

**MANAGEMENT STATEMENT AND FINANCIAL MEMORANDUM
FOR
THE REGULATION AND QUALITY IMPROVEMENT AUTHORITY**

October 2018



Department of
Health

An Roinn Sláinte

Máinnystrie O Poustie

www.health-ni.gov.uk

Management Statement

The Regulation and Quality Improvement Authority

1. INTRODUCTION

1.1 This document

- 1.1.1 This *Management Statement* and *Financial Memorandum* (MS/FM) has been drawn up by the sponsor Department, the Department of Health (DoH), in consultation with the Regulation and Quality Improvement Authority (referred to in this document as the RQIA). 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 sponsor Department/Minister in respect of the exercise of any individual functions, powers and duties of the RQIA.
- 1.1.3 A copy of the MS/FM for the RQIA should be given to all newly appointed RQIA Board Members, senior RQIA executive staff and departmental sponsor staff on appointment. Additionally the MS/FM should be tabled for the information of RQIA Board Members at least annually at a full meeting of the RQIA Board. Amendments made to the MS/FM should also be brought to the attention of the full RQIA Board on a timely basis.
- 1.1.4 Subject to the legislation noted below, this *Management Statement* sets out the broad framework within which the RQIA will operate, in particular:
 - the RQIA's overall aims, objectives and targets in support of the sponsor Department's wider strategic aims and the outcomes and targets contained in the Programme for Government (PfG);
 - the rules and guidelines relevant to the exercise of the RQIA's functions, duties and powers;
 - the conditions under which any public funds are paid to the RQIA; and
 - how the RQIA is to be held to account for its performance.
- 1.1.5 The associated *Financial Memorandum* (Appendix 3) sets out in greater detail certain aspects of the financial provisions which the RQIA shall observe. However, the *Management Statement* and *Financial Memorandum* do not convey any legal powers or responsibilities.
- 1.1.6 The document shall be periodically reviewed by the sponsor Department in accordance with the timetable referred to in Section 7 below.
- 1.1.7 The RQIA, the sponsor Department, or the Minister may propose amendments to this document at any time. Any such proposals by the RQIA shall be considered in the light of evolving departmental policy aims, operational factors and the track record of the RQIA itself. The guiding principle shall be that the

extent of flexibility and freedom given to the RQIA shall reflect both the quality of its internal controls to achieve performance and its operational needs. The sponsor Department shall determine what changes, if any, are to be incorporated in the document. Legislative provisions shall take precedence over any part of the document. Significant variations to the document shall be cleared with DoF Supply after consultation with the RQIA, as appropriate. (The definition of "significant" will be determined by the sponsor Department in consultation with DoF).

- 1.1.8 The MS/FM will only require DoF approval if there have been substantial significant changes to it. Once agreed the MS/FM will be signed and dated by the sponsor Department and the RQIA's Chief Executive.
- 1.1.9 Any question regarding the interpretation of the document shall be resolved by the sponsor Department after consultation with the RQIA and, as necessary, with DoF Supply.
- 1.1.10 Copies of this document and any subsequent substantive amendments shall be placed in the Library of the Assembly. Copies shall also be made available to members of the public on the RQIA's website.

1.2 Founding legislation; status

- 1.2.1 Article 3 of the Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003 established the Northern Ireland Health and Personal Services Regulation and Improvement Authority. This was formally renamed as the Health and Social Care Regulation and Quality Improvement Authority (RQIA) in accordance with Article 1 (2) of the Health and Social Care (Reform) Act (Northern Ireland) 2009. The RQIA does not carry out its functions on behalf of the Crown.
- 1.2.2 On the implementation of the Health and Social Care (Reform) Act (Northern Ireland) 2009 (1 April 2009) the RQIA became responsible for carrying out the functions undertaken by the Mental Health Commission (MHC) as outlined in the Mental Health (Northern Ireland) Order 1986.

1.3 The functions, duties and powers of the RQIA

- 1.3.1 RQIA is established for the purposes specified in the Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003 and the Mental Health (Northern Ireland) Order 1986, which are reproduced at Appendix 1

1.4 Classification

1.4.1 For policy/administrative purposes the RQIA is classified as an executive non-departmental public body (NDPB)

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

1.4.3 References to the RQIA 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 RQIA.

2. AIMS, OBJECTIVES AND TARGETS

2.1 Aims

2.1.1 The Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003 makes provision for the duties and responsibilities of the RQIA. These can be summarised as 3 main aims:

- a) Keeping the Department informed about the overall state and provision of health and social care services, and in particular, about their availability and their quality.
- b) Encouraging improvement in the quality of services by conducting reviews of health and social care organisations' clinical and social care governance arrangements against quality standards; and thematic and service reviews; and specific investigations as directed by the Department.
- c) Regulation of relevant establishments and agencies.

2.1.2 Article 25 of the Health and Social Care (Reform) Act (Northern Ireland) 2009 made provision for the functions of the Mental Health Commission to be transferred to the RQIA. The combined powers and functions of the RQIA following this change built upon the functions set out in Article 86 of the Mental Health (Northern Ireland) Order 1986 and included:

- a) Retention and further development of a focus on the individual and the rights of service users and carers under the current functions of the MHC whilst incorporating the powers of enforcement and improvement on organisations under the Health and Personal Social Services Quality, Improvement and Regulation (NI) Order 2003.
- b) Promotion of multi-professional and lay working in a manner not available to the MHC through the RQIA's programme of inspection and governance reviews.
- c) Placement of an additional emphasis on the promotion and sharing of good practice across services.
- d) Creation of an opportunity for wider promotion of mental health, advocacy, service user and carer engagement.

2.2 Objectives and key targets

2.2.1 The Department determines the RQIA's performance framework in light of the Programme for Government (PfG), the Department's wider strategic aims, and current PfG objectives and targets. The key targets, standards and actions to be delivered by the RQIA are set out in its Annual Business Plan supported by the Corporate Strategy

2.2.2 Proportionate assurance will be provided to relevant Policy leads at the Department of Health (DoH) and where applicable assurance will be provided in mid-year assurance/governance statements. The formal accountability

process will be the vehicle for highlighting any exception issues. This approach does not preclude the Chief Executive, as Accounting Officer, putting in place whatever arrangements deemed necessary in RQIA.

2.2.3 The following key objectives underpin the work of the RQIA:

Improving the Quality of Care

The RQIA will work to bring about measurable and enduring improvements in the safety and quality of health and social care services for the people of Northern Ireland by:

- a) undertaking a programme of inspections of regulated services;
- b) undertaking a programme of reviews and additional inspections, agreed by the Department;
- c) reporting on the results of investigations into, and reviews of, specific service failures in health and social care services and recommending actions to improve the quality of these services;
- d) monitoring and evaluating the impact of the work of the RQIA., according to a set of outcome indicators agreed with the Department;
- e) adopting an intelligence led and risk based approach, ensuring adherence to service standards, supporting quality improvement, sustaining good practice and building public confidence.

Informing, Influencing and Enforcing

The RQIA will report and advise on the safety, quality and availability of healthcare and will use its powers to raise levels of compliance with service standards, sustain good practice and build public confidence, by:

- a) Collecting and analysing data from a wide range of sources to inform priorities within RQIA's programme and to assess changes in the quality of services over time;
- b) sharing and disseminating learning and good practice with partners and service providers;
- c) developing and implementing effective information and communication strategies;
- d) contributing to the development and improvement of regional policies and standards;
- e) monitoring and assessing compliance with standards for regulatory services through compliance with the regulations;
- f) monitoring and assessing compliance with evidence based best practice for other services;

- g) providing appropriate and timely information to the Department, the public and other stakeholders;
- h) publishing an annual report on the work of the RQIA.

Safeguarding Rights

The RQIA will act to protect the rights of all vulnerable people using health and social care services, by:

- a) taking account of the principles of Human Rights and Equality;
- b) discharging its functions under the Mental Health (Northern Ireland) Order 1986;
- c) exercising its duties as a designated national preventive mechanism (NPM), under the United Nations Optional Protocol to the Convention Against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (OPCAT), by visiting places of detention, including psychiatric hospitals and prisons, to assess whether those detained are subject to humane treatment.

Developing People and Partnerships

The RQIA will provide an environment which promotes learning, growth and development for its entire staff, and will talk and listen to its stakeholders and seek opportunities to work in partnership by:

- a) having in place clear and effective human resources and organisational development strategies;
- b) developing strategic partnerships with other regulators, public representatives and service users to ensure a sensitive, service-user focus;
- c) developing the profile of the RQIA to ensure that its responsibilities are understood, and encouraging feedback from, and engagement with, stakeholders and other interested parties.

Managing Resources Effectively, Efficiently and Economically

The RQIA will manage and deploy its resources effectively and efficiently in support of overall policy and strategy, and will maintain robust governance framework arrangements to ensure effective systems of internal control, by:

- a) ensuring that resources are allocated in line with strategic priorities and that Value for Money is achieved;
- b) complying with legislative requirements and best practice in relation to good governance, risk management and independent assurance;
- c) demonstrating a culture of learning and continuous improvement, and encouraging and supporting individuals to identify and achieve personal and organisational development targets;

- d) maximise use of new technology, different media to support the discharge of its functions

2.3 Performance Management

2.3.1 The following methodologies will be used to assess progress against these objectives by providing a basis for establishing the key performance targets:

- a) Bi-annual accountability meetings with the Department;
- b) Regular update meetings between the Chief Executive of the RQIA and the head of the Sponsoring Branch;
- c) Annual audit conducted by the Northern Ireland Audit Office;
- d) Occasional reviews arranged by the Department in consultation with the RQIA.

3. RESPONSIBILITIES AND ACCOUNTABILITY

3.1 The Minister

3.1.1 The Minister is accountable to the Assembly for the activities and performance of the RQIA. The Minister's responsibilities include:

- a) approving the RQIA's strategic objectives and the policy and performance framework within which the RQIA will operate (as set out in this *Management Statement* and *Financial Memorandum* and associated documents);
- b) keeping the Assembly informed about the RQIA's performance as part of the HSC system;
- c) carrying out responsibilities specified in the founding legislation including appointments to the RQIA Board (including its Chairman) and laying of the annual report and accounts before the Assembly; and
- d) approving the remuneration scheme for Non-Executive RQIA Board members and setting the annual pay settlement each year under these arrangements.

3.2 The Accounting Officer of the sponsor Department

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

3.2.2 In particular, the departmental Accounting Officer of the sponsor Department shall ensure that:

- a) the RQIA's strategic aims and objectives support the sponsor Department's wider strategic aims and current PfG objectives and targets;
- b) the financial and other management controls applied by the sponsor Department to the RQIA are appropriate and sufficient to safeguard public funds and for ensuring that the RQIA's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to the RQIA by the Assembly but also any other funds falling within the stewardship of the RQIA);
- c) the internal controls applied by the RQIA conform to the requirements of regularity, propriety and good financial management; and
- d) any grant-in-aid to the RQIA 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).

The Departmental Accounting Officer is also responsible for ensuring that arrangements are in place to:

- a) continuously monitor the RQIA's activities to measure progress against approved targets, standards and actions, and to assess compliance with safety and quality, governance, risk management and other relevant requirements placed on the organisation;
- b) address significant problems in the RQIA, making such interventions as he/she judges necessary to address such problems;
- c) periodically carry out an assessment of the risks both to the Department's and the RQIA's objectives and activities;
- d) inform the RQIA of relevant Government policy in a timely manner; and
- e) bring concerns about the activities of the RQIA to the full RQIA Board, requiring explanations and assurances that appropriate action has been taken.

3.3 The Departmental Executive Board Member and the sponsoring team

3.3.1 Sponsorship of RQIA is the responsibility of the DoH as a whole. Each Arms Length Body (ALB) is allocated an Executive Board Member (EBM) whose primary responsibility is overseeing the sponsorship of the ALB. In particular the EBM for RQIA:

- a) supports the Permanent Secretary in ensuring that sponsorship is applied systematically;
- b) provides an assurance that a proportionate approach to assurance and accountability is in place;

- c) manages the Department's process for approving RQIA's Corporate Strategy and Business Plan;
- d) ensures that RQIA significant governance, risk management or internal control divergences are escalated within the Department;
- e) undertakes an end year appraisal for the RQIA Chair; and
- f) chairs and participates in ground clearing and accountability meetings as required.

3.3.2 Within the sponsoring Department, Quality Regulation and Improvement Unit is the sponsoring team for the RQIA. 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 the RQIA, and the primary point of contact, subject to para 3.3.5 below, for the RQIA in dealing with the sponsor Department. 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 the RQIA.

3.3.3 The sponsoring team shall advise the Minister on:

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

3.3.4 In support of the Departmental Accounting Officer, Quality Regulation and Improvement Unit shall:

- a) be the primary communication point with the RQIA through which investigations and reviews are commissioned by the Department. The Unit will, in collaboration with the RQIA, agree a specific scope, Terms of Reference, timetable and publication process for each 'commissioned' investigation or review in advance of each investigation or review;
- b) monitor the activities of the RQIA on a continuing basis through an adequate and timely flow of information from the RQIA on performance, budgeting, control and risk management, including early sight of the RQIA's Statement on Internal Control;
- c) address in a timely manner any significant problems arising in the RQIA, whether financial or otherwise, making such interventions in the affairs of the RQIA as the Department, normally as part of a larger process of wider engagement, judges necessary;
- d) periodically carry out a risk assessment of the activities of the RQIA to inform the Department's oversight of the RQIA; strengthen these arrangements if necessary; and amend the MSFM accordingly. The risk assessment shall take into account the nature of the activities of the RQIA; the public monies at stake; its corporate governance arrangements; its financial performance; internal and external auditors' reports; and any other relevant matters;

- e) inform the RQIA of relevant Government policy in a timely manner; advise on the interpretation of that policy; and issue specific guidance to the RQIA as necessary;
- f) through the EBM, bring concerns about the activities of the RQIA to the attention of the Chairman, Chief Executive and, where necessary, the full Board of the RQIA, and require explanations and assurances that appropriate action has been taken.

3.3.5 On financial matters, the primary point of contact for the RQIA will be the DoH Finance Directorate. The Directorate supports the DoH Accounting Officer on his/her responsibilities regarding accounting arrangements, budgetary control and other financial matters, including procurement. In doing so, Finance Directorate will liaise as appropriate with the sponsor team. RQIA will copy the DoH sponsor branch into all correspondence with the Department's Finance.

3.3.6 On all other matters correspondence between the RQIA and DoH must be copied to the RQIA sponsor branch

3.4 The RQIA Board

3.4.1 The RQIA Board Members are appointed in accordance with Schedule 1 of the Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003 and the Regulation and Improvement Authority (Appointments and Procedure) Regulations (Northern Ireland) 2004 by the DoH for periods not exceeding four years and in line with the Code of Practice issued by the Commissioner for Public Appointments. The Board comprises of a Chair and up to twelve members appointed by the Minister for a period of four years.

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

- working closely with the RQIA Chief executive establish the overall strategic direction of the RQIA within the policy and resources framework determined by the sponsor branch, Minister and Department;
- constructively support and challenge the RQIA's executive team in their planning, target setting and delivery of performance;
- ensure that the sponsor Department is kept informed of any changes which are likely to impact on the strategic direction of the RQIA 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 RQIA Board operates within the limits of its statutory authority and any delegated authority agreed with the sponsor Department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the RQIA Board takes into account all relevant guidance issued by DoF and the sponsor Department;

- ensure that the RQIA Board receives and reviews regular financial information concerning the management of the RQIA; is informed in a timely manner about any concerns about the activities of the RQIA; and provides positive assurance to the sponsor Department that appropriate action has been taken on such concerns;
- demonstrate high standards of corporate governance at all times, including using the independent audit committee, (see paragraph 4.7) to help the RQIA Board to address the key financial and other risks facing the RQIA; and
- appoint with the sponsor Department's approval a Chief Executive to the RQIA and, in consultation with the sponsor Department, set performance objectives and remuneration terms linked to these objectives for the Chief Executive, which give due weight to the proper management and use of public monies.

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

- comply at all times with RQIA standing orders which seek to ensure the maintenance of public service values and high standards of personal conduct of board members
- comply with the rules and guidance relating to the use of public funds and to conflicts of interest;
- subscribe to the Code of Conduct and Code of Accountability for Board Members of Health and Social Care Bodies
- 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 RQIA Board any private interests that may be perceived to conflict with their public duties;
- comply with the RQIA 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 RQIA.

3.4.4 The Department shall have access to all Board meeting minutes and papers, including private or closed sessions. The Board's meeting agendas, minutes and papers should be forwarded to the sponsor team no later than 1 week in advance of meetings

3.4.5 Members of the Board (including the Chairman) must not give the Chief Executive instructions which conflict with the latter's duties as the Accounting Officer of the RQIA.

3.4.6 The sponsor Department if appropriate may attend a RQIA Board meeting, which will normally only be the public session, as an observer and will not participate in any of the Board's discussion

3.5 The Chairman of the RQIA

3.5.1 The Chairman is appointed in accordance with Schedule 1 of the Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003 and the Regulation and Improvement Authority (Appointments and Procedure) Regulations (Northern Ireland) 2004 by the DoH for periods not exceeding four years and in line with the Code of Practice issued by the Commissioner for Public Appointments

3.5.2 The Chairman is accountable to the Minister of the sponsor Department. The Chairman shall ensure that the RQIA's policies and actions support the wider strategic policies of the Minister; and that the RQIA's affairs are conducted with probity. The Chairman shares with other RQIA Board members the corporate responsibilities set out in paragraph 3.4.2, and in particular for ensuring that the RQIA fulfils the aims and objectives set by the sponsor Department and approved by the Minister.

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

- the Board's role in the formulation of the RQIA Board's strategy;
- ensuring that the RQIA Board, in reaching decisions, takes proper account of guidance provided by the Minister or the sponsor Department and complies with directions issued by the Department and any requirements communicated to RQIA by the Department;
- promoting the efficient, economic and effective use of staff and other resources;
- encouraging and delivering high standards of regularity and propriety;
- representing the views of the RQIA Board to the general public; and
- ensuring that the RQIA 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 RQIA Board Members and advice provided by the Chief Executive and members of the Executive management Team;
- ensuring that the RQIA board seeks and takes proper account of the advice offered by the RQIA Chief Executive and members of RQIA's Executive Management Team;
- ensuring that the dates of public Board meetings are advertised.

3.5.4 The Chairman shall also:

- ensure that all members of the RQIA 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 Department of the needs of the RQIA when Board vacancies arise, with a view to ensuring a proper balance of professional and financial expertise;
 - assess the performance of individual RQIA Board Members. RQIA 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 by [the Departmental Accounting Officer] [an official acting on his or her behalf].
 - Ensure the completion of the Board Governance Self Assessment Tool on an annual basis. Assurance will be provided through the mid-year assurance statement, that the tool is being completed, actions are being addressed and that any exception issues will be raised with the Department.
- 3.5.5 The Chairman shall also ensure that a Code of Practice for RQIA Board Members is in place, based on the Codes of conduct for board members of public bodies (FD (DFP) 04/14 refers. The Code shall commit the Chairman and other RQIA Board Members to the Nolan "seven principles of public life", and shall include a requirement for a comprehensive and publicly available register of RQIA Board Members' interests.
- 3.5.6 Communications between the Board, and the Department shall normally be through the Chairman and the DoH sponsor branch should be copied into all correspondence. The Chairman shall ensure that the other RQIA Board Members are provided with copies of such communications on a timely basis.
- 3.5.7 Day to day communications from / to RQIA on operational and Business matters will normally be between the Chief Executive and the EBM, finance directorate or sponsor branch in the Department.

3.6 The Chief Executive's role as Accounting Officer

- 3.6.1 The Chief Executive of the RQIA is designated as the RQIA's Accounting Officer by the departmental Accounting Officer of the sponsor Department.
- 3.6.2 The Accounting Officer of the RQIA 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 RQIA. The Chief Executive should aim to attend the training course 'An introduction for Accounting Officers' within 3 months of appointment.
- 3.6.3 As Accounting Officer, the Chief Executive shall exercise the following responsibilities in particular:

on planning and monitoring -

- establish, with approval of the sponsor Department, the RQIA's corporate strategy and business plans in support of the Department's wider strategic aims and current PFG objectives and targets;
- inform the sponsor Department of the RQIA's progress in helping to achieve the Department'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 the sponsor Department; that the sponsor Department is notified promptly if overspends or underspends are likely and that corrective action is taken;
- that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the sponsor Department in a timely fashion.

on advising the Board -

- advise the RQIA Board on the discharge of its responsibilities as set out in this document, [in the founding legislation] and in any other relevant instructions and guidance that may be issued from time to time by DoF or the sponsor Department;
- advise the RQIA Board on the RQIA's performance compared with its aim[s] and objectives;
- ensure that financial considerations are taken fully into account by the RQIA 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 RQIA Board, or its Chairman, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency or effectiveness;

on managing risk and resources –

- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensure RQIA makes effective/optimum use of modern technology in delivering its duties in an efficient, effective and economic manner.
- ensure that an effective system of programme and project management and contract management is maintained;
- ensure compliance with the Northern Ireland Public Procurement Policy;

- ensure that all public funds made available to the RQIA [including any income or other receipts] are used for the purpose intended by the Assembly, and that such monies, together with the RQIA's assets, equipment and staff are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by the RQIA, 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 RQIA's activities –

- sign the accounts and be responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Minister, the sponsor Department, or DoF;
- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Governance Statement regarding the RQIA's system of internal control, for inclusion in the annual report and accounts, that details significant internal control divergences;
- sign a mid-year assurance statement on the condition of the RQIA's system of internal control.
- ensure that effective procedures for handling complaints about the RQIA are established and made widely known within the RQIA;
- 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 Department and DoF - in particular, Chapter 3 of *MPMNI* and the Treasury document *Regularity and Propriety and Value for Money* (a copy of which the Chief Executive shall receive on appointment). Section 9 of the *Financial Memorandum* refers to other key guidance.
- give evidence, normally with the Accounting Officer of the sponsor Department, if summoned before the Public Accounts Committee on the use and stewardship of public funds by the RQIA;
- ensure that an Equality Scheme is in place and reviewed and that new policies are equality impact assessed as required by the Equality Commission and The Executive Office.
- ensure that Lifetime Opportunities is taken into account; and

- ensure that the requirements of the General Data Protection Regulation 2018 (GDPR) and the Freedom of Information Act 2000 are complied with.

Additional Responsibilities

- reporting on proportionate assurance and compliance with quality standards to the Department of Health
- ensuring that a business continuity plan is developed and maintained;
- ensuring that effective procedures for handling adverse incidents are established and made widely known within the RQIA;
- ensuring that the Department is advised in a timely way on relevant issues arising from inspection, audit or review activity.
- ensuring that the requirements of relevant statutes, court rulings, and departmental directions are fully complied with;
- ensuring an acceptance and provision of Gifts and Hospitality Policy is in place that set out the principles and requirements under which gifts and hospitality can be received and in turn when such offers can be made.
- ensure that RQIA has effective processes in place to engage and involve stakeholders in its delivery of its programme of work.

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 RQIA is normally appointed by DoF as the RQIA's Consolidation Officer.

3.7.2 As the RQIA'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 RQIA; 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 RQIA Consolidation Officer Letter of Appointment as issued by DoF and shall, in particular:

- ensure that the RQIA 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 the RQIA. 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 RQIA is the Principal Officer for handling cases involving the Northern Ireland Commissioner for Complaints. As Principal Officer, he/she shall inform the Permanent Secretary of the sponsor Department of any complaints about the RQIA accepted by the Ombudsman for investigation, and about the RQIA's proposed response to any subsequent recommendations from the Ombudsman.

3.10 Consulting customers

3.10.1 The RQIA 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.

3.11 Communications Protocols

3.11.1 The sponsoring branch is the primary point of contact for the RQIA within the Department. RQIA can provide briefing on key findings of its reviews to other relevant Departmental officials on request. Where the RQIA needs to communicate directly with other Directorates and Professional Groups within the Department it will copy any correspondence to the sponsoring branch. Likewise, Directorates and Professional Groups should ensure that correspondence by them to the RQIA is copied to the sponsoring branch.

3.11.2 *Policy and legislation proposals:* where the Department is planning to make policy or legislative changes that affect the business of the RQIA, these should be shared at the earliest possible opportunity and no later than three weeks before they are made public.

3.11.3 Private Office Enquiries and Assembly Questions: the Department should share any relevant enquiry or question with the RQIA as soon as it is received.

3.11.4 Safety Alerts, Early Alerts and Serious Adverse Incidents: the Department should share any relevant alerts and incidents with RQIA as soon as they are received.

4. PLANNING, BUDGETING AND CONTROL

4.1 The corporate strategy

- 4.1.1 Consistent with the timetable for the NI Executive's Budget process reviews, the RQIA shall submit to the sponsor Department a draft of the RQIA's corporate strategy covering an agreed period of normally three to five years ahead. The RQIA shall have agreed with the sponsor Department the issues to be addressed in the plan and the timetable for its preparation, submission and agreement.
- 4.1.2 DoF reserves the right to ask to see and agree the RQIA's corporate strategy.
- 4.1.3 The plan shall reflect the RQIA's statutory duties and, within those duties, the priorities set from time to time by the Minister. In particular, the plan shall demonstrate how the RQIA contributes to the achievement of the Department's strategic aims and PfG objectives and targets.

4.1.4 The corporate plan shall set out:

- the RQIA's key objectives and associated key performance targets for the forward years, and its strategy for achieving those objectives;
- a review of the RQIA's performance in the preceding financial year [together with comparable outturns for the previous [2-5] years], and an estimate of performance in the current year;
- alternative scenarios to take account of factors which may significantly affect the execution of the plan, but which cannot be accurately forecast;
- a forecast of expenditure and income, taking account of guidance on resource assumptions and policies provided by the sponsor Department at the beginning of the planning round. These forecasts should represent the RQIA's best estimate of all its available income not just any grant or grant-in-aid; and
- other matters as agreed between the Department and RQIA.

- 4.1.5 The main elements of the plan, including the key performance targets, shall be agreed between the sponsor Department and the RQIA in the light of the sponsor Department's decisions on policy and resources taken in the context of the Executive's wider policy and spending priorities and decisions.

4.2 The business plan

- 4.2.1 Each year of the corporate plan, amplified as necessary, shall inform the basis of the business plan for the relevant forthcoming year. *[NOTE: The sponsor Department should agree a timeframe or specific dates for the submission and agreement of the business plan]*. The business plan shall include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the sponsor Department.

- 4.2.2 The business plan should include reference to SMART objectives that:

- support the delivery of Programme for Government Commitments;
- support the delivery of Departmental policy and strategy
- deliver on the functions etc. specified in the RQIA's founding legislation setting out the purposes for which the RQIA was created and the functions/services it is to deliver
- address known areas of underperformance, the findings of inquiries etc. and respond to particular events, serious adverse incidents and near misses.
- Include references to staff – training, development etc

4.2.3 DoF reserves the right to ask to see and agree the RQIA's annual business plan

4.2.4 Corporate and business plans will be formally approved by the EBM sponsor.

4.3 Publication of plans

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

4.4 Reporting performance to the sponsor Department

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

4.4.2 The RQIA shall take the initiative in informing the sponsor Department of changes in external conditions, which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives as set out in the corporate or business plans.

4.4.3 The RQIA's performance in helping to deliver Departmental policies, including the achievement of key objectives, shall be reported to the Department on a bi-monthly basis. Performance will be formally reviewed bi-monthly by officials of the sponsor Department or a representative of the Department. The Department shall meet the RQIA Board formally each year to discuss the RQIA's performance, its current and future activities, and any policy developments relevant to those activities.

4.4.4 The Department may, at its discretion, request evidence of progress against key objectives at any time.

4.4.5 Senior Departmental officials will hold biannual Ground Clearing meetings with the RQIA. The purpose of these meetings is to discuss the RQIA's overall performance, its current and future activities, any policy developments relevant to those activities safety and quality, financial performance and corporate control/risk management performance, and other issues as prescribed by the Department.

4.4.6 Issues identified at the Ground Clearing meeting which cannot be resolved at the meeting or through other avenues will be escalated for discussion to the

Accounting Officer Accountability meeting with the Chair and Chief Executive of the RQIA.

- 4.4.7 The RQIA's performance against key targets shall be reported in the RQIA's annual report and accounts [see Section 5.1 below]. [Arrangements for the validation of reported performance will be agreed between the RQIA and the sponsoring Department.]

4.5 Budgeting procedures

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

4.6 Internal audit

- 4.6.1 The RQIA shall establish and maintain arrangements for internal audit in accordance with the PSIAS (Public Sector Internal Audit Standards).

- 4.6.2 Departments should outline the arrangements that they have determined as appropriate for the RQIA taking account of DAO (DFP) 01/10 Internal Audit Arrangements between Departments and Arm's Length Bodies.) This will include specifying the Department's requirements in terms of

- having input to RQIA planned internal audit coverage;
- arrangements for the receipt of audit reports, assignment reports, the Head of Internal Audit's annual report and opinion etc;
- arrangements for the completion of Internal and External Assessments of the RQIA internal audit function against PSIAS including advising that the sponsor Department reserves a right of access to carry out its own independent reviews of internal audit in the RQIA;
- the right of access to all documents prepared by the RQIA's internal auditor, including where the service is contracted out. Where the RQIA's audit service is contracted out the RQIA should stipulate this requirement when tendering for the services.

- 4.6.3 The RQIA shall consult the sponsor Department to ensure that the latter is satisfied with the competence and qualifications of the Head of Internal Audit and that the requirements for approving the appointment are in accordance with PSIAS and relevant DoF guidance.

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

- 4.6.5 The Sponsor branch will have an annual meeting with the RQIA's internal audit to discuss the RQIA's audit plan and strategy.

4.7 Audit Committee

- 4.7.1 The RQIA shall set up an independent audit committee as a committee of its Board, in accordance with current Cabinet Office Guidance and in line with the Audit and Risk Assurance Committee Handbook.
- 4.7.2 The audit committee's meeting agendas, minutes and papers shall be forwarded as soon as possible to the sponsoring team.
- 4.7.3 The Audit Committee should complete the National Audit Office Checklist on an annual basis. Assurance on completion of the checklist will be provided through the mid year assurance statement any exception issues should be reported to the Department.
- 4.7.4 The sponsor Department will review the RQIA's audit committee terms of reference. The RQIA shall notify the sponsor Department of any subsequent changes to the audit committee's terms of reference.
- 4.7.5 The sponsor Department will attend at least one RQIA audit committee meeting per year as an observer, and will not participate in any Audit Committee discussion.

4.8 Fraud

- 4.8.1 The RQIA shall report immediately to the Counter Fraud and Probity Services (CFPS) within the BSO all frauds (proven or suspected), including attempted fraud. CFPS shall then report the frauds immediately to DF and the C&AG. In addition the RQIA shall forward to CFPS the annual fraud return, commissioned by DoF, on fraud and theft suffered by the RQIA
- 4.8.2 All HSC bodies are required to have an Anti Fraud Policy and Fraud Response Plan in place. This should be reviewed at least every 5 years and sent to CFPS for review. The RQIA shall notify the sponsor Department of any subsequent changes to the policy or response plan.

4.9 Additional departmental access to the RQIA

- 4.9.1 In addition to the right of access referred to in paragraphs 3.4.5, 4.6.2 & 4.7.2 above, the sponsor Department shall have a right of access to all the RQIA's records and personnel for purposes such as sponsorship audits, operational investigations, reviews and inspections etc.

5. EXTERNAL ACCOUNTABILITY

5.1 The annual report and accounts

- 5.1.1 After the end of each financial year the RQIA 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 RQIA. A draft of the report shall be submitted to the sponsor Department in line with the timescale set by the Department before the proposed publication date although it is expected that the Department and the RQIA will have had extensive pre publication discussion on the content of the report prior to formal submission to the Department. *[NOTE: The sponsor Department may wish to agree a timeframe or specific dates for the publication of the annual report and accounts].*
- 5.1.2 The report and accounts shall comply with the most recent version of the Government Financial Reporting Manual (FReM) issued by DoF. *(NOTE: This guidance is updated every year).* The accounts shall be prepared in accordance with any relevant statutes and the specific Accounts Direction issued by the sponsor Department.
- 5.1.3 The report and accounts shall outline the RQIA's main activities and performance during the previous financial year and set out in summary form the RQIA's forward plans. Information on performance against key financial targets shall be included in the notes to the accounts, and shall therefore be within the scope of the NIAO audit.
- 5.1.4 The report and accounts shall be [laid before] [presented to] the Assembly and made available, in accordance with the guidance on the procedures for presenting and laying the combined annual report and accounts as prescribed in the relevant FD letter issued by DoF.
- 5.1.5 Due to the potential accounting and budgetary implications, any changes to accounting policies or significant estimation techniques underpinning the preparation of annual accounts, requires the prior written approval of the sponsor

5.2 External audit

- 5.2.1 The Comptroller and Auditor General (C&AG) audits the RQIA's annual accounts and passes the accounts to the sponsor Department who shall lay them before the Assembly. For the purpose of audit the C&AG has a statutory right of access to relevant documents as provided for in Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order 2003.
- 5.2.2 The C&AG will liaise with the RQIA on the arrangements for completing the audit of the RQIA's accounts. This will either be undertaken by staff of the NIAO or a private sector firm appointed by the C&AG to undertake the audit on his behalf. The final decision on how such audits will be undertaken rests with the C&AG, who retains overall responsibility for the audit.
- 5.2.3 The C&AG has agreed to share with sponsor Departments relevant information identified during the audit process including the report to those charged with governance at the end of the audit. This shall apply, in particular, to issues which

impact on the Department's responsibilities in relation to financial systems within the RQIA. The C&AG will also consider, where asked, providing Departments and other relevant bodies with reports which Departments may request at the commencement of the audit and which are compatible with the independent auditor's role.

5.3 VFM examinations

5.3.1 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the RQIA 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 RQIA 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 The decision to fill vacant or new senior positions in RQIAs (at Director or Assistant Director Level) is subject to approval by the Department, except where there are exceptional circumstances which have been agreed by the Department in advance.
- 6.1.2 Approvals for any change to the remuneration of Senior Executives must be obtained from the Department. This position will be kept under review by the Department.
- 6.1.3 Within the arrangements approved by the Minister and DoF, the RQIA shall have responsibility for the recruitment, retention and motivation of its staff. To this end the RQIA 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 RQIA'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 RQIA'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; these are referenced in RQIA standing orders 6.15
 - a code of conduct for staff is in place based on Annex 5A of Public Bodies: A Guide for NI Departments (<https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/public-bodies-guide-07.pdf>)

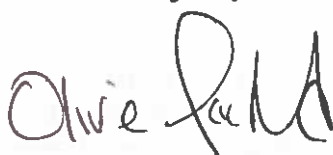
7. REVIEWING

THE ROLE OF THE RQIA

7.1 The RQIA shall be reviewed periodically, in accordance with the business needs of the sponsor Department and the RQIA. Reference should be made to Chapter 9 of the Public Bodies: a Guide for Northern Ireland Departments.

7.2 The next review of the RQIA will take place in the financial year 2018/19.

**Signed on behalf of the Regulation
and Quality Improvement Authority**



CHIEF EXECUTIVE

DATE: 29/11/18

**Signed on behalf of
the Department of Health**



PERMANENT SECRETARY

DATE: 30/1/19

Appendix 1

- **The Health and Personal Social Services (Quality,Improvement and Regulation) (Northern Ireland) Order 2003**
- **The Mental Health (Northern Ireland) Order 1986 –
(PART VI -THE MENTAL HEALTH COMMISSION FOR NORTHERN
IRELAND)**

The Duties, Functions and Powers of the RQIA

1. The RQIA shall have the general duties of:

- a) Keeping the Department informed about the provision of services and in particular about their availability and their quality and encouraging improvement in the quality of services. [Part II (Article 4) of the 2003 Order].
- b) Providing advice, reports or information on such matters relating to the provision of services or the exercise of its functions at the request of the Department. [Part II (Article 5(1) of the 2003 Order].
- c) Providing advice to the Department on any changes which the RQIA thinks should be made in respect of appropriate changes to the minimum standards published in accordance with Article 38 of the 2003 Order and any other matter connected with the provision of services. [Part II (Article 5 (2) of the 2003 Order].
- d) Regulation of establishments and agencies under Part III of the 2003 Order.
- e) Keeping under review the care and treatment of patients with a mental health disorder, including (without prejudice to the generality of the foregoing) the exercise of the powers and the discharge of the duties conferred or imposed by the The Mental Health (Northern Ireland) Order 1986. [Article 86 (1) of the 1986 Order]].

2. Functions:

Certain functions of the RQIA are set out in Article 35 of the 2003 Order:-

- a) Conducting reviews of, and making reports on, arrangements by statutory bodies for the purpose of monitoring and improving the quality of the health and social care for which they have responsibility.
- b) Carrying out investigations into, and making reports on, the management, provision or quality of the health and social care for which statutory bodies have responsibility;
- c) Conducting reviews of, and making reports on, the management, provision or quality of, or access to or availability of, particular types of health and social care for which statutory bodies or service providers have responsibility;

- d) Carrying out inspections of statutory bodies and service providers, and persons who provide or are to provide services for which such bodies or providers have responsibility, and making reports on the inspections; and
- e) Such functions as may be prescribed relating to the management, provision or quality of or access to or availability of services for which prescribed statutory bodies or prescribed service providers have responsibility.

3. Additional duties of the RQIA

Additional duties of the RQIA, following transfer of the functions of the Mental Health Commission, under Part VI of the 1986 Order [as amended by the Health and Social Care (Reform) Act (Northern Ireland) 2009]: -

- a) to make inquiry into any case where it appears to the RQIA that there may be ill-treatment, deficiency in care or treatment, or improper detention in hospital or reception into guardianship of any patient, or where the property of any patient may, by reason of his mental disorder, be exposed to loss or damage. [Article 86 (2) (a)].
- b) As often as the RQIA thinks appropriate to visit and interview in private patients who are liable to be detained in hospital under this Order. [Article 86 (2) (b)].
- c) To bring to the attention of the Department, the Secretary of State, the HSC Board, an HSC Trust or the person carrying on a private hospital, residential care home, voluntary home or nursing home the facts of any case in which in the opinion of the RQIA it is desirable for the Department, the Secretary of State, the HSC Board, the HSC trust or that person to exercise any of their functions to secure the welfare of any patient by:
 - (i) preventing his ill-treatment;
 - (ii) remedying any deficiency in his care or treatment;
 - (iii) terminating his improper detention in hospital or reception into guardianship; or
 - (iv) preventing or redressing loss or damage to his property;
 [Article 86 (2) (c)]
- d) To advise the Department, the Secretary of State, the HSC Board, an HSC Trust or any body established under a statutory provision on any matter arising out of this Order which has been referred to the RQIA by the Department, the Secretary of State, the HSC Board, the HSC trust or the body, as the case may be. [Article 86 (2) (d)].
- e) To bring to the attention of the Department, the Secretary of State, the HSC Board, an HSC Trust or any other body or person any matter concerning the welfare of patients which the RQIA considers ought to be brought to their attention. [Article 86 (2)(e)].

- f) Where it thinks fit, refer to the Review Tribunal the case of any patient who is liable to be detained in hospital or subject to guardianship under this Order. [Article 86 (3) (a)].
- g) At any reasonable time visit, interview and medically examine in private any patient in a hospital, private hospital, residential care home, voluntary home or nursing home or any person subject to guardianship under this Order. [Article 86 (3) (b)].
- h) Require the production of and inspect any records relating to the detention or treatment of any person who is or has been a patient in a hospital, private hospital, residential care home, voluntary home or nursing home or relating to any person who is or has been subject to guardianship under this Order. [Article 86 (3)(c)]

4. Powers

The RQIA's powers include:

- a) To issue improvement notices to persons registered under Part III of the 2003 order or on the HSC Board or on an HSC Trust or special agency if the Authority believes that that person, Board, trust or agency is failing to comply with any statement of minimum standards under Article 38. [Article 39].
- b) To require information and powers of entry and inspection relating to Boards and HSC Trusts, etc. The RQIA may at any time require the HSC Board, HSC trust or special agency or service provider to provide it with any information which it considers necessary or expedient to have for the purposes of its functions. [Part VI of the 2003 Order (Articles 40 & 41)].
- c) Subject to any directions given by the Department, the RQIA may do anything which appears to it to be necessary or expedient for the purpose of, or in connection, with the exercise of its functions. [Article 3 & Schedule 1, paragraph 2 of the 2003 Order].
- d) The RQIA may recommend that the Department take special measures in relation to the body or service provider in question with a view to improving the health and social care for which it is responsible or the way the body, service provider or other person or his practice is being run.

1. Documentary requirements

Documentation to be sent to the Sponsor Branch

Monthly (or as the occasion arises)

- Board meeting papers (including draft minutes) for each meeting as and when issued to Board members
- Audit Committee papers (including draft minutes) for each meeting as and when issued to Committee members
- Bi Monthly Update Paper – for informing Top Management Group, in addition to informing the bi-monthly Liaison meeting of progress on issues.

Bi-annual

- Corporate Risk Register every six months

Annually

- Annual Governance Statement
- Mid-year Assurance Statement (by end-October)
- Annual Internal Audit work-plan
- Internal Audit Progress Report
- Annual Fraud return
- Business plan for departmental approval
- The Head of Internal Audit's end-of-year and mid-year opinion on risk management, control and governance
- Register of Board members' interests
- The annual report, with the draft submitted to the Department two weeks before the publication date (*separate timetable for the annual accounts, Governance Statement etc, set by Finance Directorate*)

Once and then when revised

- Code of Conduct for Board members
- Code of Practice for staff
- Audit Committee Terms of Reference
- Audit Strategy
- Complaints procedure
- Anti-Fraud Policy
- Fraud Response Plan
- Whistle-blowing procedures
- Grievance and Disciplinary procedures
- Equality scheme
- Publication scheme
- Business Continuity Plan

As specified

- Corporate Plan for approval

Once

- Adverse inspection reports by external bodies as specified in directions
- Internal Audit reports with less than satisfactory assurance
- Reports to those charged with governance

APPENDIX 3

FINANCIAL MEMORANDUM

BETWEEN

The Department of Health

And

RQIA

October

2018

FINANCIAL MEMORANDUM
BETWEEN
THE DEPARTMENT OF HEALTH
AND
RQIA
Agreement of Terms

This Financial Memorandum sets out the strategic control framework within which RQIA is required to operate, including the conditions under which government funds are provided as detailed in Managing Public Money Northern Ireland (MPMNI). It aims to achieve prudent and effective management of resources by RQIA, combined with a reasonable degree of day-to-day freedom for RQIA to manage its operations.

The Memorandum has been drawn up by the sponsor Department, Department of Health, in consultation with RQIA, who agree to conduct their finances within the conditions contained therein. The contents of the Memorandum have been approved by the Department of Finance (DoF). It will remain in force and binding on RQIA until such time as it is reviewed and/or revised by the sponsor Department.

**SIGNED ON BEHALF OF THE
DEPARTMENT OF HEALTH**

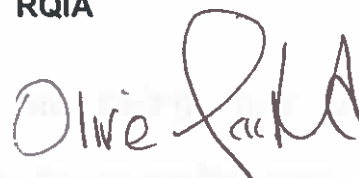


PERMANENT SECRETARY

DATE:

2/2/17

**SIGNED ON BEHALF OF
RQIA**



CHIEF EXECUTIVE

DATE:

29/11/18

FINANCIAL MEMORANDUM

BETWEEN

THE DEPARTMENT OF HEALTH (DOH)

AND

RQIA

1. INTRODUCTION

- 1.1 This Financial Memorandum sets out certain aspects of the financial framework within which RQIA is required to operate.
- 1.2 The terms and conditions set out in the combined Management Statement and Financial Memorandum (MS/FM) may be supplemented by guidelines or directions issued by the sponsor Department / Minister in respect of the exercise of any individual functions, powers and duties of RQIA.
- 1.3 RQIA should follow the standards, rules, guidance and advice in MPMNI and satisfy the conditions and requirements set out in the combined MS/FM document, together with such other conditions as the sponsor Department / Minister may from time to time impose.

2. INCOME AND EXPENDITURE - GENERAL

2.1 The Departmental Expenditure Limit (DEL)

- 2.1.1 RQIA's current and capital expenditure form part of the sponsor Department's Resource DEL and Capital DEL respectively.

2.2 Expenditure not proposed in the budget / Delegated Limits

- 2.2.1 RQIA must not enter into any commitments or incur expenditure above pre defined limits as set out in the delegated arrangements or which incur expenditure which is not provided for in the annual budget as approved by the sponsor Department. This reflects the general principles set out in MPMNI relating to the authority for expenditure, regularity, propriety and value for money which applies to all public expenditure.
- 2.2.2 RQIA shall not, without prior sponsor Department approval, enter into any undertaking to incur any expenditure outside its remit, or may be likely to bring either RQIA or the sponsor Department into disrepute.

2.3 Novel, Contentious or Repercussive Proposals

2.3.1 RQIA must obtain the approval of the sponsor Department and Department of Finance (DoF) for any transactions which set precedents, are novel, potentially contentious or could cause repercussions elsewhere in the public sector. DoH /DoF approval must be obtained even where such transactions are within RQIA's delegated limits which appear to offer value for money, examples include:

- a. incurring expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including staff benefits;
- b. making any significant changes in the operation or funding of initiatives or particular schemes previously approved by the sponsor Department;
- c. unusual financing transactions, especially those with lasting commitments;
- d. 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 the resources required. (The sponsor Department will advise on what constitutes 'significant' in this context).

2.3.2 RQIA must identify any factors that might set precedents or make expenditure novel, contentious or repercussive to DoH when submitting such proposals for approval, whether capital, IT, DAC, consultancy, gifting etc. and irrespective of any existing delegations.

2.4 Procurement

2.4.1 RQIA's procurement policies shall reflect the public procurement policy adopted by the Northern Ireland Executive in May 2002 (refreshed May 2009); Procurement Guidance Notes and any other guidelines or guidance issued by DoH, Central Procurement Directorate (CPD) and the Procurement Board. RQIA shall also ensure that it complies with any relevant UK and EU or other international procurement rules.

2.4.2 In particular, RQIA shall reflect in its policies DoH and DoF Guidance on procurement which addresses the appropriate market testing and evidence retention that should take place for all levels of purchase, irrespective of value, as small expenditures may not require CoPE involvement, but nonetheless require a form of market testing.

2.4.3 Periodically and wherever practicable, RQIA's procurement policies shall be benchmarked against best practice elsewhere.

2.4.4 RQIA's procurement activity should be carried out by means of a Service Level Agreement (SLA) with a recognised and approved Centre of Procurement Expertise (CoPE). The relevant CoPEs are: the Business Services Organisation – Procurement and Logistics Service (BSO PaLS) for Goods and Services and Central Procurement Directorate – Health Projects (CPD HP) for Construction Works/Services. If another CoPE or equivalent is to be used for a specific project, this should be consented to in advance by either BSO PaLS or CPD HP depending on the subject matter.

2.4.5 The Accounting Officer may decide on the level of internal delegation required for approval of purchases subject to delegated limits set by departmental or DoF guidance, and subject to any additional SLA requirements regarding, or formal guidance on, lowest acceptable delegations given by the relevant CoPE.

2.4.6 Delegations for the approval of purchases should be formally recorded within RQIA's scheme of delegation.

2.5 Competition

2.5.1 Competition promotes economy, efficiency and effectiveness in public expenditure. Works, goods and services should be acquired through public competition unless there are convincing reasons to the contrary, and where appropriate should comply with EU and domestic advertising rules and policy. The form of competition chosen should be appropriate to the value and complexity of the goods or services to be acquired.

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

2.5.3 Where a contract is awarded to an economic operator (i.e. supplier, contractor) without competition, this is referred to as a Direct Award Contract (DAC). In light of their exceptional nature, all DACs should be dealt with in accordance with the advice requirements and delegations set out in DoH and DoF guidance and in accordance with the SLA or any formal general guidance on direct awards given by the relevant CoPE (in addition to complying with any other applicable delegations not arising as a result of DAC status e.g. capital or IT delegations).

2.5.4 RQIA shall send to the sponsor Department on a bi-annual basis (or on such other basis as shall be required by DoH) a report of contracts above the current de minimis limit for procurement expenditure in which competitive tendering was not employed.

2.6 Best Value for money

2.6.1 Procurement of work, supplies and services by RQIA shall be based on best value for money. It is defined as the most advantageous combination of costs, quality and sustainability to meet customer requirements. In this context, cost means consideration of the whole life cost; quality means meeting a specification which is fit for purpose and sufficient to meet the customer's requirements; and sustainability means economic, social and environmental benefits. It is not about minimising up front prices. Whether in conventional procurement, market testing, private finance or some other form of public private partnership, finding value for money involves an appropriate allocation of risk.

2.6.2 In accordance with MPMNI / NIGEAE, where appropriate a full options appraisal should be carried out before procurement decisions are taken.

2.7 Timeliness in paying bills

2.7.1 RQIA shall collect receipts and pay all matured and properly authorised invoices in accordance with applicable terms, MPMNI and any guidance issued by the sponsor Department / DoF.

2.8 Payments in advance

2.8.1 RQIA should control its commitments and expenditure to provide value for money. Payments made in advance of the delivery of a service are not value for money and should only be made in exceptional circumstances and require the approval of DoF. There are occasions where advance payments are acceptable and examples are listed in MPMNI.

2.9 Deferred payments

2.9.1 Any proposal for deferred payments is considered novel and contentious and must receive DoF approval.

2.10 Risk Management

2.10.1 RQIA shall ensure that it has systems in place for identifying and managing risk and 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 *The Management of Risk: Principles and Concepts (the Orange Book)* and MPMNI.

2.10.2 RQIA 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 which it intends to give grant or grant-in-aid.

2.11 Fraud

2.11.1 RQIA shall adopt and implement policies and practices to safeguard itself against fraud, and ensure it has adequate controls to detect and deter fraud in accordance with MPMNI and Departmental and DoF guidance which includes DoF's guide *Managing the Risk of Fraud*. In line with this RQIA should develop a fraud policy statement and fraud response plan which should be updated every 5 years. This should be sent to Counter Fraud and Probity Services (CFPS) at BSO for review. RQIA shall notify the Department of any subsequent changes to the policy or response plan.

2.11.2 RQIA should identify, and assess how it might be vulnerable to fraud (including bribery), and evaluate the possible impact and likelihood of each fraud risk. Fraud should be always considered as a risk in the risk register.

2.11.3 All cases of attempted, suspected or proven fraud shall be reported to the BSO who shall report it to DoF and the C&AG (see section 4.8 in the Management Statement) as soon as they are discovered, irrespective of the amount involved.

2.12 Wider markets

2.12.1 In line with MPMNI, RQIA shall seek to maximise receipts and seek out and implement wider market opportunities, provided that this is consistent with both (a) its main functions and core objectives and (b) its corporate plan as agreed with the sponsor Department. All such proposals must be supported by a business case and subject to Departmental approval and DoF approval where appropriate.

2.12.2 RQIA must ensure that services are priced fairly and competition law and the rules on state aid are considered. RQIA must not however acquire assets just for the

purpose of engaging in, or extending, commercial activity. If the wider markets activity demands further investment to keep it viable, RQIA must ensure the activity is reappraised.

2.13 State Aid

2.13.1 Any funding favouring a particular company or sector or seen to distort competition could be subject to the EU rules and, in certain circumstances, require notification to the European Commission. Article 107(1) of the EU Treaty prohibits in principle any form of preferential government assistance –state aid - to commercial undertakings. The purpose is to prevent distortion of competition within the EU. When designing policies, RQIA should consider early whether state aids rules apply and seek advice from sponsor Department.

2.14 Fees and Charges

2.14.1 Fees or charges for any services supplied by the RQIA, including services provided between bodies shall be determined in accordance with MPMNI and should be based on a full cost recovery basis. Where it is decided to charge less than full costs, this will require Ministerial and DoF approval and there should be an agreed plan to achieve full cost recovery within a reasonable period. If the subsidy is intended to last the decision should be documented and periodically reviewed.

2.14.2 All fees and charges should be disclosed in the annual accounts in line with MPMNI / FReM.

2.15 Commercial services

2.15.1 Charges for commercial services should be set at a commercial rate in line with market practice and reflect fair competition with private sector providers. The requirements of competition law and State Aid must be considered. Decisions to set rates at below market practice must have Ministerial and DoF approval.

2.16 Shared services

2.16.1 Active engagement should be undertaken with the BSO to continue improving, enhancing and extracting value from existing and new services with consideration to consolidating services through shared service provisioning.

2.16.2 RQIA should always use BSO in the first instance where it can provide the relevant service. Where it is not possible to avail of BSO services then Enterprise Shared Services (ESS) should be / always be considered as a viable alternative and must be appraised in the business case.

2.16.3 All charges should be at cost in accordance with fees and charges guidance in MPMNI.

3. RQIA INCOME

3.1. Grant-in-Aid

3.1.1 Grant-in-aid will be paid to RQIA in regular instalments as agreed on the basis of a written application from RQIA 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 RQIA's functions. The forecast grant-in-aid provided by RQIA and included in the sponsor Department's spring supplementary estimates cannot be exceeded.

3.1.2 Where grant-in-aid is drawn by a service provider party on behalf of RQIA, they should seek assurances throughout the period about monies drawn on their behalf.

3.1.3 RQIA should have regard to the general guidance and principles enshrined in MPMNI that it should seek grant-in-aid according to need. Grant-in-aid should not be drawn down in advance of need.

3.1.4 Cash balances during the year shall be held at the minimum consistent with the efficient operation of the functions of RQIA. 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.

3.2 Fines and Taxes as Receipts

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

3.3 Receipts from sale of goods or services

3.3.1 Receipts from the sale of goods and services (including certain licences), rent of land and dividends normally provide additional spending power. If RQIA wishes to retain a receipt or utilise an increase in the level of receipts, it must gain the prior approval of the sponsor Department.

3.3.2 If there is any doubt about the correct classification of a receipt, RQIA shall consult the sponsor Department, which may consult DoF as necessary.

3.4 Interest earned

3.4.1 Interest earned on cash balances cannot necessarily be retained by RQIA without sponsor Department approval. Depending on the budgeting treatment of this receipt, and its impact on RQIA's cash requirement, it may lead to commensurate reduction of grant-in-aid or be required to be surrendered to the NI Consolidated Fund via the sponsor Department.

3.5 Unforecast changes in in-year income

3.5.1 If the negative DEL income realised or expected to be realised in-year is less than estimated, RQIA shall, unless otherwise agreed with the sponsor Department, ensure a corresponding reduction in its gross expenditure so that the authorised provision is not exceeded. (NOTE: For example, if RQIA is allocated £100 resource DEL provision by the sponsor Department and expects to receive £10 of negative DEL income, it may plan to spend a total of £110. If income (on an accruals basis) turns out to be only £5, RQIA will need to reduce its expenditure to £105 to avoid breaching its budget. If RQIA still spends £110, the sponsor Department will need to find £5 of savings from elsewhere within its total DEL to offset this overspend).

3.5.2 If the negative DEL income realised, or expected to be realised, in the year is more than estimated, RQIA may apply to the sponsor Department to retain the excess income for specified additional expenditure within the current financial year without an offsetting reduction to grant-in-aid. The sponsor Department shall consider such applications, taking account of competing demands for resources, and will consult with DoF in relation to any significant amounts. If an application is refused, any grant-in-aid shall be commensurately reduced or the excess receipts shall be required to be surrendered to the NI Consolidated Fund via the sponsor Department.

3.6 Build-up and draw-down of deposits

3.6.1 RQIA shall comply with the rules that any DEL expenditure financed by the draw-down of deposits counts within DEL. RQIA shall maintain and manage cash balances as working balances only. These shall be held at a minimum level throughout the year. Any interest earned on overnight deposits must be returned to the sponsor Department.

3.7 Proceeds from Disposal of Assets

3.7.1 Disposals of land and buildings are dealt with in Section 6 below.

3.8 Gifts and Bequests received

3.8.1 RQIA is free to retain any gifts, bequests or similar donations subject to paragraph 3.8.2. These shall be treated as receipts and must be notified to the sponsor Department.

3.8.2 Before accepting a gift, bequest or similar donation, RQIA shall consider if there are any costs associated in doing so or any conflicts of interest arising. RQIA shall not accept a gift, bequest or similar donation if there are conditions attached to its acceptance that would be inconsistent with RQIA's function.

3.8.3 RQIA must keep a register detailing gifts they have received, their estimated value and what happened to them (whether they were retained, disposed of, etc). RQIA should liaise with sponsor Department as to whether the gifts received need to be noted in annual report and accounts.

3.8.4 Donations, sponsorship or contributions, e.g. from developers should also be treated as gifts and should be treated in line with guidance in Managing Public Money NI on Gifts and accounted for in accordance with FReM requirements.

3.9 Other Receipts

3.9.1 RQIA should ensure that effective control is maintained, and records kept, of receipts from other sources (e.g. provision of fire certificates, reports etc).

3.10 Borrowing

3.10.1 Normally RQIA is not permitted to borrow funds, but when doing so must observe the principles in MPMNI. RQIA should seek the approval of the sponsor Department and where appropriate DoF to ensure it has the necessary authority and budgetary cover for borrowing or the expenditure to be financed for such borrowing.

4. EXPENDITURE ON STAFF

4.1 Staff Costs

- 4.1.1 Subject to its delegated limits of authority, RQIA will ensure that the creation of any new/additional posts does not incur future commitments which will exceed its ability to pay for them.

4.2 Pay and Conditions of Service

- 4.2.1 Employees of RQIA, whether on permanent or temporary contract, will be subject to levels of remuneration, and terms and conditions of service (including Superannuation) as agreed by DoH and DoF; RQIA has no delegated power to amend these terms and conditions. Current terms and conditions for RQIA employees are set out in the NHS Staff Council – Agenda for Change – Terms and Conditions of Service Handbook.
- 4.2.2 Annual pay increases of RQIA staff must be in accordance with the annual Finance Director (FD) letter on Pay Remit Approval Process and Guidance issued by DoF. All proposed pay awards must be approved by RQIA's Remuneration Committee and Board prior to submission to the sponsor Department for approval. All proposed pay awards must have prior approval of the sponsor Department and DoF before implementation.
- 4.2.3 Payments shall be made to Board members in respect of travelling expenses, fees or other allowances in accordance with the relevant (Payment of Allowances to Members) Determination and Direction (Northern Ireland), which the sponsor Department may from time to time amend. RQIA shall ensure that a comprehensive set of guidelines on all expenditure on travel and subsistence is in place.
- 4.2.4 Recruitment exercises to fill vacant or new senior positions in RQIA should proceed only where there are exceptional circumstances which have been agreed by the Permanent Secretary of the Department in advance. This position will be kept under review by the Department.
- 4.2.5 Any change to the remuneration of Senior Executives must have prior approval of the Permanent secretary of the Department and the DoF Minister. .

4.3 Pension Costs

- 4.3.1 RQIA's staff shall be eligible to join the Health and Social Care (HSC) Pension Scheme.
- 4.3.2 Staff may opt out of the HSC Pension Scheme provided by RQIA. However the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall be limited to the national insurance rebate level.
- 4.3.3 Any proposal by RQIA 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. Proposals on severance payments must comply with MPMNI and any related DoF/ Departmental guidance.

5. NON-STAFF EXPENDITURE

5.1 Economic Appraisal

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

- involve capital or current spending, or both;
- are large or small;
- are above or below delegated limits.

5.1.2 All business cases must be approved internally in line with the scheme of delegation. Those business cases above the delegated limits must be submitted for Departmental approval prior to any expenditure being committed. Business cases submitted to the sponsor Department for approval must be approved by RQIA's Board and signed off by its Accounting Officer.

5.1.3 All business cases for external consultancy, including those below delegated limits, must be submitted to the sponsor Department in advance of any expenditure. All business cases for direct award contracts should be advised on by the CoPE and appropriately approved in advance of expenditure.

5.1.4 Delegations do not remove the need for appraisal or evaluation. All expenditure, including that below delegation limits, must be appraised and evaluated with effort that is proportionate to the resources involved, with due regard to the specific nature of the case. NIGEAE provides more detailed guidance on the application of appropriate and proportionate effort.

5.1.5 Business cases and appraisals should be prepared in accordance with the following guidance, using the pro forma templates or full business case as required:

- The Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE).
- The HM Treasury Guide, The Green Book: Appraisal and Evaluation in Central Government.
- Sponsor Department circulars.
- Business cases below delegated limits will be subject to an annual test drilling exercise by the Department and DoF.

5.2 Capital Expenditure

5.2.1 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.

5.2.2 Proposals for large scale capital projects or acquisitions will normally be considered within RQIA's corporate and business planning process. Applications for approval within the corporate/business plan by the sponsor Department, 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 the sponsor Department in accordance with current instructions.

5.2.3 Approval of the corporate/business plan does not obviate RQIA's responsibility to abide by the economic appraisal process.

5.3 Capital Projects

5.3.1 The Accounting Officer or appropriate officer as notified to the sponsor Department may authorise capital or IT expenditure on discreet capital projects of up to the agreed delegated limits. Capital or IT projects over this amount require the approval of the sponsor Department and where necessary DoF.

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

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

5.3.4 Transfers of assets between government Departments should generally be at full current market value; assets transferred under a transfer of functions order to implement a machinery of government change are generally made at no charge.

5.4 Transfer of Funds within Budgets

5.4.1 Unless financial provision is subject to specific sponsor Department or DoF controls (e.g. where provision is ring-fenced for specific purposes such as contractually committed projects) or delegated limits, transfers between budgets within the total capital budget, or between budgets within the total revenue budget, do not need sponsor Department approval. The one exception to this is that, due to HM Treasury controls, any movement into, or out, of depreciation and impairments within the resource budget will require Departmental and possibly DoF approval. (NOTE: Under resource budgeting rules, transfers from capital to resource budgets are not allowed).

5.5 Lending, Guarantees, Indemnities; Contingent Liabilities; Letters of Comfort

5.5.1 RQIA shall not, without the prior written consent of the sponsor Department (and where necessary DoF), 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 Managing Public Money Northern Ireland), whether or not in a legally binding form.

5.6 Grants or loans by RQIA (if applicable)

5.6.1 Unless covered by a delegated authority, all proposals to make a loan to a third party, whether one-off or under a scheme, together with the terms and conditions under which such a loan is made, shall be subject to prior approval by the sponsor

Department and, where necessary, DoF. If loans are to be made under a continuing scheme, statutory authority is likely to be required sponsor Department.

5.6.2 The terms and conditions of such grants or loans shall include the requirement on the recipient 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 RQIA, the sponsor Department and the Comptroller and Auditor General.

5.7 Gifts Made

5.7.1 Departmental / DoF approval is needed for all gifts above delegated limits and those exceeding £250,000 (or subsequent updated limits) also require Estimate cover and notified to the Assembly. Gifts include transfers of assets or leases at below market value. Public money must not be used to provide for gifts to members of staff. This shall also apply to members of the Board.

5.7.2 Gifts should be noted in the annual report and accounts in line with MPMNI and the latest FReM requirements.

5.8 Write-offs, Losses and Other Special Payments

5.8.1 Proposals for write off's losses or other special payments including ex gratia and compensation payments (outside the delegated limits) must have the prior approval of the sponsor Department and where necessary DoF. Furthermore it is important to consult with the Department if, irrespective of delegations, which:

- involve important questions of principle;
- raise doubts about the effectiveness of existing systems;
- contain lessons which might be of wider interest;
- might create a precedent for other departments; or
- arise because of obscure or ambiguous instructions issued centrally.

5.8.2 Losses shall not be written off until all reasonable attempts to make a recovery have been made and have proved unsuccessful and there is no feasible alternative.

5.8.3 Overpayments – RQIA should always pursue recovery of overpayments, irrespective of how they came to be made.

5.8.4 Special payments should only be authorised after careful appraisal of the facts and when satisfied that the best course has been identified. RQIA should ensure that full, justification is provided together with the necessary legal advice where appropriate and lessons learned clearly identified.

5.8.5 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 appropriate officer as notified to the sponsor Department, for amounts below the delegated limit, and the sponsor Department, where appropriate.

5.8.6 Losses and special payments should be reported in the annual accounts in accordance with MPMNI and the latest FReM requirements.

5.9 Remedy

5.9.1 RQIA should operate a clear accessible complaints process which should respond promptly and consistently and consider whether a remedy is appropriate in line with MPMNI.

5.10 Leasing

5.10.1 DoH and DoF approval is required for all property and finance leases as delegated authority has been removed. RQIA must have DEL provision for finance leases and other transactions that are, in substance, a form of borrowing.

5.10.2 Before acquiring a new lease or continuing with an existing lease term, RQIA must, at expiry or break option dates, submit a proportionate business case at least 12 months before either the lease expiry date or landlord / tenant notice date whichever is earlier. RQIA must ensure that the lease demonstrates value for money and that this is appropriately demonstrated in the business case through analysis of options including leasing of alternative property assets and purchase.

5.10.3 Business cases must be submitted for sponsor Department approval in the first instance who will then issue to DoF and before expenditure is committed.

5.11 Public Private Partnerships

5.11.1 RQIA should seek opportunities to enter into public / private partnerships where this would be more affordable and offer better value for money than conventional procurement.

5.11.2 All such proposals require Departmental / DoF approval, RQIA must consult with the sponsor Department when considering any proposal to enter into such arrangements. Procurement by private finance is only considered suitable for capital projects of £50million and above, because less capital intensive projects seldom justify the relatively high procurement and management costs involved. For instance, PFI solutions are not usually considered appropriate for Information Communication Technology (ICT) projects. Private finance should only be used after the rigorous scrutiny of all alternative procurement options, where:

- the use of private finance offers better value for money for the public sector compared with other forms of procurement.; and
- the public sector partner is able to predict the nature and level of its long term service requirements with a reasonable degree of certainty.

5.11.3 RQIA should ensure adherence to DoF guidance on value for money assessments of alternative procurement options.

5.11.4 RQIA should consult with the Department over the accounting and budgeting treatment for any private finance initiative. Where judgement over the level of control is difficult, the sponsor Department will consult DoF (who may need to consult with the Office of National Statistics over national accounts treatment).

5.12 Subsidiary Companies and Joint Ventures

5.12.1 RQIA shall not establish subsidiary companies or joint ventures without the express approval of the sponsor Department and DoF. In judging such proposals, the sponsor

Department will have regard to its own wider strategic aims, objectives and those of the Government.

5.12.2 For public expenditure accounts purposes, any subsidiary company or joint venture controlled or owned by RQIA shall be consolidated with it in accordance with guidance in the FReM, subject to any particular treatment required by the FReM. Where the judgement over the level of control is difficult, the sponsor Department will consult DoF (who may need to consult with the Office of National Statistics over national accounts treatment). Unless specifically agreed with the sponsor Department and DoF, such subsidiary companies or joint ventures shall be subject to the controls and requirements set out in this MS/FM and to the further provisions set out in supporting documentation.

5.13 Financial Investments

5.13.1 RQIA shall not make any financial investment, nor should 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 RQIA shall equally be subject to Departmental and DoF approval unless covered by a specific delegation.

5.14 Unconventional Financing

5.14.1 RQIA shall not enter into any unconventional financing arrangement without the approval of the sponsor Department and DoF. If RQIA is using a new or non-standard technique, it should ensure that it has the competence to manage, control and track its use and any resulting financial exposures, which may vary with time. In particular, RQIA should consult the sponsor Department before using derivatives for the first time. RQIA must evaluate any such financing techniques carefully, especially to assess value for money and any proposal must be assessed in line with MPMNI chapter on funding.

5.15 Commercial Insurance

5.15.1 RQIA shall not take out any insurance without the prior approval of the sponsor Department 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 in Managing Public Money Northern Ireland. Decisions on whether to buy insurance should be based on objective cost-benefit analysis, using guidance in the *Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE)* (supported by additional DoF guidance).

5.15.2 In the case of a major loss or third-party claim, the sponsor Department shall liaise with RQIA about the circumstances in which an appropriate addition to budget out of the sponsor Department's funds and / or adjustment to RQIA targets shall be considered. The sponsor Department will liaise with DoF Supply where required in such cases.

5.15.3 Employers Liability.

RQIA is listed in the exemption Regulations made by the Department of Enterprise, Trade and Investment (DETI) under the Employer's Liability (Compulsory Insurance)

(Amendment) Regulations (Northern Ireland) 2009, and therefore is not required to insure against liability for personal injury suffered by its employees.

5.16 Payment/Credit Cards

5.16.1 RQIA Accounting Officer, in consultation with the sponsor Department, shall ensure that procedures on the issue of payment cards (including credit cards) are in place. No payment / credit cards should be issued without the prior written approval of the Accounting Officer.

5.17 Hospitality

5.17.1 RQIA shall ensure that a comprehensive set of guidelines on the provision of hospitality is in place. Reference should be made to sponsor Department guidance.

5.18 Use of consultants

5.18.1 RQIA must notify the sponsor Department of any occasion when it intends to use consultants, for what purpose, and submit consultancy business case in advance of any expenditure being committed. Prior Departmental / DoF approval must be sought in line with current delegated limits. RQIA shall also comply with current Departmental and DoF guidance on the Use of Consultants.

5.19.2 RQIA will provide the sponsor Department with a quarterly statement on the status of all consultancies completed and / or started in each financial year.

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

6. MANAGEMENT AND DISPOSAL OF FIXED ASSETS

6.1 Asset Management Strategy

6.1.1 Each public sector organisation is expected to develop and operate an asset management strategy underpinned by a reliable and up to date asset register. The RQIA Accounting Officer should review the strategy annually as part of the corporate or business plan.

6.1.2 RQIA should develop and operate an asset management strategy which should be reviewed annually as part of the corporate planning process.

6.1.3 RQIA must ensure effective use, maintenance, acquisition and disposal of the public sector assets under its control.

6.1.4 RQIA should keep an asset register of all the capital assets it owns and uses.

6.2 Asset transfer between public bodies

6.2.1 Public sector organisations may transfer property among themselves without placing the asset on the open market, provided they do so at market prices and in appropriate circumstances and accounted for in compliance with MPMNI.

6.2.2 Machinery of Government changes. Some assets transfer due to machinery of government changes. The relevant legislation (Transfer Order) should prescribe the terms of any such transfer.

6.2.3 RQIA should maintain information asset registers as part of their asset management strategy.

6.3 Register of Assets

6.3.1 RQIA shall maintain an accurate and up to date register of fixed assets.

6.4 Disposal of Assets

6.4.1 RQIA shall dispose of those assets that are surplus to its requirements in compliance with current policy. Assets should be sold for best price, as advised by Land & Property Services. Assets shall be sold by auction or competitive tender as advised by Land & Property Services (unless otherwise agreed by the sponsor Department) and in accordance with the principles of Managing Public Money Northern Ireland provided that:

- a. RQIA is satisfied that the articles are spent, redundant or surplus to requirements; and
- b. other than at a public auction, no article shall pass into the possession of any member of staff of RQIA or member of the Board without approval of the Department.

6.4.2 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 DoF on the appropriate treatment.

6.5 Recovery of Grant – Financed Assets

6.5.1 Where RQIA has financed expenditure on capital assets by third parties, RQIA shall set conditions and make appropriate arrangements to ensure that assets are not disposed of without RQIA's prior consent.

6.5.2 RQIA shall ensure that any grants to third parties for the acquisition of assets should normally include a claw back condition under which they can recoup the proceeds if the recipient of the grant later sells the asset.

6.5.3 RQIA shall ensure that, if the assets created by grants made by the Board 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 RQIA for surrender to the sponsor Department. The amount recoverable 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.

7. BUDGETING PROCEDURES

7.1 Setting the Annual Budget

7.1.1 Each year, in the light of decisions by the sponsor Department on RQIA's updated draft corporate plan, the sponsor Department will send to RQIA:

- a. a formal statement of the annual budgetary provision allocated by the sponsor Department in the light of competing priorities across the Department and of any forecast income approved by the Department; and
- b. where applicable, a statement of any planned change in policies affecting RQIA.

7.1.2 RQIA approved annual business plan will take account both of its approved funding provision and any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any Departmental funding and / or other income over the year. These elements will form part of the approved business plan for the year in question

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

7.2 General Conditions for the Authority to Spend

7.2.1 Once RQIA's budget has been approved by the sponsor Department (and subject to any restrictions imposed by Statute / the Minister / this MSFM or any other circulars, directives, and best practice guidance that may issue from, or by way of, the Department), RQIA shall have authority to incur expenditure approved in the budget without further reference to the sponsor Department, on the following conditions:

- RQIA shall comply with the delegations issued by the Department in HSC(F) 52-2016 (Appendix 1(FM)). These delegations shall not be altered without the prior agreement of the sponsor Department and DoF.
- RQIA shall comply with the conditions set out in paragraph 2.3 above regarding novel, contentious or repercussive proposals.
- Inclusion of any planned and approved expenditure in RQIA's budget shall not remove the need to seek formal Departmental (and, where necessary, DoF) approval where such proposed expenditure is above the delegated limits, or is for new schemes not previously agreed.
- RQIA shall provide the sponsor Department with such information about its operations, performance, individual projects or other expenditure as the sponsor Department may reasonably require (see paragraph 7.3 below).
- RQIA shall comply with NI Procurement Policy and carry out procurement via a recognised and approved CoPE.

7.3 Providing Monitoring Information to the Sponsor Department

7.3.1 RQIA shall provide the sponsor Department with information on a regular basis which will enable the satisfactory monitoring by the Department of:

- RQIA's cash management;
- its draw-down of any grant-in-aid;

- the expenditure for that month;
- forecast outturn by resource headings; and
- other data required for the DoF Outturn and Forecast Outturn Return.

8. BANKING

8.1 Banking Arrangements

8.1.1 RQIA's Accounting Officer is responsible for ensuring that RQIA's banking arrangements are in accordance with the requirements of Chapter 5 of *MPMNI*. In particular, the Accounting Officer shall ensure that the arrangements safeguard public funds and that their implementation ensures efficiency, economy and effectiveness. This responsibility remains even with the current banking pool arrangements. Accounting Officers are responsible for the credit risk to which public funds are exposed when held in commercial banks. It is important that they manage this risk actively, so that it is kept to a minimum. This means using the most efficient and cost effective money transmission methods and securing the best terms possible from banks. RQIA should seek the advice of the sponsor Department before opening new bank accounts.

8.1.2 RQIA's Accounting Officer 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 sponsor Department's Accounting Officer to enable the latter to satisfy his/her own responsibilities;
- RQIA'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.

9. COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE

9.1 Relevant Documents

9.1.1 RQIA 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.

- *Government Internal Audit Standards*, issued by DoF.
- *Managing the Risk of Fraud* issued by DoF.
- *The Government Financial Reporting Manual (FReM)* (Treasury document) 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.
- *PFI - Working Together in Financing our Future: Policy Framework for Public Private Partnerships in Northern Ireland* available at <http://webarchive.proni.gov.uk/20141007005953/http://www.ofmdfmni.gov.uk/maindoc.pdf>
- Other relevant instructions and guidance issued by the central Departments (DoF/ The Executive Office (TEO)) 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/Parliamentary authority, which have been accepted by the Government and which are relevant to RQIA.

10. REVIEW OF FINANCIAL MEMORANDUM

- 10.1 This Financial Memorandum will normally be formally reviewed every five years, or following a review of RQIA's functions as provided for in the Management Statement.
- 10.2 The Department of Finance (DoF) will be consulted on any significant variation proposed to the Management Statement and Financial Memorandum.

Appendix 1 (FM)

The full content of Circular **HSC(F) 52-2016**, Revised HSC & NIFRS Delegated Limits and requirements for Departments / DoF approval can be found at

<https://www.health-ni.gov.uk/sites/default/files/publications/health/hscf-2016-52.pdf>

The Table A on the following pages summarises the main financial delegated limits where the Department has given delegated authority to HSC and NIFRS to spend within those limits. This must be read in conjunction with **Annex B** and **Annex C** which **contains a full list of delegations for which HSC bodies and NIFRS have NO delegated authority other than those listed below.**

The content of Annex B and Annex C referenced above is contained within the above Circular.

All proposed expenditure which is set to exceed the HSC/NIFRS delegated limit must receive the appropriate prior approval before commitment to spend.

TABLE A

Area of Delegation	HSC/NIFRS Delegated Limit	DoH Delegated Limit
Use of External Consultants	HSC Bodies - £10,000 NIFRS - £10,000	£75,000
Capital Expenditure (excluding hospital schemes)	HSC Board & Trusts – £1,500,000 BSO - £250,000 PHA - £50,000 PHA R&D - £1,500,000 NIBTS - £200,000 Other HSC Bodies £10,000 NIFRS - £250,000	£2,000,000
Hospital Schemes – New Build, Extension, Refurbishment and Equipment involving capital expenditure	HSC Board & Trusts - £1,500,000 BSO - £250,000 PHA - £50,000 NIBTS - £200,000 Other HSC Bodies - £10,000	£5,000,000
IT Projects	HSC Board; Trusts; BSO; PHA; £250,000 NIBTS - £200,000 NIMDTA - £20,000 Other HSC Bodies - £10,000 NIFRS - £250,000	£1,000,000
Gifts	£250	£250
Losses – write off of cash losses and cash equivalents, bookkeeping losses, exchange rate fluctuations, fruitless payments and constructive losses, property in stores or in use due to any deliberate act	HSC Bodies £10,000 NIFRS - £1,000	n/a*
Losses - The write off of losses relating to pay, allowances, superannuation benefits, social security benefits, grants, subsidies and the failure to make adequate charges for use of public property or services and loans - as per guidance in MPMNI	All HSC Bodies and NIFRS - Nil**	Nil**
Losses - Waived or Abandoned claims	HSC Bodies £10,000 NIFRS - £1,000	£100,000
Special payments / Ex-Gratia Payments	All HSC Bodies - £10,000 NIFRS - £1,000	£100,000
Overpayments - Foregoing the recoupment of overpayments of pay, pensions and allowances	All HSC Bodies and NIFRS - £1,000 (pay & allowances) £1,000 (pensions)	£20,000

Overpayments - Foregoing the recoupment of overpayments of grants	All HSC Bodies and NIFRS - Nil**	Nil**
Special severance payments	All HSC Bodies and NIFRS - Nil**	Nil**
Ex-Gratia Financial Remedy Payments (i.e.those made to complainants through an organisation's internal complaints procedures/processes)	All HSC Bodies and NIFRS - £500	£500
Ex-Gratia Payments to be made as a result of a recommendation from the NI Public Services Ombudsman	All HSC Bodies - £10,000 NIFRS - £1,000	£50,000
Compensation payments for Clinical Negligence (to include interim payments if overall settlement is expected to exceed delegated limits) To include agreement of Periodic Payment Orders (PPOs)	HSC Bodies £1,000,000 NIFRS n/a	£2,000,000
Compensation payments following legal advice (This would include all personal injury and public liability claims)	HSC Bodies - £25,000 NIFRS - £1,000	£100,000
Compensation payments without legal advice	All HSC Bodies and NIFRS - Nil	£10,000
Extra-Statutory and Extra-Regulatory payments	All HSC Bodies and NIFRS - Nil	£100,000
Confidentiality Agreements	Nil	Nil
Grants:	All HSC Bodies and NIFRS	
Revenue	£500k per annum	£500k per annum
Capital	£200k in total	£200k in total
Leases for office accommodation/ warehousing / storage	All HSC Bodies and NIFRS - Nil	Nil
Pay remits	All HSC Bodies and NIFRS - Nil	Nil
Revenue Business cases	NIFRS - £250,000 All other HSC Bodies – fully delegated	Nil

* DoH has full delegated authority

** Prior DoH and DoF approval required in all cases