

**Department of  
Finance and Personnel  
Memorandum on the First  
Report from the  
Public Accounts Committee  
Session 2010-2011**

**Campsie Office Accommodation and Synergy  
e-Business Incubator (SeBI)**

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

**30 November 2010**

© Crown Copyright 2010

The text in this document (excluding the Royal Arms and other departmental or agency logos) may be reproduced free of charge in any format or medium providing it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned.

For any other use of this material please write to Office of Public Sector Information, Information Policy Team, Kew, Richmond, Surrey TW9 4DU or e-mail: [licensing@opsi.gsi.gov.uk](mailto:licensing@opsi.gsi.gov.uk)

# Contents

<i>Pages</i>	5-7	Department of Enterprise, Trade & Investment: Campsie Office Accommodation and Synergy e-Business Incubator (SeBI)
--------------	-----	--

## **Glossary of Abbreviations**

**DETI** Department of Enterprise, Trade and Investment

**DFP** Department of Finance and Personnel

**NI** Northern Ireland

## **First Report**

### **Department of Enterprise, Trade and Investment**

#### **Campsie Office Accommodation and Synergy e-Business Incubator (SeBI)**

*The quality of risk management applied to the Campsie and SeBI projects was unacceptable*

##### *PAC Recommendation 1*

**The Committee recommends that there should be compelling reasons whenever public bodies choose not to follow professional advice. These reasons should be clearly documented before decisions are made.**

Department of Finance and Personnel (DFP) accepts this recommendation. When taking decisions, it is important that departments consider all advice carefully. Decisions are taken based not just on professional advice, but also with reference to all relevant factors pertaining at the time a decision is made. DFP agrees with the Committee that in instances where professional advice is not followed, the reasons for this should be clearly documented as part of the decision making process and will draw this to the attention of departments.

The Department of Enterprise, Trade and Investment (DETI) agrees that there should be compelling reasons whenever public bodies choose not to follow professional advice and that these reasons should be clearly documented before decisions are made. DETI will ensure that the Committee's views are made known to staff.

##### *PAC Recommendation 2*

**The Committee recommends that when Departments and other public bodies enter into binding contracts including leases, they clearly demonstrate that due diligence has been applied in each case.**

DFP accepts this recommendation and will strengthen its advice to all departments and other public bodies relating to the need to demonstrate effective due diligence when entering binding contracts including leases. DFP seeks to ensure that a high standard of professional advice is available to departments and other public bodies through the services provided by Central Procurement Directorate, the Departmental Solicitor's Office and Land & Property Services. It will draw the attention of its staff in these bodies to the need to demonstrate effective due diligence and in particular, when accepting instructions to advise other departments and public bodies, the need for clarity in their role and responsibilities in relation to binding contracts, including leases.

DETI also accepts the Committee's recommendation and can confirm that before entering into binding contracts, including leases, expert advice is obtained from a range of sources including DFP's Land and Property Services, DFP's Properties Division, DFP's Central Procurement Directorate, legal professionals (including Departmental Solicitor's Office) and other sources of expertise from within DETI, Invest NI and the wider public sector as appropriate. This advice is all documented and carefully considered prior to decisions being taken.

##### *PAC Recommendation 3*

**The Committee recommends that Invest NI ensures that risk management is fundamental to all its investment decisions. When initial appraisals highlight risks and threats, these should be taken seriously and assessed properly. Where potential risks are identified and reinforced, it is essential that effective steps to manage these should be put in place.**

DETI accepts this recommendation. Risk management is an integral part of Invest NI's procedures and Invest NI's internal guidelines reflect DFP guidance in requiring risks and threats to be identified and documented when projects are being appraised. The guidance also requires appropriate risk management and risk reduction measures to be identified, documented and acted upon.

*PAC Recommendation 4*

**The Committee recommends that when a major control failure occurs, which ultimately leads to a significant loss to the public purse, a robust inquiry must take place to establish the facts and lessons to be learned.**

DFP accepts this recommendation and agrees that when a major control failure leads to a significant loss of public funds an inquiry should take place to establish the facts and will draw this to the attention of departments. DFP would also expect departments to determine whether such control failures should be reflected in their Statement of Internal Control and, where appropriate, to ensure that the lessons learned are disseminated throughout the organisation and the wider public sector where relevant.

DETI also accepts the Committee's recommendation and agrees that where a major control failure leads to a significant loss of public funds an inquiry should take place to establish facts and lessons to be learned.

***Invest NI has provided welcome assurances about improvements to risk and project management procedures***

*PAC Recommendation 5*

**The Committee recognises the improvements that have been made to Invest NI's project management practices. Nevertheless, it recommends that Invest NI should consider its revised arrangements in the light of this report and others, to ensure that similar errors are not repeated in the future. In particular, the Committee would want assurances on effective financial monitoring, appropriate use of re-appraisals and timely and effective post-project evaluations.**

DETI welcomes the Committee's acknowledgement of the improvements that have been made to Invest NI's project management practices. Invest NI has reminded its senior management team of issues arising from previous Public Accounts Committee hearings involving industrial development cases and has asked them to ensure that previous recommendations continue to be implemented as appropriate.

Invest NI's financial procedures require the financial monitoring of projects, projects to be reappraised where appropriate and post project evaluations to be undertaken on a timely basis. The operation of these controls is regularly monitored by Invest NI's senior management team.

***Invest NI has a large amount of unoccupied land and property***

*PAC Recommendation 6*

**The Committee recommends that as a matter of urgency Invest NI generates basic information on the length of time a property is unoccupied, to properly monitor and manage its portfolio of land and property and to ensure that the taxpayer receives value for money from these assets.**

DETI accepts the Committee's recommendation. Information has been provided to the Committee on the occupancy of properties. Invest NI also holds a substantial amount of detailed information on its portfolio of land. This information is used to monitor and manage its portfolio of land and property and to ensure value for money.

*Invest NI – Board Members’ and Staff Interests*

*PAC Recommendation 7*

**The Committee recommends that Invest NI maintains effective arrangements to record fully and disclose all Board Member and Staff interests. It is vital that these disclosures are kept up to date and utilised in order to take effective action to manage or avoid any potential or actual conflicts of interest.**

DETI accepts this recommendation. Robust arrangements are in place in relation to Board Members’ interests. Invest NI has drawn up revised guidelines for staff in relation to conflicts of interest and acceptance of appointments. All employees will henceforth be required to complete an ‘Annual Declaration of Interests’, submitting a nil return where appropriate. Returns will be used to draw up, and refresh annually, a comprehensive register of all staff interests and to inform any action which may be appropriate to mitigate potential risks.



Published by TSO (The Stationery Office) and available from:

**Online**

[www.tsoshop.co.uk](http://www.tsoshop.co.uk)

**Mail, Telephone, Fax & E-mail**

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Fax orders: 0870 600 5533

E-mail: [customer.services@tso.co.uk](mailto:customer.services@tso.co.uk)

Textphone: 0870 240 3701

**TSO@Blackwell and other Accredited Agents**

**Customers can also order publications from:**

TSO Ireland

18-22 Arthur Street, Belfast BT1 4GD

Tel 028 9023 8451 Fax 028 9023 5401

ISBN 978-0-337-09667-9

