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FROM: DAVID THOMSON

FD (DFP) 3/05

DATE: 8 FEBRUARY 2005

TO: FINANCE DIRECTORS

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**DEPARTMENTAL REPRESENTATIVES ON THE BOARDS OF NDPBS
AND OTHER SPONSORED BODIES**

1. In its reports on Internal Fraud in LEDU (June 2002) and the Northern Ireland Tourist Board (October 2002), the Public Accounts Committee of the Northern Ireland Assembly recommended that DFP should review and, if necessary, readjust its guidance on the roles and responsibilities of departmental representatives on the boards of NDPBs and other public bodies.
2. Whilst sponsored bodies operate at arms length, there is a responsibility on departments to ensure that there is an appropriate governance framework with controls in place. In some cases, this has meant the participation of departmental officials on the boards of such bodies. While such involvement can be useful and enhance working relationships, it also creates potential for conflicts of interest, blurring of the decision-making process and the potential for embarrassment for departments and Ministers should projects fail to achieve their objectives, or irregularities occur in their business conduct.
3. The purpose of the guidance attached is to set out the principles, which sponsor departments should follow when considering whether or not to appoint officials to be board members or attend the board meetings of their bodies. It also sets out principles for departments in establishing the roles and responsibilities of those officials who act as departmental representatives.
4. All sponsor departments should: -
 - bring this paper to the attention of appropriate officials and to their sponsored public bodies, including North/South Bodies, if appropriate;

- review existing arrangements if they have a representative attending a board of a body on a regular basis;
- where there is departmental representation on a board or attendance at board meetings, ensure that the capacity in which the representative attends, and their duties and responsibilities are clearly documented, and are understood by all the parties; and
- ensure that the arrangements for departmental representation on boards or at board meetings have been formally approved by the relevant Minister, if appropriate.

A handwritten signature in black ink, appearing to read 'D Thomson'.

DAVID THOMSON

cc: CFG Top Management