



1. RESPONSIBILITIES

Under the Northern Ireland Act 1998, the relationship between the Northern Ireland Executive, exercising through ministers the executive power in transferred matters, and the Northern Ireland Assembly with legislative powers, representing the public in relation to those matters, is central to how public finances are managed. Ministers seek to implement policies and deliver public services through public servants; but are able to do so to the fullest extent only when the Assembly grants the right to commit and expend resources. It falls to the Department of Finance and Personnel to respect and secure the rights of both the Assembly and the Executive in this process (and, where appropriate, to ensure compliance with HM Treasury guidance). Resources are provided by central government and hence it is expected that the public sector in Northern Ireland will operate within the broad framework established by HM Treasury.

1.1 Managing public money: principles

1.1.1 The principles which apply to managing public resources run right across the many diverse organisations delivering public services in Northern Ireland (NI). There are requirements for each kind of body, reflecting its duties, its responsibilities and public expectations. The standards which the public services should seek to deliver are set out in box 1.1. These are generally understood to be demanding.

1.1.2 At a high level the principles in this handbook apply to public services in NI, complementing the guidance on good governance in the Code of Good Practice on Corporate Governance in Central Government Departments (the Corporate Governance Code).

Box 1.1: standards expected of all public service

- honesty • impartiality • openness • accountability • accuracy
- fairness • integrity • transparency • objectivity • reliability

carried out

- in the spirit of, as well as to the letter of, the law
- in the public interest
- to high ethical standards
- achieving value for money

1.1.3 Much of this document is about meeting the expectations of the Assembly. Many of the disciplines should also deliver accountability to the general public. The delivery channels used evolve as technology permits. Public services should carry on their businesses and account for their stewardship of public resources in ways appropriate to their duties and context.

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1.2 Ministers

1.2.1 The Northern Ireland Act 1998, the Ministerial Code and the Departments (Northern Ireland) Order 1999 specify the duties and responsibilities of Ministers of the Northern Ireland Assembly.

1.2.2 The Minister in charge of a department is responsible for its policy and business. He or she:

- determines the department's policies;
- chooses which areas of business to delegate to the department's officials, and with what conditions;
- looks to the department's Accounting Officer (see chapter 3) to delegate responsibility within the department to deliver the Minister's decisions and to support the Minister in making policy decisions; and
- may also have general oversight of other bodies on whose behalf he or she may answer in the Assembly.

1.2.3 The Accounting Officer is always responsible for the organisation of the officials in the department. The Minister in the department may give directions to the Accounting Officer. Ministers are not accountable to the Accounting Officer.

1.2.4 Ministers have wide powers to make policies and to issue instructions to their officials. However, specific legislation is required to authorise expenditure of public funds to pursue their objectives (see section 2.1).

1.3 The Assembly

1.3.1 The Assembly enacts the legislation which empowers ministers to carry out their policies. It finances services for all devolved matters when it approves Requests for Resources, including approval of net cash resources, year by year¹. Further information about this process is in the *Estimates Manual*.

1.3.2 From time to time the Assembly may examine particular policies or delivery of services. In addition, departmental committees may examine policies, expenditure, administration and service delivery in particular sectors. Of these, the Public Accounts Committee (PAC - see section 3.5) has a special role in examining financial accounts and scrutinising value for money.

¹ As a devolved administration, the total amount of resources available is determined mainly by the Barnett Formula giving NI its population share of any change in spending on a comparable English programme

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1.4 DFP

1.4.1 The Assembly looks to the Department of Finance and Personnel (DFP) to make sure that:

- departments use their powers only as it has intended; and
- expenditure is within the agreed limits.

1.4.2 Hence it falls to DFP to:

- set the ground rules for the administration of public money; and
- account to the Assembly for doing so.

1.4.3 This document sets out how DFP seeks to meet these Assembly expectations. The key requirements are regularity, propriety (see box 2.4) and value for money (see 3.3.3). Supporting this, DFP:

- manages the budget process;
- oversees the operation of the Estimates presented by departments to obtain authority to spend year by year. The Estimates Manual contains more detail about the requirements;
- issues any amendments to the *Government Financial Reporting Manual (FReM)* required for NI purposes setting the standards to which departments, non-departmental public bodies (NDPBs) and other parts of the public sector publish annual reports and accounts. The *FReM* adapts generally accepted accounting practice (GAAP) to take account of the public sector context; and
- sets Accounts Directions for the different kinds of central government organisations whose accounts are laid in the Assembly.

1.5 Departments

1.5.1 Within the standards expected by the Assembly, and subject to the overall control and direction of their Ministers, departments have considerable freedom about how they organise, direct and manage the resources at their disposal. It is for the Accounting Officer in each department, acting within Ministers' instructions, to control and account for the department's business.

1.5.2 The *Corporate Governance* Code encourages departments to use a departmental board as a disciplined way of leading and managing the department's business. The character and organisation of the board in a department will vary according to the nature of its business (see section 4.1). Boards can be valuable in bringing to bear a range and variety of skills and experiences from elsewhere in, and outside of, the public sector.

1.5.3 Within a department, its staff, resources and assets should be organised to deliver the agreed Programme for Government and any associated objectives. There should be adequate delegations, controls and reporting arrangements to provide assurance to the

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board, the Accounting Officer² and ultimately ministers about what is being achieved, to what standards and with what effect. In turn these arrangements should provide the management information to enable delivery plans to be adjusted as necessary. Similar feedback should enable ministers to reconsider policies where the evidence shows that this is appropriate. This is discussed further in chapter 4.

1.5.4 In supporting ministers, civil servants in a department should provide politically impartial advice. Should they be asked to carry out duties which appear incompatible with this obligation, the Accounting Officer should take the matter up with the Minister concerned in accordance with Chapter 3 of this document (see also the NICS Code of Ethics at annex 4.2).

1.5.5 Departments often operate with and through a variety of partners to deliver their Ministers' policies. It is important that these relationships too operate in the public interest: see chapter 7.

1.6 The Comptroller and Auditor General for Northern Ireland (C&AG)

1.6.1 Supported by the Northern Ireland Audit Office (NIAO), the Comptroller and Auditor General for Northern Ireland (C&AG) helps the Assembly scrutinise how public funds have been deployed in practice. Independent of government, the C&AG is the external auditor of most bodies in central government in Northern Ireland. To help carry out this important role, the C&AG has significant and far reaching rights to inspect the books of a wider variety of public bodies. Further information about the role of the NIAO is available on their website³ and in annex 1.1.

1.6.2 The C&AG provides the Assembly with two sorts of audit:

- financial audit of the accounts of departments, agencies, NDPBs and health and personal social services bodies, covering:
 - assurance that their accounts have been properly prepared and are free from material misstatements⁴; and
 - confirmation that the underlying transactions have appropriate Assembly authority;
- value for money reports assessing the economy, efficiency and effectiveness with which public money has been deployed in selected areas of public business. A rolling programme of these reviews covers a wide variety of subjects over a period, taking account of the risks to value for money and the Assembly's interests.

² If there is a change of Accounting Officer in the course of the year, the Accounting Officer in place at the year end takes responsibility for the whole year's resource accounts, using assurances as necessary

³ The NIAO website address is www.niauditoffice.gov.uk

⁴ See Audit Practice Note 10 of the Audit Practices Board on the FRC website at <http://www.frc.org.uk>