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FROM: PADDY HOEY

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**TO: DEPARTMENTAL AND AGENCY ACCOUNTING OFFICERS AND
FINANCE DIRECTORS**

**MEMORANDA OF REPLY TO NI ASSEMBLY PUBLIC ACCOUNTS COMMITTEE
REPORTS**

1. A Memorandum of Reply (MOR) is the Executive's formal response to the NI Assembly, to the recommendations contained within a Public Accounts Committee (PAC) report. DFP works with departments on the production of MORs and when completed they are presented to the NI Assembly in the name of the Minister of Finance and Personnel within eight weeks of the publication of a PAC report.
2. All MORs (and PAC reports) are circulated to accounting officers and finance directors to enable them to review the documents in the context of their own organisations. In addition, recommendations/issues of 'general application' to the wider public sector are highlighted in the accompanying annex to this letter. On occasion, PAC will ask DFP to draw certain recommendations to the attention of accounting officers; this notification represents DFP fulfilling any such commitment given to the PAC in a MOR.
3. Attached in the accompanying annex are links to recent PAC reports, MORs and NIAO reports, and where appropriate, PAC recommendations of 'general application' have been highlighted.
4. Recipients of this letter should ensure that it is given appropriate circulation both within their own organisations and to sponsored bodies.

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Memoranda of Reply 2011/15 Mandate

11th Report: Statements of Rate Levy and Collection 2009-10 and 2010-11 (DFP)

No general lessons/key issues.

A copy of the PAC Report can be accessed at:

<http://www.niassembly.gov.uk/Documents/Reports/Public-Accounts/9130.pdf>

A copy of the MOR can be accessed at:

http://www.dfpni.gov.uk/index/finance/afmd/afmd-public-audit-and-pac/afmd-memoranda_of_reply/mor_11th_report_1115.pdf

12th Report: Northern Ireland Housing Executive – Management of Response Maintenance Contracts (DSD)

Some general lessons/key issues:

(4): In light of what has transpired within the Housing Executive, the Committee recommends that the Central Procurement Directorate's review of the accreditation process for Centres of Procurement Expertise should also address the need to improve the level of contract management skills within the public sector in Northern Ireland.

DFP accepts this recommendation. A new accreditation model for Centres of Procurement Expertise (CoPEs) was approved in November 2011. A key criterion within the model is the test of Compliance Processes. Under this criterion CoPEs will be required to provide evidence of the implementation of effective contract management, monitoring processes and documentation.

In addition CPD has organised a course on contract management for departmental staff which is delivered through the Centre of Applied Learning. Best practice guidance is also being developed for the management of property maintenance contracts. This will be set out in a procurement guidance note which is scheduled for publication later this year.

(6): The Committee recommends that senior management in the Housing Executive must send out a clear message to staff that the organisation is not a cold place for whistleblowers and demonstrate that concerns raised will be taken seriously and properly investigated.

NIHE accepts this recommendation. NIHE has reviewed its whistleblowing policy to ensure it is aligned with best practice and is currently consulting with the trade unions on proposed amendments. On completion of the consultation process, NIHE will publicise the revised policy and approach on this matter, and will emphasise that:

- NIHE plans to provide additional support to whistleblowers;
- any concerns raised will be taken seriously and properly investigated; and
- whistleblowers' identity will be protected in all circumstances.

A bulletin to all staff will be issued by the end of May 2013.

(7): The Committee recommends that the Housing Executive should be alert to former employees taking up employment with a firm or contractor providing services to the Housing Executive, and should ensure that there are no conflicts of interest or inappropriate working relationships involving former employees and current Housing Executive employees.

NIHE accepts this recommendation. The NIHE Code of Conduct has been amended whereby senior officers are now obliged to inform their designated manager when applying for, or are approached about, employment with prospective employers where a potential conflict of interest could emerge. An additional clause has also been added to the Code which obliges officers to continue to observe a duty of confidentiality after they have left employment with NIHE. However, it should be noted that the Code only applies to current NIHE staff, and NIHE cannot ensure that staff leaving NIHE employment, for whatever reason, cannot end up working for a firm/contractor providing services or carrying out work on NIHE's behalf.

NIHE also agrees there should be no inappropriate working relationships involving either former employees or current employees and firms or contractors providing services to NIHE. Under the terms of its current response maintenance contract, NIHE can require a contractor to cease to employ a person in connection with its contract or to remove the person from that contract although there will have to be reasonable grounds to invoke this clause.

(8): The Committee reiterates that it is the responsibility of a sponsor department to regularly review its processes for gaining assurance on sponsored bodies' management of risks to ensure that effective controls are in place. The Committee recommends that departmental Governance Statements provide confirmation that this has been done.

DSD accepts this recommendation. DSD can confirm that it will regularly review the arrangements it has in place to gain assurance on its sponsored bodies' management of risks and application of controls. DSD can also confirm that a current review of the arrangements in place for NIHE is underway. The review is aimed at improving the flow of information between NIHE and DSD to ensure:

- the early identification of areas of concern;
- plans of action are agreed to resolve areas of concern within agreed timescales; and
- appropriate escalation mechanisms where progress is not achieved.

The new arrangements should be in place by June 2013.

DFP agrees that a sponsor department should have processes in place for assuring itself that sponsored bodies have put in place appropriate controls to deal with the risks they face.

The recently introduced Governance Statement requires Accounting Officers to prepare the Governance Statement to reflect the organisation's governance, risk and internal control arrangements and how they operate in practice. This should include where relevant, integrating information about the organisation's Arm's Length Bodies. DFP would expect that sponsor departments would include within their Governance Statements their arrangements for sponsoring their Arm's Length Bodies, any risks identified and how the necessary assurances are attained. DFP will draw this to the attention of departments.

(10): The Committee recommends that the Department of Finance and Personnel ensures that the lessons from this report and those identified by the Comptroller and Auditor General and through the DSD reviews, are promulgated to, and acted upon, by Arm's-Length Bodies, Boards, Audit Committees and senior managers across the public sector.

DFP accepts this recommendation and will work with DSD to ensure that the lessons learned from the various reports and reviews into this matter are circulated to departmental Accounting Officers. Departmental Accounting Officers will then be responsible for ensuring that these lessons are promulgated to their Arm's Length Bodies, Boards, Audit Committees and senior managers and that they are acted upon.

A copy of the PAC report can be accessed at:

http://www.niassembly.gov.uk/Documents/Reports/Public-Accounts/NIHE_management_maintenance.pdf

A copy of the MOR can be accessed at:

http://www.dfpni.gov.uk/index/finance/afmd/afmd-public-audit-and-pac/afmd-memoranda_of_reply/mor_12th_report_1115v2.pdf

13th Report: The Safety of Services Provided by Health and Social Care Trusts (DHSSPS)

No general lessons/key issues.

A copy of the PAC report can be accessed at:

<http://www.niassembly.gov.uk/Documents/Reports/Public-Accounts/nia-102-11-15-Safety-Health-Social-Care-Trusts.pdf>

A copy of the MOR can be accessed at:

http://www.dfpni.gov.uk/index/finance/afmd/afmd-public-audit-and-pac/afmd-memoranda_of_reply/mor_13th_report_1115.pdf

Recently published NI Audit Office reports

Property Asset Management in Central Government (13/11/12)

Review of the Efficiency Delivery Programme (11/12/12)

DRD: Review of an Investigation of a Whistleblower Complaint (12/02/13)

Improving Literacy and Numeracy Achievement in Schools (19/02/13)

Northern Ireland Water's Response to a Suspected Fraud (12/03/13)

DCAL: Management of Major Capital Projects (22/03/13)

Sickness Absence in the NI Public Sector (23/04/13)

Copies of the above reports are available to download from the NIAO's website.