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○ **COMHAIRLE na
GAELSCOLAÍOCHTA (CnaG)**

Financial Memorandum



FINANCIAL MEMORANDUM

COMHAIRLE na GAELSCOLAÍOCHTA (CnaG)

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I. INTRODUCTION

1. This Financial Memorandum sets out certain aspects of the financial framework within which Comhairle na Gaelscolaíochta (CnaG) is required to operate.
2. The terms and conditions set out in the combined Management Statement and Financial Memorandum may be supplemented by guidelines or directions issued by the Department of Education (DE) in respect of the exercise of any individual functions, powers and duties of CnaG.
3. CnaG shall satisfy the conditions and requirements set out in the combined document (including compliance outlined at Section IX below and para 4.15 of the Management Statement), together with such other conditions as DE/Minister may from time to time impose.

II. CnaG's INCOME AND EXPENDITURE - GENERAL

4. CnaG's current and capital expenditure form part of DE's Resource Departmental Expenditure Limits (DEL) and Capital DEL respectively. There is a requirement to differentiate between the following types of income and expenditure:

Resource DEL	Represents current income and expenditure.
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. CnaG is recognised as a charitable organisation. Expenditure incurred by CnaG is largely funded by Grant-in-Aid.
6. DE will advise, at the beginning of the financial year, the budgetary control totals, representing the various elements of budgets outlined above, against which CnaG will be monitored during the financial year.

Expenditure not proposed in the budget

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

Procurement

8. CnaG's procurement policies and activities shall adhere to the Northern Ireland Public Procurement Policy <https://www.finance-ni.gov.uk/ni-public-procurement-policy-document>; Procurement Guidance Notes (PGNs); Procurement Control Limits (PCLs) set out in PGN 04/12 (as amended) <https://www.finance-ni.gov.uk/guidance-note-0412> (see also Table 2 at Appendix A) and any other guidance issued by Construction and Procurement Delivery (CPD) and the Procurement Board. CnaG procurement activity should be carried out by means of a Service Level Agreement with CPD or another recognised Centre of Procurement Expertise (CoPE) – this should ensure compliance with relevant UK, EU and international procurement rules.
9. Periodic reviews of CnaG procurement activity should be undertaken. The results of any such review will be shared with DE.

Competition

10. CnaG shall adhere to the guidance provided at Annex A of PGN 04/12 (as amended) for purchases up to £5,000. All procurement of £5,000 or above shall be subject to competition through a formal tender process. Tenders shall be accepted from suppliers who provide best value for money overall (see para. 15). Further information on procurement and the tender process is available at https://www.finance-ni.gov.uk/PGN_0512 and <https://www.finance-ni.gov.uk/publications/pgn-0416-selection-and-tender-evaluation-procedures>.

Direct Award Contracts

11. In **exceptional circumstances** Direct Award Contracts (DAC) may be used for procurement over £5,000. A DAC is a contract that is awarded to a contractor (this term includes all economic operators i.e. contractors, suppliers and service providers) without competition. Further information on DACs is available at <https://www.finance-ni.gov.uk/publications/procurement-guidance-note-0311-award-contracts-without-competition>. All DACs (**excluding** external consultancy) within CnaG delegated limits should be subject to the approval of the CnaG Accounting Officer approval and all DACs above CnaG delegated limits require DE Accounting Officer (Permanent Secretary) approval. Should the CnaG Accounting Officer wish to further delegate approvals for DACs within CnaG details of this should be provided to the Head of Procurement at CPD as outlined in *PGN 03/11* (revised 2016).
12. Where it is intended to award a contract for external consultants without competition (i.e. a DAC) the **prior** approval of the DE Accounting Officer (Permanent Secretary) is required along with CnaG Accounting Officer approval.. In addition, all proposed external consultancy projects, must secure Ministerial approval in advance. In the absence of a Minister, DE will advise of the necessary approval level(s) required.

13. In all cases requests for Accounting Officer approval both within CnaG and to DE Accounting Officer must incorporate Head of CoPE 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 respective Accounting Officer what the risks to CnaG/DE are.
14. The CnaG Accounting Officer must ensure that a list of all DACs is retained for consideration by the CnaG Board and Audit & Risk Assurance Committee. The CnaG Accounting Officer should ensure arrangements are put in place to forward details of all DACs to DE (paragraph 5.7.2 PGN 03/11). CnaG will on request provide DE with regular updates on DACs awarded during the financial year including the reasons and justification for awarding the DAC.

Best value for money

15. Procurement by CnaG of works, supplies and services shall be based on best value for money, i.e. the optimum combination of whole life cost; quality (or fitness for purpose) to meet CnaG requirements; and sustainability (economic, social and environmental benefits). An option appraisal shall be carried out before procurement decisions are taken.

Timeliness in paying bills

16. CnaG 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 or DE.

Novel, contentious or repercussive proposals

17. CnaG shall obtain the approval of DE and DoF, 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 DE; and
 - making any change of policy or practice which has wider financial implications (e.g. because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of resources required. (DE will advise on what constitutes "significant" in this context).

Risk management/Fraud

18. CnaG shall ensure that the risks it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and

shall develop a risk management strategy, in accordance with the Treasury guidance *Management of Risk: Principles and Concepts*.

19. CnaG 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.
20. CnaG shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with DoF's guide *Managing the Risk of Fraud (Northern Ireland)* available at <https://www.finance-ni.gov.uk/managing-the-risk-of-fraud-NI>
21. All cases of attempted, suspected or proven fraud shall be reported to DE who shall report it to DoF, and the C&AG (see para 4.14 in the Management Statement) as soon as they are discovered, irrespective of the amount involved.

Wider markets

22. CnaG shall seek to maximise receipts from non-Consolidated Fund sources, provided that this is consistent with (a) CnaG's main functions (b) its corporate plan as agreed with DE. DE will confirm with DoF Supply Officer that such proposed activity is appropriate.

Fees and charges

23. Fees or charges for any services supplied by CnaG shall be determined in accordance with Chapter 6 of MPMNI.

III. CnaG INCOME

Grant-in-aid

24. Grant-in-aid will be paid to CnaG in regular instalments, on the basis of a written application from CnaG showing evidence of need. The application shall certify that the conditions applying to the use of grant-in-aid have been observed to date and that further grant-in-aid is now required for purposes appropriate to CnaG's functions.
25. CnaG should have regard to the general principle enshrined in Annex 5.1 of *MPMNI* that it should seek grant-in-aid according to need.

26. Cash balances accumulated during the course of the year shall be kept at the minimum level consistent with the efficient operation of CnaG. Grant-in-aid not drawn down by the end of the year shall lapse.

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 DE.

Receipts from sale of goods or services

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

Interest earned

30. Interest earned on cash balances cannot necessarily be retained by CnaG. Depending on the budgeting treatment of this receipt, and its impact on CnaG's cash requirement, it may lead to commensurate reduction of grant-in-aid or be required to be surrendered to the NI Consolidated Fund via DE. Prior approval from DE will be required if the receipts are used to finance additional expenditure by CnaG.

Build-up and draw-down of deposits

31. CnaG 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).
32. CnaG shall ensure in conjunction with DE that it has the necessary DEL provision for any expenditure financed by draw-down of deposits.

Proceeds from disposal of assets

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

Gifts and bequests received

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

36. Normally, CnaG will not be allowed to borrow, but when doing so CnaG shall observe the principles set out in Chapter 5 and the associated annexes of MPMNI when undertaking borrowing of any kind. CnaG shall seek the approval of DE and, where appropriate, 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*.

Any expenditure by CnaG financed by borrowing counts in capital DEL provided that it is the normal budgeting treatment for such expenditure.

Reserves

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

IV. EXPENDITURE ON STAFF

Staff costs

38. Subject to its delegated levels of authority, CnaG shall ensure that the creation of any additional posts does not incur forward commitments which will exceed its ability to pay for them. Any changes to the senior staffing structure must have the prior approval of the Department.

Pay and conditions of service

39. The staff of CnaG, whether on permanent or temporary contract, shall be subject to levels of remuneration and terms and conditions of service (including superannuation) as approved by DE and DoF. CnaG has no delegated power to amend these terms and conditions.

40. Current terms and conditions for staff of CnaG are those set out in its Employee Handbook. CnaG shall provide DE and DoF with a copy of the Handbook and subsequent amendments.
41. Annual pay increases of CnaG staff must be in accordance with the annual FD letter on Pay Remit Approval Process and Guidance issued by DoF. Therefore, all proposed pay awards must have prior approval of DE and the Finance Minister before implementation. CnaG shall operate a performance-related pay scheme which shall form part of the general pay structure approved by DE and DoF.
42. The travel expenses of Board Members shall be tied to NJC rates. Reasonable actual costs shall be re-imbursed.
43. CnaG shall comply with the EU directive on contract workers [Fixed Term Employees Regulations (Prevention of Less Favourable Treatment)].

Public Sector Pay Policy

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

NI Executive Policy

45. 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.
46. CnaG must not enter into pay commitments or implement pay awards, including contractual commitments, prior to the appropriate approvals, including DoF 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

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

Accounting Officer Responsibilities

48. As with all aspects of public expenditure, responsibility for value for money and all regularity issues associated with pay sits with both the Departmental and CnaG Accounting Officers. In practical terms this must be evidenced by all pay proposals being approved by the CnaG Accounting Officer before being formally submitted to DE.
49. 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 pay limit.

Pay Remit Process

50. CnaG is required to submit a business case to DE showing clearly the pay proposals for each pay round (annual pay award).
51. DoF issue guidance on the pay remit process annually, with a pay remit proforma template (excel document) and business case template. This guidance will outline the parameters for pay awards for that year, as determined by the Executive in line with HM Treasury guidance.

Pensions; redundancy/compensation

52. CnaG staff shall be eligible for a pension provided by admittance to the NI Local Government Officers Superannuation Committee (NILGOSC).
53. Staff will be automatically enrolled in the occupational pension schemes provided by CnaG, in accordance with the Pensions (No 2) Act (Northern Ireland) 2008. Staff may opt out of the occupational pension scheme provided by CnaG. However, the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall normally be limited to the national insurance rebate level.
54. Any proposal by CnaG to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office above statutory limits, requires the approval of DE and if necessary DoF. Proposals on severance payments must comply with MPMNI.

V. NON-STAFF EXPENDITURE

Economic appraisal and evaluation

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

- involve capital or current spending, or both;
- are large or small;
- are above or below delegated limits (see Tables at Appendix A).

56. 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.

Evaluation plays an important role complementary to appraisal and is required for all projects, programmes and policies. Proper monitoring and control measures including Post Project Evaluations can help ensure good value for money by identifying difficulties, preventing the repetition of mistakes, revealing positive points and generally learning lessons which may be of use in other projects. Proportionate effort should always be applied.

57. General guidance on economic appraisal and evaluation that apply to CnaG can be found in:

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

Capital Expenditure

58. Subject to being above an agreed capitalisation threshold, all expenditure on the acquisition or creation of fixed assets shall be capitalised on an accruals basis in accordance with relevant accounting standards. Expenditure to be capitalised shall normally include the (a) acquisition, reclamation or laying out of land; (b) acquisition, construction, preparation or replacement of buildings and other structures or their associated fixtures and fittings; and (c) acquisition, installation or replacement of movable or fixed plant, machinery, vehicles and vessels.

59. Proposals for large-scale individual capital projects or acquisitions will normally be considered within CnaG's corporate and business planning process. Subject to paragraph 56, applications for approval within the corporate/business plan by DE and, DoF if necessary, shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Board. Regular reports on the progress of projects shall be submitted to DE.
60. Approval of the corporate/business plan does not obviate CnaG's responsibility to abide by the economic appraisal process.
61. Within its approved overall resources limit CnaG shall, as included in Table 1 at Appendix A, have delegated authority to spend up to £10,000 on any individual capital project or acquisition subject to appropriate budget cover having been agreed with DE. Beyond that delegated limit, DE's and where necessary, DoF's prior authority must be obtained before expenditure on an individual project or acquisition is incurred.

Transfer of funds within budgets

62. Transfers cannot be made between Resource DEL; Resource Depreciation and Impairments; Capital DEL and AME without approval of DE and where appropriate DoF.

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

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

Grant or loan schemes

64. 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 DE, and where necessary DoF. If grants or loans are to be made under a continuing scheme, statutory authority is likely to be required.
65. 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 CnaG and DE and if required, the Comptroller and Auditor General.

66. See also below under the heading *Recovery of grant-financed assets* (paragraphs 87-88).

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

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

Leasing

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

Public/Private Partnerships

72. CnaG 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, CnaG shall consult DE. CnaG should also ensure that it has the necessary budget cover.
73. Any partnership controlled by CnaG shall be treated as part of CnaG in accordance with guidance in the FReM and consolidated with it. Where the judgment over the level of control is difficult DE will consult DoF (who may need to consult with the Office of National Statistics over national accounts treatment).

Subsidiary companies and joint ventures

74. CnaG shall not establish subsidiary companies or joint ventures without the express approval of DE and DoF. In judging such proposals DE will have regard

to DE's wider strategic aim(s), objective and contribution to the Executive's Programme for Government.

75. For public expenditure accounts purposes any subsidiary company or joint venture controlled or owned by CnaG 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, DE will consult DoF (who may need to consult with the Office of National Statistics over national accounts treatment). Unless specifically agreed with DE and 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.

Financial investments

76. CnaG shall not make any investments in traded financial instruments without the prior written approval of DE, and where appropriate 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 CnaG shall equally be subject to Departmental and DoF approval unless covered by a specific delegation.

Unconventional financing

77. CnaG shall not enter into any unconventional financing arrangement without the approval of DE and DoF.

Commercial insurance

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

Payment/Credit cards

80. CnaG, in consultation with DE, 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 FD (DoF) 11/16 –Issues and Use of Payment Cards.

Hospitality

81. CnaG, in consultation with DE, 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

82. CnaG shall adhere to the guidance issued by DoF, as well as any produced by DE in relation to the Use of Consultants and in accordance with the delegated limits set out in Table 1 at Appendix A. Care should be taken to avoid actual, potential, or perceived conflicts of interest when employing consultants.
83. CnaG will provide DE with information on use of consultants to facilitate returns to DoF.

VI. MANAGEMENT AND DISPOSAL OF FIXED ASSETS

Register of assets

84. CnaG shall maintain an accurate and up-to-date register of its fixed assets.

Disposal of assets

85. CnaG 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 DE, and in accordance with the principles in MPMNI.
86. All receipts derived from the sale of assets (including grant financed assets, see below) must be declared to DE, which will consult with DoF on the appropriate treatment.

Recovery of grant-financed assets

87. Where CnaG has financed expenditure on capital assets by a third party, CnaG 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 CnaG's prior consent.

88. CnaG 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.
89. CnaG shall ensure that if the assets created by grants made by CnaG 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 CnaG for surrender to DE. The amounts recoverable under the procedures in paragraphs 87-89 above shall be calculated by reference to the best possible value of the asset and in proportion to the NI Consolidated Fund's original investment(s) in the asset.

VII. BUDGETING PROCEDURES

Setting the annual budget

90. Each year, in the light of decisions by DE on the CnaG updated draft Corporate and Business Plan (see sections 4.2 and 4.3 of the management statement), DE will send to CnaG:
- a formal statement of the annual forecast budget and income approved by DE, against which they are monitored although this can change as the year progresses; and
 - a statement of any planned change in policies affecting CnaG.
91. CnaG's approved annual business plan will take account of its approved budget, 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*.)
92. Any grant-in-aid provided by DE for the year in question will be voted in DE's Estimate and will be subject to Assembly control.

General conditions for authority to spend

93. Once CnaG's budget has been approved by DE and subject to any restrictions imposed by this MSFM, CnaG shall have authority to incur expenditure approved in the budget without further reference to DE, on the following conditions:
- CnaG shall comply with the delegations set out in Tables at Appendix A of this document. These delegations shall not be altered without the prior agreement of DE and DoF;
 - CnaG shall comply with the conditions set out in paragraph 17 above regarding novel, contentious or repercussive proposals;

- inclusion of any planned and approved expenditure in CnaG budget shall not remove the need to seek formal departmental [and where necessary, DoF] approval where such proposed expenditure is above the delegated limits set out in Table 1 at Appendix A or is for new schemes not previously agreed;
- CnaG shall provide DE with such information about its operations, performance individual projects or other expenditure as DE may reasonably require (see paragraph 93 below); and
- CnaG shall comply with NI Public Procurement Policy and carry out procurement via CPD or another recognised CoPE.

Providing financial information to DE

94. CnaG shall provide DE with, as a minimum, the following information on a quarterly basis (or other timeframe as required, to align with monthly reporting, in-year monitoring rounds and Estimates requirements):
- the expenditure and income for that quarter;
 - forecast outturn by pre-determined expenditure categories headings;
 - other data required for the DoF Outturn and Forecast Outturn Return; and
 - monthly prompt payment performance at 30 days and 10 working days.
95. In addition, CnaG will provide any other information required by DE to determine budgets or to allow DE to fulfil its obligations for DoF and HM Treasury in respect of financial/budgetary information including details of DEL and AME spend.

VIII. BANKING

Banking arrangements

96. CnaG's Chief Executive, in his role as Accounting Officer is responsible for ensuring that CnaG' 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.
97. 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 DE's Accounting Officer to enable the latter to satisfy his/her own responsibilities (Section 3.2 of the *Management Statement*);
- CnaG's banking arrangements shall be kept separate and distinct from those of any other person or organisation; and
- adequate records are maintained of payments and receipts and adequate facilities are available for the secure storage of cash.

IX. COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE

Relevant documents

98. CnaG 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;
 - *Northern Ireland Public Procurement Policy* issued by CPD (DoF)
 - *Public Sector Internal Audit Standards*, issued by DoF;
 - The document *Managing the Risk of Fraud* issued by DoF;
 - The Treasury document *The Government Financial Reporting Manual (FReM)* issued by DoF;
 - Relevant DoF *Dear Accounting Officer* and *Finance Director* letters;
 - Relevant *Dear Consolidation Officer* and *Dear Consolidation Manager* letters issued by DoF;
 - *Regularity, Propriety and Value for Money*, issued by Treasury;
 - The *Consolidation Officer Letter of Appointment*, issued by DoF;
 - Other relevant instructions and guidance issued by the central Departments (DoF/TEO) including Procurement Board and CPD Guidance;
 - Specific instructions and guidance issued by DE; and
 - Recommendations made by the Public Accounts Committee, or by other Assembly authority, which have been accepted by the government and which are relevant to CnaG.

X. REVIEW OF FINANCIAL MEMORANDUM

99. This *Management Statement* and *Financial Memorandum* will be reviewed within a maximum of 3 years of the formal agreement and sign-off of this document
100. DoF Supply will be consulted on any significant variation proposed to the *Management Statement* and *Financial Memorandum*.

Signed: Gaioid MacAdhaimh
on behalf of Comhairle na Gaelscolaíochta

Date: 13/01/20

Signed: D A Balser
on behalf of the Department of Education

Date: 15/1/20

DELEGATED EXPENDITURE LIMITS

The delegated expenditure limits set out in Table 1 below have been agreed between DE and CnaG. In addition, DE's delegated authority (above which DoF approval is required) is set out in DAO (DFP) 06/12. DE are responsible for obtaining DoF approval on CnaG's behalf as appropriate.

TABLE 1 - DELEGATED AUTHORITY

	CnaG
	£000s
IT	<50
Capital	<10
External Consultancy	-
Other	<30
Commercial Insurance	-
PPP	-

TABLE 2 – PROCUREMENT CONTROL LIMITS

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

THRESHOLDS (excluding VAT)	Number/Type of tender required
Up to £5,000	<ul style="list-style-type: none"> • Must demonstrate that value for money has been secured. • Guidance is included at Annex A of PGN 04/12.(Revised 2016)
£,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; or • A tender process undertaken by a CoPE.
£30,000 to EU thresholds	<ul style="list-style-type: none"> • Advertise on eTendersNI and procure in accordance with the terms of the SLA with CPD or other recognised CoPE. • For Guidance see - PGN 05/12 (revised 2016) – Simplified Approach to Procurements Over £30,000 and Under EU thresholds.
Above EU thresholds	<ul style="list-style-type: none"> • Advertise on eTendersNI and procure in accordance with

	<p>the terms of the SLA with CPD or other recognised CoPE.</p> <ul style="list-style-type: none"> • EU Directives apply – advertise in OJEU. • For Guidance see – PGN 04/16 – Selection and Tender Evaluation Procedures
	<ul style="list-style-type: none"> •

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, CnaG should undertake a comprehensive business case of all projects involving expenditure of £50,000 and over.

Where the minimum number of quotation/tenders is not obtained

Where CnaG is unable to obtain a sufficient number of tenders, the accounting officer of CnaG must confirm agreement to the award of the direct award contract, in compliance with CPD Procurement Guidance Note 03/11. (Revised 2016)

All direct award contracts in respect of the use of external consultants must have Departmental Accounting Officer approval and Ministerial approval, in addition to CnaG Accounting Officer approval.

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

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 <https://www.finance-ni.gov.uk/topics/programme-and-project-management-and-assurance>)

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.

ICT projects valued in excess of CnaG's delegated limit (£50k) must be submitted for approval to the DE ICT programme Board, following approval of the business case and clearance through the DE sponsor team.

ENGAGEMENT OF CONSULTANTS

General

CnaG **MUST NOT** appoint consultants in a direct award contract without the prior approval of DE's Accounting Officer. In addition, **all proposed external consultancy projects, must secure Ministerial approval in advance.** In the absence of a Minister, DE will advise of the necessary approval level(s) required.

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 template business case that should be used for all professional services.

LOSSES AND SPECIAL PAYMENTS

CnaG Chief Executive has delegated authority to write off losses and make special payments up to:

Type of loss/special payment	Maximum amount per case/incident £
Cash losses	300
Stores/Equipment losses	500
Constructive losses and fruitless payments	300
Compensation payments:	
(i) Made under legal obligation, e.g. by Court Order	(i) 300 (plus reasonable legal expenses)
(ii) For damage to personal property of staff	(ii) 50
(iii) Where written legal advice is that CnaG should not fight a court action because it is unlikely that it would win.	(iii) 300
Claims abandoned or waiver of claim	300
Extra contractual payments	300
Ex gratia payments (Pensions payments are not covered by this threshold)	50

Extra statutory and extra regulatory payments	no delegation all proposals must be submitted to the DE for approval
Overpayments of salaries and wages	300

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

The Chief Executive may authorise gifts up to the value of £25 – these gifts shall not be used for the benefit of staff or members.

Records of gifts should be kept. If CnaG is in any doubt whether a particular expenditure counts as publicity or a gift, it should consult DE.

Proposals for making gifts or other special payments (including write-offs) beyond these limits must have the prior approval of DE (and where necessary DoF).

Notation of Accounts

Losses should be brought to the Assembly's attention at the earliest opportunity normally by noting in the Annual Accounts. A Losses Statement and/or a Special Payment Statement is required in the Annual Accounts where total losses or special payments exceed £1,000. Individual losses or special payments of more than £250,000 should be noted separately. Losses and special payments should be reported on an accruals basis.

Losses and Special Payments Register

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 DE, where appropriate.

Document Information**Status**

The current status of this document is: FINAL

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Version Number	Date	Summary of Changes
2.1	01/08/2018	Draft – for circulation to DE Teams
2.2	12/10/2018	Draft – for circulation to CnaG
2.3	01/02/2019	Draft – includes amendments requested by DE Teams and CnaG
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	04/11/2019	Issued to IMIE for final sign off

Owner

The person responsible for this document is Jeff Brown Head of IMIE (028 91 279872).

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Distribution

Name	Position	Responsibility
	DoF Supply	Approval
Derek Baker	DE Accounting Officer	Approval
Liam Ó Flannagáin	CnaG Chief Executive	Approval

**COMHAIRLE na
GAELSCOLAÍOCHTA (CnaG)**

Management Statement

**MANAGEMENT STATEMENT FOR
COMHAIRLE NA GAELSCOLAÍOCHTA**

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Definitions

In this Memorandum:

"CnaG" means *Comhairle na Gaelscolaíochta*

"Body" means *Comhairle na Gaelscolaíochta*

"C&AG" means the Comptroller and Auditor General for Northern Ireland

"Chief Executive" means the senior executive official of CNAG

"DAO" means "Dear Accounting Officer" letter

"DE" means *Department of Education*

"DoF" means Department of Finance

"FD" means Finance Director

"Grant" means any form of payment, of which "grant-in-aid" is a subset

"Minister" means the Minister of the Department of Education. During the suspension of the Northern Ireland Assembly, all references to "the Minister" should be taken to mean the relevant Direct Rule Minister with responsibility for the Department of Education

"MSFM" means the *Management Statement and Financial Memorandum* document

"MPMNI" means Managing Public Money Northern Ireland

TEO means The Executive Office

"Voted" means provision voted by the Northern Ireland Assembly

During the 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) in consultation with the Comhairle na Gaelscolaíochta (CnaG), Westgate House, 4 Queen Street, Belfast BT1 6ED. The document is based on a model prepared by the Department of Finance (DoF).
- 1.1.2 The terms and conditions set out in the combined *Management Statement and Financial Memorandum* may be supplemented by guidelines or directions issued by the Department / Minister in respect of the exercise of any individual functions, powers and duties of CnaG.
- 1.1.3 A copy of the MS/FM for CnaG should be given to all newly appointed Board Members, senior CnaG executive staff and DE Sponsor Team staff on appointment. Additionally the MS/FM should be tabled for the information of Board Members at least annually at a full meeting of the Board. Amendments made to the MS/FM should also be brought to the attention of the full Board on a timely basis.
- 1.1.4 Subject to the legislation noted below, this *Management Statement* sets out the broad framework within which CnaG will operate, in particular:
- CnaG's overall aims, objectives and targets in support of DE's wider strategic aims and the contribution to the Executive's Programme for Government;
 - the rules and guidelines relevant to the exercise of CnaG's functions, duties and powers;
 - the conditions under which any public funds are paid to CnaG; and
 - how CnaG is to be held to account for its performance.
- 1.1.5 The associated *Financial Memorandum* sets out in greater detail certain aspects of the financial provisions which CnaG shall observe. However, the *Management Statement and Financial Memorandum* do not convey any legal powers or responsibilities.
- 1.1.6 The document shall be periodically reviewed by DE in accordance with the timetable referred to in Section 7 below.

- 1.1.7 CnaG, or DE, or the Minister may propose amendments to this document at any time. Any such proposals by CnaG shall be considered in the light of evolving Departmental policy aims, operational factors and the track record of CnaG itself. The guiding principle shall be that the extent of flexibility and freedom given to CnaG shall reflect both the quality of its internal controls to achieve performance and its operational needs. DE shall determine what changes, if any, are to be incorporated in the document. Legislative provisions shall take precedence over any part of the document. Significant variations to the document shall be cleared with DoF Supply after consultation with CnaG, as appropriate. (The definition of "significant" will be determined by DE in consultation with DoF.)
- 1.1.8 The *MS/FM* is approved by DoF Supply, and signed and dated by DE and CnaG's Chief Executive.
- 1.1.9 Any question regarding the interpretation of the document shall be resolved by DE after consultation with CnaG and, as necessary, with DoF Supply (and TEO if appropriate).
- 1.1.10 Copies of this document and any subsequent substantive amendments shall be placed in the Library of the Assembly. (Copies shall also be made available to members of the public on CnaG's website).

1.2 Founding legislation; status

- 1.2.1 CnaG, which was established in 2000, is a company limited by guarantee, and not having share capital. CnaG has charitable status. The constitution of CnaG is set out in its Articles of Association.
- 1.2.2 CnaG is a non-statutory body that receives its core funding through grant-in-aid from the Department of Education. Statutory authority for the payment of grant by DE to CnaG is contained within Article 89 (2) of the Education (Northern Ireland) Order 1998.
- 1.2.3 DE has a duty "to encourage and facilitate" Irish-medium Education under the Education (Northern Ireland) Order 1998 ("the Order"). Under the Order and the fulfilment of its duty, DE may "pay grants to any body appearing to have as an objective the encouragement or promotion of the Irish-medium education". CnaG was established in 2000 to provide for the benefit of the public the development of all aspects of Irish medium education. CnaG does not carry out its functions on behalf of the Crown.

1.3 The functions, duties and powers of CnaG

1.3.1 The role of CnaG is to promote Irish-medium education and to perform a wide range of roles in facilitating the development of Irish-medium education in Northern Ireland for the public benefit. Further information on CnaG's aims and objectives is recorded at section 2.

1.4 Classification

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

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

1.4.3 References to CnaG 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 CnaG (paragraphs 73-74 of the *Financial Memorandum refer*).

2. AIMS, OBJECTIVES AND TARGETS

2.1 Overall aims

2.1.1 CnaG's aim, approved by DE, is to assist the development of Irish-medium education in Northern Ireland. In doing so its objectives are aligned to support the Departments corporate goals, which are

- Improving the wellbeing of children and young people;
- Raising standards for all;
- Closing the performance gap, increasing access and equality;
- Developing the education workforce;
- Improving the learning environment; and
- Delivering high quality education services.

The following broad areas of operation have been identified to support the achievement of the Departments corporate goals:

- CnaG will provide advice and support services to schools, parents and communities wishing to develop or expand Irish-

medium provision at (a) pre-school, (b) primary and (c) post-primary school;

- CnaG will provide advice and support to Irish-medium schools , through working with the EA, CCMS, CCEA, DE, ETI as appropriate, to contribute to raising standards in Irish-medium education at (i) pre-school, (ii) primary and (iii) post-primary;
- CnaG will advocate on behalf of and support the development of the education workforce within the Irish-medium sector;
- CnaG will provide effective representation on behalf of the Irish-medium education sector by engaging with stakeholders that contribute to the improvement of the learning environment; and
- CnaG will provide strategic input to the area planning process to ensure that children and young people have access to high quality Irish-medium education that is delivered in schools that are educationally and financially sustainable.
- CnaG should encourage schools within the Irish-medium sector to engage in Shared Education and working with the EA, CCMS, CCEA, DE and ETI as appropriate, provide advice and support to implement Shared Education with partner schools. By 30 June CnaG should provide details as to the extent to which it has exercised its powers.

2.2 Objectives and key targets

2.2.1 DE determines CnaG's performance framework in the light of DE's wider strategic aims and contribution to the Executive's Programme for Government (paragraph 1.1.4) DE will agree the objectives, key commitments / actions and key success indicators within CnaG's Corporate and Business Plan (Section 4 below). The key commitments / actions relate to how CnaG contributes to the strategic priorities for the education sector.

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

CnaG will report on progress in achieving its objectives via the existing Governance and Accountability reporting mechanisms both in year and at year end.

3. RESPONSIBILITIES AND ACCOUNTABILITY

3.1 The Minister

3.1.1 The Minister is accountable to the Assembly for the activities and performance of CnaG insofar as it relates to carrying out the Statutory duty as set out in Section 1.2. His / Her responsibilities include:

- approving CnaG's strategic objectives and the policy and performance framework within which CnaG will operate (as set out in this *Management Statement* and *Financial Memorandum* and associated documents insofar as it relates to carrying out the Statutory duty as set out above);
- keeping the Assembly informed about CnaG's performance; and
- approving the amount of grant-in-aid/grant/other funds to be paid to CnaG, and securing Assembly approval.

3.2 The Accounting Officer of DE

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

3.2.2 In particular, the Accounting Officer of DE shall ensure that:

- CnaG's strategic aims and objectives support DE's wider strategic aims and contribution to the Executive's Programme for Government;
- the financial and other management controls applied by DE to CnaG are appropriate and sufficient to safeguard public funds and for ensuring that CnaG's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to CnaG by the Assembly but also any other funds falling within the stewardship of CnaG);

- the internal controls applied by CnaG conform to the requirements of regularity, propriety and good financial management; and
- any grant-in-aid to CnaG is within the ambit and the amount of the Request for Resources and that **Assembly authority** has been sought and given.

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

3.3 The sponsoring team in DE

3.3.1 Within DE, the Irish-medium & Integrated Education Team is the sponsoring team for CnaG. The Team, in consultation as necessary with the relevant departmental Accounting Officer, is the primary source of advice to the Minister on the discharge of his/her responsibilities in respect of CnaG, and the primary point of contact for CnaG in dealing with DE. The sponsoring team shall carry out its duties under the management of a senior officer, who shall have primary responsibility within the team for overseeing the activities of CnaG.

3.3.2 There are a number of other central teams within DE who are involved in the governance, oversight and financial arrangements for all DE ALBs (including CnaG). These teams are as follows:

- The Financial Reporting Team is the lead team for financial reporting issues;
- The Education Governance Team is the lead team for governance and accountability issues, including public appointments, business planning, performance and risk management issues;
- The Budgeting Team is responsible for ascertaining in-year and future budgetary requirements;
- The Internal Audit Team provides advice and guidance in relation to internal audit arrangements, risk management, internal control and governance matters; and
- The Education Workforce Directorate leads on public sector pay policy and conditions of service.

3.3.2 **The relevant teams shall advise the Minister on:**

- an appropriate framework of objectives and targets for CnaG in the light of DE's wider strategic aims and contribution to both the Executive's Programme for Government and Children and Young People's Strategy;
- an appropriate budget for CnaG in the light of DE's overall public expenditure priorities;
- how well CnaG is achieving its strategic objectives and whether it is delivering value for money.

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

on performance and risk management -

- monitor CnaG's activities on a continuing basis through an adequate and timely flow of information from CnaG on performance, budgeting, control, and risk management, including early sight of CnaG's Governance Statement;
- address in a timely manner any significant problems arising in CnaG, whether financial or otherwise, making such interventions in the affairs of CnaG as DE judges necessary to address such problems;
- periodically carry out a risk assessment of CnaG's activities to inform DE's oversight of CnaG; strengthen these arrangements if necessary; and amend the Management Statement and Financial Memorandum accordingly. The risk assessment shall take into account the nature of CnaG's activities; the public monies at stake; CnaG's corporate governance arrangements; its financial performance; internal and external auditors' reports; the openness of communications between CnaG and DE; and any other relevant matters;

on communication with CnaG -

- inform CnaG of relevant Executive policy in a timely manner; if necessary, advise on the interpretation of that policy; and issue specific guidance to CnaG as necessary;
- bring concerns about the activities of CnaG 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 CnaG in a timely fashion.

3.4 CnaG's Board

3.4.1 The Board Members are appointed in accordance with the Articles of Association of Comhairle na Gaelscolaíochta, and Departmental appointments are made in line with the Code of Practice issued by the Commissioner for Public Appointments.

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

- establish the overall strategic direction of CnaG within the policy and resources framework determined by DE ;
- constructively challenge CnaG's executive team in their planning, target setting and delivery of performance;
- ensure that DE is kept informed of any changes which are likely to impact on the strategic direction of CnaG 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 DE, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, CnaG takes into account all relevant guidance issued by DoF and DE;
- ensure that the Board receives and reviews regular financial information concerning the management of CnaG; is informed in a timely manner about any concerns about the activities of CnaG; and provides positive assurance to DE that appropriate action has been taken on such concerns;
- demonstrate high standards of corporate governance at all times, including using the independent Audit and Risk Assurance Committee (see paragraph 4.6.34.12.1) to help the Board to address the key financial and other risks facing CnaG;
- appoint with DE's approval the Chief Executive to CnaG and, in consultation with DE, set performance objectives and remuneration terms linked to these objectives for the Chief

Executive, which give due weight to the proper management and use of public monies.

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

- comply at all times with the Code of Conduct (see paragraph 3.5.5) that is adopted by CnaG 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 CnaG

3.44 DE shall have access to all Board meeting minutes.

3.5 The Chairperson of CnaG

3.5.1 The Chairperson is appointed in accordance with Article 35 of the Articles of Association of Comhairle na Gaelscolaíochta.

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

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

- formulating the Board's strategy;
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by DE;
- 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 DE of the needs of CnaG when Board vacancies arise, with a view to ensuring a proper balance of professional and financial expertise; and
- Assess the performance of individual Board Members. Board Members will be subject to ongoing performance appraisal, with a formal assessment being completed by the Chair of the Board at the end of each year and prior to any re - appointment of individual Members taking place. Members will be made aware that they are being appraised, the standards against which they will be appraised, and will have an opportunity to contribute to and view their report. The Chair of the Board will also be appraised on an annual basis through arrangements determined by DE.

3.5.5 The Chairperson shall also ensure that a Code of Practice for Council Members is in place, based on the Cabinet Office's *Codes of Conduct for Board Members of Public Bodies*, (FD (DFP) 04/14 refers). The Code shall commit the Chairperson and other Board Members to the Nolan "seven principles of public life", and shall include a requirement for a comprehensive and publicly available register of Board Members' interests.

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

3.6 The Chief Executive's role as Accounting Officer

3.6.1 The Chief Executive of CnaG is designated as CnaG's Accounting Officer by the departmental Accounting Officer of DE.

3.6.2 The Accounting Officer of CnaG 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 CnaG.

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

on planning and monitoring -

- following approval by the Comhairle, establish, in agreement with DE, CnaG's corporate and business plans in support of DE's wider strategic aims and contribution to the Executive's Programme for Government and Children and Young People's Strategy;
- inform DE of CnaG's progress in helping to achieve DE's policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensure that timely forecasts and monitoring information on performance and finance are provided to DE; that DE is notified promptly if overspends or underspends are likely and that corrective action is taken; and that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to DE in a timely fashion;

on advising the Board -

- advise the Board on the discharge of its responsibilities as set out in this document, and in any other relevant instructions and guidance that may be issued from time to time by DoF, TEO or DE;

- advise the Board on CnaG's performance compared with its aims and objectives;
- ensure that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed appropriately;
- take action in line with Section 3.8 of MPMNI if the Board, or its Chairperson, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency' or effectiveness;

on managing risk and resources -

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

on accounting for CnaG'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 DE or DoF;

- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Governance Statement regarding CnaG's system of internal control, for inclusion in the annual report and accounts;
- ensure that effective procedures for handling complaints about CnaG are established and made widely known within CnaG;
- 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 DE and DoF - in particular, Chapter 3 of *MPMNI* and the Treasury document *Regularity, Propriety and Value for Money* (a copy of which the Chief Executive shall receive on appointment). Section IX of the *Financial Memorandum* refers to other key guidance;
- give evidence, normally with the Accounting Officer of DE, if summoned before the Public Accounts Committee on the use and stewardship of public funds by CnaG;
- ensure that the requirements of the Data Protection Act 2018-General Data Protection Regulation (GDPR) 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 TEO; and
- ensure that Lifetime Opportunities 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, the Chief Executive of the NDPB is normally appointed by DoF as the NDPB's Consolidation Officer.

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

3.7.3 As Consolidation Officer, the Chief Executive shall comply with the requirements of the NDPB Consolidation Officer Letter of Appointment as issued by DoF and shall, in particular:

- ensure that CnaG has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process; and
- prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions and directions ["Dear Consolidation Officer" (DCO) and "Dear Consolidation Manager" (DCM) letters] issued by DoF on the form, manner and timetable for the delivery of such information.

3.8 Delegation of duties

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

3.10 Consulting Customers

3.10.1 CnaG will work in partnership with its stakeholders and customers to deliver the services/programmes, for which it has responsibility, to agreed standards. It will consult regularly to develop a clear understanding of citizens' needs and expectations of its services, and to seek feedback from both stakeholders and customers and will work to deliver a modern, accessible service. Consultation exercises should include children and young people to ensure their views are obtained on policies, programmes and services which would impact on their lives.

4. PLANNING, BUDGETING AND CONTROL

4.1 Planning and Performance Arrangements

4.1.1 CnaG will at all times comply with DE's requirements in relation to the preparation and submission of annual planning documents in advance of the start of each financial year. The format, structure and content of the plans and the timetable for their preparation and submission will be determined by DE.

4.1.2 There will normally be two such planning documents:

- a Corporate Plan (which normally reflects the mandate covered by the Programme for Government); and
- an annual Business Plan.

4.2 The corporate plan

4.2.1 Consistent with the timetable for NI Executive's Programme for Government and Budget process reviews, CnaG shall submit to DE a draft of its corporate plan covering the time period mandated by the Programme for Government within a timeframe agreed by DE. CnaG shall have agreed with DE the issues to be addressed in the plan and the timetable for its preparation.

4.2.2 DoF reserves the right to ask to see and agree CnaG's corporate plan. DE will agree CnaG's corporate plan.

4.2.3 The plan shall reflect CnaG's roles and responsibilities and, within those, the priorities set from time to time by DE. In particular, the plan shall demonstrate how CnaG contributes to the achievement of DE's strategic aims and its contribution to the Executive's Programme for Government and Children and Young People's Strategy.

4.2.4 The corporate plan shall set out:

- CnaG's key objectives and associated key performance targets for the years mandated by the Programme for Government, and its strategy for achieving those objectives;
- a review of CnaG's performance in the preceding financial year together with comparable outturns for the previous 2-5 years, and an estimate of performance in the current year;
- alternative scenarios to take account of factors which may significantly affect the execution of the plan, but which cannot be accurately forecast;

- a forecast of expenditure and income, taking account of guidance on resource assumptions and policies provided by DE at the beginning of the planning round. These forecasts should represent CnaG's best estimate of all its available income not just any grant.
- other matters as agreed between DE and CnaG.

4.2.5 The main elements of the plan, including the key performance targets, shall be agreed between DE and CnaG in the light of DE's decisions on policy and resources taken in the context of the Executive's wider policy and spending priorities and decisions.

4.3 The business plan

4.3.1 Each year of the corporate plan, amplified as necessary, CnaG shall submit to DE by an agreed date each year the detailed business plan for the forthcoming year setting out:

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

4.3.2 DoF reserves the right to ask to see and agree CnaG's annual business plan.

4.3.3 CnaG corporate and business plans will be formally approved by DE.

4.4 Publication of plans

4.4.1 The corporate and business plans shall be published and made available on the Internet. A summary version shall be made available to staff.

4.5 Reporting performance to DE

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

4.5.2 CnaG shall take the initiative in informing DE of changes in external conditions, which affect the achievement of objectives , or which may require a change to the budget or objectives as set out in the corporate or business plans.

4.5.3 CnaG's performance in helping to deliver DE policies, including the achievement of key objectives, shall be reported to DE on a timescale agreed by the Department. Performance will be formally reviewed quarterly by DE officials. The Minister shall meet the Board formally each year to discuss CnaG's performance, its current and future activities, and any policy developments relevant to those activities.

4.5.4 CnaG's performance against key targets shall be reported in CnaG's annual report and accounts (see Section 5.1 below). Arrangements for the validation of reported performance will be agreed between CnaG and DE.

4.6 Budgeting procedures

4.6.1 CnaG's budgeting procedures are set out in the *Financial Memorandum*.

4.7 Internal audit

4.7.1 CnaG shall establish and maintain arrangements for internal audit in accordance with the Public Sector Internal Audit Standards (PSIAS).

4.7.2 The purpose of the Internal Audit function is to provide the CnaG Accounting Officer, Council and line management with assurance on the adequacy and effectiveness of CnaG's risk management, internal control and governance arrangements.

4.7.3 The CnaG Accounting Officer should consult with DE on the qualifications and competences required for the Head of Internal Audit position each time the position is advertised.

4.7.4 If the service is contracted out the CnaG Accounting Officer should consult with DE on the contract specification each time the contract is being tendered.

4.7.5 DE will seek regular information regarding resourcing/staffing levels of Internal Audit.

- 4.7.6 DE will review CnaG's terms of reference for internal audit service provision. CnaG shall notify DE of any subsequent changes to internal audit's terms of reference.

4.8 Audit Planning

- 4.8.1 CnaG's Head of Internal Audit 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.
- 4.8.2 CnaG's Internal Audit Unit should engage with the Sponsor Team and DE's Internal Audit Unit at an early stage regarding the development of an Audit Strategy. A copy of the Audit Strategy should be provided to the Sponsor Team once it is finalised.
- 4.8.3 DE's Sponsor Team, DE's Internal Audit Unit and CnaG's Internal Audit Unit should engage with each other regarding the content of CnaG'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 Team once it is finalised.

4.9 Internal Audit Assignment Reports

- 4.9.1 In accordance with DAO26/02, all internal audit reviews should lead to a final report which is copied to the NIAO. CnaG's Internal Audit Unit should provide all final audit assignment reports to the Sponsor Team at the same time as they are provided to the NIAO.
- 4.9.2 DE may wish on occasion to obtain copies of CnaG's Internal Audit working papers. DE will request the relevant papers from the Head of Internal Audit.

4.10 Head of Internal Audit's Annual Assurance Statement

- 4.10.1 CnaG's Head of Internal Audit is required to provide a written report to the CnaG Accounting Officer timed to support his/her Governance Statement. A copy of this report should be sent to the Sponsor Team along with the draft Governance Statement and risk register, in accordance with the timetable established by DE.

4.11 Review of the Effectiveness of Internal Audit Arrangements

- 4.11.1 In line with Public Sector Internal Audit Standards, CnaG's Head of Internal Audit is required to make arrangements for regular internal

quality assessments and an external quality assessment at least every 5 years. CnaG's Accounting Officer and Audit Committee have a key role to play in ensuring that appropriate arrangements are in place, however, DE will also wish to assure itself regarding the appropriateness of the arrangements.

4.11.2 CnaG's Internal Audit Unit should provide a copy of the results of each internal quality assessment to the Sponsor Team.

4.11.3 CnaG's Internal Audit Unit should consult with the Sponsor Team 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 Team.

4.11.4 DE may carry out its own assessment of CnaG's internal audit function.

4.12 Audit Committee

4.12.1 CnaG shall set up an independent Audit and Risk Assurance Committee (ARAC) as a committee of its Council in accordance with the Cabinet Office's *Codes of Conduct for Board Members of Public Bodies*, (FD (DFP)) 04/14 refers and in line with the Audit and Risk Assurance Committee Handbook (NI) DAO (DOF) 03/18 .

4.12.2 DE will review CnaG's ARAC terms of reference. CnaG shall notify DE of any subsequent changes to the ARAC's terms of reference.

4.12.3 DE has observer status on CnaG's ARAC and therefore copies of ARAC papers for each meeting should be provided to the Sponsor Team in advance of the meetings.

4.12.4 The Sponsor Team should be provided with copies of all ARAC meeting minutes. As there are usually 3 ARAC meetings per year and the minutes may not be finalised until the following meeting, the Sponsor Team should be provided with the minutes of the ARAC meetings in draft as soon as practicable but no longer than 15 working days after the meeting.

4.12.5 CnaG's ARAC Annual Report to the Council should be copied to the Sponsor Team on an annual basis. In addition, where CnaG's ARAC carries out an assessment of its own performance, this report should also be copied to the Sponsor Team.

4.13 Reviews by NICS Group Internal Audit

4.13.1 NICS Group Internal Audit Unit may undertake reviews within CnaG at the request of DE, although this would generally be in exceptional circumstances.

4.14 Significant Issues

4.14.1 CnaG's Accounting Officer has a responsibility to bring to the immediate attention of DE's Principal Accounting Officer any significant issue relating to serious financial concerns, systems weaknesses or regularity and propriety.

4.15 Fraud

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

4.15.2 DE will review CnaG's Anti Fraud Policy and Fraud Response Plan. CnaG shall notify DE of any subsequent changes to the policy or response plan.

4.16 Additional Departmental access to CnaG

4.16.1 In addition to the right of access referred to above, DE shall have a right of access to all CnaG's records and personnel for purposes such as sponsorship audits and operational investigations. (See also paragraphs 3.4.4 and 4.11.4 access to Board and Audit and Risk Assurance Committee minutes).

5. EXTERNAL ACCOUNTABILITY

5.1 The annual report and accounts

5.1.1 After the end of each financial year CnaG 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 CnaG. A draft of the report shall be submitted to DE one month before the proposed publication date although it is expected that DE and CnaG will have had extensive pre publication discussion on the content of the report prior to formal submission to the Department.

5.1.2 The report and accounts shall comply with the most recent version of the Government Financial Reporting Manual (FRoM) issued by DoF,

which is updated every year. As CnaG is both a registered company and charity, the accounts should comply with the Companies Act 2006 and the Charities Statement of Recommended Practice (SORP). The principles in FReM should also be followed to provide any additional disclosures where these go beyond the Companies Act 2006 or SORP. Specific Accounts Direction will be issued by DE.

5.1.3 The report and accounts shall outline CnaG's main activities and performance during the previous financial year and set out in summary form CnaG's forward plans. Information on performance against key financial targets shall be included in the Annual Report/Directors 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 DE.

5.1.5 The report and accounts shall be presented as a single document to the Assembly and made available, in accordance with the guidance on the procedures for presenting the combined annual report and accounts as prescribed in the relevant FD letter issued by DoF and the TEO Guidance on Laying, Presenting and Depositing of Papers in the Northern Ireland Assembly.

5.2 External audit

5.2.1 CnaG's annual accounts should be audited annually, extended to include an opinion on regularity and the remuneration report. Currently there is no requirement for the Comptroller and Auditor General (C&AG) to audit CnaG's annual accounts.

5.2.2 The external auditor may share with DE information identified during the audit process and the audit report (together with any other outputs) at the end of the audit. This shall apply, in particular, to issues which impact on DE's responsibilities in relation to financial systems within CnaG.

5.3 VFM examinations

5.3.1 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which CnaG 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, CnaG 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 DE, CnaG shall have responsibility for the recruitment, retention and motivation of its staff. To this end CnaG 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 CnaG'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 CnaG'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 <https://www.finance->

[ni.gov.uk/sites/default/files/publications/dfp/public-bodies-guide-07.pdf](https://www.ni.gov.uk/sites/default/files/publications/dfp/public-bodies-guide-07.pdf)).

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7. REVIEWING THE ROLE OF CNaG

7.1 CnaG shall be reviewed periodically, in accordance with the business needs of DE and the NDPB. This will be considered in accordance with Chapter 9 of Public Bodies: A Guide for Northern Ireland Departments

7.1.2 The next review of CnaG will take place in the financial year 2020/21

7.1.3 In regard to any future proposal to wind up CnaG the Department will in good time before the CnaG is to be wound up:

- ensure that procedures are in place in CnaG to gain independent financial 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 CnaG's assets and liabilities at wind-up, distinguishing between actual and potential assets and liabilities; and
- if necessary, secure representation on the CnaG Board to ensure that the wind-up is conducted in a proper and satisfactory manner.

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

7.2 Organisational Efficiency and Effectiveness

7.2.1 It is the responsibility of the Chief Executive, as Accounting Officer, to ensure that the operational activities of CnaG are conducted efficiently and with due regard to the economical use of public funds. In that respect, the Chief Executive will ensure that appropriate arrangements are in place to critically scrutinise CnaG service performance and staffing levels.

7.2.2 C&AG may also carry out examinations in this regard in accordance with section 5.2 above.

7.2.3 DE may may from time to time specify particular areas which it considers should be examined. CnaG will co-operate in the conduct of any such reviews and report the outcome to DE.