant to those activities.
- 4.4.4 The College's performance against key targets shall be reported in the College's annual report and accounts [see Section 5.1 below].
- 4.5 Budgeting procedures
- 4.5.1 The College's budgeting procedures are set out in the *Financial Memorandum*.
- 4.6 Solvency
- 4.6.1 The College shall plan and conduct its financial and academic affairs to ensure that it remains solvent and that, taking one accounting period with another, its total expenditure is not greater than its income.
- 4.6.2 The College should aim to avoid deficits and negative reserves and clear these as quickly as possible where they do arise. Exceptionally, where pension scheme deficits are included on the balance sheet in compliance with FRS17, the College should attempt to reduce these over the longer term.
- 4.7 Financial Commitments
- 4.7.1 The Department expects the College to demonstrate good practice when undertaking new or revised financial commitments and that it has acted in accordance with Departmental requirements. In particular, any new financial commitment should:
- be consistent with the College's strategic plan and represent the best value option;
 - be consistent with the College's financial strategy;
 - satisfy the Department that it is able to meet its financial commitments and maintain financial and academic viability without recourse to additional grant in aid; and
 - satisfy the Department that the College's Governing Body has taken an informed decision regarding the commitment
- 4.8 Internal audit
- 4.8.1 The College shall establish and maintain arrangements for internal audit in accordance with the Public Sector Internal Audit Standards (PSIAS).
- 4.8.2 The Department has outlined the arrangements that it has determined appropriate for the College in Accountability and Audit: University College (NI) Code of Practice.
- 4.9 Audit Committee
- 4.9.1 The Governing Body of the College shall set up an independent Audit Committee as required by the Articles of Government.

- 4.9.2 The Audit Committee should comply with the arrangements set out in the Articles of Government which include the establishment and remit of the committee and the Code of Conduct for Members of the Governing Body and the Accountability and Audit: University College (NI) Code of Practice which expands on duties of members and the operation of the committee.
- 4.9.3 Accountability and Audit: University College (NI) Code of Practice sets out model terms of reference, specifying those elements deemed mandatory.
- 4.10 Fraud
- 4.10.1 The Principal of the College shall report immediately to the Audit Committee, internal audit, Chair of the Governing Body and 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 the College shall forward to the Department the annual fraud return, commissioned by DFP, on fraud and theft suffered by the College.
- 4.10.2 The Department requires the College to review its anti-fraud policy and fraud response plan annually. The College shall notify the Department of any significant changes.
- 4.11 Additional Departmental access to the College
- 4.11.1 Subject to legislative constraints, the Department, agents acting on its behalf and the NIAO shall have access to all records, information and assets of the College and can require any officer, including Members of the Governing Body, to provide explanations which it considers necessary to fulfil its responsibilities.
5. EXTERNAL ACCOUNTABILITY
- 5.1 The annual report and accounts
- 5.1.1 After the end of each financial year the College shall publish an annual report of its activities and place its audited annual accounts on its website. The report and accounts shall also cover the activities of any corporate bodies under the control of the College. The report shall be submitted to the Department along with the annual accounting return by December.
- 5.1.2 The report and accounts shall comply with the most recent, relevant accounting standards and in accordance with any relevant statutes and Accounts Direction issued by the Department. The financial statements shall be signed by the Principal as Accounting Officer and the Chair or another member of the Governing Body, appointed by that Body to do so.
- 5.1.3 The report and accounts shall outline the College's main activities and performance during the previous financial year and set out in summary form the College's forward plans. Information on performance against key financial targets, where appropriate, 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 deposited in the Assembly Library by the Department.
- 5.1.5 Due to the potential budgetary impact, the College should promptly alert the Department to any significant changes to accounting policies and estimating techniques underpinning the preparation of the annual accounts.
- 5.2 External audit
- 5.2.1 The Accountability and Audit: University College (NI) Code of Practice provides guidance on the Department's external audit requirements. It includes model terms of reference.

- 5.2.2 The Governing Body, with the advice of the Audit Committee, is responsible for the appointment of external auditors.
- 5.2.3 Under the 2005 Order, the Comptroller and Auditor General for Northern Ireland and the Department and /or other agents acting on behalf of the Department have access to the books, accounts and records of the Governing Body.
- 5.2.4 The College is required to supply the Department with data to inform allocations of funding and in response to specific initiatives. The validation of data may require audit work to be undertaken to satisfy the Department that information supplied is reliable.
- 5.3 VFM examinations
- 5.3.1 There is a duty of care on both the Department and the College to ensure that public funds are applied for the purposes intended and that value for money is obtained. Accountability and Audit: University College (NI) Code of Practice provides guidance on the Department's requirements in relation to value for money. The Governing Body is required to take into account guidance on good practice issued by the Department, DFP, NIAO or the Public Accounts Committee and other relevant higher education sources of guidance. The Audit Committee is required to report its opinion annually to the Governing Body.
- 5.3.2 The Department, and / or other agents acting on behalf of the Department and the C&AG may carry out examinations into the economy, efficiency and effectiveness with which the College has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order, 2003. Where making payment of a grant, or drawing up a contract, the College 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. Within the arrangements approved by the Department and DFP the College, as set out in the Articles of Government and Code of Conduct for Members of the Governing Body, shall have responsibility for the recruitment, retention and motivation of its staff. To this end the College shall ensure that:
- its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued; where appointment and advancement is based on merit; and where there is no discrimination on grounds of gender, marital status, domestic circumstances, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
 - the level and structure of its staffing, including grading and numbers of staff, are appropriate to its functions and the requirements of efficiency, effectiveness and economy;
 - the performance of its staff at all levels is satisfactorily appraised and the College's performance measurement systems are reviewed from time to time;
 - its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the College's objectives;
 - proper consultation with staff takes place on key issues affecting them;
 - adequate grievance and disciplinary procedures are in place;
 - whistle blowing procedures consistent with the Public Interest (Northern Ireland) Order 2003 are in place; and
 - a code of conduct for staff is in place based on Annex 5A of Public Bodies: A Guide for NI Departments (available at www.afmdni.gov.uk).

7. MERGERS AND DISCONTINUANCE

- 7.1 The Department has responsibilities in relation to the academic and financial viability of the College and the interests of the students. The College shall not enter into any merger negotiations without the express approval of the Department.
- 7.2 Arrangements for the discontinuance of the College are set out in the 2005 Order.

FINANCIAL MEMORANDUM

I. INTRODUCTION

- 1 This *Financial Memorandum* sets out certain aspects of the financial framework within which the College 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 sponsor Department in respect of the exercise of any individual functions, powers and duties of the College.
- 3 The College shall satisfy the conditions and requirements set out in the combined document, together with such other conditions as the sponsor Department may from time to time impose.

II. THE COLLEGE'S INCOME AND EXPENDITURE - GENERAL

The Departmental Expenditure Limit (DEL)

- 4 The College'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 The Governing Body of the College is responsible for ensuring that funds from the Department are used only in accordance with Article 66 of the Education and Libraries (Northern Ireland) Order 1986, the Education and Libraries (Northern Ireland) Order 1993, and shall not, without prior written Departmental approval, enter into any undertaking to incur any expenditure which falls outside the College's delegations or which is not provided for in the College's annual budget as approved by the Department.

Procurement

- 6 The College'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 Board¹. The College's procurement activity should be carried out under the Service Level Agreement which exists between the Department and CPD – this should ensure compliance with relevant UK, EU and international procurement rules. The College may avail of procurement frameworks created for the higher education sector when these are governed by public contract regulations.

Competition

- 7 Contracts shall be awarded on a competitive basis and tenders accepted from suppliers who provide best value for money overall.
- 8 Single tender action is the process where a contract is awarded to an economic operator (i.e. supplier, contractor) without competition. In light of their exceptional nature, all single tender actions should be subject to College Accounting Officer approval. Exceptionally, the award of a single tender contract to external consultants requires the approval of the Accounting Officer of the

¹ The Department will consider what easements could be provided to the College but until this is concluded, paragraph 6 applies.

Department. A list of all single tender actions, including summary information for each action, should be retained and presented to the Governing Body and Audit Committee. The College should seek an assurance from CPD, or their legal adviser, to provide assurance for the Accounting Officer that the use of single tender action is legitimate in a particular case. Further information is published in Procurement Guidance Note 03/11 on the 'Award of Contract without a Competition'. www.cpdni.gov.uk/index/guidance-for-purchasers/guidance-notes.htm]

- 9 The College should record all single tender actions and submit the details to the Department on request.

Best value for money

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

Timeliness in paying bills

- 11 The College shall collect receipts and pay all matured and properly authorised invoices in accordance with Annex 4.5 and 4.6 of *Managing Public Money Northern Ireland* and any guidance issued by DFP or the Department. In addition to legal provisions governing late payments, the DFP Minister made a commitment that public sector organisations should pay suppliers wherever possible within 10 working days. The College shall monitor the payment of invoices in compliance with these requirements over 10 working and 30 calendar days and provide prompt payment statistics to the Department as required.

Novel, contentious or repercussive proposals

- 12 The Department reserves the right to determine what constitutes novel or contentious in this context. The College 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;
 - making any change of policy or practice which has wider financial implications (e.g. because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of resources required.

Risk management/Fraud

- 13 The College 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: Principles and Concepts (The "Orange Book")*.
- 14 The College 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.
- 15 The College 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 The College shall seek to maximise receipts from non-Consolidated Fund sources, provided that this is consistent with: (a) the College's main functions; and, (b) its corporate plan. The Department will confirm with the DFP Supply Officer that such proposed activity is appropriate.

Fees and charges

18. Fees or charges (not including tuition fees) for any services supplied by the College shall be determined in accordance with Chapter 6 of MPMNI. This permits a body to adjust prices to bring them into line with other suppliers providing the service in a competitive market.

III. THE COLLEGE'S INCOME

Grant-in-aid

- 19 Recurrent grant will be paid to the College in monthly instalments, in accordance with a funding profile for the academic year which takes account of expected need within the higher education sector as a whole and receipts of tuition fees from students and the Student Loan Company.
- 20 Capital grants may be paid where the Department has agreed to contribute to the costs of capital projects submitted at its request and conforming to criteria set by the Department. The Department will pay its agreed contribution to the costs of capital projects in accordance with an agreed profile and associated conditions of grant. Payment will only be made on receipt of monthly claims, supported by appropriate documentation and not in advance of need.

Fines and taxes as receipts

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

Receipts from sale of goods or services

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

Interest earned

- 24 Interest earned on cash balances may be retained and used to finance additional expenditure by the College only where the Department has the necessary budget cover.

Unforecast changes in in-year income

- 25 If income realised or expected to be realised in-year is less than estimated, the College shall, unless otherwise agreed with the sponsor Department, ensure a corresponding reduction in its gross expenditure so that the authorised provision is not exceeded.

- 26 If income realised or expected to be realised in the year is more than estimated, the College 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 sponsor Department.

Build-up and draw-down of deposits

- 27 The College 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).
- 28 The College shall ensure that it has the necessary DEL provision for any expenditure financed by draw-down of deposits.

Proceeds from disposal of assets

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

Gifts and bequests received

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

Borrowing

- 32 The College shall have the power under section 7 (1) (l) of the 2005 Order to borrow sums to carry on its activities and to provide security as it sees fit but only with the prior consent of the Department under section 8 (4) (a). The College shall observe the principles set out in Chapter 5 and the associated annexes of MPMNI when undertaking borrowing of any kind. The College 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.
- 33 Any expenditure by the College financed by borrowing will need DEL budget cover (provided that this is the normal budgeting treatment for such expenditure). The cash raised by borrowing does not score as negative DEL.

Leases

- 34 The College must obtain the prior approval of the Department before granting a lease or licence over land or buildings, whether acquired or developed.
- 35 Where part of the consideration is the payment of a premium, this will be treated as sale proceeds and, therefore, a capital receipt. The remainder of the consideration will be treated as a resource

receipt. The ability of the College to utilise these receipts will depend on obtaining appropriate budget cover. This is especially relevant where the receipts were not previously included within financial plans and budgets.

IV. EXPENDITURE ON STAFF

Staff costs

- 36 Subject to its delegated levels of authority the College 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

- 37 The staff of the College, whether on permanent or temporary contract, shall be subject to levels of remuneration and terms and conditions of service (including superannuation) in line with national arrangements for employees of higher educational institutions. Staff below senior management are paid on a nationally agreed single pay spine. Grading of staff and their position on the pay spine are agreed locally. There is provision for the payment of premia to attract and retain staff as required. Salaries of senior staff shall be determined by a sub-committee of the Governing Body. The terms and conditions of service for support staff are covered by collective agreements negotiated and agreed by the National and Northern Ireland Joint Council for Local Authorities as set out in the Scheme of Conditions of Service. In addition there are local collective agreements negotiated by the College with specific Trade Unions representing the employment group to which employees belong. The agreements (National, Provincial, and Local) are referred to as the Scheme and are set out in the Staff Handbook. The terms and conditions for academic staff are set out in the Staff Handbook.

- 38 As agreed with DFP, proposed annual pay increases do not require Departmental approval if they are in accordance with recommendations from the University and Colleges Employers Association which represents Northern Ireland higher educational institutions on the UK Joint Negotiating Committee for Higher Education. The remuneration sub-committee is responsible reviewing and adjusting the salary of senior staff remunerated above the single pay spine, having regard to national negotiations and the performance of the individual.

- 39 The travelling and subsistence expenses claimed by members of the Governing Body undertaking approved College business shall be paid subject to the terms and conditions specified in the College's Travel & Subsistence policy.

- 40 The College shall comply with the EU directive on contract workers [Fixed Term Employees Regulations (Prevention of Less Favourable Treatment)].

Pensions; redundancy/compensation

- 41 The College's staff shall be eligible for a pension provided by the Teachers' Superannuation Scheme for academic staff and the Northern Ireland Local Government Officers Superannuation Committee for non-academic staff.

- 42 Staff may opt out of the occupational pension scheme provided by the College. However, the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall be limited to the national insurance rebate level.

- 43 Any proposal by the NDPB to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the approval of the sponsor Department and DFP.

V. NON-STAFF EXPENDITURE

Economic appraisal

- 44 The College is required to apply the principles of economic appraisal, with appropriate and proportionate effort, to all decisions and proposals concerning spending or saving public money, including European Union (EU) funds, and any other decisions or proposals that involve changes in the use of public resources. For example, appraisal must be applied irrespective of whether the relevant public expenditure or resources:
- involve capital or current spending, or both;
 - are large or small;
 - are above or below delegated limits (see Appendix A).
- 45 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.
- 46 General guidance on economic appraisal that applies to the College can be found in:
- DFP's on-line guide *The Northern Ireland Guide to Expenditure Appraisal and Evaluation* ("NIGEAE"). See <http://www.dfpni.gov.uk/eag>
 - The HM Treasury Guide, *The Green Book: Appraisal and Evaluation in Central Government*

Capital expenditure

- 47 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.
- 48 Proposals for individual capital projects or acquisitions will normally be considered within the College's corporate and business planning process and included within the College's estate strategy. Subject to paragraph 50, 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 Governing Body. Regular reports on the progress of projects shall be submitted to the Department.
- 49 Approval of the corporate/business plan does not obviate the College's responsibility to abide by the economic appraisal process.
- 50 Within its approved overall resources limit the College shall, as indicated in the attached Appendix on delegations, have delegated authority to spend up to £500,000 on any individual capital project or acquisition connected with land and buildings and £250,000 on other individual projects or acquisitions.. Beyond these delegated limits the Department's and where necessary, DFP's prior authority must be obtained before expenditure on an individual project or acquisition is incurred.
- 51 Purchase of land at more than the Land and Property Services valuation requires the approval of the Department and DFP.

Transfer of funds within budgets

- 52 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.

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

- 53 The College 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.

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

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

Leasing

- 57 Prior Departmental approval must be secured for all property and finance leases. The College must have capital DEL provision for finance leases and other transactions which are, in substance, borrowing (paragraphs 32-33 above).
- 58 Before entering into any lease (including an operating lease) the College shall demonstrate that the lease offers better value for money than purchase.

Public/Private Partnerships

- 59 Only with the prior approval of the Department, shall the College seek opportunities to enter into Public/Private Partnerships where this offers better value for money than conventional procurement. Where cash flow projections may result in delegated spending authority being breached, the College shall consult the Department. The College should also ensure that it has the necessary budget cover.
- 60 Any partnership controlled by the College shall be treated as part of the College in accordance with guidance in the statement of recommended practice: further and higher education (SORP) and consolidated with it [subject to any particular treatment required by the SORP]. Where the judgment 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

- 61 The College 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 objective and current Programme for Government.
- 62 For public expenditure accounts purposes any subsidiary company or joint venture controlled or owned by the College shall be consolidated with it in accordance with guidance in the SORP subject to any particular treatment required by the SORP. Where the judgment 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

- 63 The College shall not make any investments in traded financial instruments without the prior written approval of the Department, and where appropriate, DFP. To avoid placing the College at a competitive disadvantage, it is permitted to build up cash balances and net assets in excess of what is required for immediate operational purposes in conformity with standard practice within the higher education sector. Equity shares in ventures which further the objectives of the College shall be subject to Departmental and DFP approval unless covered by a specific delegation.

Unconventional financing

- 64 The College shall not enter into any unconventional financing arrangement without the approval of the Department and DFP.

Commercial insurance

- 65 The College is required to take out insurance as required by statute and is permitted to obtain insurance in conformity with normal practice within the higher education sector.

Payment/Credit cards

- 66 The College, in consultation with the sponsor Department, shall ensure that a comprehensive set of guidelines on the use of payment cards (including credit cards) is in place. Reference should be made to DAO (DFP) 24/02.

Hospitality

- 67 The College, in consultation with the sponsor Department, shall ensure that a comprehensive set of guidelines on the provision of hospitality is in place. Reference should be made to DAO (DFP) 10/06 (Revised).

Use of Consultants

- 68 The College shall adhere to the guidance issued by DFP, as well as any produced by the Department in relation to the Use of Consultants. Current guidance is found at FD (DFP) 07/12. Delegated limits are set out in the Appendix A.
- 69 The College will provide the Department with a quarterly statement on the status of all consultancies completed and/or started in each quarter.

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

Subscriptions

71. The College shall subscribe, either directly or indirectly, to the following bodies:
- Higher Education Statistics Agency (HESA)
 - Quality Assessment Agency (QAA) (as a College of Queen's University Belfast)
 - the Higher Education Academy

The College may subscribe to other bodies in line with normal practice within the higher education sector.

Connection to JANET or SuperJANET

72. The College shall take appropriate measures, including signing its acceptance of the Acceptable Use Policy, to ensure that its use of JANET or SuperJANET, and networks connected to JANET or SuperJANET, conforms to acceptable practice and current legislation.
73. The Department reserves the right to withdraw the College's connection to JANET or SuperJANET if it does not take the appropriate measures referred to in paragraph 72.

VI. MANAGEMENT AND DISPOSAL OF FIXED ASSETS

Register of assets

- 74 The College shall manage and develop its estate with regards to a maintenance plan and the guidance issued by the Department on estate procedures and shall maintain an accurate and up-to-date register of its fixed assets.

Disposal of assets

- 75 The College shall keep its holding of assets under review and shall dispose of any which are surplus to its requirements. Prior consent of the Department is required where the disposal of land and building is proposed. 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. Disposal of land and buildings at less than the Land and Property Services valuation must be reported to the Department and DFP.
- 76 The College may not, without the prior consent of the Department, transfer title to, or grant and interest or licence in, any land and buildings.
- 77 All receipts derived from the sale of land and buildings must be declared to the Department, which will consult with DFP on the appropriate budgeting treatment. The ability of the College to employ these receipts will depend on the availability of appropriate DEL cover.

VII. BUDGETING PROCEDURES

Setting the annual budget

- 78 Payments to the College by the Department are in support of activities specified in Article 66 of the Education and Libraries (Northern Ireland) Order 1986 and Article 30 (1) (a) of the Education and Libraries (Northern Ireland) Order 1993. These are:

- the provision of education and research; and
- the provision of any facilities, and the carrying on of any activities, which the Governing Body of the College considers it necessary or desirable to provide or carry on for the purpose of, or in connection with, education or research.

79 Specific conditions relating to the recurrent grant, a schedule of funds available in the academic year and the educational provision the College has agreed to make in return for the funds, are contained in the annual Funding Agreement. The College shall use funds provided for specific purposes, solely for those purposes and must report any failure to comply with conditions immediately upon becoming aware of it. Funding for specific initiatives such as widening access and improving retention is conditional on the submission by the College of acceptable strategies and action plans. The Department will notify the College, in writing, of the allocation of formula funds as soon as possible after 31 March and in advance of the academic year to which they relate.

80 From time to time, the College may be invited to apply for funding for specific capital development proposals. An economic appraisal to Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE) standards will normally be required in support of the application. Successful projects will be funded through individual Letters of Offer which set out the terms and conditions attached to the funding. The Department will pay its agreed contribution to the costs of capital projects in accordance with a payment profile agreed with the College, as set out in the terms and conditions of grant. Payment will only be made on receipt of monthly claims, which should be supported by appropriate invoice documentation. Payment will not be made in advance of need.

81 The College's annual business plan, as approved by the Governing Body, will take account both of its approved funding provision [where this applies] and of any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any sponsor departmental funding and/or other income over the year. These elements will form part of the approved business plan for the year in question (Section 4.1 of the *Management Statement*.)

82 Any grant-in-aid provided by the Department for the year in question will be voted in the sponsor Department's Estimate and will be subject to Assembly control.

General conditions for authority to spend

83 Once the College's budget has been approved by the Governing Body the College shall have authority to incur expenditure approved in the budget without further reference to the Department, on the following conditions:

- the College shall comply with the delegations set out in Appendix A of this document. These delegations shall not be altered without the prior agreement of the Department and DFP;
- the College shall comply with the conditions set out in paragraph 12 above regarding novel, contentious or repercussive proposals;
- inclusion of any planned and approved expenditure in the College'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 set out in Appendix A or is for new schemes not previously agreed;
- the College shall provide the Department with such information about its operations, performance individual projects or other expenditure as the Department may reasonably require (see paragraph 81 below); and
- the College shall comply with NI Procurement Policy and carry out procurement via CPD;
- the college shall comply with any conditions set out in the annual Funding Agreement or letter of offer;

- failure of an audit re-inspection by the QAA may result in financial sanctions; and failure by the College to comply with any conditions attached by the Department to the payment of funds may result in the Department clawing back some or all of those funds.

Providing information

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

- the expenditure for that month;
- forecast outturn by resource headings;
- other data required for the DFP Outturn and Forecast Outturn Return;
- the College shall also provide the Department, or its agents acting on its behalf, with whatever information the Department requires to exercise its functions. This information shall be of a satisfactory quality and provided at the times and in the formats specified. The Department or agents will act reasonably in its requests with regard to the costs of providing the information and, where applicable, its costs. Failure to return information as required may result in the Department deducting the cost of obtaining the information from the grant in aid or making its own reasonable estimates;
- in addition, the College will, from time to time, be asked to provide collected data to the Department or other bodies acting on the Department's behalf. At present, HESA acts as an agent both for the College and for the Department, in collecting information required by the Department and passing that information to the Department. These data will often contain personal details for students and/or staff. To ensure that the College and the Department can fulfill their duties under the Data Protection Act 1998 (including advising data subjects about what data will be processed and the purpose), university colleges should satisfy themselves when collecting data that students and/or staff are aware of these possible requirements and have given their consent. The College will co-operate with the Department as reasonably necessary to ensure that the Department and HESA, or any other agents of the Department, are able to comply with the Data Protection Act 1998 in processing information supplied by the College. It is for each university college to decide what they tell students and/or staff based on good practice and guidance, such as HESA model collection notices.

VIII. BANKING

Banking arrangements

85 The College's Accounting Officer is responsible for ensuring that the College'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.

86 He/she shall therefore ensure that:

- these arrangements are suitably structured and represent value-for-money, and are reviewed at least every two years, with a comprehensive review, usually leading to competitive tendering, at least every three to five years;
- sufficient information about banking arrangements is supplied to the Department's Accounting Officer to enable the latter to satisfy his/her own responsibilities (Section 3.2 of the *Management Statement*);
- the College'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

87 The College shall comply with the following general guidance documents and any subsequent revisions to them:

- 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; The document *Managing the Risk of Fraud* issued by DFP;
- The Statement of Recommended Practice: Further and Higher Education (SORP) Relevant DFP *Dear Accounting Officer* and *Finance Director* letters;
- *Regularity, Propriety and Value for Money*, issued by Treasury;
- *Management of Risk: Principles and Concepts (The Orange Book)*;
- HM Treasury Guide: The Green Book: Appraisal and Evaluation in Central Government
- NI Guide to Expenditure Appraisal and Evaluation (NIGEAE), issued by DFP
- Other relevant instructions and guidance issued by the central Departments (DFP/OFMDFM) including Procurement Board and CPD Guidance;
- Specific instructions and guidance issued by the Department, or any of its agents;
- Recommendations made by the Public Accounts Committee, or by other Assembly authority, which have been accepted by the government and which are relevant to the College.


X. REVIEW OF FINANCIAL MEMORANDUM

88 The Management Statement and Financial Memorandum will normally be reviewed at least every five years.

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

Signed: 
on behalf of the College

Date: 14 October 2015

Signed: 
on behalf of the Department

Date: 26th October 2015

APPENDIX A

DELEGATED EXPENDITURE LIMITS

General

These delegated expenditure limits have been agreed by the Department and the Department of Finance and Personnel.

1. PURCHASING ALL GOODS AND NON-CONSTRUCTION SERVICES

Table 1 Procurement Control Limits Goods and Non-Construction Services
(All costs exclude VAT)

Threshold	Number /Type of Tender Required	Authorisation
Up to £5,000	Colleges must demonstrate that value for money has been secured in line with Annex A of PGN 04/12. The College must also check for aggregation as combined costs (whole life costs e.g. serving maintenance etc) must be aggregated to calculate total value.	The Principal or appropriate officer as appointed by the Principal
£5,000 to £30,000	A minimum of two tenders invited by the person authorised to procure for the College. If a supplier has been invited before, then at least two other suppliers should be invited to tender.	The Principal or appropriate officer as appointed by the Principal
£30,000 to EU thresholds	Advertise on eSourcingNI Tender process must be conducted in line with Procurement Guidance Note 05/12.	The Principal or appropriate officer as appointed by the Principal
Above EU thresholds	Advertise on eSourcingNI EU Directives apply – advertise in the Official Journal of the European Union (OJEU).	The Principal or appropriate officer as appointed by the Principal

Economic Appraisal

The principles of economic appraisal should be applied in all cases where expenditure is proposed, whether the proposal involves capital or current expenditure, or both. The effort put into economic appraisal should be commensurate with the size or importance of the needs or resources under consideration. However, the College should undertake a comprehensive business case of all projects involving expenditure of £250,000 and over.

Where the minimum number of quotation/tenders is not obtained

Where the college is unable to obtain a sufficient number of tenders, it should follow the process set out in paragraphs 9 and 10 above of the Financial Memorandum. The Principal must approve such tenders, except in the case of consultancy assignments where the approval of the Departmental Accounting Officer is required. CPD and, where appropriate, legal advice should be sought. A list of single tender actions should be presented to the Governing Body and audit committee at their regular meetings. The Department should be supplied with the details on request.

2. CAPITAL PROJECTS

The Principal may authorise capital expenditure on discrete capital projects of up to £500,000 in the case of building works and £250,000 in the case of other capital expenditure. Capital projects over this amount require the approval of the sponsor Department, and may be subject to quality assurance by the Department of Finance and Personnel if requested.

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

The College should regularly review its holding of assets and dispose of those considered surplus to requirements. Where the assets have a monetary value, the College should make efforts to obtain the best price that it can, commensurate with the amounts involved as set out in paragraph 80 above of the Financial Memorandum. Receipts may be retained and reinvested by the College, subject to normal budgetary considerations. Due care should be exercised in the disposal of assets, such as computers, which may contain sensitive information. The disposal of land and buildings is dealt with in paragraphs 76 and 77 above of the Financial Memorandum.

4. LEASE AND RENTAL AGREEMENTS

The College shall always seek the prior approval of the Department before entering into any property or finance lease. Where the College is the lessee, capital as well as resource DEL cover will be required where the substance of the transaction is determined as being effectively a loan arrangement.

The College shall not grant a lease on any land or buildings without consulting the Department in advance. Use of receipts obtained, whether of a capital or resource nature, will depend on normal budgetary considerations and the availability of appropriate DEL cover.

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 new *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) 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. Delegated authority for each IT project is set out in Table 2.

DAO (DFP) 06/15 requires Departments and their NDPBs to work with Enterprise Shared Services (ESS) to consider the extension of shared services. Among them is IT, including: ICT infrastructure and services such as networks, access devices and so on; access portals; and ERP related systems. The College must engage with ESS at an early stage where a relevant service is to change or a contract is to expire. This should be evidenced in business cases.

Table 2 Delegation Arrangements for Information Technology Projects, Systems and Equipment
(All costs exclude VAT)

THRESHOLDS	AUTHORISATION
Up to £250,000	The Principal
Above £250,000	The Principal with prior approval of the Department

6. ENGAGEMENT OF CONSULTANTS

General

The College has authority to appoint consultants for a **single contract** without recourse to the Department up to a **total** cost of £10,000, and subject to any guidance as may be issued by DFP or the Department. Individual consultancy assignments in excess of £10,000 require Ministerial approval, while those exceeding £75,000 also require DFP approval. As noted in paragraph 8 above, **any** single tender action to appoint external consultants requires the prior approval of the Accounting Officer of the Department

Economic appraisal

A full business case should be prepared for all consultancy assignments expected to exceed £10,000. A proportionate business case should be prepared for all assignments below this threshold. Section 5 of the guidance note attached to FD (DFP) 07/12 explains the nature of the required business case.

7. LOSSES AND SPECIAL PAYMENTS

The Principal with prior approval from the Department will have the authority to write off losses and make special payments up to:

- (a) Cash losses – up to £1,000 per case/incident
- (b) Stores/Equipment losses – up to £1,000 per case/incident
- (c) Constructive losses and fruitless payments – up to £5,000 per case.
- (d) Compensation payments:
 - i. Made under legal obligation, e.g. by Court Order – up to £100,000 per case plus reasonable legal expenses
 - ii. For damage to personal property of staff – up to £5,000 per case
 - iii. Where written legal advice is that the College should not fight a court action because it is unlikely that it would win – up to £50,000 per case
- (e) Claims abandoned or waiver of claim – up to £20,000 per case
- (f) Extra contractual payments – up to £5,000 per case
- (g) Ex gratia payments – up to £5,000 per case (Pensions payments are not covered by this threshold)
- (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 £100,000 in any financial year, an explanatory note should be included in the College's annual report.

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 Principal and the Department, where appropriate.