Dear Finance Director

ACCOUNTABILITY FOR JOINED UP PROJECTS

Purpose

The purpose of this letter is to draw your attention to existing guidance on best practice in relation to Joined Up Projects and to highlight the scope for its application in specific circumstances.

1. Joined up working, that is where one or more public bodies shares responsibility for delivery of an action - has become a more important theme over recent years. To be successful, it needs more sophisticated and co-operative approaches to the provision of services and stresses the need for partnership, co-ordination and joint working by public bodies. Normally joined up working will involve multi-funding arrangements sometimes involving a range of funding sources (Departmental, District Council, NDPB, EU, Lottery etc…).
2. Although the general principles regarding the accountability and control of public money apply regardless of the type of project, certain joined up projects can give rise to specific issues and consequently there is a need for clarity on the approach to accountability in these cases. In particular, where responsibility for overseeing and implementing policies and programmes lies with more than one body, there is a need for clear lines of accountability which provide transparency as to who is accountable for what and to whom. This is normally done in the form of a Memorandum of Understanding (MOU) to clarify responsibilities and accounting arrangements. It is difficult to be prescriptive about the exact nature of joined up projects, and the circumstances where the issue of formal accountability must be addressed, but it is clear that the following factors are relevant:

- scale of project in monetary terms
- risk of project failure
- political sensitivities
- project arising from a specific Government strategy, and
- nature of organisation undertaking the project and track record.

3. There is a considerable amount of guidance on how issues relating to joined up working might be handled. Attached is a DFP paper which brings together current guidance, recommendations of the Public Accounts Committee (PAC) and other relevant publications on this issue and to suggest a number of models which might be appropriate for projects of this type.

4. In considering joined up projects, context is everything and we work on the basis of principles and judgement, not adherence to rigid rules.
The PAC has made clear that its concern is less with the process of joint working than that it should deliver sustainable improvements in public services. Therefore, it is not always necessary to introduce new structures in taking forward joined up projects and existing arrangements often serve well. But thought should be given to the structures and new ones put in place if necessary.

5. This letter should be given appropriate circulation within your department and its sponsored bodies.

Yours sincerely

[Signature]

DAVID THOMSON
ACCOUNTABILITY FOR JOINED UP PROJECTS

DAO(DFP) 8/01 Accounting Officer Memorandum

DAO(DFP) 8/01 ‘The Accounting Officer Memorandum’ (which is replicated as an annex to Section 4 of Government Accounting Northern Ireland (GANI)) deals with the responsibilities of an accounting officer and has a specific section entitled “joined up activities”. This sets out some key principles which accounting officers should take into account when dealing with projects of this type. Whilst two or more Accounting Officers can share responsibility for a joined up service, it may be possible for one to effectively lead, or for a senior official in one department to serve as an additional accounting officer both in his or her parent department and one or more other departments in relation to a joined up service. The section also refers to the benefits of establishing a Memorandum of Understanding between the departments involved which actually clarifies the position.

The relevant section of the Accounting Officer Memorandum is attached at Annex 1.

DAO(DFP) 13/04 and FD(DFP) 17/05 - Relationships with the Community and Voluntary Sector

DAO(DFP) 13/04 ‘ Guidance to departments on reporting on grants and the funding relationship with Voluntary and Community bodies’ effectively adopted the HMT position set out in the September 2003 document ‘Guidance to Funders - Improving funding relationships for voluntary and community organisations’. This recommends that, where recipients receive funding from more than one funding body (or from different parts of the same funding body), it is good practice wherever practicable to appoint a 'lead funder' to streamline application processes and co-ordinate monitoring and inspection arrangements. It goes on to reiterate that ‘funding bodies will need to satisfy themselves that the arrangements meet their internal accountability standards’.
and that ‘where there are formal accountability arrangements, the agreement should be written down in a Memorandum of Understanding or similar document .....’.

Finance Director letter FD(DFP) 17/05 ‘Use of funding database recording support to Voluntary and Community sector and other commitments given by Government in response to the report of the taskforce on resourcing the Voluntary and Community sector’ reiterated this guidance and emphasized two additional features being developed by the Community and Voluntary Unit in DSD namely:

- use of a database to identify funding streams to the sector; and
- a Good Practice manual agreed with the sector and which set basic standards of internal control/governance which funders may expect to see operating.

Whilst clearly this structure will take time to bed down, it is considered that a combination of effective funding trails and more clearly defined standards for funders to kitemark recipient bodies against will facilitate more effective cross departmental working.

DFP is currently working with the Community and Voluntary Unit in DSD and other departments to see if pilots can be identified for 'lead funder' models in this area. This will build on a Pilot launched in February 2004 by DWP involving The Princes Trust, NACRO and Project Fullemploy. This pilot best sits within the second model set out below, (different budgets but single SRO) but concentrates on simplifying contracting and monitoring arrangements so that information is 'passported' to a lead department (including financial viability) on behalf of other funders.

**Office of Government Commerce Guidance**

Attached at Annex 2 is a summary paper produced by the Office of Government Commerce (OGC), which is intended to highlight best practice and ensure that cross-cutting programmes do not suffer from the most common causes of failure. The OGC Supervisory Board considers that the
most important single factor for ensuring delivery is for the Senior Responsible Owner (SRO) to have a separate budget sufficient to deliver the common elements, if necessary top-sliced from contributing departments.

PAC Criticisms

As a result of a number of recent PAC reports and Memoranda of Reply (most notably in a Northern Ireland context – Navan Centre), it is clear that departments are expected to consider the most appropriate accounting/budgeting/accountability arrangements to operate in particular circumstances. Whilst reliance on Letter of Offer and Grant conditions is clearly important, it is also important that departments consider the wider dimensions to projects or organisations funded from across government. This is set out in detail in Annex 3

Models

There are several models which could be used if it is decided that new structures are needed for specific projects.

- Single budget, SRO and Accounting Officer with interdepartmental board

This is the simplest model in accountability terms and wherever possible the one we should aim to achieve. A project is set up within a department or public body and a SRO appointed. There is a single budget, (which might have been topped up by transfers from other bodies), a single accounting officer and the resources voted by parliament allow for them to be used for the project. For these more routine, single body projects, it would be normal for the SRO and AO roles to be distinct. If other
departments have an interest, they must have a seat on the project board particularly where the Accounting Officer has a responsibility for ensuring the effective provision of certain services (Finance/Accommodation/Personnel) in his or her department. In any subsequent PAC hearing it is the Accounting Officer and/or the SRO in the relevant department who are most likely to appear.

• **Different Budgets but Single SRO with Existing Accounting Officer Arrangements**

Departments and bodies have different statutory functions and responsibilities, which can’t be transferred, although these are used in the achievement of a common agreed objective. It is good practice, in such circumstances, to have a single SRO in one of these bodies who has overall responsibility for the project. The SRO would normally chair a project board on which the funding departments would be represented, with members being prepared to take a collective responsibility for the project.

Under this model, the respective accounting officers would share responsibility for the joined up service and the achievement of targets, even though these depend on the success of separate services. In any subsequent PAC hearing, each of the accounting officers is likely to be invited to give evidence.

• **Different Budgets but Single SRO and Additional Accounting Officer Appointment**

It can be difficult for accounting officers to share accountability for actions taken by a SRO who is not a member of his own organisation.
GANI has been amended to make it clearer that it may be appropriate for a principal accounting officer to appoint a senior official, such as a SRO, as an additional accounting officer, both in their own department and if agreed with other departmental accounting officers, in other departments to enable clear accountability arrangements to be put in place. Thus principal accounting officers in different departments may effectively appoint a single SRO who happens to work in one department as an additional accounting officer both in his or her parent department and other departments for those areas of spend associated with the project. The SRO is empowered to take, and be held accountable for, the key decisions on the project. This more clearly reflects the reality of the position.

Where a senior official has been appointed as an additional accounting officer in more than one department, there should a written understanding of the arrangement, agreed with each of the ministers and principal accounting officers concerned. Although the PAC might invite the principal accounting officer(s) to attend a hearing, it would be clear that the main accountability for the project rested with the SRO, as the additional accounting officer.

Conclusion

Departments are asked to note the guidance in this paper and especially the point that there is a range of approaches to managing the accountability issues that arise from joined up working. The key point is that departments need to apply careful thought and common sense to the implementation of these projects to ensure that clear lines of accountability exist and that everyone knows who is accountable for what and to whom, normally in the form of a Memorandum of Understanding. It is also
important that appropriate opportunities are taken to ensure that the resources and expertise of several contributors are used to address the needs of key target groups or to make the most of opportunities for action: the greater complexity of accountability is not an impediment.

DFP May 2006
Annex 1

Extract from Accounting Officer Memorandum

Joined –up activities

9. An Accounting Officer should ensure that the impact of departmental activities on others is properly identified and, where appropriate, taken into account.

10. For example, it might be decided that a department should contribute to a joined-up activity working with one or more other body and, although this would not directly contribute to the achievement of the department’s own objectives, its contribution would assist in the achievement of other Executive objectives. The Accounting Officer will need to be satisfied that participation represents good value for money for the Northern Ireland Consolidated Fund (NICF) and that appropriate controls are in place both to safeguard propriety and to provide proper accountability.

11. An Accounting Officer may share with another Accounting Officer responsibility for a joined-up service or for the achievement of a target which depends on the success of separate services. Similarly, a senior official could serve as an Additional Accounting Officer both in his or her parent department and one or more other departments for this purpose. The lines of responsibility in all such cases should be designed to support the effective delivery of the service and clearly defined in terms which align responsibility and accountability, so clarifying what each Accounting Officer or Additional Accounting Officer is responsible and accountable for. It will usually be beneficial to set out these arrangements in a Memorandum of Understanding between the departments concerned.

12. In some circumstances, an activity proposed by a department might lead to additional expenditure pressures arising on another department’s programme or have an impact on the amount of revenue collected for the NICF. The Accounting Officer should ensure that any such activity would provide value for money for the NICF and that, in implementing the activity, the department’s staff have as much regard to value for money being secured as they would if the impacts fell directly on their own department.
OGC PUBLICATIONS: CONDITIONS FOR SUCCESS OF CROSS-CUTTING PROGRAMMES AND PROJECTS

Responsible Minister: One named Minister should lead each programme and act as the Investment Decision Maker. A Ministerial group representing all contributors should meet at key decision points to review progress and resolve any issues identified by the Programme Board. Extra care to be taken to avoid public commitments before delivery feasibility plans are well developed and agreed by the organisations involved. The normal Ministerial checklist for projects applies (see over.)

SRO: A single overall SRO to be named from the same lead Department as the responsible Minister. They will be responsible for ensuring that business benefits are delivered by all organisations involved. For cross-cutting programmes this will be a significant challenge requiring someone with proven track record on programmes of an equivalent size and strong interpersonal influencing skills. It is important that this role is assigned as soon as a commitment to deliver something has been made. One nominated lead from each organisation involved in delivery must be identified who can speak with the authority of their organisation.

Programme Board: To be chaired by the SRO and involve the lead from each major contributor. Lead Suppliers should also be represented once appointed. Collective responsibility for the overall programme (as well as individual contributions) should be written into individuals’ Job Plans. Each Programme should have a statement of desired outcomes and objectives which should be agreed by Ministers and all contributors. Note that ‘hidden’ or unwritten desired outcomes are unlikely to be delivered in practice as they will be squeezed out when things get tough and priority decisions are made. Procedures should be agreed for handling change and resolving disagreements. A single methodology (such as Managing Successful Programmes) should be agreed between participant organisations, which is likely to mean them accommodating different approaches to planning and control.

Funding: SRO to have a discrete budget sufficient to deliver the common elements, if necessary top-sliced from contributing Departments. This was regarded by the Supervisory Board as the most important single factor for ensuring delivery.
**Branded communication:** To help all those involved in delivering the programme recognise that their loyalties (and their success) lie beyond their own organisation. Relying solely on the communications channels of individual organisations will not be sufficient.

**Well staffed programme office:** To be established, under direct control of the SRO, ideally with secondees from all contributing organisations complemented with private sector skills if necessary.

**Clear benefits plan:** Must be drawn up showing actions to be taken by contributors. Programme should not proceed if there is any prospect of involving costs and no benefits. An agreed approach to planning and delivering benefits is required with quantified targets for all contributors being monitored. The programme is complete once the benefits have been delivered, not the initial delivery of the service or system.
Ministerial Checklist

PROGRAMMES AND PROJECTS - MINISTERIAL RESPONSIBILITIES

Cabinet ministers have agreed that each programme/project classified as mission critical and/or high risk must have a clearly identified responsible Minister.

The following checklist identifies the key responsibilities of the Minister.

Has the Minister:

• Considered an assessment of achievability before making public announcements that rely on successful IT implementation?

• Taken particular account of the sensitivity of the project/programme and any risk of significant embarrassment to the department and/or government?

• Confirmed that the Secretary of State has identified the project/programme as Mission Critical?

• Challenged any proposals for ‘big bang’ implementation on their achievability? (Where there is no alternative to ‘big bang’ (e.g. a national emergency), have they confirmed that plans for managing the risks are adequate and include contingency plans?)

• Ensured that adequate reporting arrangements are in place so that timely, well informed decisions can be taken in the event of problems?

• Arranged to receive monthly progress reports and conduct quarterly reviews on all mission critical and high risk projects/programmes in the department?

• Considered the robustness of any appropriate working arrangements with other departments?
Annex 3

REPORTS AND PUBLICATIONS

Public Audit Forum (PAF)

Public Audit Forum – Implications for audit of the Modernising Government Agenda - April 1999

The PAF identified six main implications

- The need for new forms of accountability
- The readiness of auditors as well as managers to embrace change
- The challenge of assessing value for money where more than one body is involved
- The importance of performance management
- The need to maintain financial discipline and ensure the legality of expenditure
- The importance of co-operative working between auditors

The implications of each of these are analysed in the paper which can be accessed at the following link.


Public Accounts Committee

- Better Public Services Through Joint Working - 28th Report of Session 2001/02
The PAC had three main conclusions and a number of more specific recommendations. Extracts from the main conclusions are quoted below:

1. Our concern is less with the process of joint working than that it should deliver sustainable improvements in public services ….. Departments need to be sure that reliable and comprehensive information will be achievable to determine whether sustained improvements in services are being achieved.

2. …….Departments must ensure that there are clear governance arrangements so that all those organisations required to work together understand their role and responsibilities and have common or complementary objectives.

3. By working together departments can save money by removing overlap and duplication….Departments now need to establish arrangements for assessing the cost effectiveness of joint working arrangements, including the difference they make to the quality of public services and overall value for money achieved.

The full report can be accessed at the following link
http://www.publications.parliament.uk/pa/cm200102/cmselect/cmpubacc/471/47102.htm

- Navan Centre – 8th Report of Session 2005/06

The Navan Centre had direct funding arrangements with ten organisations, including four government departments. The PAC were concerned that the lack of formal clearly defined lines of responsibility created confusion.
One of the Committee’s general conclusions (see below) summaries the Committee’s main concerns and the department’s response indicates that a lead department should have been designated and a Memorandum of Understanding established.

**PAC Conclusion**

The funding and accountability arrangements for the Centre were unnecessarily complex and led to confusion as to roles and responsibilities. The absence of proper understandings between the multiple funders meant that clear responsibility for accountability and monitoring arrangements for this high risk and innovative project was not established at the outset.

**Departmental Response**

The Department of Culture Arts and Leisure (the Department) accepts that the funding and accountability arrangements for the Navan Centre (the Centre) were unnecessarily complex and led to confusion over the respective roles and responsibilities of individual organisations. It further agrees with the Committee’s views on the absence of a proper understanding between the multiple funders of the Centre.

It is clear that at the outset of this project, a lead department should have been designated and a formal Memorandum of Understanding established. Had this been done it would have ensured that there were clear lines of accountability which provided transparency as to who was accountable to whom and for what. The lack of such a document undoubtedly led to unnecessary confusion between the multiple funders and the Centre.

The full PAC report can be accessed at the following link:
http://www.publications.parliament.uk/pa/cm200506/cmselect/cmpubacc/415/41502.htm