



Northern  
Ireland  
Office

# Framework Document for Governance of the Parades Commission

May 2009

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## **1. Introduction**

1.1 This framework document has been drawn up by the Northern Ireland Office (NIO) in consultation with the Parades Commission. This document sets out the broad framework within which the Parades Commission will operate as an Non Departmental Public Body (NDPB) sponsored by the NIO, and does not convey any legal powers or responsibilities. The document is signed and dated by the NIO and the Parades Commission. Copies of the document and any subsequent amendments have been placed in the Libraries of both Houses of Parliament and made available to members of the public on the Parades Commission website. The document is based on a model set out in the HM Treasury “Managing Public Money” guidance, and takes account of the Parades Commission’s statutory responsibilities as set out in the Public Processions (Northern Ireland) Act 1998 as amended by the Public Processions (Amendment) (Northern Ireland) Order 2005.

## **2. Purpose of the Parades Commission**

2.1 The Parades Commission is a NDPB established in February 1998 under the Public Processions (Northern Ireland) Act 1998 as amended by the Public Processions (Amendment) (Northern Ireland) Order 2005. The Parades Commission has been set up in order to support the strategic aims and current Public Service Agreement of the Northern Ireland Office.

2.2 Its statutory duties are to:

- promote a greater understanding by the general public of issues concerning public processions;
- promote and facilitate mediation as a means of resolving disputes concerning public processions;

- keep itself generally informed as to the conduct of public processions and protest meetings; and
- keep under review and make such recommendations as it thinks fit to the Secretary of State concerning the operation of the Public Processions (Northern Ireland) Act 1998.

In pursuit of the above statutory duties it may:

- facilitate mediation between parties to particular disputes concerning proposed public processions and take such other steps as appear to the Commission to be appropriate for resolving disputes;
- issue determinations in respect of proposed public processions;
- provide financial or other assistance to any person or body on such terms and conditions as the Commission may determine; and
- commission research.

2.3 The Parades Commission strategic aims are to:

- (a) Minimise the requirement for its statutory intervention in parades in Northern Ireland; and
- (b) Help to bring about accommodation and agreement in respect of disputed parades.

2.4 Its mission statement is: To bring about a peaceful parading environment in Northern Ireland based on tolerance, respect and understanding.

### **3. The Parades Commission's Origins of Powers and Duties**

3.1 The Parades Commission's powers and duties derive from The Public Processions (Northern Ireland) Act 1998 as amended by Public Processions (Amendment) (Northern Ireland) Order 2005.

### **4. Ministerial Responsibilities**

4.1 The Secretary of State for Northern Ireland is accountable to Parliament for the operation of the Parades Commission.

### **5. NIO Accounting Officer's Specific Accountabilities and Responsibilities**

5.1 The Permanent Secretary of the NIO is the Department's principal Accounting Officer (AO). The NIO's AO has designated the Secretary to the Parades Commission [hereafter known as "the Secretary"] as the Parades Commission's Accounting Officer. The respective responsibilities of the NIO AO and the Parades Commission's AO are set out in Chapter 3 of Managing Public Money (MPM).

5.2 The NIO's AO is accountable to Parliament for the issue of any funds to the Parades Commission. The NIO AO is also responsible for advising the Secretary of State on:

- an appropriate framework of objectives and targets for the Parades Commission in the light of the Department's wider strategic aims and current PSA;
- an appropriate budget for the Parades Commission in the light of the sponsor Department's overall public expenditure priorities; and

- how well the Parades Commission is achieving its strategic objectives and whether it is delivering value for money.

5.3 In line with the Managing Public Money guidance, the NIO's AO is also responsible for ensuring arrangements are in place in order to:

- monitor the Parades Commission's activities on a continuous basis;
- address significant problems in the Parades Commission, making interventions as are judged necessary;
- annually or when deemed necessary, carry out an assessment of the risks both to the Department and Parades Commission's objectives and activities by requesting a copy of the Parades Commission's Risk Management policy and risk register;
- inform and involve the Parades Commission in the development of relevant government policy in a timely manner; and
- bring concerns about any Parades Commission activities to the Secretary, requiring explanations and assurances that appropriate action has been taken.

5.4 The Director of Policing and Security is the primary contact for the Parades Commission within the NIO. He/She provides support to the NIO AO in respect of their responsibilities in relation to the Parades Commission, and is the main source of advice to the Secretary of State on the discharge of his or her responsibilities in respect of the Parades Commission.

## **6. Responsibilities of the Secretary as Parades Commission's Accounting Officer**

6.1 The Secretary as Designated Accounting Officer is personally responsible for safeguarding the public funds for which he or she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the Parades Commission. In addition, he or she should ensure that the Parades Commission complies with the governance, decision-making and financial management standards as set out in Paragraph 3.1 of Managing Public Money.

### *The Secretary's responsibilities as AO to Parliament*

6.2 The Secretary's responsibilities as AO include:

- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State;
- signing a Statement of Accounting Officer's responsibilities, for inclusion in the Annual Report and Accounts;
- signing a Statement on Internal Control regarding the systems of internal control, for inclusion in the annual report and accounts;
- ensuring that effective procedures for handling complaints about the Parades Commission are established and made widely known within the Parades Commission;
- acting in accordance with the terms of this document, Managing Public Money and other instructions and guidance issued from time to time by the Department, HM Treasury and the Cabinet Office; and

- giving evidence, normally with the AO of the NIO, when called before the Public Accounts Committee (PAC) on the Parades Commission's stewardship of public funds.

### *The Secretary's responsibilities as AO to the Department*

6.3 The Secretary's responsibilities as AO include:

- establishing, in agreement with the Department, the Parades Commission's corporate and business plan in the light of the Department's wider strategic aims;
- informing the Department of progress in helping to achieve the Department's policy objectives and in demonstrating how resources are being used to achieve those objectives; and
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the Department; that the Department is notified promptly if over or under spends are likely and that corrective action is taken; and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Department in a timely fashion.

### *The Secretary's responsibilities as AO to the Commission and the Commission Members*

6.4 The Secretary's responsibilities as AO to the Commission include:

- advising the Commission on the discharge of the responsibilities as set out in this document, in the governing legislation and in any other relevant instructions and guidance that may be issued from time to time; and

- advising the Commission on the Parades Commission's performance compared with its aims and objectives;

6.5 The Secretary's responsibilities as AO to the Commission members include:

- ensuring that financial considerations are taken fully into account by the Commission members at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed; and
- taking action as set out in paragraphs 3.7.5 of Managing Public Money if the Commission members are contemplating a course of action involving a transaction which the Secretary considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, questionable feasibility, or is unethical.

## **7. The Secretary's Responsibilities for Effective Corporate Governance**

7.1 The Secretary should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control.

7.2 The Secretary must set up an Audit Committee. The Commission is expected to assure itself of the effectiveness of the internal control and risk management systems.

7.3 The Secretary in support of the Commission is responsible for:

- establishing and taking forward the strategic aims and objectives of the Commission consistent with its overall strategic purpose and within the policy and resources framework determined by the Secretary of State;

- ensuring that the Secretary of State is kept informed of any changes which are likely to impact on the strategic direction of the Commission or on the attainability of its targets, and determining the steps needed to deal with such changes;
- ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Commission operates within the limits of its statutory authority and any delegated authority agreed with the department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Commission takes into account guidance issued by the Department;
- ensuring that the Commission members receive and review regular financial information concerning the management of the Commission and are informed in a timely manner about any concerns about the activities; and provides positive assurance to the Department that appropriate action has been taken on such concerns; and
- demonstrating high standards of corporate governance at all times, including using the Audit Committee to help the Commission members address key financial and other risks.

#### *The Secretary's Personal Responsibilities*

7.4 The Secretary is responsible for ensuring that the Parades Commission's policies and actions support the NIO's wider strategic policies and that its affairs are conducted with probity. Where appropriate, these policies and actions should be clearly communicated and disseminated throughout the Parades Commission.

7.5 In addition, the Secretary has the following leadership responsibilities:

- formulating the Parades Commission corporate strategy

- promoting the efficient and effective use of staff and other resources;
- delivering high standards of regularity and propriety; and
- ensuring that Commission members, in reaching decisions, take proper account of the legislation governing the work of the Parades Commission.

7.6 The Secretary also has an obligation to ensure that:

- the Commission is working effectively;
- the work of the Commission and its members is reviewed;
- Commission members are fully briefed on terms of appointment, duties, rights and responsibilities;
- he or she, together with Commission members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice;
- the responsible Minister is advised of Parades Commission needs when Commission vacancies arise; and
- there is a code of practice for Commission members in place consistent with the Cabinet Office model Code.

*Individual Commission Members' responsibilities*

7.7 Individual Commission Members should:

- comply at all times with the Cabinet Office Guidance on Code of Practice for Public Bodies and with the rules relating to the use of public funds, and to conflicts of interest;

- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- comply with the Commission's rules on the acceptance of gifts and hospitality, and of business appointments; and
- act in good faith and in the best interests of the Parades Commission.

## **8. Annual Report and Accounts**

8.1 In accordance with Public Processions Act (Northern Ireland) 1998 as amended by the Public Processions (Amendment) (Northern Ireland) Order 2005 the Parades Commission will keep proper accounts and proper records in relation to the accounts. The Commission must publish an annual report [of its activities] together with its audited accounts after the end of each financial year. The Commission shall provide the Department with its finalised (audited) annual accounts by a pre-agreed date, set by the Department. The Accounts will be signed by the Secretary and submitted in accordance with all directions issued to the Commission by the Department as well as the FREM.

NOTE: FREM guidance will be updated with IFREM shortly.

8.2 The Annual Report must:

- comply with the Government Financial reporting Manual; and
- outline main activities and performance during the previous financial year and set out in summary form forward plans.

8.3 Information on performance against key financial targets is within the scope of the audit and should be included in the notes to the accounts. The report and

accounts shall be laid in Parliament and made available on the Parades Commission website.

## **9. Internal Audit**

9.1 Parades Commission shall:

- establish and maintain arrangements for internal audit in accordance with the HM Treasury's Government Internal Audit Standards (GIAS) ([http://www.hm-treasury.gov.uk/...gia\\_guidance.cfm](http://www.hm-treasury.gov.uk/...gia_guidance.cfm));
- ensure the NIO is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with GIAS 5.2;
- set up an Audit Committee in accordance with the Cabinet Office's Guidance on Code of Practice for Public Bodies and the Audit Committee Handbook;
- forward the audit strategy, periodic audit plans and annual audit report, including the Parades Commission Head of Internal Audit opinion on risk management, control and governance as soon as possible to the NIO; and
- keep records of, and prepare and forward to the NIO an annual report on fraud and theft suffered by the Parades Commission and notify the NIO of any unusual or major incidents as soon as possible.

9.2 The Department's internal audit service has a right of access to all documents prepared by the Parades Commission's Internal auditor, including where the service is contracted out.

## **10. External Audit**

10.1 The Comptroller and Auditor General (C&AG) audits the Board's annual accounts.

10.2 The C&AG:

- will inform the department and the Parades Commission on whom – the NIAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG;
- has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from the Parades Commission; and
- will share with the Department information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the Department's responsibilities in relation to financial systems within the Parades Commission.

10.3 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the Parades Commission has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, the Parades Commission shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

## *Right of Access*

10.4 The NIO has the right of access to all Parades Commissions records and personnel for any purpose including, for example, sponsorship audits and operational investigations.

## **11. Managing Public Money and Other Government-wide Corporate Guidance and Instructions**

11.1 Unless agreed by the NIO and, as necessary, HM Treasury, the Parades Commission shall follow the principles, rules, guidance and advice in Managing Public Money, referring any difficulties or potential bids for exceptions to the NIO Director of Policing and Security in the first instance. A list of guidance and instructions with which the Parades Commission should comply is detailed in Appendix 2.

11.2 Once the budget has been approved by the NIO and subject to any restrictions imposed by statute, the Secretary of State's instructions and the instructions laid out in this document (in particular the budgetary conditions set out in Annex 3), the Commission shall have authority to incur expenditure approved in the budget, on the following conditions:

- the Parades Commission shall comply with the delegations set out in Annex 1. These delegations shall not be altered without the prior agreement of the NIO;
- the Parades Commission shall comply with Managing Public Money regarding novel, contentious or repercussive proposals;
- inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal Departmental approval where any

proposed expenditure is outside the delegated limits or is for new schemes not previously agreed; and

- the Parades Commission shall provide the NIO with such information about its operations, performance, individual projects or other expenditure as the Department may reasonably require.

## **12. Corporate Governance**

### *Commission Appointments - The Chairman and Commission Members*

12.1 The Parades Commission shall consist of a chairman and no more than six other Commission Members. All are appointed for a period of up to three years by the responsible Minister. Such appointments will comply with the Code of Practice of the Office of Commission of Public Appointments:

[\(www.publicappointmentscommissioner.org/code\\_of\\_practice/\)](http://www.publicappointmentscommissioner.org/code_of_practice/).

### *Commission Staff – The Secretary*

12.2 The Secretary is appointed by the Secretary of State in consultation with the chairman.

### *Composition of the Commission*

12.3 In line with the government's Code of Practice on Corporate Governance ([http://www.hm-treasury.gov.uk/...governance\\_corporate.cfm](http://www.hm-treasury.gov.uk/...governance_corporate.cfm)) and the Public Processions (Northern Ireland) Act 1998 as amended by The Public Order (Northern Ireland) Order 2005, the Commission will consist of a chairman together with no more than six other members that have a balance of skills and experience appropriate to directing the Parades Commission business. The Commissioner Members may, with the approval of the Secretary of State, provide financial or other assistance to any person or body on such terms and conditions as the Commission may determine and commission research.

### **13. Risk Management**

13.1 The Parades Commission shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with HM Treasury guidance Management of Risk: Principles and Concepts (<http://www.hm-treasury.gov.uk/...risk>). It should adopt and implement policies and practices to safeguard itself against fraud and theft, in line with HM Treasury's guide: Managing the Risk of Fraud ([http://www.hm-treasury.gov.uk/...fraud\\_guide\\_for\\_managers.pdf](http://www.hm-treasury.gov.uk/...fraud_guide_for_managers.pdf)). It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give grant or grant-in-aid. The Commission will share its risk register with the Northern Ireland Office.

13.2 The Parades Commission shall ensure that all staff are aware of the NIO's policies on record and information management and shall implement policies and practices to cover document security in line with the Department's guides.

### **14. Corporate and Business Plan**

14.1 By a date mutually agreed with the Department the Parades Commission shall submit annually to the NIO a draft of the business plan covering one year ahead. The draft should be submitted within a period determined by the NIO. The Parades Commission shall agree with the Department the issues to be addressed in the plan and the timetable for its preparation.

14.2 The plan shall be updated to include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the Department. Subject to any commercial considerations, a digest of the business plan should be published by the Parades Commission on its website and separately be made available to staff. The plan shall demonstrate how the Commission contributes to the achievement of the department's PSA targets.

14.3 The following key matters should be included in the plan:

- key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives;
- key non-financial performance targets;
- a review of performance in the preceding financial year, together with comparable outturns for the previous [2-5] years, and an estimate of performance in the current year;
- alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast; and
- other matters as agreed between the NIO and the Parades Commission

## **15. Annual Budgeting Procedures**

15.1 Each year, in the light of decisions by the NIO on the updated draft corporate plan, the Department will send to the Parades Commission within a period determined by the NIO:

- a formal statement of the annual budgetary provision allocated by the department in the light of competing priorities across the Department and of any forecast income approved by the Department; and

- a statement of any planned change in policies affecting the Parades Commission.

15.2 The approved annual business plan will take account both of approved funding provision [where this applies] and any forecast receipts, and will include a resource budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any departmental funding and/or other income over the year. These elements form part of the approved business plan for the year in question.

## **16. Reporting Performance to the Department**

16.1 The Parades Commission shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the corporate and business plans. The Parades Commission shall inform the NIO of any changes that make achievement of objectives more or less difficult. It shall report financial and non-financial performance, including performance in helping to deliver Ministers' policies, and the achievement of key objectives. The Parades Commission's performance shall be formally reviewed by the Department twice a year. The responsible Minister will meet with the Chairman once a year.

### *Providing monitoring information to the Department*

16.2 As a minimum, the Parades Commission shall provide the Department with information monthly that will enable the department satisfactorily to monitor:

- the Parades Commission's cash management;
- resource budget and explanations for major variances;

- forecast outturn by resource headings; and
- other data as required.

#### *Parades Commission/NIO working level liaison arrangements*

16.3 Officials from the NIO will liaise regularly with Parades Commission officials to review the Parades Commission's financial performance against plans, achievement against targets and the Parades Commission's expenditure against its DEL allocations. These meetings will also provide an opportunity to explain wider policy developments that might have an impact on the Parades Commission.

### **17. Delegated Authorities**

17.1 The Parades Commission's delegated authorities are set out in [Annex 1]. The Parades Commission shall obtain the Department's prior written approval before:

- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in the Parades Commission's annual budget as approved by the Department;
- incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the department;
- making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required; or

- carrying out policies that go against the principles, rules, guidance and advice in Managing Public Money.

## **18. Parades Commission Staff**

18.1 The staff employed at the Parades Commission are seconded Civil Servants from the HCS/NICS and as such contractual arrangements are stipulated by the NIO.

### *Travel Expenses*

18.2 The travel expenses of Commission members shall be tied to the rates allowed to senior staff of the NIO. Commission members must also take due regard of the travel expenditure guidelines provided by the NIO and Departmental rates [whichever is applicable]. Reasonable actual costs shall be reimbursed.

### *Pensions, Redundancy and Compensation*

18.3 Parades Commission staff shall be eligible for pensions under the contractual arrangements of the NIO.

## **19. Review of NDPB Status**

19.1 The Parades Commission will be reviewed every five years. The date of the next review is to be agreed.

## **20. Arrangements in the Event that the Parades Commission is Wound up**

20.1 The NIO shall put in place arrangements to ensure the orderly winding up of the Parades Commission. In particular it should ensure that the assets and

liabilities of the Parades Commission are passed to any successor organisation and accounted for properly. (In the event that there is no successor organisation, the assets and liabilities should revert to the NIO.) To this end, the NIO shall:

- ensure that procedures are in place in the Parades Commission to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body;
- specify the basis for the valuation and accounting treatment of the Parades Commission's assets and liabilities;
- ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with the report on the accounts; and
- arrange for the most appropriate person to sign the closing accounts. In the event that another NDPB takes on the role, responsibilities, assets and liabilities, the succeeding NDPB AO should sign the closing accounts. In the event that the department inherits the role, responsibilities, assets and liabilities, the sponsor department's AO should sign.

20.2 The Parades Commission shall provide the department with full details of all agreements where the Parades Commission or its successors have a right to share in the financial gains of developers. It should also pass to the department details of any other forms of claw-back due to the Parades Commission.

## **21. Review of the Framework Document**

21.1 The Framework Document will normally be reviewed at least every four years or following a review of the NDPB's functions as provided for in Section 19 above.

21.2 The NIO will be consulted on any significant variation proposed to the Framework Document.

Signed.....

Signed.....

Date.....

Date.....

*(On behalf of the NIO)*

*(On behalf of the Parades Commission)*

**DELEGATED AUTHORITIES BETWEEN NIO AND THE PARADES****COMMISSION**

<b>RESOURCE CATEGORY</b>	<b>EXTENT OF DELEGATION</b>
<b>OTHER REVENUE EXPENDITURE</b>	
Employment of consultants, including legal advice	£50k
Grant, subscriptions to, or contributions towards the costs of institutions whose services are of benefit to the Commission	£10k
Compensation payments  For admission claims made under a specific statutory provision or at common law, including claims for personal injury and property damage. Such compensation should only be paid on the advice of the Crown Solicitor	£10k
Legal Fees	£10k and NIO to be informed of any cases which are likely to attract public interest or which involve new points of principle.
Gifts	As per NIO Gifts and Hospitality policy
<b>CAPITAL EXPENDITURE</b>	
All capital expenditure	£100k
<b>LOSSES/WRITE OFF</b>	
All other losses/write offs	£2k

NOTE: the amounts indicated represent the limit of the authority in individual cases unless otherwise stated. None of the above overrules the requirement to seek approval for any matter which might be deemed novel or contentious regardless of cost or which may be outside normal Departmental and HM Treasury guidance such as:

- Managing Public Money
- Corporate Governance Guidelines (Annex 2)
- NIO Business Case Guidance/Delegations
- NIO Gifts and Hospitality Guidance
- NIO Use of External Consultants/Professional Services.

### Compliance with Government-wide Corporate Guidance and Instructions

The Parades Commission shall comply with the following general guidance documents and instructions:

- this document;
- Appropriate adaptations of sections of Corporate Governance in Central Government Departments: Code of Good Practice [http://www.hm-treasury.gov.uk/.../governance\\_risk/psr\\_governance\\_corporate.cfm](http://www.hm-treasury.gov.uk/.../governance_risk/psr_governance_corporate.cfm);
- Managing Public Money (MPM);
- Government Internal Audit Standards, [http://www.hm-treasury.gov.uk/...gia\\_guidance.cfm](http://www.hm-treasury.gov.uk/...gia_guidance.cfm);
- Management of Risk: Principles and Concepts: ([www.hm-treasury.gov.uk/media/3/5/FE66035B-BCDC-D4B3-11057A7707D2521F.pdf](http://www.hm-treasury.gov.uk/media/3/5/FE66035B-BCDC-D4B3-11057A7707D2521F.pdf));
- Managing the Risk of Fraud, ([www.hm-treasury.gov.uk/media/C/3/managing\\_the\\_risk\\_fraud\\_guide\\_for\\_managers.pdf](http://www.hm-treasury.gov.uk/media/C/3/managing_the_risk_fraud_guide_for_managers.pdf));
- Government Financial Reporting Manual (FReM), [www.financial-reporting.gov.uk/](http://www.financial-reporting.gov.uk/);
- Fees and Charges Guide, Chapter 6 of Managing Public Money;
- Departmental Banking: A Manual for Government Departments, annex 5.7 of MPM ;
- relevant Dear Accounting Officer letters;
- Regularity, Propriety and Value for Money, [www.hm-treasury.gov.uk/media/A/2/Reg\\_Prop\\_and\\_VfM-November04.pdf](http://www.hm-treasury.gov.uk/media/A/2/Reg_Prop_and_VfM-November04.pdf) ;

- The Parliamentary Ombudsman's Principles of Good Administration [www.ombudsman.org.uk/improving\\_services/good\\_administration/index.html](http://www.ombudsman.org.uk/improving_services/good_administration/index.html);
- Consolidation Officer Memorandum, and relevant DCO letters;
- relevant Freedom of Information Act guidance and instructions (Ministry of Justice);
- Model Code for Staff of Executive Non-departmental Public Bodies (Cabinet Office);
- other relevant guidance and instructions issued by HM Treasury in respect of Whole of Government Accounts;
- other relevant instructions and guidance issued by the central departments;
- specific instructions and guidance issued by the department; and
- recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and relevant to the Parades Commission.

**PARADES COMMISSION FINANCIAL MEMORANDUM**

**1. Introduction**

- 1.1. This Financial Memorandum sets out certain aspects of the financial framework within which the Parades Commission is required to operate.
- 1.2. The terms and conditions set out in this Annex may be supplemented by guidelines or directions issued by the NIO in respect of the exercise of any individual functions, powers and duties of the Parades Commission.
- 1.3. The Parades Commission shall satisfy the conditions and requirements set out in the combined framework document, together with such other conditions as the sponsor Department/Minister may from time to time impose.

**2. Parades Commission's Income and Expenditure General**

**The Departmental Expenditure Limit (DEL)**

- 2.1. The Parades Commission's current and capital expenditure form part of the NIO's Resource DEL and Capital DEL respectively.

**Expenditure not Proposed in the Budget**

- 2.2. The Parades Commission shall not, without prior written Departmental approval, enter into any undertaking to incur expenditure which falls outside the Parades Commissions delegations or which is not provided for in the Parades Commissions annual budget as approved by the NIO.

## **Procurement**

2.3. The Parades Commission's procurement policies shall reflect guidance from the Office of Government Commerce and DFP Central Procurement Directorate (previously NIO Procurement unit) including Procurement Policy Guidelines. The Parades Commission shall also ensure that it complies with any relevant EU or other international procurement rules.

2.4. Periodically and wherever practicable the Parades Commission's procurement shall be benchmarked against best practice elsewhere and contracted out where this would achieve better value for money.

## **Competition**

2.5. Contracts shall be placed on a competitive basis and tenders accepted from suppliers who provide best value for money overall.

2.6. Proposals to let single-tender or restricted contracts shall be subject to a specified delegated authority, and the Parades Commission shall send to the department through the Board after each financial year a report for that year explaining any contracts above £1000 in which competitive tendering was not employed.

## **Timeliness in Paying Bills**

2.7. The Parades Commission shall collect receipts and pay all matured and properly authorised invoices in accordance with the terms of contracts or within 30 days, as provided for in Annex 4.6 of Managing Public Money. The Parades Commission shall comply with the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890), and is subject to the Late Payment of Commercial Debts (Interest) Act 1998 as amended. [NOTE: This Act allows creditors to claim statutory interest and compensation on late payment of commercial debts.]

## **Novel, Contentious or Repercussive Proposals**

2.8. The Parades Commission shall obtain the prior written approval of the NIO before:

- incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including on staff benefits;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the NIO;
- making any change of policy or practice which has wider financial implications (e.g. because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of resources required.

## **Risk Management**

2.9. The Parades Commission shall adhere to section 3 of the Framework Document relating to risk management and fraud.

2.10. The Parades Commission shall take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract, give grant or grant-in-aid.

## **Stewardship Reporting**

2.11. Stewardship reporting enables the Departmental Accounting Officer to satisfy him/herself that all prescribed management practices are being adhered to throughout the Department, the Agencies and Arms Length Bodies. The Parades Commission's

Accounting Officer shall complete and sign a stewardship report twice yearly or when requested, to tie in with the Department's own assurance processes and return to the Director of Policing in the NIO.

## **Fees and Charges**

2.12. Fees or charges for any services supplied by the Parades Commission shall be determined in accordance with HM Treasury's Fees and Charges Guide, and with the Freedom of Information Act 2000.

## **3. Parades Commission Funding Arrangements**

### **Spending Reviews**

3.1. A Spending Review sets a fixed allocation over three years. The Parades Commission should plan to live within the budget set for each year. Any requests to transfer budgets between each year within the Spending Review period should be made to the Department through the Director of Policing and Security.

### **In-year Monitoring Rounds**

3.2. The Parades Commission will be provided with the opportunity to notify the department through the Director of Policing and Security of pressures or easements against its opening budget at two monitoring rounds in August and November. Parades Commission must adhere to the in-year monitoring timetable set by the department to enable the NIO to meet internal and HM Treasury deadlines. Parades Commission should not assume that all funding requests will be granted. Any funding requests will be considered by the NIO Finance Committee taking into consideration financial commitments throughout the department. The outcome of the November Monitoring Round will set the final budget for the year. Parades Commission should ensure that they live within this

budget as there will not be any further opportunity to increase or decrease the budget after this point.

## **Year End**

3.3. Requests to carry forward year end under spends must be made to the department through the Director of Policing and Security and approvals will be made by the NIO Finance Committee. The Parades Commission should not exceed it's year end budget.

## **Grants**

3.4 The Parades Commission may provide financial assistance to any person or body on such terms and conditions as the Parades Commission may determine in line with their delegated authorities. NIO approval must be sought for any matter which might be deemed novel and contentious regardless of cost.

## **Transfer of Funds within Budgets**

3.5 Unless financial provision is subject to specific departmental or HM Treasury controls e.g. where provision is ring-fenced for specific purposes there are restrictions on transfer funds as follows:

- movement from capital to resource
- movement from non-cash resource to near-cash resource
- movement from AME to DEL

Any movements in these restricted areas should be discussed with Policing Operational Support Division and the Director of Policing and Security in the NIO at the earliest opportunity and the final decision will be at the discretion of the department.

3.6 To enable the department to manage its overall budget the transfer of funds should be discussed with the Directorate who will present a case for approval to the Departmental Finance Committee at in-year monitoring round.

### **Receipts from Sale of Goods or Services and Capital**

3.7 Receipts of goods and services and capital in excess of budgets must be surrendered to the Directorate in the first instance as it is a Finance Committee (and/or Ministerial) decision as to how such surpluses should be prioritised. There is a requirement for a shortfall in receipts to be met through reduced spend.

### **Fines, Taxes and Other Receipts**

3.8 Most fines and most taxes (including levies and some licences) are not negative public expenditure and do not provide additional DEL spending power. Such receipts shall either be surrendered to the department or, if retained, shall either reduce the need for grant-in-aid or, if used to finance additional expenditure by the Parades Commission, shall require additional DEL cover from the department.

### **Interest Earned**

3.9 Any interest earned by the Parades Commission on its assets shall be given the same budgeting treatment as the cost of capital charge on the assets.

3.10 Under SR2007 budgeting rules (which operate from 2008-09), the cost of capital charge and any interest receipts on most DEL financed assets score as resource DEL.

3.11 If the receipts are used to finance additional expenditure by the Parades Commission, the NIO will need to ensure it has the necessary DEL cover. Any interest earned on cash balances arising from grant-in-aid or other Exchequer funds shall be

treated as a receipt from an Exchequer source. Depending on the budgeting treatment of this receipt, and its impact on the Parades Commission's cash requirement, it may lead to commensurate reduction of grant-in-aid or be required to be surrendered to the Consolidated Fund via the department.

#### **4. Parades Commission Expenditure**

##### **Economic Appraisal**

4.1. The Parades Commission is required to apply the principles of economic appraisal, with appropriate and proportionate effort, to all decisions and proposals concerning spending or saving public money, including European Union (EU) funds, and any other decisions or proposals that involve changes in the use of public resources. For example, appraisal must be applied irrespective of whether the relevant public expenditure or resources:

- involve capital or current spending, or both;
- are large or small;
- are above or below delegated limits(see Annex 1).

4.2. Appraisal itself uses up resources. The effort that should go into appraisal and the detail to be considered is a matter for case-by-case judgement, but the general principle is that the resources to be devoted to appraisal should be in proportion to the scale or importance of the objectives and resource consequences in question. Judgement of the appropriate effort should take into consideration the totality of the resources involved in a proposal.

4.3. General guidance on economic appraisal that apply to the Commission can be found in:

- The HM Treasury Guide, The Green Book: Appraisal and Evaluation in Central Government

### **Borrowing**

4.4. The Parades Commission shall observe the rules set out in Section 5.6 of Managing Public Money when undertaking borrowing of any kind. The Parades Commission shall seek the approval of the department through the Board to ensure that it has any necessary authority and budgetary cover for any borrowing or the expenditure financed by such borrowing.

### **Gifts and Hospitality**

4.5. The Parades Commission will operate in accordance with the Department's policy and practice on the Gifts and Hospitality. Please see the delegated limits set out in Annex 1.

### **Use of Consultants**

4.6. The Parades Commission will take into account the Department's policy and practice on the use and recruitment of external consultants. Please see the delegated limits set out in Annex 1.

### **Lending, Guarantees, Indemnities; Contingent Liabilities; Letters of Comfort**

4.7. The Parades Commission shall not, without the NIO's prior written consent, lend money, charge any asset or security, give any guarantee or indemnities or letters of comfort, or incur any other contingent liability (as defined in Chapter 5 of Managing Public Money), whether or not in a legally binding form.

## **Grant or Loan Schemes**

4.8. Unless covered by a delegated authority, all proposals to make a grant or loan to a third party, whether one-off or under a scheme, together with the terms and conditions under which such grant or loan is made shall be subject to prior approval by the department, and where necessary HM Treasury. If grants or loans are to be made under a continuing scheme, statutory authority is likely to be required.

4.9. The terms and conditions of a grant or loan to a third party shall include a requirement on the receiving organisation to prepare accounts and to ensure that its books and records in relation to the grant or loan are readily available for inspection by the Commission, the department and the C&AG.

## **Gifts Made, Write-offs, Losses and Other Special Payments**

4.10. Proposals for making gifts or other special payments (including write-offs) outside the delegated limits set out in Annex A of this document must have the prior approval of the NIO.

## **Unconventional Financing**

4.11. Unless otherwise agreed with the NIO, the Parades Commission shall not enter into any unconventional financing arrangement.

## **Register of Assets**

4.12. The Parades Commission shall maintain an accurate and up-to-date register of its fixed assets.

## **Banking Arrangements**

4.13. The Parades Commission's banking arrangements should be in accordance with the requirements of Managing Public Money and HM Treasury guidance document Departmental Banking: a Manual for Government Departments and arrangements administered by the department.