

MIDDLETOWN CENTRE FOR AUTISM LTD

Management Statement

And

Financial Memorandum

September 2017



**Middletown Centre for Autism
Limited.**

Management Statement

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0.2	25/09/2014	Revised draft incorporating De and DES comments
0.3	29/06/2015	Revised draft with all stakeholders comments & using revised DFP template
0.4	15/06/2016	Revised draft with final Middletown comments
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Name	Position	Responsibility

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Middletown Centre for Autism Ltd.**

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Definitions

In this Memorandum:

“Centre” means the Middletown Centre for Autism Limited

“Company” means the Middletown Centre for Autism Limited

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

“DAO” means “Dear Accounting Officer” letter

“DE” means Department of Education

“DES” means Department of Education and Skills

“DoF (NI)” means Department of Finance in Northern Ireland – formerly the department of Finance and personnel (DFP)

“DOF” means Department of Finance in Ireland

“Finance Departments” means both DoF(NI) and DOF as shown above

“Grant” means payment of funds from DES

“Grant-in-aid” means payment of funds from DE

“Local Services” refers to First level Services provided by other educational establishments North and South

“Minister” means the Minister of the sponsor Departments

“MPMNI” means Managing Public Money Northern Ireland

“MSFM” means the Management Statement and Financial Memorandum document

“The Executive Office” means the Executive Office of the NI Assembly – formerly the office of the First Minister and Deputy First Minister (OFMDFM)

“Sponsor Departments” means DE in Northern Ireland and DES in Ireland

During any period of suspension, any reference to the NI Assembly in this document should be read as a reference to the United Kingdom Parliament.

1. INTRODUCTION

1.1 This document

1.1.1 This *Management Statement* and *Financial Memorandum* (MS/FM) has been drawn up by the Department of Education (DE) and the Department for Education and Skills (DES) in consultation with the Middletown Centre for Autism Limited. The document is based on a model prepared by the Department of Finance (DoF(NI) – formerly the Department of Finance and Personnel (DFP)). During the suspension of the Northern Ireland Assembly, all references to the Assembly should be taken to mean the UK Parliament at Westminster and all references to “the Minister” should be taken to mean the relevant Direct Rule Minister with responsibility for DE and the Centre.

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 either sponsor Department/Ministers in respect of the exercise of any individual functions, powers and duties of the Centre.

1.1.3 A copy of the Centre’s MSFM should be given to all newly appointed Board Members, senior Middletown 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 The Centre is unique when compared to most other public bodies on the island of Ireland as it was by the Governments of two jurisdictions. In April 2012, the Centre was classified, by the then DFP, as a Non Departmental Public Body (NDPB) in the North and analogous to a Non-Commercial Semi-State Body in the South. In terms of corporate governance, accounting and accountability, it is recognised that there can be difficulties in adhering to guidance and best practice applicable to two organisations. Therefore, the two Departments agreed that the Centre should, in the first instance, follow DE and DoF(NI) guidance. The sponsor Departments will agree with the Centre when it is more appropriate to follow DES or specific North/South guidance.

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

- The Centre’s overall aims, objectives and targets in support of the sponsor Departments wider strategic aims and the contribution to the NI Executive’s Programme for Government;

- the rules and guidelines relevant to the exercise of the Centre's functions, duties and powers;
 - the conditions under which any public funds are paid to the Centre;
 - how the Centre is to be held to account for its performance.
- 1.1.6 The *Management Statement* sets out the broad framework in which the Centre will operate. The Centre will be jointly funded, for the foreseeable future, on a 50:50 basis, through the Department of Education in Northern Ireland and the Department of Education and Skills in Ireland
- 1.1.7 The associated *Financial Memorandum* sets out in greater detail certain aspects of the financial provisions which the Centre shall observe. However, the *Management Statement* and *Financial Memorandum* do not convey any legal powers or responsibilities.
- 1.1.8 The Management Statement and Financial Memorandum will be reviewed during the 2018/19 financial year. *This changed to 2021-22, see v. Mc Keown letter attached*
- 1.1.9 The Centre, the sponsor Departments, or the Ministers may propose amendments to this document at any time. Any such proposals by the Centre shall be considered in the light of evolving departmental policy aims, operational factors and the track record of the Centre itself. The guiding principle shall be that the extent of flexibility and freedom given to the Centre shall reflect both the quality of its internal controls to achieve performance and its operational needs. The sponsor Departments shall determine what changes, if any, are to be incorporated in the document. Legislative provisions shall take precedence over any part of the document. Significant variations to the document shall be cleared with DoF(NI) and DOF after consultation with the Centre, as appropriate. (The definition of "significant" will be determined by the sponsor Departments in consultation with DoF(NI) and DOF.)
- 1.1.10 The *MSFM* is approved by DoF(NI), DOF and signed and dated by the sponsor Departments, the Centre's Chief Executive and the Chair and Vice Chair of the Board of Directors. It should be read in conjunction with the Company's Memorandum and Articles of Association and the Funding Agreements. As such, it is intended that compliance with the terms of this *MSFM* should represent compliance with all relevant codes of practice for public bodies, North and South, and facilitate compliance with Company Law requirements in the North.

1.1.11 Any question regarding the interpretation of the document shall be resolved by the sponsor Departments after consultation with the Centre and, as necessary, with the Finance Departments.

1.1.12 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 Centre's website).

1.2 Founding legislation; status

1.2.1 The Centre is established under the Companies (Northern Ireland) Orders 1986 to 1990 as a company limited by guarantee. The objects of the Centre are set out in Section 3 of the Memorandum and Articles of Association.

1.3 The functions, duties and powers of the Centre

1.3.1 The functions, duties and powers of the Centre are detailed at Annexes A and B of this document.

1.4 Classification

1.4.1 The Centre is classified as an executive non-departmental public body (NI) for accounting and accountability purposes and as a non-commercial semi-state body (Ireland) within the public services.

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

1.4.3 References to the Centre include, where they exist, all its subsidiaries and joint ventures that are classified to the public sector for national accounts purposes. If such a subsidiary or joint venture is created, there shall be a document setting out the arrangements between it and the Centre (paragraphs 79-81 of the *Financial Memorandum refer*).

Public Spending Directorate



To: Kerry Mack
DE

From: Violet McKeown
Supply

Trim Ref: FI1/18/863313

Date: 28 August 2018

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MIDDLETOWN CENTRE FOR AUTISM LTD – MANAGEMENT STATEMENT AND FINANCIAL MEMORANDUM (MSFM)

1. Thank you for your email on the 10 August 2018, forwarding on Middletown Centre for Autism Ltd MSFM 2017 signed by Middletown Centre for Autism Limited, Department for Education and Skills and Department of Education to DoF for our records.
2. Your request to have the MSFM review date amended from 2018/19 to 2021/22 is reasonable and I ask that the Middletown MSFM be amended to reflect the new date.

Violet

Violet McKeown

CC Ruth Ewing
Sandra Christie
Michelle Scott
Richard Carson

2. AIMS, OBJECTIVES AND TARGETS

2.1 Overall aims

2.1.1 The sponsor Departments have approved the overall aim of the Centre as:

Supporting the promotion of excellence throughout Northern Ireland and Ireland in the education of children and young people with autism.

2.1.2 The Centre will be dedicated to improving and enriching the educational opportunities of children and young people with autism. Provision will be made for comprehensive educational assessment, individual intervention, accredited training, and accessible research support. It will seek to develop indicators and measures of good practice in service provision and will provide an advice and support service.

2.1.3 The Centre will be multi-disciplinary and work in collaboration with local services. It will not replace or prevent the development of locally accessible provision. It will seek to enhance and support existing services by collaborating in the provision of comprehensive assessment and education plans for use at the local level.

2.2 Objectives and key targets

2.2.1. The sponsor Departments determine the Centre's performance framework in the light of the Departments' wider strategic aims (paragraph 1.1.5). The Departments will agree the objectives, key targets and performance measures within the Centre's Corporate and Business Plan (Section 4 below). The key objectives relate to how the Centre contributes to the strategic priorities for the Education Sector.

2.2.2 The performance measures will be developed in the Corporate Plan and at a more detailed level, in the annual Business Plan (see Section 4 below).

3. RESPONSIBILITIES AND ACCOUNTABILITY

3.1 The Ministers

The Ministers are accountable to their respective legislatures for the activities and performance of the Centre. Their responsibilities include:

For the DE Minister

- approving the Centre's strategic objectives and the policy and performance framework within which the Centre will operate (as set out in this *Management Statement* and *Financial Memorandum* and associated documents);
- keeping the Assembly informed about the Centre's performance;
- approving the amount of grant-in-aid/grant/other funds to be paid to the Centre, and securing Assembly approval;
- making appointments to the Board and approving the terms and conditions of Board members;
- presenting of the annual report and accounts before the Assembly.

For the DES Minister

- The responsibilities are as set out in the Ministers and Secretaries Act 1924.

3.2 The Accounting Officers of the Sponsor Departments

3.2.1 Each of the sponsor Departments' Accounting Officer is responsible for the overall organisation, management and staffing of their Departments and for ensuring that there is a high standard of financial management in their Department as a whole. The DE Accounting Officer /DES Secretary General are accountable to their respective Assembly/Oireachtas for the issue of any grant-in-aid/grant/other funds to be paid to the Centre. The DE Accounting Officer / Minister for Education and Skills designate the Chief Executive of the Centre as 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 DE / Minister for Education and Skills shall ensure that:

- The Centre's strategic aims and objectives support the sponsor Departments wider strategic aims, objectives and targets;
- the financial and other management controls applied by the sponsor Departments to the Centre are appropriate and sufficient to safeguard public funds and for ensuring that the Centre's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to the Centre by the

Assembly/Oireachtas but also any other funds falling within the stewardship of the Centre);

- the internal controls applied by the Centre conform to the requirements of regularity, propriety and good financial management; and
- any grant / grant-in-aid to the Centre is within the ambit and the amount of the Request for Resources and that **Assembly/Oireachtas 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). The responsibilities of a Secretary General are set out in the Department of Finance publication Public Financial Procedures (Section A.5) (See Annex C)

3.3 The Sponsoring Departments

3.3.1 Within the sponsoring Departments, Special Education Team in DE and Special Education Unit in DES are the sponsoring teams for the Centre. Each sponsor Team, in consultation as necessary with the relevant departmental Accounting Officer, is the primary source of advice to the Ministers on the discharge of his/her responsibilities in respect of the Centre, and the primary point of contact for the Centre in dealing with the sponsor Departments. Each Team shall nominate a primary point of contact for day to day business with the Centre's staff and the Board. The sponsor Teams shall each nominate a minimum of two representatives to form an Oversight Committee, which shall meet at least twice a year, to oversee the direction and progress of the Centre and the Memorandum Of Understanding between the two sponsor Departments (see Annex D).

3.3.2 The Sponsor Teams shall advise the Ministers on:

an appropriate framework of objectives and targets for the Centre, in the light of the Departments' wider strategic aims and current objectives and targets;

an appropriate budget for the Centre in the light of the Departments' overall public expenditure priorities;

how well the Centre is achieving its strategic objectives and whether it is delivering value for money.

- 3.3.3 In support of the departmental Accounting Officer DE / Secretary General DES, the sponsoring Teams shall:

on performance and risk management –

monitor the Centre's activities on a continuing basis through an adequate and timely flow of information from the Centre on performance, budgeting, control, and risk management, including early sight of the Centre's Governance Statement/Statement of Internal Control;

address in a timely manner any significant problems arising in the Centre, whether financial or otherwise, making such interventions in the affairs of the Centre as the sponsor Departments judge necessary to address such problems;

periodically carry out a risk assessment of the Centre's activities to inform the sponsor Departments oversight of the Centre; strengthen these arrangements if necessary; and agree with DoF(NI)/DOF and the Board to amend the Management Statement and Financial Memorandum accordingly. The risk assessment shall take into account the nature of the Centre's activities; the public monies at stake; the Centre's corporate governance arrangements; its financial performance; internal and external auditors' reports; the openness of communications between the Centre and the sponsoring Departments; and any other relevant matters;

on communication with the Centre -

inform the Centre of relevant Government policy in a timely manner; if necessary, advise on the interpretation of that policy; and issue specific guidance to the Centre as necessary;

bring concerns about the activities of the Centre to the attention of the full Board, and require explanations and assurances from the Board that appropriate action has been taken; and

Resolve any concerns raised by the Centre in a timely fashion.

3.4 The Centre's Board

- 3.4.1 The Board Members are appointed as follows:

(i) A Chair – The Chair shall be nominated in writing by DES for the period March 2013 to March 2016 with DE nominating the Chair from March 2016 to March 2019;

(ii) a Vice-Chair - The Vice-Chair shall be nominated in writing by DE for the period March 2013 to March 2016 with DES nominating the Vice Chair from March 2016 to March 2019;

(iii) such persons (not exceeding four at any one time and in addition to the nomination of the Chair or Vice-Chair (as appropriate)) as may from time to time be nominated in writing by the Minister for Education and Skills;

(iv) such persons (not exceeding four at any one time and in addition to the nomination of the Chair or Vice-Chair (as appropriate)) as may from time to time be nominated in writing by the Department of Education;

(v) such person (if any) as may be elected in writing by staff of the Centre which person shall him/herself be a member of staff;

(vi) such person (if any) as may be elected in writing by a body as determined by the Centre, representing parents and families of children and young people with autistic spectrum disorders as established by the Company.

The Board shall determine the election process for the posts at (v) and (vi).

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

- In conjunction with the Centre's Chief Executive, establish the overall strategic direction of the Centre within the policy and resources framework determined by the sponsor Departments;
- constructively challenge the Centre's executive team in their planning, target setting and delivery of performance;
- ensure that the sponsor Departments are kept informed of any changes which are likely to impact on the strategic direction of the Centre 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 authority and any delegated authority agreed with the sponsor Departments, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account all relevant guidance issued by DoF(NI), DOF, the Executive office (formerly the Office of the First and Deputy First Minister (OFMDFM)) and the sponsor Departments;

- ensure that the Board receives and reviews regular financial information concerning the management of the Centre; is informed in a timely manner about any concerns about the activities of the Centre; and provides positive assurance to the sponsor Departments 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 4.1 1) to help the Board to address the key financial and other risks facing the Centre;
- appoint with the sponsor Departments' approval, the subsequent Chief Executive to the Centre and, in consultation with the sponsor Departments, 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; and
- as provided in the Articles of Association, the remuneration allowance and expenses of the Chair, Vice-Chair and other Directors, and any other terms and conditions on which they hold office, will be determined by the sponsor Departments with the approval of the relevant Finance Departments.

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

comply at all times with the Code of Practice (see paragraph 3.5.5) that is adopted by the Centre and with the rules 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 duties;

comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments; and

act in good faith and in the best interests of the Centre.

3.4.4 DE and DES shall have access to all Board meeting minutes.

3.4.5 The Chair of the Board, or his/her nominee, the Chief Executive or Accounting Officer or a member of the Centre's staff will, if so requested, appear before, or otherwise co-operate with:

Any hearing in respect of the Company by any Committee of the NI Assembly. The Chief Executive will, if summoned, appear either in his/her own right or, where appropriate, as accompanying witness with the relevant departmental Accounting Officer;

A NI Assembly Committee or sub-Committee or either House or both Houses of the Oireachtas, in accordance with normal practice and relevant legislation within each jurisdiction;

The Chief Executive, when appearing before a Committee of the Oireachtas, will normally appear alone. The Secretary-General will only attend or be invited to do so to answer questions on matters for which he/she is responsible;

In answering/giving evidence to any Parliamentary Committee, neither the Chief Executive, nor any member of staff of the Company, shall question or express an opinion on the merits of any policy or the merits of objectives of such a policy of the Irish Government or Northern Ireland administration, or a Minister of the Irish Government or of the Northern Ireland administration, or of the Attorney General of Ireland or the Attorney-General for Northern Ireland.

3.5 The Chair and Vice-Chair of the Centre

3.5.1 The Chair and Vice-Chair are appointed on an alternating basis by the two Departments. The first Chair was appointed by DES with the Vice-Chair appointed by DE. Appointments made by DES are in accordance with their procedures and by DE in accordance with the principles of the Code of Practice issued by the Commissioner for Public Appointments. Both appointments are for three years, after which one further term can be considered.

3.5.2 The Chair and Vice-Chair are responsible to the Ministers of the sponsor Departments. The Chair and Vice-Chair shall ensure that the Centre's policies and actions support the wider strategic policies of the Ministers, as informed by the sponsor Departments; and that the Centre's affairs are conducted with probity. The Chair shares with other Board members the corporate responsibilities set out in paragraph 3.4.2, and in particular for ensuring that the Centre fulfils the aims and objectives set out by the Ministers and approved by the sponsor Departments.

3.5.3 The Chair and Vice-Chair have a particular leadership responsibility on the following matters:

formulating the Board's strategy;

ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Ministers / sponsor Departments / Finance Departments;

promoting the efficient, economic and effective use of staff and other resources;

encouraging 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.

3.5.4 The Chairperson shall also:

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

advise the Departments of the needs of the Centre when Board vacancies arise, with a view to ensuring a proper balance of professional and financial expertise and other expertise;

At present there is no mandatory requirement to carry out performance appraisal on DES nominated Board Members. There is however, a requirement for DE appointed Board members to be subject to performance appraisal. Currently, all Board Members (including the Vice-Chair) are appraised against objectives agreed with the Chair at the start of each year. A formal assessment is completed by the Chair at the end of each year and prior to any re-appointment of individual Members taking place. Members will be made aware that they are being appraised, the standards against which they will be appraised, and will have an opportunity to contribute to and view their report. The Chair of the Board will also be appraised on an annual basis through arrangements determined by the sponsor Departments; and

Both sponsor Departments should be provided with written assurance, on an annual basis, from the Chair, in relation to the performance of all Board Members, irrespective of which mechanism or Department is responsible for their appointment. The assurance must be provided within three months of each year end.

3.5.5 The Chair and Vice-Chair shall ensure that a Code of Practice for Board Members, agreed by both Departments, is in place. It should be based on: DoF(NI)'s *Code of Conduct for Board Members of Public Bodies* (FD (DFP) 04/14 refers), the *Code of Practice for the Governance of State Bodies*, "seven principles of public life" as well as other codes of practice. The Code of Practice must be appropriate to a Board comprising members from both Northern Ireland and Ireland. An inclusive and publicly available register of Board Members' interests must be made available.

3.5.6 Communications between the Board, the Ministers and the sponsor Departments shall normally be through the Chair and Vice-Chair. The Chair and Vice-Chair 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 With regard to the NI Assembly, the Chief Executive of the Centre is designated as the Centre's Accounting Officer by the DE Accounting Officer. With regard to the Oireachtas, the Minister of Education and Skills designates the Chief Executive as the Centre's Accounting Officer.

3.6.2 The Accounting Officer of the Centre 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 Centre. The Chief Executive is answerable to the Board of Directors for the Centre's use of any resources made available to it. Ultimate responsibility for the Company and its activities rests with the Board of Directors in accordance with Northern Ireland Company Law.

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

on planning and monitoring -

Following approval by the Board, establish, in agreement with the sponsor Departments, the Centre's corporate and business plans in support of the Departments' wider strategic aims and current objectives and targets;

inform the sponsor Departments of the Centre's progress in helping to achieve the Departments' policy objectives and in demonstrating how resources are being used to achieve those objectives;

ensure that timely forecasts and monitoring information on performance and finance are provided to the sponsor Departments; that the sponsor Departments are 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 sponsor Departments in a timely fashion;

on advising the Board -

advise the Board on the discharge of its responsibilities as set out in this document, in the Memorandum and Articles of Association and in any other relevant instructions and guidance that may be issued from time to time by DoF(NI)/DOF, the Executive office or the sponsor Departments;

advise the Board on the Centre's performance compared with its aims and objectives;

ensure that the Board adopts best practice in accordance with the Combined Code of Corporate Governance;

ensure that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed appropriately;

take action in line with Section 3.8 of MPMNI if the Board, or its Chair, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency' or effectiveness;

on managing risk and resources -

ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;

ensure that an effective system of programme and project management and contract management is maintained;

ensure compliance with the Northern Ireland Public Procurement Policy and, where appropriate, compliance with the Office of Government Procurement (Ireland) policy by way of use of the National Procurement Service;

ensure that all public funds made available to the Centre, including any income or other receipts, are used for the purpose intended by the NI Assembly and the Oireachtas, and that such monies, together with the

Centre's assets, equipment and staff, are used economically, efficiently and effectively;

ensure that adequate internal management and financial controls are maintained by the Centre, 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 Centre'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 Ministers, the sponsor Departments and the Finance Departments;

sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;

sign a Governance Statement/Statement of Internal Control regarding the Centre's system of internal control, for inclusion in the annual report and accounts;

ensure that effective procedures for handling complaints about the Centre are established and made widely known within the Centre;

act in accordance with the terms of this document and with the instructions and relevant guidance in *MPMNI* and other instructions and guidance issued from time to time by the Sponsor Departments, DoF(NI), DOF - in particular, the DoF(NI) guidance at Chapter 3 of *MPMNI* and the Treasury document *Regularity, Propriety and Value for Money* (see Annex D)(a copy of which the Chief Executive shall receive on appointment). Section IX of the *Financial Memorandum* refers to other key guidance;

give evidence, normally with the Accounting Officer of DE, if summoned before the Public Accounts Committee on the use and stewardship of public funds by the Centre;

ensure that the requirements of the Data Protection Act 1998 and the Freedom of Information Act 2000 are complied with;

ensure that an Equality Scheme is in place, reviewed and equality impact assessed as required by the Equality Commission and the Executive Office; and

ensure that the Executive Office's *Together: Building a United Community* is taken into account.

3.7 The Chief Executive's role as Consolidation Officer

3.7.1 For the purposes of Whole of Government Accounts in Northern Ireland, the Chief Executive of the Centre is normally appointed by DoF(NI) as the Centre's Consolidation Officer.

3.7.2 As the Centre's Consolidation Officer, the Chief Executive shall be personally responsible for preparing the consolidation information, which sets out the financial results and position of the Centre; for arranging for its audit; and for sending the information and the audit report to the Principal Consolidation Officer nominated by DoF(NI).

3.7.3 As Consolidation Officer, the Chief Executive shall comply with the requirements of the Centre's Consolidation Officer Letter of Appointment as issued by DoF(NI) and shall, in particular:

ensure that the Centre has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process; and

prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions and directions ["Dear Consolidation Officer" (DCO) and "Dear Consolidation Manager" (DCM) letters] issued by DoF(NI) on the form, manner and timetable for the delivery of such information.

3.8 Delegation of duties

3.8.1 The Chief Executive may delegate the day-to-day administration of his/her Accounting Officer and Consolidation Officer responsibilities to other employees in the Centre. 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 the Centre 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 DE of any complaints about the Centre accepted by the Ombudsman for investigation, and about the Centre's proposed response to any subsequent recommendations from the Ombudsman.

3.10 Consulting Customers

- 3.10.1 The Centre will work in partnership with its stakeholders and citizens to deliver the services/programmes, for which it has responsibility, to agreed standards. It will consult regularly to develop a clear understanding of customers' needs and expectations of its services and to seek feedback from both stakeholders and citizens 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 public spending reviews, the Centre shall submit annually to the sponsor Departments for agreement, a draft of the Centre's updated corporate plan covering three years ahead. The main elements of the plan, including the key performance targets, shall be agreed between the sponsor Departments and the Centre, in the light of the sponsor Departments' decisions on policy and resources taken in the context of the two Governments' wider policy and spending priorities and decisions.
- 4.1.2 DoF(NI)/DOF reserve the right to ask to see and agree the Centre's corporate plan.
- 4.1.3 The plan shall reflect the Centre's roles and responsibilities and, within those duties, the priorities set from time to time by the Ministers, as informed by the two sponsor Departments. In particular, the plan shall demonstrate how the Centre contributes to the achievement of the Departments strategic aims, objectives and targets.
- 4.1.4 The corporate plan shall set out:

The Centre's key objectives and associated key performance targets for the three forward years, and its strategy for achieving those objectives;

a review of the Centre's performance in the preceding financial year together with comparable outturns for the previous 3 years, and an estimate of performance in the current year;

alternative scenarios to take account of factors which may significantly affect the execution of the plan, but which cannot be accurately forecast;

a forecast of expenditure and income, taking account of guidance on resource assumptions and policies provided by the sponsor

Departments at the beginning of the planning round. These forecasts should represent the Centre's best estimate of all its available income not just any grant; and

other matters as agreed between the sponsor Departments and the Centre.

4.2 The business plan

4.2.1 In relation to each year of the corporate plan, amplified as necessary, the Centre shall submit to the sponsor Departments, by 31 December each year, the detailed Business Plan for the forthcoming year setting out:

- the detail of the financial plan, taking account of the sponsor Departments' allocations, the Centre's current financial position and any other estimated income;
- The Centre's objectives for the year together with specific key performance targets against which the performance of the Centre will be assessed quarterly throughout the year (or as advised by the Departments), together with any other information the sponsor Departments may require.

4.2.2 DoF(NI)/DOF reserve the right to ask to see and agree the Centre's annual business plan.

4.2.3 The Centre's Corporate and Business plans will be formally approved by a senior official in each of the sponsor Departments.

4.3 Publication of plans

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

4.4 Reporting performance

4.4.1 The Centre 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. In relation to financial performance management information, this shall be provided alongside the regular requests to sponsor Departments for drawdown of funds. In relation to non-financial performance management information, the Centre shall provide a written report to both sponsor Departments (using a report format agreed with the

Departments) detailing the centre's progress against the service delivery objectives within the annual business plan.

- 4.4.2 The Centre shall take the initiative in informing the sponsor Departments 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 centre's performance in helping to deliver Departmental policies, including the achievement of key objectives, shall be reported in writing to the sponsor Departments on an annual basis. The sponsor Departments, in conjunction with the DE Accounting Officer and the Secretary General in DES (or designated senior officials) shall meet the Board's Chair, Vice-Chair and the centre's Chief Executive formally each year to discuss the Centre's performance, its current and future activities, and any policy developments relevant to those activities.
- 4.4.4 The Centre's performance against key targets shall be reported in the Centre's annual report and accounts (see Section 5.1 below).

4.5 Budgeting procedures

- 4.5.1 The Centre's budgeting procedures are set out in the *Financial Memorandum*.

4.6 Internal audit

- 4.6.1 The Centre shall establish and maintain arrangements for internal audit in accordance with the Government Internal Audit Standards (GIAS).
- 4.6.2 The purpose of the Internal Audit function is to provide the Centre's Accounting Officer, Board and line management with assurance on the adequacy and effectiveness of the Centre's risk management, internal control and governance arrangements.
- 4.6.3 The Centre's Accounting Officer should consult with the sponsor Departments on the qualifications and competences required for the Head of Internal Audit position each time the position is advertised.
- 4.6.4 If the service is contracted out, the Centre's Accounting Officer should consult with the sponsor Departments on the contract specification each time the contract is being tendered.
- 4.6.5 The sponsor Departments will seek regular information regarding resourcing/staffing levels of Internal Audit.

- 4.6.6 The sponsor Departments will review the Centre's terms of reference for internal audit service provision. The Centre shall notify the sponsor Departments of any subsequent changes to internal audit's terms of reference.

4.7 Audit Planning

- 4.7.1 The Centre's is responsible for ensuring they have an Internal Audit function that is required to develop and maintain a 3-5 year Audit Strategy for providing the Accounting Officer with the required assurances. From the long term Audit Strategy, annual plans are developed which should set out the areas to be audited in a given year.
- 4.7.2 The Centre's Internal Audit should engage with the sponsor Departments at an early stage regarding the development of an Audit Strategy. A copy of the Audit Strategy should be provided to the sponsor Departments once it is finalised.
- 4.7.3 The sponsor Departments and the Centre's Internal Audit should engage with each other regarding the content of the Centre's Annual Internal Audit Plan. This engagement will normally take place in January/February and in advance of the internal audit plans being approved by the respective Audit Committees. A copy of the annual internal audit plan should be provided to the sponsor Departments once it is finalised.

4.8 Internal Audit Assignment Reports

- 4.8.1 In accordance with DAO (DFP) 26/02, all internal audit reviews should lead to a final report which is copied to the Northern Ireland Audit Office (NIAO). The Centre's Internal Audit should provide all final audit assignment reports to the sponsor Departments at the same time as they are provided to the NIAO.
- 4.8.2 The sponsor Departments may wish on occasion to obtain copies of the Centre's Internal Audit working papers. The sponsor Departments will request the relevant papers from the Centre's Internal Audit supplier.

4.9 Internal Audit's Annual Assurance Statement

- 4.9.1 The Centre is responsible for ensuring they have an Internal Audit function that is required to provide a written report to the Centre's Accounting Officer timed to support his/her Governance Statement. A copy of this report should be sent to the sponsor Departments along with the draft Governance Statement and risk register, in accordance with the timetable established by the sponsor Departments.

4.10 Review of the Effectiveness of Internal Audit Arrangements

- 4.10.1 In line with Government Internal Audit Standards, the Centre is responsible for ensuring they have an Internal Audit function which is required to make arrangements for regular internal quality assessments and an external quality assessment at least every 5 years. The Centre's Accounting Officer and Audit Committee have a key role to play in ensuring that appropriate arrangements are in place, however, the sponsor Departments will also wish to assure themselves regarding the appropriateness of the arrangements.
- 4.10.2 The Centre's Internal Audit should provide a copy of the results of each internal quality assessment to the sponsor Departments.
- 4.10.3 The Centre's Internal Audit should consult with the sponsor Departments in relation to the Terms of Reference for external quality assessments. A copy of the report from each external quality assessment should be provided to the sponsor Departments.
- 4.10.4 The sponsor Departments may carry out their own assessment of the Centre's internal audit provision.

4.11 Audit Committee

- 4.11.1 The Centre shall set up an independent audit committee as a committee of its Board in accordance with DoF(NI) guidance in the *Code of Conduct for Public Bodies* (FD (DFP) 04/14 refers) and in line with the Audit and Risk Assurance Committee Handbook DAO (DFP) 05/14.
- 4.11.2 The sponsor Departments will review the Centre's audit committee terms of reference. The Centre shall notify the sponsor Departments of any subsequent changes to the audit committee's terms of reference.
- 4.11.3 The sponsor Departments have observer status on the Centre's Audit Committees and therefore copies of Audit Committee papers for each meeting should be provided to the sponsor Departments in advance of the meetings.
- 4.11.4 The sponsor Departments should be provided with copies of all Audit Committee meeting minutes. As there are usually 3 Audit Committee meetings per year and the minutes may not be finalised until the following meeting, the sponsor Departments should be provided with the minutes of the Audit Committee meetings in draft as soon as practicable but no longer than 30 working days after the meeting.
- 4.11.5 The Centre's Audit Committee's Annual Report to the Board should be copied to the sponsor Departments on an annual basis. In addition, where the Centre's Audit Committee carries out an assessment of its

own performance, this report should also be copied to the sponsor Department.

4.12 Reviews by the sponsor Departments Internal Audit Teams

4.12.1 The sponsor Departments Internal Audit teams may undertake reviews within the Centre at the request of the sponsor Departments, although this would generally be in exceptional circumstances.

4.13 Significant Issues

4.13.1 The Centre's Accounting Officer has a responsibility to bring to the immediate attention of the sponsor Departments any significant issue relating to serious financial concerns, systems weaknesses or regularity and propriety.

4.14 Fraud

4.14.1 The Centre shall report immediately to the sponsor Departments all frauds (which include thefts) regardless of whether they are proven or suspected and including attempted fraud. The sponsor Departments DE shall then report the frauds immediately to DoF(NI)/DOF and the C&AG. In addition, the Centre shall forward to the sponsor Departments the annual fraud return, commissioned by DoF(NI), on fraud and theft suffered by the Centre.

4.14.2 The sponsor Departments will review the Centre's Anti Fraud Policy and Fraud Response Plan. The centre shall notify the sponsor Departments of any subsequent changes to the policy or response plan.

4.15 Additional Departmental access to the Centre

4.15.1 In addition to the right of access referred to above, the sponsor Departments shall have a right of access to all of the Centre's records and personnel for purposes such as sponsorship audits and operational investigations, the vetting of staff under child protection requirements, educational and health inspections and any other purpose deemed necessary.

5. EXTERNAL ACCOUNTABILITY

5.1 The Annual Report and Accounts

- 5.1.1 After the end of each financial year the Centre 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 the Centre. A draft of the report shall be submitted to the sponsor Departments one month before the proposed publication date although it is expected that the Departments and the Centre will have had extensive pre publication discussion on the content of the report prior to formal submission to the Departments. The report and accounts shall comply with the *North/South Implementation Bodies Annual Reports and Accounts Guidance*, with advice from the sponsor Departments.
- 5.1.2 The accounts of the Company shall be presented to the sponsor Departments in sterling and euros, unless otherwise agreed. The accounts will be on an accruals basis and will be prepared in a form directed by the sponsor Departments, with the approval of the Finance Departments. The form of the Accounts will accord with the NI Companies Acts requirement and will take account of available guidance to the non-Departmental Public Bodies in the North and non-commercial semi-state bodies in the South, following, as appropriate, generally accepted accounting principles.
- 5.1.3 The report and accounts shall outline the Centre's main activities and performance during the previous financial year and set out, in summary form, the Centre's forward plans. Information on performance against key financial targets shall be included in the Annual Report.
- 5.1.4 Due to the potential accounting and budgetary implications, any changes to accounting policies or significant estimation techniques underpinning the preparation of annual accounts, requires the prior written approval of the sponsor Departments.
- 5.1.5 The report and accounts shall be presented before the Assembly/Oireachtas 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 guidance at 5.1.2 above.

5.2 External Audit

- 5.2.1 The Centre's annual accounts are audited annually by external auditors, appointed by the Board, approved by the sponsor Departments and notified to the Finance Departments. The accounts of the Centre shall be open to the inspection of the C&AGs. The Centre shall submit the audited accounts to the sponsor Departments, who shall present the accounts, together with the annual report, before the NI Assembly and the Oireachtas.

- 5.2.2 This situation will prevail until the C&AG in Northern Ireland is able to audit the accounts of private limited companies. At that time the Centre shall submit its annual accounts for audit by the North's C&AG, who will carry out the audit, with the Irish C&AG having full access to the working papers.
- 5.2.3 Where appropriate, the sponsor Departments may commission, from the auditor, additional reports providing assurance about the financial systems within the Centre. The centre shall facilitate the provision of such reports.
- 5.2.4 The Centre shall permit audit officials access to all documents, records and data, as may be required to carry out any examinations, and in accordance with the Audit and Accountability (Northern Ireland) Order 2003 and the Comptroller and Auditor General (Amendment) Act 1993.

5.3 VFM Examinations

- 5.3.1 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the Centre 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 Centre 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 sponsor Departments and the Finance Departments, the Centre shall have responsibility for the recruitment, retention and motivation of its staff. To this end the Centre 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 Centre'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 Centre's objectives;

proper consultation with staff takes place on key issues affecting them;

adequate grievance and disciplinary procedures are in place;

whistle blowing procedures consistent with the Public Interest (Northern Ireland) Order 2003 are in place; and

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

7. REVIEWING THE ROLE OF THE CENTRE

7.1 The Centre shall be reviewed periodically, in accordance with the needs of the sponsor Departments and the Centre. The next review of the role of the Centre will take place in the ~~2017-18~~ financial year or within 1 month of the establishment of ESA. *2021-2022 as per Letter of 28/8/18. (Attached).*

7.2 The sponsor Departments shall, in good time before the Company is to be wound up:

- ensure that procedures are in place in the Centre to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work that is to be inherited by any residuary body;
- specify the basis for the valuation and accounting treatment of the Centre's assets and liabilities at wind-up, distinguishing between actual and potential assets and liabilities, in order to provide a clear basis for assessing the Centre's financial legacy;
- if necessary, secure representation on the Centre's Board to ensure that the wind-up is conducted in a proper and satisfactory manner.

7.3 The Centre shall provide the sponsor Departments with full details of all agreements where the Centre or its successors have a right to share in the financial gains of developers. It should also pass to the sponsor Departments details of any other forms of claw back due to the Centre.

Public Spending Directorate



To: Kerry Mack
DE

From: Violet McKeown
Supply

Trim Ref: FI1/18/863313

Date: 28 August 2018

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MIDDLETOWN CENTRE FOR AUTISM LTD – MANAGEMENT STATEMENT AND FINANCIAL MEMORANDUM (MSFM)

1. Thank you for your email on the 10 August 2018, forwarding on Middletown Centre for Autism Ltd MSFM 2017 signed by Middletown Centre for Autism Limited, Department for Education and Skills and Department of Education to DoF for our records.
2. Your request to have the MSFM review date amended from 2018/19 to 2021/22 is reasonable and I ask that the Middletown MSFM be amended to reflect the new date.

Violet

Violet McKeown

CC Ruth Ewing
Sandra Christie
Michelle Scott
Richard Carson

**Middletown Centre for Autism
Limited**

Financial Memorandum

Document Information Status

The current status of this document is: *Final*

Version History

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Version Number	Date	Summary of Changes
0.1	01 April 2014	Initial Draft (including DFP revised format)
0.2	25 September 2014	Revised draft incorporating DE and DES comments
0.3	29 June 2015	Final draft incorporating all stakeholder comments and revised DFP format
0.4	24 March 2016	Revised delegation limits and amendments from MCA incorporated
0.5	15 June 2016	Revised to take account of new NI Depts
0.6	12 September 2017	Further revision following query on para.44 of FM, sent to DoF and approval given 13/09/17

Owner

The person responsible for this document is Kerry Mack (*Extension 69052*).

Document Location

The electronic version of this file is located on TRIM

Distribution

Name	Position	Responsibility
Trevor Connolly	Finance Director	Review
Kerry Mack	DE – Head of FRT	Review
Pauline Coulter	DE – FRT	Review

FINANCIAL MEMORANDUM FOR MIDDLETOWN CENTRE FOR AUTISM LTD

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I. INTRODUCTION

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

II. THE CENTRE'S INCOME AND EXPENDITURE - GENERAL

4. The Centre's current and capital expenditure form part of DE's Resource Departmental Expenditure Limits (DEL) and Capital DEL respectively. In relation to DES, the Centre's capital and recurrent expenditure forms part of DES's voted allocation. For DE, there is a requirement to differentiate between the following types of income and expenditure:

Resource DEL	Represents current expenditure and includes costs relating to depreciation and impairment. Income is also monitored.
Resource DEL Depreciation/Impairment	Represents costs relating to depreciation and impairment
Capital DEL	Includes capital expenditure and receipts from sale of capital assets.
Annually Managed Expenditure (AME)	Represents non-cash costs in relation to set-up, revaluation and release of provisions.

5. Expenditure incurred by Middletown is funded by grant /grant-in-aid funding from both the Department of Education Northern Ireland and Department of Education and Skills Republic of Ireland. DE will advise, at the beginning of the financial year, the budgetary control totals, representing the various elements of budgets outlined above, against which the Centre will be monitored during the financial year.

Expenditure not proposed in the budget

6. The Centre shall not, without prior written approval from both sponsor Departments, enter into any undertaking to incur any expenditure which falls outside the Centre's delegations or which is not provided for in the Centre's annual budget as approved by the sponsor Departments.

Procurement

7. The Centre's procurement policies shall reflect the public procurement policy adopted by the Northern Ireland Executive in May 2002 (refreshed May 2009); Procurement Guidance Notes; any other guidelines or guidance issued by Central Procurement Directorate (CPD) and the Procurement Board; and in line with policy requirements of the Office Of Government Procurement (Ireland). The Centre's procurement activity should be carried out by means of
 - (i) 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; or
 - (ii) where appropriate, by way of use of the National Procurement Service (Ireland).
8. Periodic reviews of the Centre's procurement activity should be undertaken. The results of any such review will be shared with the sponsor Departments.

Competition

9. Contracts shall be awarded on a competitive basis and tenders accepted from suppliers who provide best value for money overall.
10. Direct Award Contract (DAC) is the process where a contract is awarded to a contractor (this term includes all economic operators i.e. contractors, suppliers and service providers) without competition. Where it is intended to award a contract for external consultants without competition (i.e. a DAC) the **prior** approval of the DE Permanent Secretary (i.e. the Departmental Accounting Officer) is required. In all other cases, in light of their exceptional nature, all DACs should be subject to the Centre's Accounting Officer approval within the terms of the accountability arrangements put in place by the Departmental Accounting Officers. Should the Centre's Accounting Officer wish to further delegate approvals for DACs, details of the delegations should be provided to the Head of the relevant Centre of

Procurement Expertise as outlined in the Department of Finance (DoF)(NI) (formerly DFP) Procurement Guidance Note 03/11 (available at <http://www.dfpni.gov.uk/guidance-note-03-11>). Requests for DE Accounting Officer approval should incorporate the CoPE Head of Procurement advice, and legal advice where appropriate, together with a consideration of the circumstances and an assessment of the risks involved. The advice provided should make it clear to the Accounting Officer what the risks to the contracting authority are.

11. The Centre's Accounting Officer must ensure that a list of all DACs is retained for consideration by the sponsor Departments' Boards and Audit and Risk Accountability Committee. Accounting Officers should ensure arrangements are put in place to forward details of all DACs to the DE. The Centre shall send to DE, each financial year a report for that year detailing any contracts in which competitive tendering was not employed and setting out the reasons and justification. This includes contracts permitted under the regulations.

Best value for money

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

Timeliness in paying bills

13. The Centre shall collect receipts and pay all matured and properly authorised invoices in accordance with Annex 4.6 of *Managing Public Money Northern Ireland* and any guidance issued by DoF(NI) or the sponsor Departments of the Finance Departments..

Novel, contentious or repercussive proposals

14. The Centre shall obtain the approval of the sponsor Departments, and the Finance Departments, 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 sponsor Departments;

- 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 sponsor Departments will advise on what constitutes “significant” in this context).

Risk management/Fraud

15. The Centre 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”)*.
16. The Centre 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.
17. The Centre shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with DoF(NI)’s guide *Managing the Risk of Fraud* at www.afmdni.gov.uk.
18. All cases of attempted, suspected or proven fraud shall be reported to the sponsor Departments who shall report it to DoF(NI)/DOF and the NIAO as soon as they are discovered, irrespective of the amount involved.

Wider markets

19. The Centre shall seek to maximise receipts from non-Consolidated Fund sources, provided that this is consistent with (a) the Centre’s main functions (b) its corporate plan, as agreed with the sponsor Departments and (c) the Company’s Memorandum and Articles of Association. Sponsor Departments will seek confirmation from DoF(NI) / DOF that the proposed activity is appropriate.

Fees and charges

20. Fees or charges for any services supplied by the Centre shall be determined in accordance with Chapter 6 of MPMNI.

III. THE CENTRE'S INCOME

Grant / Grant-in-aid

21. The centre will receive grant/grant-in-aid through the sponsor Departments from money voted by the Northern Ireland Assembly and Dáil Éireann. The grant/grant-in-aid designated for the Centre shall only be used for the purposes as stipulated in the Memorandum and Articles of Association and the Corporate and Business Plans as approved by the Sponsor Departments. The Departments, with the approval of the Finance Ministers, will make recommendations as to the amount of such grant/ grant-in-aid, in accordance with this Financial Memorandum.
22. The total approved annual expenditure budget of the Centre must not exceed the aggregate of the amount voted to it by the respective legislatures, including supplementary estimates, together with income accruing to the Centre, if any, consistent with the agreed corporate and business plans. It will be the Chief Executive's responsibility to ensure that the budget approved by the sponsor Departments is not exceeded, and to inform the sponsor Departments at the earliest opportunity of any circumstances, which might compromise the Company's ability to remain within the limit. The Chief Executive will also be responsible for providing such ongoing monitoring information to the sponsor Departments, including projections of income and expenditure as may be determined by the sponsor Departments.
23. Grant/Grant-in-aid will be paid to the Centre in monthly instalments, on the basis of a written monthly application from the Centre showing evidence of need. The application shall certify that the conditions applying to the use of grant/grant-in-aid have been observed to date and that further grant/grant-in-aid is now required for purposes appropriate to the Centre's functions.
24. The Centre should have regard to the guidance and general principle enshrined in Chapter 5 and Annex 5.1 of *Managing Public Money Northern Ireland*.

Other Income

25. The income of the Centre will comprise primarily the voted grants from the Sponsor Departments. Other sources may include EU Funds and/or income from own resources including fee income and gifts/bequest income. The Centre must agree with the Sponsor Departments all funding arrangements entered into with other bodies. Depending on the level of other income, if material sums are received,

the Sponsor Departments may reduce the Centre's annual grant/grant-in-aid by an equivalent amount.

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

Fines and taxes as receipts

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

Receipts from sale of goods or services

28. Receipts from the sale of goods and services (including certain licences where there is a significant degree of service to the individual applicant), rent of land and dividends normally provide additional DEL spending power. If the Centre wishes to retain a receipt or utilise an increase in the level of receipts, it must gain the prior approval of the sponsor Departments.
29. If there is any doubt about the correct classification of a receipt, the Centre shall consult the sponsor Departments, which may consult DoF(NI)/DOF as necessary.

Interest earned

30. Interest earned on cash balances cannot necessarily be retained by the Centre. Depending on the budget treatment of this receipt, and its impact on the Centre's cash requirement, it may lead to commensurate reduction of grant/grant-in-aid or be required to be surrendered to the sponsor Departments. Prior approval of both sponsor Departments will be required if the receipts are used to finance additional expenditure by the Centre.

31. If the receipts are used to finance additional expenditure by the Centre, DE will need to ensure it has the necessary DEL cover. Any interest earned on cash balances arising from grant-in-aid or other NI Consolidated Fund funds shall be treated as a receipt from a NI Consolidated Fund source, following the 50:50 split between the two Sponsor Departments. Depending on the budgeting treatment of all receipts, and the impact of their receipt on the Centre's cash requirement, the retention of receipts may lead to a commensurate pro rata reduction of grant-in-aid from the sponsor Departments or the surrender of receipts, on a pro rata basis, to the sponsor Departments.

Build-up and draw-down of deposits

32. The Centre 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).
33. The Centre shall ensure that it has the necessary DEL provision for any expenditure financed by draw-down of deposits.

Proceeds from disposal of assets

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

Gifts and bequests received

35. The Centre is free to retain any gifts, bequests or similar donations, subject to paragraph 36 below. These shall be capitalised at fair value on receipt and must be notified to the sponsor Departments.
36. Before accepting a gift, bequest, or similar donation, the Centre shall consider if there are any associated costs in doing so or any conflicts of interests arising. The Centre 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

37. Normally, the centre will not be allowed to borrow, but, when doing so, the Centre shall observe the principles set out in MPMNI Chapter 5 and its associated Annexes when undertaking borrowing of any kind. The Centre shall seek the approval of the sponsor Departments and, where appropriate, DoF(NI)/DOF, 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*.
38. *Where exceptionally the Centre 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 the Centre financed by borrowing will need DEL budget cover.*

Reserves

39. No grant/grant-in-aid shall be paid into any reserve held by the Centre. The Centre may only be permitted to hold reserves of funds from sources other than Departmental grant/grant-in-aid. Any reserves held should be ear-marked for a specific purpose which does not incur new or on-going commitments and must have the approval of the sponsor Departments. Funds held in any reserve may be a factor for consideration when grant/grant-in-aid is determined.

IV. EXPENDITURE ON STAFF

Staff costs

40. Subject to its delegated levels of authority the Centre shall ensure that the creation of any additional posts does not incur forward commitments which will exceed its ability to pay for them and shall not make any significant changes to staffing levels without the prior approval of the sponsor Departments.

Pay and conditions of service

41. The staff of the Centre, whether on permanent or temporary contract, shall be subject to levels of remuneration and terms and conditions of

service (including superannuation) agreed with the sponsor Departments and DoF(NI)/DOF. The Centre has no delegated power to amend these terms and conditions.

42. Current terms and conditions for staff of the Centre are those set out in its Employee Handbook.
43. The travel and subsistence expenses of Board Members shall be tied to their respective Departmental rates. Reasonable actual costs shall be re-imbursed.
44. The Centre may operate a performance-related pay scheme which would form part of the general pay structure approved by the sponsor Departments and DoF(NI)/DOF.
45. The Centre shall comply with the EU directive on contract workers [Fixed Term Employees Regulations (Prevention of Less Favourable Treatment)].
46. The Sponsor Departments have agreed in principle to allow staff to be retained on secondment. This shall apply to applicants from North and South.
 - In order to ensure that staff currently employed in the Irish Public Service do not suffer a financial disadvantage if performing a similar or equivalent role for the Middletown centre, consideration is given to secondment arrangements whereby the Centre can recoup the difference between the salaries where appropriate from the Department of Education and Skills.
 - To facilitate this, the Centre operates within the parameters of a staff secondment policy which has been agreed by both sponsor Departments.

Public Sector Pay Policy

47. The UK Government's Pay Policy and the associated pay remit approval process must be applied to all NDPBs, including the Centre. Enforcement of pay growth limits is devolved to the Northern Ireland Executive within the overarching parameters set by HM Treasury.

NI Executive Policy

48. The Executive's control of public sector pay is based on the principle that the public sector should offer a pay and reward package that allows it to recruit, retain and motivate suitable staff. Public sector pay should also reflect the circumstances specific to the local labour market.

49. The Centre must not enter into pay commitments or implement pay awards, including contractual commitments, prior to the appropriate approvals, including DoF(NI) Ministerial approval, having been secured. As is the case for all expenditure, the commitment to, or execution of a pay award without the appropriate approvals will be deemed to be irregular expenditure and will be treated as such.

Finance Minister Responsibilities

50. Under public sector pay policy, and with the Executive's endorsement, the DFP Minister has responsibility for approving all of the pay arrangements for most public sector groups, including staff employed in the Centre.

Accounting Officer Responsibilities

51. As with all aspects of public expenditure, responsibility for value for money and all regularity issues associated with pay sits with both the DE and the Centre's Accounting Officer. In practical terms this must be evidenced by all pay proposals being approved by the Centre's Accounting Officer before being formally submitted to DE.
52. Public bodies should not enter into agreements that may result in future pay pressures that could lead to a breach of the current Increase for Staff in Post (SIP) pay limit.

Pay Remit Process

53. The Centre is required to submit a business case to DE showing clearly the pay proposals for each pay round (annual pay award).
54. DoF(NI) issues guidance on the pay remit process annually, with a pay remit proforma template (excel document) and business case template. This guidance will outline the Increase for Staff in Post (ISP) limit for that year, as determined by the Executive in line with HM Treasury guidance. Annual pay increases for Centre staff must be in accordance with the annual FD letter on pay remit Approval Process and Guidance, issued by DoF(NI). Therefore, all proposed pay awards must have prior approval of DE and the Minister for Finance before implementation.

Pensions; redundancy/compensation

55. The Centre's staff shall be eligible, subject to the satisfaction of any relevant admissions criteria, for a pension provided by:
- admittance to the NI Local Government Officers' Superannuation Committee (NILGOSC);
 - continuation of or admittance to the NI Teachers' Pension scheme;
 - the normal employers' scheme in the case of secondees;
 - for employees paid through the Centre's Irish payroll, the Single Public Service Pension Scheme.
56. Staff may opt out of the occupational pension scheme provided by the Centre. However, the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall be agreed in advance with the sponsor Departments and Finance Departments.
57. Any proposal by the Centre to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the approval of the sponsor Department and DoF(NI)/DOF. Proposals on severance payments must comply with MPMNI guidance.

V. NON-STAFF EXPENDITURE

Economic appraisal

58. The Centre is required to apply the principles of economic appraisal, with appropriate and proportionate effort, to all decisions and proposals concerning spending or saving public money, including European Union (EU) funds, and any other decisions or proposals that involve changes in the use of public resources. For example, appraisal must be applied irrespective of whether the relevant public expenditure or resources:
- a. involve capital or current spending, or both;
 - b. are large or small;
 - c. are above or below delegated limits (see Appendix A).
59. 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.

Capital expenditure

60. Subject to being above the agreed capitalisation threshold of £2,000, 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.
61. Proposals for large-scale individual capital projects or acquisitions will normally be considered within the Centre's corporate and business planning process. Subject to paragraph 63, applications for approval within the corporate/business plan by the sponsor Departments and, DoF(NI)/DOF if necessary, shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Board. Regular reports on the progress of projects shall be submitted to the sponsor Departments.
62. Approval of the corporate/business plan does not obviate the Centre's responsibility to abide by the economic appraisal process.
63. Within its approved overall resources limit the Centre shall, as indicated in the attached Appendix on delegations, have delegated authority to spend up to £40,000 on any individual capital project or acquisition. Beyond that delegated limit, the sponsor Departments and where necessary, DoF(NI)/DOF's prior authority must be obtained before expenditure on an individual project or acquisition is incurred.

Transfer of funds within budgets

64. Any movement into, or out of the resource budget; capital budget or depreciation and impairments will require DE/DES and possibly DoF(NI)/DOF approval.

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

65. The Centre shall not, without the sponsor Departments, and where necessary DoF(NI)/DOF's prior written consent, lend money, charge any asset or security, give any guarantees or indemnities or letters of

comfort, or incur any other contingent liability (as defined in Annex A.5.5. of MPMNI), where or not legally binding form.

Grant or loan schemes

66. Unless covered by a delegated authority, all proposals to make a grant or loan to a third party, whether one-off or under a scheme, together with the terms and conditions under which such grant or loan is made shall be subject to prior approval by the sponsor Departments, and where necessary DoF(NI)/DOF. If grants or loans are to be made under a continuing scheme, statutory authority is likely to be required. No loans shall be made to any Director of the Company.
67. The terms and conditions of a grant or loan to a third party shall include a requirement on the receiving organisation to prepare accounts and to ensure that its books and records in relation to the grant or loan are readily available for inspection by the Centre, the sponsor Departments and the C&AGs.
68. See also below under the heading *Recovery of grant-financed assets* (paragraphs 94-96).

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

69. 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 the sponsor Departments and where necessary DoF(NI)/DOF.
70. The Centre may, subject to the approval of the Sponsor and Finance Departments, accept gifts of money, land or other property upon such trusts or conditions (if any) as may be specified by the donor, unless a conflict of interests could arise.
71. The Centre shall not accept a gift if the conditions attached to it would be inconsistent with its functions or where a conflict of interests could arise.
72. The Codes of Conduct for Board members and staff at Annexes E and F detail the standards of propriety, integrity and objectivity to be followed when receiving gifts.

73. The two sponsor Departments must be informed of any losses that occur above the delegated limit (see Appendix A) and prior approval should be sought before any losses are written off. Losses shall not be written off until all reasonable attempts to make a recovery have been made and proved unsuccessful.
74. Gifts by management to staff are subject to the requirements of DAO (DFP) 05/03.

Leasing

75. Prior Departmental approval must be secured for all property and finance leases. The Centre must have capital DEL provision for finance leases and other transactions which are, in substance, borrowing (paragraphs 37-38 above).
76. Before entering into any lease (including an operating lease) the Centre shall demonstrate that the lease offers better value for money than purchase.

Public/Private Partnerships

77. The Centre shall 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 Centre shall consult the sponsor Departments. The Centre should also ensure that it has the necessary budget cover.
78. Any partnership controlled by the Centre shall be accounted for in accordance with guidance in the FReM and consolidated with it (subject to any particular treatment required by the FReM). Where the judgment over the level of control is difficult, the sponsor Departments will consult DoF(NI) (who may need to consult with the Office of National Statistics over national accounts treatment).

Subsidiary companies and joint ventures

79. The Centre shall not establish subsidiary companies or joint ventures without the express approval of the sponsor Departments and the Finance Departments. In judging such proposals the sponsor

Department will have regard to the sponsor Departments' wider strategic aims, objectives and targets.

80. For public expenditure accounts purposes any subsidiary company or joint venture controlled or owned by the Centre shall be consolidated with it in accordance with guidance in the FReM subject to any particular treatment required by the FReM. Where the judgment over the level of control is difficult, the sponsor Departments will consult DoF(NI) (who may need to consult with the Office of National Statistics over national accounts treatment). Unless specifically agreed with the sponsor Departments and DoF(NI)/DOF, 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.
81. The Centre may incur expenditure with regards to charitable institutions only with the approval of the sponsor Departments.

Financial investments

82. Subject always to the requirements of the Company's Memorandum and Articles of Association, the Centre shall not make any investments in traded financial instruments without the prior written approval of the sponsor Departments, and where appropriate DoF(NI)/DOF, nor shall it build up cash balances or net assets in excess of what is required for operational purposes. Funds held in bank accounts or as financial investments may be a factor for consideration when grant-in aid is determined. Equity shares in ventures which further the objectives of the Centre shall equally be subject to Departmental and DoF(NI)/DOF approval unless covered by a specific delegation.

Unconventional financing

83. The Centre shall not enter into any unconventional financing arrangement without the approval of the sponsor Departments and DoF(NI)/DOF.

Commercial insurance

84. The Centre shall not take out any insurance without the prior approval of the sponsor Departments and DoF(NI)/DOF, other than third party insurance required by the Road Traffic (NI) Order 1981 (as amended) and any other insurance which is a statutory obligation or which is permitted under Annex 4.5 of MPMNI.

85. In the case of a major loss or third-party claim the sponsor Department shall liaise with the Centre about the circumstances in which an appropriate addition to budget out of the sponsor Departments' funds and/or adjustment to the Centre's targets might be considered. The sponsor Departments will liaise with DoF(NI)/DOF where required in such cases.

Payment/Credit cards

86. The Centre, in consultation with the sponsor Departments, 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

87. The Centre, in consultation with the sponsor Departments, 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

88. The Centre shall adhere to the guidance issued by DoF(NI), as well as any produced by the sponsor Departments in relation to the Use of Consultants. Please see the delegated limits set out in Appendix A.
89. The Centre will provide DE with information on the use of consultants to facilitate returns to DoF(NI).
90. 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

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

Disposal of assets

92. The Centre 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 sponsor Departments, and in accordance with the principles in MPMNI.
93. All receipts derived from the sale of assets (including grant financed assets, see below) must be declared to the sponsor Department, which will consult with the Finance Departments on the appropriate treatment. The Centre shall comply with any agreed guidelines and procedures issued by Finance Departments on the disposal of assets (e.g. the Code of Practice for the Governance of State Bodies in the South).

Recovery of grant-financed assets

94. Where the Centre has financed expenditure on capital assets by a third party, the Centre shall set conditions and make appropriate arrangements to ensure that any such assets individually above a value of £500 are not disposed of by the third party without the Centre's prior consent.
95. The Centre 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 DE.
96. The Centre shall ensure that if the assets created by grants made by the Centre cease to be used by the recipient of the grant for the intended purpose, a proper proportion of the value of the asset shall be repaid to the Centre for surrender to the sponsor Departments. The amounts recoverable shall be calculated by reference to the best possible value of the asset and in proportion to the original investment in the asset.

VII. BUDGETING PROCEDURES

Setting the annual budget

97. Each year, in line with the agreed requirements of the Corporate Plan and Annual Business Plan (sections 4.1 and 4.2 of the Management Statement) the sponsor Departments will send to the Centre:

- a budget against which they are monitored - although this may be subject to change as the year progresses; and
 - a statement of any planned change in policies affecting the Centre.
98. The Centre's approved annual business plan will take account both of its approved funding provision and of any forecast income and forecast expenditure. These elements will form part of the approved business plan for the year in question (Section 4.2 of the *Management Statement*.)
99. Any grant-in-aid provided by the sponsor Departments for the year in question will be voted in the sponsor Departments' Estimate and will be subject to either Northern Ireland Assembly and/or Oireachtas control, as the case may be.

General conditions for authority to spend

100. Once the Centre's budget has been approved by the sponsor Departments and subject to any restrictions imposed by Memorandum and Articles of Association (in particular the reserved Matters Chapter 33), the Funding Agreement/the Ministers/this MSFM the Centre shall have authority to incur expenditure approved in the budget without further reference to the sponsor Departments, on the following conditions:
- The Centre 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 sponsor Departments and DoF(NI)/DOF;
 - The Centre shall comply with the conditions set out in paragraph 13 above regarding novel, contentious or repercussive proposals;
 - inclusion of any planned and approved expenditure in the Centre's budget shall not remove the need to seek formal departmental (and where necessary, DoF(NI)/DOF) approval where such proposed expenditure is above the delegated limits set out in Appendix A or is for new schemes not previously agreed; nor shall schemes be split to ensure that proposed expenditure is under these delegated limits; and
 - The Centre shall provide the sponsor Departments with such information about its operations, performance individual projects or other expenditure as the sponsor Departments may reasonably require; and
 - The Centre shall comply with both NI and Irish Procurement Policies and carry out procurement via CPD or another recognised CoPE or through the National Procurement Service (Ireland).

Providing monitoring information to the sponsor Department

101. To enable satisfactory monitoring by the sponsor Departments, the Centre shall provide the sponsor Departments with, as a minimum, the following information as specified:
- A copy of the draft annual accounts by May 15th of the following financial year;
 - a copy of the signed audited annual accounts of the Company within 4 months of the end of the financial year of the Company;
 - annual forecast trading and cash flow budgets for the Centre, which have been set out and agreed with the Department annually, not later than four weeks prior to the commencement of each financial year of the Centre which requirement may be varied as agreed;
 - a statement comparing its actual income and expenditure and its opening and closing surplus for the previous three month period with what it estimated when it made the claim for that period, along with its actual and estimated balance sheets at the end of the period, including an explanation of any variance;
 - a statement of its estimated income and expenditure and its opening and closing surplus for the claim period and an estimated balance sheet at the end of the period;
 - a copy of the Centre's management accounts on a quarterly basis, within 4 weeks of the quarter's end;
 - a copy of the Centre's cash profile within 1 week of the month's end;
 - other data required for the DoF(NI)/DOF Government Expenditure Monitoring Systems including bank statements reflecting the Centre's bank balance.

VIII. BANKING

Banking arrangements

102. The Centre's Accounting Officer is responsible for ensuring that the Centre'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.
103. 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 DE Accounting Officer/DES Secretary General to enable each to satisfy his/her own responsibilities (Section 3.2 of the *Management Statement*);
- the Centre'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

Conduct

104. The Centre's Chairperson, Vice-Chair and other Directors and the Chief Executive and other staff of the Centre should act at all times in a way which conforms to this Memorandum, with NI Company Law and with the high standards expected of those who handle public finance. The Centre's codes of practice/conduct for Board Members and for its staff, as approved by the Sponsor Departments, are included at Annexes E and F.
105. Should any conflict arise between this Management Statement and Financial Memorandum and the Funding Agreements or the Memorandum and Articles of Association, the Centre shall seek guidance from the Sponsor Departments on how best to proceed. In any matters pertaining to Company Law the Memorandum and Articles of Association being a legally binding document shall prevail.

Relevant documents

106. The Centre shall comply with the following general guidance documents:
- This document (both the *Financial Memorandum* and the *Management Statement*);
 - *Managing Public Money Northern Ireland (MPMNI)*;
 - *Public Bodies – a Guide for NI Departments* issued by DoF(NI);
 - *North/South Implementation Bodies Annual Reports and Accounts Guidance* issued by DoF(NI) and DOF in December 2006;

- *Government Internal Audit Standards*, issued by DoF(NI);
- The document *Managing the Risk of Fraud* issued by DoF(NI);
- The Treasury document *The Government Financial Reporting Manual (FReM)* issued by DoF(NI);
- *Executive NDPBs – Annual reports and Accounts Guidance*, issued by DoF(NI);
- Department of Finance – *Public Financial Procedures (Section A5)*;
- Comptroller and Auditor General Amendment Act 1993 (DES);
- Report of Working Group - Accountability of Secretaries General and Accounting Officers;
- Code of Practice for Governance of State Bodies - Section 10;
- Other relevant guidance and instructions issued by DoF(NI) in respect of Whole of Government Accounts;
- Relevant DFP *Dear Accounting Officer* and *Finance Director* letters;
- Relevant *Dear Consolidation Officer* and *Dear Consolidation Manager* letters issued by DoF(NI);
- *Regularity, Propriety and Value for Money*, issued by Treasury;
- The *Consolidation Officer Letter of Appointment*, issued by DFP;
- Other relevant instructions and guidance issued by the central Departments (DoF(NI)/the Executive Office) including Procurement Board and CPD Guidance;
- Specific instructions and guidance issued by the sponsor Department;
- 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 Centre.

X. REVIEW OF FINANCIAL MEMORANDUM

107. The *Management Statement* and *Financial Memorandum* will be reviewed during the 2018/19 financial year. Review of the Centre's functions as provided for in Section 7 of the *Management Statement* will also be undertaken at that time.

108. DoF(NI) Supply will be consulted on any significant variation proposed to the *Management Statement* and *Financial Memorandum*.

Signed: JG Cooper

Date: 19 October 2017

on behalf of Middletown Centre for Autism Ltd

Signed: Mary Hanrahan

Date: 19th Oct 2017.

on behalf of Middletown Board (Chair)

Signed: Lawrence Crowley

Date: 19th October 2017

on behalf of Middletown Board (Vice Chair)

Signed: J. O'Connell

Date: 16/5/18

on behalf of the Department for Education and Skills

Signed: D A Baker

Date: 18/5/18

on behalf of the Department of Education

DELEGATED EXPENDITURE LIMITS

General

These delegated expenditure limits have been agreed by DE and DoF(NI). DE's delegated authority (above which DoF(NI) approval is required) is set out in DAO (DFP) 06/12. DE is responsible for obtaining DoF(NI) approval on the centre's behalf, as appropriate.

TABLE 1 - DELEGATED AUTHORITY

	The Centre £000s	Department of Education £000s
IT	Up to <40	>40
Capital	Up to <40	>40
External Consultancy	-	All
Other	-	All
PPP	-	All

TABLE 2 – PROCUREMENT CONTROL LIMITS GOODS and NON-CONSTRUCTION SERVICES

(current limits per DoF(NI) (PGN) -Procurement Guidance Note - 04/12)

Value	Procedure
Up to £5,000	<ul style="list-style-type: none"> • Departments must demonstrate that value for money has been secured. • Guidance is included at Annex A of PGN 04/12.
£,5000 to £30,000	<ul style="list-style-type: none"> • 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.

	<ul style="list-style-type: none"> • A tender process undertaken by a CoPE.
£30,000 to EU thresholds	<ul style="list-style-type: none"> • Advertise on eSourcingNI. • Tender process must be conducted in line with PGN 05/12 - Procurement of Goods, Works and Services over £30,000 and below EU thresholds.
Above EU thresholds	<ul style="list-style-type: none"> • Advertise on eSourcingNI. • EU Directives apply – advertise in OJEU.

Tables outlining the procurement control limits for both Construction Works and Construction Services are available at Section 3 of PGN 04/12 -Procurement Control Limits and Basis for Contract Awards.

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 Centre 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 Centre is unable to obtain a sufficient number of tenders, the Accounting Officer of the Centre must confirm agreement to the award of the single tender action, in compliance with CPD PGN - Procurement Guidance Note - 03/11.

All Direct Award Contracts in respect of the use of external consultants must have DE Accounting Officer approval and DE Ministerial approval, in addition to the Centre's Accounting Officer approval.

Any novel and/or potentially contentious projects, regardless of the amount of expenditure, require the approvals of the sponsor Departments and DoF(NI)/DOF, as appropriate.

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, and in line with the Procurement Control Limits in Table 2. Delegated authority for each IT project is set out in Table 1.

ENGAGEMENT OF CONSULTANTS

General

The Centre **MUST NOT** appoint consultants in a **direct award contract** without the prior approval of the Accounting Officer of DE. **In addition, all proposed external consultancy projects, must secure DE Ministerial approval in advance.**

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. FD (DFP) 07/12 includes a business case template that should be used for all professional services.

LOSSES AND SPECIAL PAYMENTS

The Chief Executive, with prior approval from the sponsor Department, 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:
 - i. Made under legal obligation, e.g. by Court Order – up to £5,000 per case plus reasonable legal expenses
 - ii. For damage to personal property of staff – up to £500 per case
 - iii. Where written legal advice is that the Centre should not fight a court action because it is unlikely that it would win – up to £5,000 per case
- (e) Claims abandoned or waiver of claim – up to £5,000 per case
- (f) Extra contractual payments – up to £500 per case
- (g) Ex gratia payments – up to £1,000 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 sponsor Departments for approval

The prior approval of the sponsor Departments 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 the Centre'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 sponsor Departments, where appropriate.

DELEGATED EXPENDITURE LIMITS

General

These delegated expenditure limits have been agreed by DE and DoF(NI). DE's delegated authority (above which DoF(NI) approval is required) is set out in DAO (DFP) 06/12. DE is responsible for obtaining DoF(NI) approval on the centre's behalf, as appropriate.

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	<ul style="list-style-type: none"> • A tender process undertaken by a CoPE.
£30,000 to EU thresholds	<ul style="list-style-type: none"> • Advertise on eSourcingNI. • Tender process must be conducted in line with PGN 05/12 - Procurement of Goods, Works and Services over £30,000 and below EU thresholds.
Above EU thresholds	<ul style="list-style-type: none"> • Advertise on eSourcingNI. • EU Directives apply – advertise in OJEU.

Tables outlining the procurement control limits for both Construction Works and Construction Services are available at Section 3 of PGN 04/12 -Procurement Control Limits and Basis for Contract Awards.

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 Centre 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 Centre is unable to obtain a sufficient number of tenders, the Accounting Officer of the Centre must confirm agreement to the award of the single tender action, in compliance with CPD PGN - Procurement Guidance Note - 03/11.

All Direct Award Contracts in respect of the use of external consultants must have DE Accounting Officer approval and DE Ministerial approval, in addition to the Centre's Accounting Officer approval.

Any novel and/or potentially contentious projects, regardless of the amount of expenditure, require the approvals of the sponsor Departments and DoF(NI)/DOF, as appropriate.

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, and in line with the Procurement Control Limits in Table 2. Delegated authority for each IT project is set out in Table 1.

ENGAGEMENT OF CONSULTANTS

General

The Centre **MUST NOT** appoint consultants in a **direct award contract** without the prior approval of the Accounting Officer of DE. **In addition, all proposed external consultancy projects, must secure DE Ministerial approval in advance.**

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. FD (DFP) 07/12 includes a business case template that should be used for all professional services.

LOSSES AND SPECIAL PAYMENTS

The Chief Executive, with prior approval from the sponsor Department, 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:
- i. Made under legal obligation, e.g. by Court Order – up to £5,000 per case plus reasonable legal expenses
 - ii. For damage to personal property of staff – up to £500 per case
 - iii. Where written legal advice is that the Centre should not fight a court action because it is unlikely that it would win – up to £5,000 per case
- (e) Claims abandoned or waiver of claim – up to £5,000 per case
- (f) Extra contractual payments – up to £500 per case
- (g) Ex gratia payments – up to £1,000 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 sponsor Departments for approval

The prior approval of the sponsor Departments 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 the Centre'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 sponsor Departments, where appropriate.