

**Department of
Finance and Personnel
Memorandum on the Seventeenth and
Nineteenth Reports from the Public
Accounts Committee Session 2009-2010**

Combating Organised Crime

North/South Bodies

**Presented to the Northern Ireland Assembly
by the Minister of Finance and Personnel**

13 September 2010

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Glossary of Abbreviations

C&AG	Comptroller & Auditor General
CPD	Central Procurement Directorate
DCAL	Department of Culture, Arts and Leisure
DETI	Department of Enterprise, Trade and Investment
DFP	Department of Finance and Personnel
DoJ	Department of Justice
DoF	Department of Finance
DSO	Departmental Solicitor's Office
EU	European Union
HMRC	HM Revenue and Customs
NDPB	Non-Departmental Public Body
NI	Northern Ireland
NSMC	North/South Ministerial Council
OLC	Office of Legislative Counsel
PAC	Public Accounts Committee
SEUPB	Special EU Programmes Body

Seventeenth Report

All Departments

Combating Organised Crime

PAC Recommendation 1

The Comptroller and Auditor General's Memorandum and Note contain a number of detailed recommendations aimed at improving the effectiveness of the public sector's understanding of, and ability to, tackle organised crime. While a number of these are addressed to bodies, such as HMRC, which fall outside the Executive's and Assembly's jurisdiction, many are directed to Northern Ireland departments and public bodies. The Committee recommends that these departments and public bodies give careful consideration to these as well as the Committee's own recommendations.

The Department of Finance and Personnel (DFP) notes this recommendation and recognises the importance of departments and public bodies taking appropriate action both individually and in partnership with other public sector organisations and agencies to combat organised crime. In view of this, DFP has brought both the Northern Ireland Audit Office Memorandum and Detailed Note and the Committee's own Report to the attention of all departments. In due course, DFP will also circulate this Memorandum of Reply, to bring to the attention of departments the views of the Committee in relation to the recommendations in all three documents. As noted in response to recommendation two below, the Department of Justice (DoJ) will establish a mechanism, to provide and co-ordinate greater awareness and partnership working in order to tackle organised crime across the public sector.

PAC Recommendation 2

Given the major threat posed by organised crime, the Committee recommends that the Department of Justice considers the re-establishment of an Inter-departmental Working Group to promote awareness and greater partnership working in departments and the wider public sector.

DoJ notes this recommendation. DoJ recognises the benefits of departments and public bodies working in partnership to maximise co-operation and co-ordination in countering organised crime and as a consequence, will seek to establish a mechanism to provide and co-ordinate greater awareness and partnership working in order to tackle organised crime across the public sector in the autumn of this year.

PAC Recommendation 3

The Committee recommends that the scope of the Fraud Forum is extended to cover organised crime; it is important that fraud investigation officers from all departments and relevant public sector bodies are briefed and informed on the threats posed by organised crime and have an opportunity to seek and share advice and co-ordinate their work.

DFP notes this recommendation. As stated during the Committee's evidence session, there are no plans to widen the scope of the Fraud Forum. Fundamentally the Forum exists to allow members to co-ordinate work, seek advice and share their experiences on fraud issues. DFP believes that if the Forum's remit was widened, it would necessitate a change in its membership and would deflect its focus from its central purpose of dealing with fraud issues. However, DFP agrees with the Committee on the need for members of the Fraud Forum to be kept briefed and informed on organised crime issues as they affect their work on preventing and detecting fraud. With DoJ agreeing to establish a mechanism to provide and co-ordinate greater awareness and partnership working on organised crime, DFP believes this can be achieved by working constructively with DoJ to establish strong links and good information flows between it and the Fraud Forum.

PAC Recommendation 4

The Committee recommends that, in developing policy and bringing forward legislation, departments consider carefully the merits of building in flexibility so that new and emerging threats can be countered quickly. This should include, in the case of drugs, the ability to 'spot-list'.

DFP notes this recommendation. When bringing forward legislation, departments should consider carefully, in conjunction with the Departmental Solicitor's Office (DSO) and the Office of the Legislative Counsel (OLC), whether the powers needed to counter new and emerging threats can be best provided for through primary or secondary legislation. In this regard, consideration should be given to the ability to amend such legislation at short notice, should the need arise. This requires that legislating departments instruct DSO and OLC as early as possible, identifying the objectives to be served and taking advice on how best to build in and exercise the flexibility needed. This is already promoted as good practice for policy teams involved in developing legislation.

DFP's Centre for Applied Learning will work with training providers to ensure that relevant legislation programmes reinforce the point in training courses for staff on developing legislation.

PAC Recommendation 5

The Committee recommends that departments research and consider, in conjunction with the Information Commissioner, how information and data held by them can be best utilised and shared for the purpose of tackling organised crime.

DFP notes this recommendation. The Information Commissioner has confirmed that he would welcome the opportunity to work with departments on the issues raised by the Committee and in particular on the development of any programmes that would involve data sharing. In this regard, he would strongly recommend that departments hold discussions with his office at an early stage to ensure that potential issues are highlighted for consideration by all concerned.

Nineteenth Report

Department of Finance and Personnel Department of Enterprise, Trade and Investment

North/South Bodies

PAC Recommendation 1

The 2004 accounts were the last accounts of the Language Body to be finalised, and these were presented to the Assembly a short time prior to the evidence session. Finalising its 2005, 2006 and 2007 accounts remains long overdue. DFP should ensure that a clear timetable and action plan is established to finalise these accounts. Furthermore, InterTradeIreland's 2007 accounts had not been presented to the Assembly at the time of the Committee's evidence session (March 2009) despite having been certified by the C&AGs eight months earlier. The Committee therefore recommends that accounts for all public bodies should be presented to the Assembly within a maximum of six weeks of the date of certification. This should allow sufficient time for the printing and laying process.

The Department of Finance and Personnel (DFP) notes the Committee's recommendation. In relation to the timing of the laying of public bodies' accounts, DFP has issued a direction which stipulates that the administrative deadline for laying non-departmental public body (NDPB) annual report and accounts is as soon as possible after the auditor has audited and signed off the accounts; NDPBs are informed that it is expected that this will, in most cases, be no later than two weeks after that date.

The requirement in relation to the accounts of North/South bodies is set out in their financial memoranda. North/South bodies' accounts should be laid before the respective legislatures no later than three months after they have been received from the Comptroller and Auditor General (C&AG) for Northern Ireland and the Irish Government's C&AG or by 30 June, whichever is the earlier. This longer time period recognises the fact that each body has two sponsor departments, two Ministers and is operating in two currencies and two jurisdictions. However, as part of the current review of the financial memoranda of the bodies, outlined in more detail in response to recommendation three, DFP in conjunction with the Irish Government's Department of Finance (DoF) will consider the Committee's recommendation in relation to the timing of the laying of the accounts.

The Department of Culture, Arts and Leisure (DCAL) accepts the need for the accounts of its North/South bodies to be laid in a timely manner. Since the Committee's evidence session, progress has been made and the 2005 Language Body Annual Report and Accounts were laid before the Assembly on 26 February 2010. A clear timetable has now been established for the finalisation of the 2006 and 2007 accounts. It is planned to have the 2006 accounts laid before the Assembly by October 2010 and the 2007 accounts laid by March 2011. The completion of subsequent years accounts is being progressed as speedily as possible and DCAL will ensure that progress is maintained so that the accounts are finalised and laid before the Assembly as soon as practicable.

DCAL keeps the position of the accounts of its North/South bodies under continuous review with frequent consideration by both senior management and the DCAL audit committee. DCAL is liaising with the Ulster-Scots Agency, Foras na Gaeilge and the C&AGs in order to improve the position and finalise the accounts in accordance with the timetable above.

The Department of Enterprise, Trade and Investment (DETI) acknowledges the Committee's comments regarding InterTradeIreland's 2007 accounts, and can confirm that they were laid before the Assembly shortly after the Committee's evidence session; the accounts for 2008 have also been laid before the Assembly. InterTradeIreland's accounts for 2009 were certified by the C&AGs on 8 July 2010 and will be laid before the Assembly as soon as practicable.

PAC Recommendation 2

Under current arrangements only limited information on senior executives' pay is disclosed in the accounts of North/South Bodies. Senior executives' remuneration is included in notes to the accounts rather than the annual report, and senior officials have the option to withhold their consent to disclose information. DFP should explore how best to bring the disclosure of remuneration in North/South Bodies in line with emerging best practice, including the introduction of a separate remuneration report.

DFP accepts this recommendation. Guidance on the preparation of North/South bodies' Annual Reports and Accounts is jointly prepared by DFP and DoF, therefore any amendment to it requires the agreement of both finance departments. DFP will engage with DoF to explore bringing the disclosure of remuneration in the accounts of North/South bodies in line with best practice, including the introduction of a separate remuneration report.

PAC Recommendation 3

DFP told the Committee that a number of governance matters in relation to North/South bodies were to be looked at afresh, including the question of non-executive members. This review should now be taken forward without delay.

DFP accepts this recommendation. Each of the North/South bodies is required to comply with the provisions of a financial memorandum which, inter alia, sets out the key principles of corporate governance. DFP in conjunction with DoF is currently undertaking a review of the memoranda, which is planned to be completed by March 2011.

The St Andrews Agreement provided for a Review Group to report with recommendations to the North/South Ministerial Council (NSMC). Its remit was to:

- examine objectively the efficiency and value for money of existing Implementation Bodies;
- examine objectively the case for additional bodies and areas of co-operation within the NSMC where mutual benefit would be derived; and
- input into the work on the identification of a suitable substitute for the proposed Lights Agency of the Foyle, Carlingford and Irish Lights Commission.

The Office of the First Minister and deputy First Minister has advised that at its Plenary meeting on 5 July 2010, the NSMC agreed that recommendations in a report prepared for the Review Group by an advisory panel of experts/advisors, would be forwarded for views to Ministers who have responsibility for the North/South bodies. These recommendations relate to individual bodies and in some cases include considerations about Boards. A number of the recommendations are cross-cutting and include issues relating to accounts and governance. These have been copied to the Finance Ministers for their views.

Consultation is also underway within Executive departments on the second and third terms of its remit and it is anticipated that the Review Group will move rapidly to conclude its work when this is complete.

Ministers will consider the outcome of the consultation that is underway in both jurisdictions at a future NSMC meeting.

PAC Recommendation 4

The Committee reiterates the long-standing principle of public finance that public bodies should not hold levels of cash in excess of their immediate needs. This applies as much to North/South Bodies as to other bodies. Public money should not be allowed to sit in bank accounts, unused, when so many other funding pressures exist throughout the public sector. The Committee recommends DETI ensures InterTradeIreland reduces and maintains its cash balances in line with the principle stated.

DETI accepts this recommendation and supports the principle that public bodies should aim to minimise the balances in their bank accounts. DETI will continue to work with InterTradeIreland's sponsor department in Ireland, the Department of Enterprise, Trade and Innovation, to ensure that cash balances are minimised. Average cash balances

in InterTradeIreland have reduced by some 41 per cent from the 2007 calendar year to the 2009 calendar year and DETI will aim to ensure that this downward trend continues.

PAC Recommendation 5

The Committee reiterates the importance of the effective handling of conflicts of interest. This applies as much to managing agents as to employees and members. The Committee recommends that North/South Bodies should ensure that they have best practice arrangements in place to manage or prevent conflicts of interest occurring, including robust and well-publicised whistle-blowing arrangements.

DFP accepts this recommendation. DFP agrees with the Committee's view that conflicts of interests from whatever source, whether it is employees, members or managing agents, must be handled effectively. As part of the current review of the financial memoranda of North/South bodies, as noted in response to recommendation three, DFP and DoF will ensure that the financial memoranda set out the need for the bodies to have in place best practice arrangements in relation to conflicts of interest and whistle-blowing.

PAC Recommendation 6

It is the Committee's view that robust accountability arrangements should be established for Joint Committees administering Peace III monies. In addition, the Committee recommends that every effort should be made to streamline the structures further without compromising accountability.

DFP accepts this recommendation. Since the Committee's evidence session in March 2009, Special EU Programmes Body (SEUPB) has been working with a number of organisations, including local councils and the Community Relations Council, to ensure that a balance has been struck between appropriate accountability arrangements for Joint Committees administering PEACE III monies and the need for clear and understandable requirements for applicants. DFP is content that, due to the work undertaken over the last year, appropriate robust and streamlined accountability arrangements are now in place for Joint Committees administering PEACE III monies.

PAC Recommendation 7

The Committee recommends that SEUPB should exercise strict quality control over economic appraisals conducted by consultants, and frame its contracts with the consultants so that rigorous quality standards can be enforced. It refers SEUPB to the wider recommendations contained in its report on the use of consultants in the NI Civil Service.

DFP accepts this recommendation. SEUPB has had discussions with DFP's Central Procurement Directorate (CPD) regarding its use of external consultants for economic appraisals. As a result, framework contracts have been agreed with pre-qualified companies that satisfy member states' guidelines and programme needs. The framework agreement stipulates that CPD should be advised immediately should difficulties arise with the performance of a service provider to ensure that the correct contractual action is taken to protect the interests of the customer. SEUPB can assure the Committee that it will take such action should it prove necessary to do so. SEUPB has reviewed the Committee's report on the use of consultants in the NI Civil Service.

PAC Recommendation 8

The Committee acknowledges the challenges of measuring the impact of PEACE programmes. The Committee recommends that continued consideration should be given to how the impact of the programmes on the quality of community relations can be measured. In view of the money being spent it is important that there are measurable outcomes. These might include measures such as "peace walls" coming down and a reduction in incidents in the "marching season".

DFP accepts this recommendation, SEUPB has been working closely with the Northern Ireland Statistics and Research Agency to implement the Aid for Peace methodology, which is internationally recognised as best practice for assessing the impact of programmes such as PEACE III. SEUPB has established a Monitoring and Evaluation Working Group, which is a sub-group of the PEACE III monitoring committee, that meets regularly to review approaches to programme evaluation and commissions reports in line with the agreed PEACE III evaluation

strategy. Overall, peace building impacts will be assessed through survey research focusing on PEACE III beneficiaries.



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