
February 2017

**NORTHERN IRELAND LIBRARY AUTHORITY
(Libraries NI)**

**MANAGEMENT STATEMENT AND FINANCIAL
MEMORANDUM**

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Definitions

In this Memorandum:

“Libraries NI” means the Northern Ireland Library Authority as defined in the Libraries Act (Northern Ireland) 2008. This comprises both the Board and the employees of Libraries NI (as per Schedule 1 of the Act).

“Body” means Libraries NI.

“C&AG” means the Comptroller and Auditor General for NI

“Chief Executive” means the senior executive official of Libraries NI

“DAO” means “Dear Accounting Officer” letter

“Department” means the Department for Communities

“The Department” means Department for Communities

“DoF” means Department of Finance

“DPFO” means “Dear Principal Finance Officer” letter

“Grant” means any form of payment, of which “grant-in-aid” is a subset

“Minister” means the Minister of The Department. During the suspension of the Northern Ireland Assembly, all references to “the Minister” should be taken to mean the relevant Direct Rule Minister with responsibility for the Department for Communities.

“MPMNI” means Managing Public Money NI

“MSFM” means the Management Statement and Financial Memorandum document

“TEO” means The Executive Office

“PSIAS” means Public Sector Internal Audit Standards

“PFO” means Principal Finance Officer

“The Act” means The Libraries Act (Northern Ireland) 2008.

“Voted” means provision voted by the NI Assembly

During the period of suspension, any reference to the NI Assembly in this document should be read as a reference to the United Kingdom Parliament.

1 INTRODUCTION

1.1 This document

- 1.1.1 This Management Statement and Financial Memorandum (MSFM) has been drawn up by the Department for Communities (the Department) in consultation with The Northern Ireland Library Authority (Libraries NI). The document is based on a model prepared by the Department of Finance (DoF).
- 1.1.2 The terms and conditions set out in the combined Management Statement and Financial Memorandum may be supplemented by guidelines or directions issued by the Department/ Minister in respect of the exercise of any individual functions, powers and duties of Libraries NI.
- 1.1.3 A copy of the MSFM for Libraries NI should be given to all newly appointed Board Members, senior Libraries NI executive staff and departmental sponsor staff on appointment. Amendments made to the MSFM should also be brought to the attention of the full Board on a timely basis.
- 1.1.4 This Management Statement sets out the broad framework within which Libraries NI will operate, in particular:
- Libraries NI's overall aims, objectives and targets in support of the Executive's and the Department's wider strategic aims and the outcomes and targets contained in its current Programme for Government (PfG);
 - the rules and guidelines relevant to the exercise of Libraries NI's functions, duties and powers;
 - the conditions under which any public funds are paid to Libraries NI; and
 - how Libraries NI is to be held to account for its performance.
- 1.1.5 The associated Financial Memorandum sets out in greater detail certain aspects of the financial provisions which Libraries NI must observe. However, the Management Statement and Financial Memorandum do not convey any legal powers or responsibilities.
- 1.1.6 The document shall be periodically reviewed by the Department in accordance with the timetable referred to in section 7 below.
- 1.1.7 Libraries NI, the Department, or the Minister, may propose amendments to this document at any time. Any such proposals by Libraries NI shall be considered in the light of evolving Departmental policy aims, operational factors and the track record of Libraries NI itself. The guiding principle shall be that the extent of flexibility and

freedom given to Libraries NI shall reflect both the quality of its internal controls to achieve performance and its operational needs. The Department shall determine what changes, if any, are to be incorporated in the document. Legislative provisions shall take precedence over any part of the document. Significant variations to the document shall be cleared with DoF Supply after consultation with Libraries NI as appropriate. (The definition of “significant” will be determined by the Department in consultation with DoF).

- 1.1.8 The *MSFM* is approved by DoF Supply, and signed and dated by the Department and the Libraries NI’s Chief Executive.
- 1.1.9 Any question regarding the interpretation of the document shall be resolved by the Department after consultation with Libraries NI and, as necessary, with DoF Supply.
- 1.1.10 Copies of this document and any subsequent substantive amendments shall be placed in the Library of the Assembly. Copies shall also be made available to members of the public on Libraries NI’s website.

1.2 Founding Act: Status of the Northern Ireland Library Authority

- 1.2.1 The Northern Ireland Library Authority (Libraries NI) was established under the Libraries Act (Northern Ireland) 2008 (“the Act”), as a body corporate. The constitution of the Board of Libraries NI is set out in Schedule 1 of the Act.

1.3 The Functions, Duties and Powers of Libraries NI

- 1.3.1 The Act requires Libraries NI to provide the public library service for Northern Ireland. It places a duty on Libraries NI to provide a **comprehensive and efficient public library service for persons living working or studying in Northern Ireland**. In carrying out this duty the Act requires Libraries NI to ensure that facilities are available for the borrowing of, or reference to, library materials sufficient in number, range and quality to meet the general requirements of adults and children (whether by keeping adequate stocks, by arrangement with other bodies concerned with library services or by any other appropriate means).

It is also to have regard to the desirability of the following:

- encouraging both adults and children to make full use of the library service;
- providing advice on the use of the library service and making available such bibliographical and other information as may be required by library users;
- promoting literacy and lifelong learning;

- maintaining a collection of library materials relevant to the cultural heritage of Northern Ireland;
 - making library premises available for cultural and community activities; and
 - meeting any special requirements of adults and children by any appropriate means.
- 1.3.2 Libraries NI may do anything within the Act that appears to it to be conducive or incidental to the discharge of its functions. The Act gives Libraries NI a range of powers including the power to:
- enter into agreements;
 - acquire or dispose of property;
 - borrow money;
 - subject to the approval of the Department, form bodies corporate or acquire or dispose of interests in bodies corporate;
 - accept gifts;
 - invest money;
 - carry out, or commission or assist in the carrying out of research;
 - co-operate with, or provide advice to, other statutory bodies;
 - undertake commercial activities with the approval of the Department;
 - make changes for some of the library services provided by it; and
 - make byelaws.

1.4 Classification

- 1.4.1 For policy and administrative purposes Libraries NI is classified as an executive non-departmental public body (NDPB).
- 1.4.2 For national accounts purposes Libraries NI is classified to the central government sector.
- 1.4.3 References to Libraries NI include, where they exist, all its subsidiaries and joint ventures that are classified to the public sector for national accounts purposes. If such a subsidiary or joint venture is created, there shall be a document setting out the arrangements between it and Libraries NI (paragraphs 73- 74 of the Financial Memorandum refer).

2. AIMS AND OBJECTIVES

2.1 Overall aims

- 2.1.1 The public library service exists to make available to all, free at the point of use, books and information which provide opportunities for learning, knowledge and inspiration. However subject to section 6 of the Act Libraries NI may make a charge for some of the library services it provides.
- 2.1.2 The Department's vision is for a public library service that is flexible and responsive which provides a dynamic focal point in the community and assists people to fulfil their potential. To achieve this overall aim, Libraries NI should focus on the customer, through its management, culture and staff development strategies. In order to focus libraries where they can make the most difference, Libraries NI should proactively develop targeted action to relevant priority groups (as agreed with the Department). Libraries play a key role in promoting literacy and a love of reading. Working in partnership with others they also support digital inclusion, health and wellbeing, employability, social and community cohesion, neighbourhood regeneration and economic development and enhance cultural experiences.
- 2.1.3 Libraries NI should ensure that value for money is incorporated within its activities and that increased innovation and efficiencies continue to be achieved. Libraries NI will be expected to have due regard to the need to promote positive attitudes towards people with disabilities and to encourage their participation in public life.

2.2 Objectives and key targets

- 2.2.1 The Department determines Libraries NI's performance framework in the light of the Department's wider strategic aims and current PfG objectives and targets. The objectives, key targets and performance measures within Libraries NI are agreed by the Minister within Libraries NI's corporate and business planning process. (Section 4 below)

3. RESPONSIBILITIES AND ACCOUNTABILITY

3.1 The Minister

- 3.1.1 The Minister is accountable to the Assembly for the activities and performance of Libraries NI. His/ her responsibilities include:
- approving Libraries NI's strategic objectives and the policy and performance framework within which Libraries NI will operate (as set out in this Management Statement and Financial Memorandum and associated documents);

- keeping the Assembly informed about Libraries NI's performance;
- outlining the vision for the public library service in Northern Ireland;
- approving the amount of grant-in-aid to be paid to Libraries NI and securing Assembly approval;
- carrying out responsibilities specified in the Act including appointments to the Board and the Chairperson and the terms and conditions of Board members.

3.2 The Accounting Officer of the Sponsor Department

3.2.1 The Permanent Secretary, as the Department's principal Accounting Officer (the "Departmental Accounting Officer"), is responsible for the overall organisation, management and staffing of the Department and for ensuring that there is a high standard of financial management in the Department as a whole. The Departmental Accounting Officer is accountable to the Assembly for the issue of any grant and grant-in-aid to Libraries NI. The Departmental Accounting Officer designates the Chief Executive of Libraries NI as Libraries NI's Accounting Officer, and may withdraw the accounting officer designation if he/she believes that the incumbent is no longer suitable for the role.

3.2.2 In particular, the Departmental Accounting Officer shall ensure that:

- Libraries NI's strategic aim(s) and objectives support the Department's wider strategic aims, policies and current PfG objectives and targets;
- the financial and other management controls applied by the Department to Libraries NI are appropriate and sufficient to safeguard public funds and for ensuring that Libraries NI's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to Libraries NI by the Assembly but also any other funds falling within the stewardship of Libraries NI);
- the internal controls applied by Libraries NI conform to the requirements of regularity, propriety and good financial management; and
- any grant-in-aid to Libraries NI is within the ambit and the amount of the Request for Resources and that Assembly authority has been sought and given.

3.2.3 The responsibilities of a Departmental Accounting Officer are set out in more detail in Chapter 3 of Managing Public Money Northern Ireland (MPMNI).

3.2.4 The Departmental Accounting Officer or his/her designated officials or representatives may attend as an observer at Libraries NI's Board meetings, Audit and Risk Assurance Committee meetings and from time to time any other committees as considered appropriate by the Department.

3.3 The sponsor branch in the Department

3.3.1 Within the Department, Museums and Libraries Branch is the sponsoring branch for Libraries NI. The Branch, in consultation as necessary with the relevant Departmental Accounting Officer, is the primary source of advice to the Minister on the discharge of his/her responsibilities in respect of Libraries NI and the primary point of contact for Libraries NI in dealing with the Department. The sponsor branch shall carry out its duties under the management of a senior officer, who shall have primary responsibility within the branch for overseeing the activities of Libraries NI.

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3.3.2 The sponsor branch shall advise the Minister on:

- an appropriate framework of objectives and targets for Libraries NI in the light of the Department's wider strategic aims and current PfG objectives and targets;
- an appropriate budget for Libraries NI in the light of the Department's overall public expenditure priorities; and
- how well Libraries NI is achieving its strategic objectives and whether it is delivering value for money.

3.3.3 In support of the Departmental Accounting Officer, the sponsor branch shall:

a) on performance and risk management -

- monitor Libraries NI's activities on a continuing basis through an adequate and timely flow of information from Libraries NI on performance, budgeting, control, and risk management, including early sight of Libraries NI's Governance Statement;
- address in a timely manner any significant problems arising in Libraries NI whether financial or otherwise, making such interventions in the affairs of Libraries NI as the Department judges necessary to address such problems;
- periodically carry out a risk assessment of Libraries NI's activities to inform the Department's oversight of Libraries NI; strengthen these arrangements if necessary; and amend the *Management Statement* and *Financial Memorandum* accordingly. The risk assessment shall take into account the

nature of Libraries NI's activities; the public monies at stake; the body's corporate governance arrangements; its financial performance; internal and external auditors' reports; the openness of communications between Libraries NI and the Department; and any other relevant matters;

b) on communication with Libraries NI -

- inform Libraries NI of relevant Executive / Government policy in a timely manner; if necessary, advise on the interpretation of that policy; and issue specific guidance to Libraries NI as necessary;
- bring concerns about the activities of Libraries NI to the attention of the full Board, and require explanations and assurances from the Board that appropriate action has been taken;
- ensure that the Chairperson of the Board, when taking up office, is fully briefed on the terms of his/her appointment and on his/her duties, rights and responsibilities.

3.4 Libraries NI Board

3.4.1 The Board Members are appointed by the Minister for a period of no more than 5 years. The appointment of Board Members is made in line with the Code of Practice issued by the Commissioner for Public Appointments for Northern Ireland, and in accordance with schedule 1 paragraph 2 of the Act.

3.4.2 The Board has corporate responsibility for ensuring that Libraries NI fulfils its requirements under the aims and objectives set by the Department and approved by the Minister, and for promoting the efficient, economic and effective use of staff and other resources by Libraries NI. To this end, and in pursuit of its wider corporate responsibilities, the Board shall:

- establish the overall strategic direction of Libraries NI within the policy and resources framework determined by the Minister and Department;
- constructively challenge Libraries NI's executive team in their planning, target setting and delivery of performance;
- ensure that the Department is kept informed of any changes which are likely to impact on the strategic direction of Libraries NI or on the attainability of its targets, and determine the steps needed to deal with such changes;

- ensure that any statutory or administrative requirements for the use of public funds are complied with; that the Board 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 Board takes into account all relevant guidance issued by DoF and the Department;
- ensure that the Board receives and reviews regular financial information concerning the management of Libraries NI; is informed in a timely manner about any concerns about the activities of Libraries NI; and provides positive assurance to the Department that appropriate action has been taken on such concerns;
- demonstrate high standards of corporate governance at all times, including using the independent audit committee (see paragraph 4.7) to help the Board to address the key financial and other risks facing Libraries NI; and
- appoint with the Department's approval a Chief Executive to Libraries NI and, in consultation with the Department, set performance objectives and remuneration terms linked to these objectives for the Chief Executive, which give due weight to the proper management and use of public monies. This condition is also applicable to the appointment of an Interim/Temporary Chief Executive by the Board.

3.4.3 Individual Board members shall act in accordance with their wider responsibilities as Members of the Board – namely to:

- comply at all times with the Code of Practice (see paragraph 3.5.5) that is adopted by Libraries NI 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; and to declare publicly and to the Board any private interests that may be perceived to conflict with their public duties;
- comply with the Board's rules on the acceptance of gifts and hospitality and of business appointments; and
- act in good faith and in the best interests of Libraries NI.
- make a constructive contribution to the work of the Board and bring insight and original thought to group discussion;

- promote and work for consensus in the decision making processes of the Board;
 - be prepared to participate actively in the work of the Board; and
 - make the commitment of time necessary to fulfil their role as a member of the Board, and any associated committees.
- 3.4.4 The Department shall have access to a draft copy of the minutes of all Board and Audit and Risk Assurance Committee meetings within 15 working days after the meetings have been held.
- 3.4.5 While Senior Departmental staff may attend the Board meeting it is usually in an observer capacity.

3.5 The Chairperson of Libraries NI

- 3.5.1 The Chairperson is appointed by the Minister for a period of no more than 5 years. The appointment is made in line with the Code of Practice issued by the Commissioner for Public Appointments for NI.
- 3.5.2 The Chairperson is responsible to the Minister for the Department. The Chairperson shall ensure that Libraries NI's policies and actions support the wider strategic policies of the Minister and that Libraries NI's affairs are conducted with probity. The Chairperson shares with other Board Members the corporate responsibilities set out in paragraph 3.4.2, and in particular for ensuring that Libraries NI fulfils the aims and objectives and policies set by the Department and approved by the Minister.
- 3.5.3 The Chairperson has a particular leadership responsibility on the following matters:
- formulating the Board's strategy;
 - ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Minister or the Department;
 - promoting the efficient, economic and effective use of staff and other resources;
 - encouraging and delivering high standards of regularity and propriety;
 - representing the views of the Board to the general public;
 - ensuring that the Board meets at regular intervals throughout the year and that the minutes of meetings accurately record the

decisions taken and, where appropriate, the views of individual Board Members; and

- reporting formally to the Minister and Permanent Secretary at pre-arranged accountability review meetings.

3.5.4 The Chairperson shall also:

- ensure that all Board Members, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction training, including on the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice;
- advise the Department of the needs of Libraries NI when Board vacancies arise, with a view to ensuring a proper balance of professional and financial expertise;
- approach the Department for approval to co-opt a person on a temporary basis, who is not a Member of the Board of Libraries NI, to a Committee if such action becomes necessary to address any specialist or professional contribution to a Committee;
- assess the performance of individual Board Members. Board Members will be subject to ongoing performance appraisal, with a formal assessment being completed by the Chairperson of the Board at the end of each year and prior to any re-appointment of individual Members taking place. Members will be made aware that they are being appraised, the standards against which they will be appraised, and will have an opportunity to contribute to and view their report. The Chairperson of the Board will also be appraised on an annual basis by a senior official acting on behalf of the Departmental Accounting Officer;
- provide the Department with a copy of the Board Members' performance assessments within 3 months of the end of the financial year; and
- develop an effective working relationship with the Chief Executive and other senior staff; oversee the way they implement Board decisions; agree annual targets for the Chief Executive; undertake performance assessment of the Chief Executive; and advise the Board through its Remuneration Committee on the Chief Executive's annual performance in consultation with the Department as necessary.

3.5.5 The Chairperson shall also ensure that a Code of Practice for Board Members is in place, based on the Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013, "the 2013

Code", (DAO (DFP) 06/13 refers) and Code of Conduct for Board Members of Public Bodies (FD (DFP) 04/14 refers). The Code shall commit the Chairperson and other Board Members to the Nolan "seven principles of public life", and shall include a requirement for a comprehensive and publicly available register of Board Members' interests.

3.5.6 Communications between the Board the Minister and the Department shall normally be through the Chairperson. The Chairperson shall ensure that the other Board Members are kept informed of such communications on a timely basis.

3.6 The Chief Executive's role as Accounting Officer

3.6.1 The Chief Executive of Libraries NI is designated as Libraries NI's Accounting Officer by the Departmental Accounting Officer.

3.6.2 The Accounting Officer of Libraries NI is personally responsible for safeguarding the public funds for which he/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 Libraries NI.

3.6.3 The Libraries NI Accounting Officer is personally responsible for maintaining administrative structures which enable the body to discharge its statutory responsibilities efficiently and effectively and for ensuring that all legitimate decisions of the Board are implemented.

3.6.4 As Accounting Officer, the Chief Executive shall exercise the following responsibilities in particular:

a) on planning and monitoring -

- establish, in agreement with the Department, Libraries NI's corporate and business plans in support of the Department's wider strategic aims and current PfG objectives and targets;
- inform the Department of Libraries NI's progress in helping to achieve the Department's policy objectives and in demonstrating how resources are being used to achieve those objectives; and
- ensure that timely forecasts and monitoring information on performance and finance are provided to the Department; that the Department is notified promptly if overspends or underspends 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;

b) on advising the Board -

- advise the Board on the discharge of its responsibilities as set out in this document, in the Libraries Act (NI) 2008 and in any other relevant instructions and guidance that may be issued from time to time by DoF or the Department;
- advise the Board on Libraries NI's performance compared with its aims and objectives;
- ensure that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed appropriately; and
- take action in line with Section 3.8 of MPMNI if the Board, or its Chairperson, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency or effectiveness;

c) on managing risk and resources –

- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensure that an effective system of programme and project management and contract management is maintained;
- ensure compliance with the NI Public Procurement Policy.
- ensure that all public funds made available to Libraries NI including any income or other receipts are used for the purpose intended by the Assembly, and that such monies, together with Libraries NI's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by Libraries NI including effective measures against fraud and theft;
- maintain a comprehensive system of internal delegated authorities that are notified to all staff, together with a system for regularly reviewing compliance with these delegations; and
- ensure that effective personnel management policies are maintained;

d) on accounting for Libraries NI's activities -

- sign the accounts and be responsible for 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 Minister, the Department, or DoF;
- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- complete bi-annual assurance statements;
- sign a Governance Statement for inclusion in the annual report and accounts;
- ensure that effective procedures for handling complaints about Libraries NI are established and made widely known within Libraries NI;
- act in accordance with the terms of this document and with the instructions and relevant guidance in *MPMNI* and other instructions and guidance issued from time to time by the Department and DoF - in particular, Chapter 3 of *MPMNI* and the Treasury document, *Regularity and Propriety and Value for Money* a copy of which the Chief Executive shall receive on appointment. Section IX of the *Financial Memorandum* refers to other key guidance;
- give evidence, normally with the Accounting Officer of the Department, if summoned before the Public Accounts Committee on the use and stewardship of public funds by Libraries NI;
- ensure the effective implementation of the Section 75 statutory duties; commitment to all of the requirements and recommendations in the Equality Commission's Guide for Public Authorities; and
- ensure compliance with all legislative requirements including the following;
 - Data Protection Act 1998
 - Freedom of Information Act 2000
 - The Protection of Children and Vulnerable Adults (Northern Ireland) Order 2003
 - Disability Discrimination Act 1995.

e) on staff -

- establishing and keeping staffing levels under review, ensuring that staff are developed and trained to enable them to make the maximum contribution to the success of Libraries NI;
- fostering good industrial relations through the process of consultation with trades unions and effective communication with all staff, making available a system of grievance and appeals procedures on all matters of conduct, discipline and inefficiency; and
- developing new working arrangements to suit the needs of Libraries NI.

3.6.5. The Chief Executive shall be appraised on an annual basis by the Chairperson. .

3.7 The Chief Executive's role as Consolidation Officer

3.7.1 For the purposes of Whole of Government Accounts, the Chief Executive of Libraries NI is normally appointed by DoF as Libraries NI's Consolidation Officer.

3.7.2 As Libraries NI's Consolidation Officer, the Chief Executive shall be personally responsible for preparing the consolidation information, which sets out the financial results and position of Libraries NI; arranging for its audit; and sending the information and the audit report to the Principal Consolidation Officer nominated by DoF.

3.7.3 As Consolidation Officer, the Chief Executive shall comply with the requirements of the Authority's Consolidation Officer Letter of Appointment as issued by DoF and shall, in particular:

- ensure that Libraries NI has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process; and
- prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions and directions ["Dear Consolidation Officer" (DCO) and "Dear Consolidation Manager" (DCM) letters] issued by DoF on the form, manner and timetable for the delivery of such information.

3.8 Delegation of duties

3.8.1 The Chief Executive may delegate the day-to-day administration of his / her Accounting Officer and Consolidation Officer responsibilities to other employees in Libraries NI. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in this document.

3.9 The Chief Executive's role as Principal Officer for Ombudsman cases

3.9.1 The Chief Executive of Libraries NI is the Principal Officer for handling cases involving the Northern Ireland Commissioner for Complaints. As Principal Officer, he/she shall inform the Permanent Secretary of the Department of any complaints about Libraries NI accepted by the Ombudsman for investigation, and about Libraries NI's proposed response to any subsequent recommendations from the Ombudsman.

3.10 Consulting Customers

3.10.1 Libraries NI will work in partnership with its stakeholders and customers to deliver the services/programmes, for which it has responsibility, to agreed standards. It will consult regularly to develop a clear understanding of citizens' needs and expectations of its services, and to seek feedback from both stakeholders and customers, and will work to deliver a modern, accessible service.

4. PLANNING, BUDGETING AND CONTROL

4.1 The Corporate Plan

4.1.1 Consistent with the timetable for the NI Executive's Budget process reviews, Libraries NI shall submit to the Department a draft of Libraries NI's Corporate Plan. The draft Plan should be submitted to the Department, for discussion with the Minister and/or officials, in line with dates to be determined with the Department.

4.1.2 DoF reserves the right to ask to see and agree Libraries NI Corporate Plan.

4.1.3 The Plan shall reflect Libraries NI's statutory duties and, within those duties, the priorities set from time to time by the Minister. In particular, the Plan shall demonstrate how Libraries NI contributes to the achievement of the Department's strategic aims and PfG objectives and targets.

4.1.4 The Corporate Plan shall set out:

- Libraries NI's key objectives and associated key performance targets and its strategy for achieving those objectives;
- a review of Libraries NI's performance in the preceding corporate planning period;
- alternative scenarios to take account of factors which may significantly affect the execution of the Plan, but which cannot be accurately forecast;
- a forecast of expenditure and income, taking account of guidance on resource assumptions and policies provided by the Department at the beginning of the planning round. These forecasts should represent Libraries NI's best estimate of all its available income not just any grant or grant-in-aid; and
- other matters as agreed between the Department and Libraries NI.

4.1.5 The main elements of the Plan, including the key performance targets, shall be agreed between the Department and Libraries NI in the light of the Department's decisions on policy and resources taken in the context of the Executive's wider policy and spending priorities and decisions.

4.2 The Business Plan

4.2.1 Each year of the Corporate Plan, amplified as necessary, shall form the basis of the Business Plan for the relevant forthcoming year. The Business Plan shall include key performance indicators, milestones and targets linked to the Programme for Government Agreements 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.

4.2.2 The Business Plan should be submitted to the Department in accordance with the Department's annual business planning timetable.

4.2.3 DoF reserves the right to ask to see and agree the Libraries NI annual Business Plan.

4.2.4 Corporate and Business Plans will be formally approved by the Minister.

4.3 Publication of Plans

4.3.1 Libraries NI's Corporate and Business Plans shall be published and made available on the Libraries NI's website. They shall also be made available to staff.

4.4 Reporting performance to the sponsor Department

- 4.4.1 Libraries NI shall operate management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its agreed Corporate and Business Plans.
- 4.4.2 Libraries NI shall take the initiative in informing the Department of changes in external conditions, which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives as set out in the Corporate or Business Plans.
- 4.4.3 Libraries NI's performance in helping to deliver Departmental policies, including the achievement of key objectives, shall be reported to the Department on a twice yearly basis. Performance will be formally reviewed regularly by officials of the Department. The Minister shall meet the Chairperson regularly on a formal basis to discuss Libraries NI's performance, its current and future activities, and any policy developments relevant to those activities.
- 4.4.3 Libraries NI's performance against key targets shall be reported in the Annual Report and Accounts (see Section 5.1 below). Arrangements for the validation of reported performance will be agreed between Libraries NI and the Department.

4.5 Budgeting Procedures

- 4.5.1 Libraries NI's budgeting procedures are set out in the *Financial Memorandum*.

4.6 Internal audit

- 4.6.1 Libraries NI shall establish and maintain arrangements for internal audit in accordance with the Public Sector Internal Audit Standards (PSIAS). The purpose of the internal audit function is to provide Libraries NI's Accounting Officer and line management with assurance on the adequacy and effectiveness of the risk, control and governance systems.
- 4.6.2 The Department shall outline the arrangements that they have determined as appropriate for Libraries NI taking account of DAO (DFP) 01/10 - Internal Audit Arrangements between Departments and Arm's Length Bodies, DAO (DFP) 06/16 – Public Sector Internal Audit Standards and DAO (DFP) 07/16 – Internal audit opinions and prioritisation of recommendations. This will include specifying the Department's requirements in terms of:

- having input to Libraries NI's planned internal audit coverage;

- arrangements for the receipt of audit reports, assignment reports, the Head of Internal Audit's annual report and opinion etc;
 - arrangements for the completion of Internal and External Assessments of the Libraries NI's internal audit function against PSIAS including advising that the Department reserves the right of access to carry out its own independent reviews of internal audit in Libraries NI;
 - the right of access to all documents prepared by Libraries NI's internal auditor, including where the service is contracted out. Where Libraries NI's audit service is contracted out Libraries NI should stipulate this requirement when tendering for the services.
- 4.6.3 Libraries NI shall consult the Department to ensure that the latter is satisfied with the competence and qualifications of the Head of Internal Audit and that the requirements for approving the appointment are in accordance with PSIAS and relevant DoF guidance.
- 4.6.4 Libraries NI shall arrange for periodic quality reviews of its internal audit function in accordance with PSIAS. The Department shall consider whether it can rely on these reviews to provide assurance on the quality of internal audit. However, the Department reserves a right of access to carry out independent reviews of internal audit in Libraries NI.
- 4.6.5 The audit strategy, periodic audit plans and annual audit report, including the Libraries NI's Head of Internal Audit's opinion on risk management, control and governance shall be forwarded as soon as possible to the sponsoring team who shall consult the Head of Internal Audit as appropriate.
- 4.6.6 Libraries NI shall provide the Department with a copy of all internal audit reports. The Department may make ad-hoc requests relating to Internal Audit work and the implementation of recommendations.

4.7 Audit and Risk Assurance Committee

- 4.7.1 Libraries NI shall set up an independent Audit and Risk Assurance Committee as a committee of its Board, in accordance with the Code of Conduct for Board Members of Public Bodies (FD (DFP) 04/14 refers) and in line with the Audit and Risk Assurance Committee Handbook (NI) (DAO (DFP) 05/14).
- 4.7.2 A representative from the Department may attend the Libraries NI Audit and Risk Assurance Committee meetings as an observer. The frequency of such attendance is to be determined by the Department.
- 4.7.3 The draft minutes of each Libraries NI Audit and Risk Assurance Committee meeting shall be provided to the Department by Libraries NI within fifteen working days of the meeting taking place. These minutes

should be sufficiently detailed and an accurate recording of the discussions held and the decisions taken.

4.7.4 In advance of all meetings of Libraries NI's Audit and Risk Assurance Committee papers will be forwarded to the Department.

4.7.5 The Department will review Libraries NI's Audit and Risk Assurance Committee terms of reference. Libraries NI shall notify the Department of any subsequent changes to the Audit and Risk Assurance Committee's terms of reference. The finalised version of the terms of reference shall be placed on the internet.

4.8 Fraud

4.8.1 Libraries NI shall report immediately to the Department all frauds (proven or suspected), including attempted fraud. The Department shall then report the frauds immediately to DoF and the C&AG. In addition, Libraries NI shall forward to the Department the annual fraud return, commissioned by DoF, on fraud and theft suffered by Libraries NI.

4.8.2 The Department will review Libraries NI's Anti Fraud Policy and Fraud Response Plan. Libraries NI shall notify the Department of any subsequent changes to the policy or response plan. Once finalised the Anti Fraud Policy and Fraud Response Plan should be placed on the internet.

4.9 Additional Departmental access to Libraries NI

4.9.1 In addition to the right of access referred to in paragraph 4.6.2 above, the Department shall have a right of access to all Libraries NI's records and personnel for purposes such as sponsorship audits, operational investigations and other purposes. (See also paragraphs 3.4.4 and 4.7.3 access to Board and Audit and Risk Assurance Committee minutes).

5. EXTERNAL ACCOUNTABILITY

5.1 The Annual Report and Accounts

5.1.1 After the end of each financial year Libraries NI shall publish as a single document an Annual Report of its activities together with its audited Annual Accounts. The report shall also cover the activities of any corporate bodies under the control of Libraries NI. A draft of the Report shall be submitted to the Department at least two weeks before the proposed publication date although it is expected that the Department and Libraries NI will have had extensive pre-publication discussion on the content of the Report prior to formal submission to the Department.

- 5.1.2 The Annual Report and Accounts shall comply with the most recent version of the Government Financial Reporting Manual (FReM) issued by DoF. The accounts shall be prepared in accordance with any relevant statutes and the specific Accounts Direction issued by the Department.
- 5.1.3 The Annual Report and Accounts shall outline Libraries NI's main activities and performance during the previous financial year and set out in summary form Libraries NI's forward plans. Information on performance against key financial targets shall be included in the notes to the accounts, and shall therefore be within the scope of the audit.
- 5.1.4 The Annual Report and Accounts shall be laid before the Assembly and made available, in accordance with the guidance on the procedures for presenting and laying the combined annual report and accounts as prescribed in the relevant FD letter issued by DoF.
- 5.1.5 Due to the potential accounting and budgetary implications any changes to accounting policies or significant estimation techniques underpinning the preparation of Annual Accounts requires the prior written approval of the Department.

5.2 External audit

- 5.2.1 The Comptroller and Auditor General (C&AG) audits Libraries NI's Annual Accounts and passes the accounts to the Department which shall lay them before the Assembly, together with Libraries NI's Annual Report. For the purpose of audit the C&AG has a statutory right of access to relevant documents as provided for in Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order, 2003.
- 5.2.2 The C&AG will liaise with Libraries NI on arrangements for completing the audit of Libraries NI's Accounts. This will either be undertaken by staff of the NIAO or a private sector firm appointed by the C&AG to undertake the audit on his behalf. The final decision on how such audits will be undertaken rests with the C&AG, who retains overall responsibility for the audit.
- 5.2.3 The C&AG has agreed to share with the Department relevant information identified during the audit process including the Report to those Charged with Governance at the end of the audit. This shall apply, in particular, to issues which impact on the Department's responsibilities in relation to financial systems within Libraries NI. The C&AG will also consider, where asked, providing Departments and other relevant bodies with reports which Departments may request at the commencement of the audit and which are compatible with the independent auditor's role.

5.3 VFM examinations

5.3.1 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which Libraries NI 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 Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order, 2003. Where making payment of a grant, or drawing up a contract, Libraries NI should ensure that it includes a clause which makes the grant or contract conditional upon the recipient or contractor providing access to the C&AG in relation to documents relevant to the transaction. Where subcontractors are likely to be involved, it should also be made clear that the requirements extend to them.

6. STAFF MANAGEMENT

6.1 General

6.1.1 Within the arrangements approved by the Minister and DoF, Libraries NI shall have responsibility for the recruitment, retention and motivation of its staff. To this end Libraries NI shall ensure that:

- its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued; where appointment and advancement is based on merit; and where there is no discrimination on grounds of gender, marital status, domestic circumstances, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background, or age;
- the level and structure of its staffing, including grading and numbers of staff, are appropriate to its functions and the requirements of efficiency, effectiveness and economy;
- the performance of its staff at all levels is satisfactorily appraised and Libraries NI's performance measurement systems reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve Libraries NI's objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistle blowing procedures consistent with the Public Interest (Northern Ireland) Order, 2003 are in place;

- a code of conduct for staff is in place based on Annex 5A of Public Bodies: A Guide for NI Departments (available at www.executiveoffice-ni.gov.uk).

6.2 Chief Executive's Responsibilities

- 6.2.1. The Chief Executive is responsible for the day to day management of the Authority's staff, and for determining the staffing structure to meet operational needs and to carry out its statutory functions. In so doing, the Chief Executive will have regard to the principles of economy, efficiency and effectiveness, the need for forward planning within the parameters of any running cost limits or efficiency measures that may be set by the Department.
- 6.2.2. The Chief Executive has the authority to re-grade/create staff or create posts below the third tier subject to sufficient budget cover being available (subject to any specific conditions set by the Department). Above this level Departmental approval is required to create or to re-grade posts.
- 6.2.3. In creating and re-grading posts the Chief Executive will ensure consistency with equality of opportunity and any current and previous redundancy arrangements, particularly in relation to the achievement of planned efficiencies.
- 6.2.4. The Chief Executive is responsible for employee and industrial relations within the Authority. The Chief Executive is committed to fostering good employee and industrial relations as an important aid to achievement of the Authority's objectives and will ensure effective communication and consultation with all staff and their recognised trade union representatives.

7. REVIEWING THE ROLE OF LIBRARIES NI

- 7.1 Libraries NI shall be reviewed periodically, in accordance with the business needs of the Department and Libraries NI. The review should be carried out in line with Chapter 9 of the Public Bodies: a Guide for NI Departments.

FINANCIAL MEMORANDUM

I. INTRODUCTION

1. This *Financial Memorandum* sets out certain aspects of the financial framework within which Libraries NI is required to operate.
2. The terms and conditions set out in the combined *Management Statement* and *Financial Memorandum* may be supplemented by guidelines or directions issued by the Department/Minister in respect of the exercise of any individual functions, powers and duties of Libraries NI.
3. Libraries NI shall satisfy the conditions and requirements set out in the combined document, together with such other conditions as the Department/Minister may from time to time impose.

II. LIBRARIES NI'S INCOME AND EXPENDITURE - GENERAL

The Departmental Expenditure Limit (DEL)

4. Libraries NI's current and capital expenditure form part of the Department's Resource Departmental Expenditure Limits (DEL) and Capital DEL respectively.

Annually Managed Expenditure

5. Libraries NI is classified as a Non-Departmental Public Body (NDPB) but with the Treasury concession to score the non cash costs as AME because Libraries NI is carrying out functions which are delivered by local authorities in England. AME is demand led and relates to transactions which are subject to special handling. AME is included in the Public Expenditure regime and forms part of the budget and is subject to the same controls as DEL.

Expenditure not proposed in the budget

6. Libraries NI shall not, without prior written Departmental approval, enter into any undertaking to incur any expenditure which falls outside Libraries NI's delegations or which is not provided for in Libraries NI's annual budget as approved by the Department. Libraries NI's delegations are set out in Appendix A.

Procurement

7. Libraries NI's procurement policies shall reflect the public procurement policy adopted by the Northern Ireland Executive in May 2002 (refreshed August 2014); Procurement Guidance Notes; and any other

guidelines or guidance issued by Central Procurement Directorate (CPD) and the Procurement Board. Libraries NI's procurement activity should be carried out by means of a Service Level Agreement with CPD or another recognised Centre of Procurement Expertise (CoPE) – this should ensure compliance with relevant UK, EU and other international procurement rules.

8. Periodic reviews of Libraries NI's procurement activity should be undertaken. The results of any such review will be shared with the Department.

Competition

9. Contracts shall be awarded on a competitive basis and tenders accepted from suppliers who provide best value for money overall.
10. Direct Award Contract is the process whereby a contract is awarded to an economic operator (i.e. supplier, contractor) without competition.
11. Libraries NI shall send to the Department after each financial year a report for that year explaining any contracts above £5,000 in which competitive tendering was not employed.
12. Direct Award Contracts should comply with the relevant Procurement Guidance Notes and Departmental Guidance. The Departmental Accounting Officer approval is required for all relevant Direct Award Contracts.

Capital Projects

13. Libraries NI must ensure that systems are in place for the effective management of capital projects. These should include a requirement for regular progress reports to the Department and the necessity to contact the sponsor team immediately if any problems, financial or otherwise occur which would impact on the project. Detailed guidance on the Management of Capital projects is available from the delivery section of the DoF website

Best Value for money

14. Procurement by Libraries NI of works, supplies and services shall be based on best value for money, i.e. the optimum combination of whole life cost and quality (or fitness for purpose) to meet Libraries NI's requirements. Where appropriate, a full option appraisal shall be carried out before procurement decisions are taken.

Timeliness in paying bills

15. Libraries NI shall collect receipts and pay all matured and properly authorised invoices in accordance *Managing Public Money NI* and any guidance issued by The Executive Office, DoF or the Department.

Novel, contentious or repercussive proposals

16. Libraries NI shall obtain the approval of the Department and DoF 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 Department;
 - 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. (The Department will advise on what constitutes “significant” in this context).

Risk management / Fraud

17. Libraries NI shall ensure that the risks it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and shall develop a risk management strategy, in accordance with the Treasury guidance Management of Risk: A Strategic Overview (“The Orange Book”).
18. Libraries NI shall take proportionate and appropriate steps to assess the financial and economic standing of any organisation or other body with which it intends to enter into a contract or to which it intends to give grant or grant-in-aid.
19. Libraries NI shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with DoF’s guide *Managing the Risk of Fraud* or subsequent guidance.
20. All cases of attempted, suspected or proven fraud shall be reported immediately to the Department which shall report it to DoF and the NIAO (see section 4.8 in the Management Statement) as soon as they are discovered, irrespective of the amount involved.

Wider markets

21. Libraries NI shall seek to maximise receipts from non-Consolidated Fund sources, provided that this is consistent with Libraries NI’s statutory functions and Business Plans as agreed with the Department. The Department will confirm with the DoF Supply Officer that such proposed activity is appropriate.

Fees and charges

22. Under Section 4 of the Libraries Act (NI) 2008 Libraries NI can engage in commercial activity, subject to Departmental approval. Under Section 6 of the Act, Libraries NI can, with the approval of the Department in a scheme, charge for certain library services. Fees or charges for any service supplied by Libraries NI shall be determined in accordance with Chapter 6 '*Fees, Charges & Levies*' of MPMNI.

III. LIBRARIES NI'S INCOME

Grant-in-aid

23. Grant-in-aid will be paid to Libraries NI on the basis of a written application from Libraries NI showing evidence of need. The application shall certify that the conditions applying to the use of grant-in-aid have been observed to date and that further grant-in-aid is now required for purposes appropriate to Libraries NI's functions.
24. Libraries NI should have regard to the general principle enshrined in Annex 5.1 '*Grants to Third Parties*' of MPMNI that it should seek grant-in-aid according to need.
25. Verification checks may be carried out by the Department. Libraries NI must retain all original invoices for inspection and provide the Department with information and access to documentation as required.
26. Cash balances accumulated during the course of the year shall be kept at the minimum level consistent with the efficient operation of Libraries NI. Grant-in-aid not drawn down by the end of the year shall lapse. However, where draw-down of grant-in-aid is delayed to avoid excess cash balances at year-end, the Department will make available in the next financial year (subject to approval by the Assembly of the relevant Estimates provision) any such grant-in-aid required to meet any liabilities at year end, such as creditors.

Fines and taxes as receipts

27. Overdue book fines normally provide additional DEL spending power. Most other fines and taxes (including some levies and licences) do not provide additional DEL spending power and should be surrendered to the Department.

Receipts from sale of goods or services

28. Receipts from the sale of goods and services (including certain licences), rent of land and dividends normally provide additional DEL spending power. If a body wishes to retain a receipt or utilise an increase in the level of receipts, it must gain the prior approval of its sponsor Department.

29. If there is any doubt about the correct classification of a receipt, Libraries NI shall consult the Department, which may consult DoF as necessary.

Interest earned

30. Interest earned on cash balances cannot necessarily be retained by Libraries NI. Depending on the budgeting treatment of this receipt, and its impact on Libraries NI's cash requirement, it may lead to commensurate reduction of grant-in-aid or be required to be surrendered to the NI Consolidated Fund via the Department. If the receipts are used to finance additional expenditure by Libraries NI, the Department will need to ensure it has the necessary budget cover.

Unforecast changes in in-year income

31. If the negative DEL income realised or expected to be realised in-year is less than estimated, Libraries NI shall, unless otherwise agreed with the Department, ensure a corresponding reduction in its gross expenditure so that the authorised provision is not exceeded. In the first instance it is for Libraries NI to ensure that, if it intends to use asset disposals to fund expenditure, then there is reasonable certainty over the amount of income and associated expenditure is sufficiently scalable to accommodate variance in the disposal proceeds. While the Department cannot guarantee to make up shortfalls, it will look favourably on bids in cases where income realised is less than estimated. *[NOTE: For example, if Libraries NI is allocated £100 resource DEL provision by its sponsor Department and expects to receive £10 of negative DEL income, it may plan to spend a total of £110. If income (on an accruals basis) turns out to be only £5 Libraries NI will need to reduce its expenditure to £105 to avoid breaching its budget if the Department is unable to meet the pressure reported.]*
32. If the negative DEL income realised or expected to be realised in the year is more than estimated, Libraries NI may apply to the Department to retain the excess income for specified additional expenditure within the current financial year without an offsetting reduction to grant-in-aid. The Department shall consider such applications, taking account of competing demands for resources, and will consult with DoF in relation to any significant amounts. If an application is refused, any grant-in-aid shall be commensurately reduced or the excess receipts shall be required to be surrendered to the NI Consolidated Fund via the Department.

Build-up and draw-down of deposits

33. Libraries NI shall comply with the rules that any DEL expenditure financed by the draw-down of deposits counts within DEL and that the build-up of deposits may represent a saving to DEL (if the related receipts are negative DEL in the relevant budgets).

34. Libraries NI shall ensure that it has the necessary DEL provision for any expenditure financed by draw-down of deposits.

Proceeds from disposal of assets

35. Disposals of land and buildings are dealt with in Section VI below.

Gifts and bequests received

36. Libraries NI is free to retain any gifts, bequests or similar donations subject to paragraph 37. Where appropriate, gifts and requests shall be capitalised at fair value and notified to the Board and the Department. [NOTE: The latest FReM requirements should be applied.]
37. Before accepting a gift, bequest, or similar donation, Libraries NI shall consider if there are any associated costs in doing so or any conflicts of interests arising. Libraries NI shall keep a written record of any such gifts, bequests and donations and of their estimated value and whether they are disposed of or retained.

Borrowing

38. Section 3 of the Libraries Act (NI) 2008 enables Libraries NI to borrow money, but when doing so Libraries NI shall observe the principles set out in Chapter 5 '*Funding*' and the associated annexes of MPMNI when undertaking borrowing of any kind. Libraries NI shall seek the approval of the Department and, where appropriate, DoF, to ensure that it has any necessary authority and budgetary cover for any borrowing or the expenditure financed by such borrowing. Medium or long-term private sector or foreign borrowing is subject to the value for money test in Section 5.7 '*External Borrowing*' of MPMNI.
39. Where exceptionally NDPBs are allowed to borrow the spending financed by borrowing scores gross in budgets. This applies whatever the source of borrowing (Department, market, European Investment Bank). The cash raised by borrowing does not score as negative DEL. This means that any expenditure by the NDPB financed by borrowing will need DEL budget cover (provided that this is the normal budgeting treatment for such expenditure).

Trusts

40. In relation to any Trusts received, Libraries NI will be required to keep proper books and records and prepare annual accounts in line with the Accounts Direction provided by the Department.

IV. EXPENDITURE ON STAFF

Staff costs

41. Subject to its delegated levels of authority, Libraries NI shall ensure that the creation of any additional posts does not incur forward commitments which will exceed its ability to pay for them.

Pay and conditions of service

42. The remuneration and terms and conditions of employment of Libraries NI's staff, whether on permanent or temporary contract, will be based on those determined by the National Joint Council (NJC) for Local Government Services. Current terms and conditions for staff of Libraries NI are those set out in the NJC for Local Government Services – National Agreement on Pay and Conditions of Service. Libraries NI shall provide the Department and DoF with a copy of the Pay and Conditions of Service and subsequent amendments.
43. Annual pay increases of Libraries NI staff must be in accordance with the annual FD letter on Pay Remit Approval Process and Guidance issued by DoF. Therefore all proposed pay awards must have prior approval of the Department and the Minister for Finance before implementation.
44. The travel expenses of Board Members shall be tied to NJC rates. Reasonable actual costs shall be re-imbursed. Libraries NI should have a travel and subsistence policy in place.
45. Libraries NI shall comply with the EU directive on contract workers Fixed Term Employees Regulations (Prevention of Less Favourable Treatment).

Pensions; redundancy/compensation

46. Libraries NI's staff shall be eligible for a pension provided by admittance to the NI Local Government Officers Superannuation Committee (NILGOSC).
47. Any proposal by Libraries NI to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the approval of the sponsor Department and DoF.
48. Staff may opt out of the occupational pension scheme provided by Libraries NI subject to auto enrolment regulations.

V. NON-STAFF EXPENDITURE

Economic appraisal

49. Libraries NI 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; and
 - are above or below delegated limits (see Appendix A).
50. 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.
51. Spending commitments should not be entered into until a proportionate business case/economic appraisal has been completed and the appropriate approvals are in place.
52. Evaluation plays an important role which is complementary to appraisal, and should be embedded within the Libraries NI decision making process. Libraries NI should have systems in place to ensure project outturns are measured, recorded and compared with original estimates and lessons learned are appropriately disseminated. An evaluation report should be completed for all expenditure which is supported by a business case, irrespective of the level of expenditure.
53. General guidance on economic appraisal that apply to NDPBs can be found in:
- The DoF Guide, *The Northern Ireland Guide to Expenditure appraisal and Evaluation* ("NIGEAE", 2009). See <http://www.dfpni.gov.uk/eag>, and
 - The HM Treasury Guide, *the Green Book: Appraisal and Evaluation in Central Government* (2003).
54. Business cases/economic appraisals sent to the Department for approval should be submitted by the Libraries NI Accounting Officer. In submitting cases/appraisals to the Department for approval, the Accounting Officer should confirm that he /she is fully satisfied with all

information presented within the business case, that it conforms to NIGEAE standards and, represents value for money and is in line with Departmental objectives. Business cases submitted to the Department should include a sufficient timeline to allow any queries to be raised and responded to prior to approval.

55. Business Cases which are below delegated limits and therefore do not require Departmental approval will be regularly subject to 'test drill' by the Department to ensure that appropriate economic appraisal and evaluation standards are being applied. DAO (DFP) 06/12 refers.

Capital expenditure

56. Subject to being above an agreed capitalisation threshold, all expenditure on the acquisition or creation of fixed assets shall be capitalised on an accruals basis in accordance with relevant accounting standards. Expenditure to be capitalised shall include the (a) acquisition, reclamation or laying out of land; (b) acquisition, construction, preparation or replacement of buildings and other structures or their associated fixtures and fittings; and (c) acquisition, installation or replacement of movable or fixed plant, machinery, vehicles and vessels.
57. Proposals for large-scale individual capital projects or acquisitions will normally be considered within Libraries NI's corporate and business planning process. Subject to paragraph 59, applications for approval within the Corporate / Business Plan by the Department and, DoF if necessary, shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Board. Regular reports on the progress of projects shall be submitted to the Department.
58. Approval of the Corporate/Business Plan does not obviate Libraries NI responsibility to abide by the economic appraisal process.
59. Within its approved overall resources limit Libraries NI shall, as indicated in the attached Appendix on delegations, have delegated authority to spend up to £300,000 on any individual capital project or acquisition. Beyond that delegated limit, the Department and where necessary DoF's prior authority must be obtained before expenditure on an individual project or acquisition is incurred.
60. If the costs of a capital project increase by 10% or more of the approved costs as set out in the economic appraisal, Libraries NI is required to submit a revised/amended economic appraisal to the Department and, where appropriate, DoF for approval prior to agreeing the cost increase.

Transfer of funds within budgets

61. Unless financial provision is subject to specific Departmental or DoF controls (e.g. where provision is ring-fenced for specific purposes) or delegated limits, or transfers between budgets within the total revenue budget, do not need Departmental approval. [Note: *under resource budgeting rules, transfers from capital to resource budgets are not allowed.*]

Lending, guarantees, indemnities; contingent liabilities; letters of comfort

62. Libraries NI shall not, without the Department's and where necessary, DoF'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 Annex 5.5 '*Liabilities*' of MPMNI), whether or not in a legally binding form.

Grant or loan schemes

63. 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, DoF. If grants or loans are to be made under a continuing scheme, statutory authority is likely to be required.
64. 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 Libraries NI, the Department and the C&AG.
65. See also below under the heading *Recovery of grant-financed assets* (paragraphs 87-89).

Gifts made, write-offs, losses and other special payments

66. Proposals for making gifts or other special payments (including issuing write-offs) outside the delegated limits set out in Appendix A of this document must have the prior approval of the Department and, where necessary, DoF.
67. Losses shall not be written off until all reasonable attempts to make a recovery have been made and proved unsuccessful.
68. Gifts by management to staff are subject to the requirements of DAO (DFP) 05/03.

Leasing

69. Prior Departmental approval must be secured for all property and finance leases. Libraries NI must have capital DEL provision for

finance leases and other transactions which are, in substance, borrowing (paragraphs 38-39 above).

70. The Libraries NI Asset Management Plan and NICS Asset Management Strategy should be referred to prior to considering any lease.

Public/Private Partnerships

71. Libraries NI shall seek opportunities to enter into Public/Private Partnerships where this offers better value for money than conventional procurement. Where cash flow projections may result in delegated spending authority being breached, Libraries NI shall consult the Department. Libraries NI should also ensure that it has the necessary budget cover.
72. Any partnership controlled by Libraries NI shall be treated as part of Libraries NI in accordance with guidance in the FReM and consolidated with it [subject to any particular treatment required by the FReM]. Where the judgement over the level of control is difficult, the Department will consult DoF (which may need to consult with the Office of National Statistics over national accounts treatment).

Subsidiary companies and joint ventures

73. Libraries NI shall not establish subsidiary companies or joint ventures without the express approval of the Department and DoF. In judging such proposals the Department will have regard to the Department's wider strategic aims and objectives.
74. For public expenditure accounts purposes any subsidiary company or joint venture controlled or owned by Libraries NI shall be consolidated with it in accordance with guidance in the FReM subject to any particular treatment required by the FReM. Where the judgement over the level of control is difficult, the Department will consult DoF (which may need to consult with the Office of National Statistics over national accounts treatment). Unless specifically agreed with the Department and DoF, such subsidiary companies or joint ventures shall be subject to the controls and requirements set out in this *Management Statement* and *Financial Memorandum*, and to the further provisions set out in supporting documentation.

Financial investments

75. Libraries NI shall not make any investments in traded financial instruments without the prior written approval of the Department, and where appropriate DoF, nor shall it aim to build up cash balances or net assets in excess of what is required for operational purposes. Funds held in bank accounts or as financial investments may be a factor for consideration when grant-in aid is determined. Equity shares in ventures which further the objectives of Libraries NI shall equally be

subject to Departmental and DoF approval unless covered by a specific delegation.

Unconventional financing

76. Libraries NI shall not enter into any unconventional financing arrangement without the approval of the Department and DoF.

Commercial insurance

77. Libraries NI shall not take out any insurance without the prior approval of the Department and DoF, other than third party insurance required by the Road Traffic (NI) Order, 1981 (as amended) and any other insurance which is a statutory obligation or which is permitted under Annex 4.5 'Insurance' of MPMNI.
78. In the case of a major loss or third party claim, the Department shall liaise with Libraries NI about the circumstances in which an appropriate addition to budget out of the Department's funds and/or adjustment to Libraries NI's targets might be considered. The Department will liaise with DoF Supply where required in such cases.

Payment/Credit Cards

79. Libraries NI in consultation with the Department, shall ensure that a comprehensive set of guidelines on the use of payment cards (including credit cards) is in place. Reference should be made to FD (DoF) 11/16.

Hospitality

80. Libraries NI in consultation with the Department shall ensure that a comprehensive set of guidelines on the provision of hospitality is in place. Reference should be made to DAO (DFP) 10/06 (Revised.)

Use of Consultants

81. Libraries NI shall adhere to the guidance issued by DoF, as well as any produced by the Department, in relation to the Use of Consultants. Please see the delegated limits set out in Appendix A.
82. Libraries NI will provide the Department with a statement on the status of all consultancies completed and/or started in each financial year on request.
83. Care should be taken to avoid actual, potential, or perceived conflicts of interest when employing consultants.

VI. MANAGEMENT AND DISPOSAL OF FIXED ASSETS

Register of assets

84. Libraries NI shall maintain an accurate and up-to-date register of its fixed assets. Libraries NI shall maintain a five year Asset Management Plan for premises and vehicles.

Disposal of assets

85. Libraries NI shall dispose of assets which are surplus to its requirements. Assets shall be sold for best price, taking into account any costs of sale. Generally, assets shall be sold by auction or competitive tender (unless otherwise agreed by the Department), and in accordance with the principles in MPMNI.
86. All receipts derived from the sale of assets (including grant-financed assets, see below) must be declared to the Department, which will consult with DoF on the appropriate treatment. For property disposals the NICS Asset Management Strategy should be applied.

Recovery of grant-financed assets

87. Where Libraries NI has financed expenditure on capital assets by a third party, Libraries NI shall set conditions and make appropriate arrangements to ensure that any such assets individually above a value of £3,000 are not disposed of by the third party without Libraries NI's prior consent.
88. Libraries NI shall therefore ensure that such conditions and arrangements are sufficient to secure the repayment of the NI Consolidated Fund's due share of the proceeds of the sale, in order that funds may be surrendered to the Department.
89. Libraries NI shall ensure that if the assets created by grants made by Libraries NI cease to be used by the recipient of the grant for the intended purpose, a proper proportion of the value of the asset shall be repaid to Libraries NI for surrender to the Department. The amounts recoverable under the procedures in paragraphs 87-88 above shall be calculated by reference to the best possible value of the asset and in proportion to the NI Consolidated Fund's original investment(s) in the asset.

VII. BUDGETING PROCEDURES

Setting the annual budget

90. Each year, in the light of decisions by the Department on Libraries NI's corporate plan (See section 4.1 of the *Management Statement*), the Department will send to Libraries NI:

- 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 Libraries NI.
91. Libraries NI's approved annual Business Plan will take account both of its approved funding provision and of any forecast receipts, and will include a budget of estimated payments and receipts. These elements will form part of the approved Business Plan for the year in question (See section 4.2 of the *Management Statement*.)
92. Any grant-in-aid provided by the Department for the year in question will be voted in the Department's Estimate and will be subject to Assembly control.

General conditions for authority to spend

93. Once Libraries NI's budget has been approved by the Department and subject to any restrictions imposed by Libraries Act (NI) 2008 / the Minister / this MSFM, Libraries NI shall have authority to incur expenditure approved in the budget without further reference to the Department, on the following conditions:
- Libraries NI shall comply with the delegations set out in Appendix A of this document. These delegations shall not be altered without the prior agreement of the Department and DoF;
 - Libraries NI shall comply with the conditions set out in paragraph 16 above regarding novel, contentious or repercussive proposals;
 - inclusion of any planned and approved expenditure in Libraries NI's budget shall not remove the need to seek formal Departmental (and, where necessary, DoF) approval where such proposed expenditure is above the delegated limits as set out in Appendix A, or is for new schemes not previously agreed;
 - Libraries NI shall provide the Department with such information about its operations, performance, individual projects or other expenditure as the Department may reasonably require (see paragraph 94 below); and
 - Libraries NI shall comply with NI Procurement Policy and carry out procurement via CPD or another recognised CoPE.

Providing monitoring information to the Department

94. Libraries NI shall provide the Department with, as a minimum, information on a monthly basis which will enable the satisfactory monitoring by the Department of:
- Libraries NI's cash management;
 - its draw-down of any grant-in-aid;
 - the expenditure for that month;
 - forecast outturn by resource headings; and
 - other data required for the DoF Outturn and Forecast Outturn Return.

VIII. BANKING

Banking arrangements

95. Libraries NI's Accounting Officer is responsible for ensuring that Libraries NI's banking arrangements are in accordance with the requirements of Annex 5.7 of MPMNI. In particular, he/she shall ensure that the banking arrangements safeguard public funds and that their implementation ensures efficiency, economy and effectiveness.
96. He/she shall therefore ensure that:
- all funding from the Department is held within the NICS pooling arrangement bank account and the responsibility for reviewing bank accounts is with DoF;
 - sufficient information about banking arrangements is supplied to the Department's Accounting Officer to enable the latter to satisfy his/her own responsibilities (See Section 3.2 of the *Management Statement*);
 - Libraries NI's banking arrangements shall be kept separate and distinct from those of any other person or organisation; and
 - adequate records are maintained of payments and receipts and adequate facilities are available for the secure storage of cash.

IX. COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE

Relevant documents

97. Libraries NI shall comply with the following general guidance documents:
- this document (both the *Financial Memorandum* and the *Management Statement*);
 - *Managing Public Money Northern Ireland (MPMNI)*;
 - *Public Bodies - a Guide for NI Departments* issued by DoF;
 - *Public Sector Internal Audit Standards (PSIAS)*, issued by DoF;
 - the document, *Managing the Risk of Fraud*, issued by DoF;
 - the Treasury document *The Government Financial Reporting Manual (FReM)* issued by DoF;
 - relevant DFP *Dear Accounting Officer* and *Finance Director* letters;
 - relevant *Dear Consolidation Officer* and *Dear Consolidation Manager* letters issued by DoF
 - *Regularity, Propriety and Value for Money*, issued by the Treasury;
 - the *Consolidation Officer Letter of Appointment*, issued by DoF;
 - other relevant instructions and guidance issued by the central Departments (DoF/TEO) including Procurement Board and CPD Guidance;
 - specific instructions and guidance issued by the Department; and
 - recommendations made by the Public Accounts Committee, or by other Assembly authority, which have been accepted by the Government and which are relevant to Libraries NI.

X. REVIEW OF MANAGEMENT STATEMENT AND FINANCIAL MEMORANDUM

98. The *Management Statement* and *Financial Memorandum* will normally be reviewed at least every three years or following a review of Libraries NI's functions as provided for in Section 7 of the *Management Statement*.

99. DoF Supply will be consulted on any significant variation proposed to the *Management Statement and Financial Memorandum*.

Signed: H/Osborn

Date: 1/3/17

On behalf of Libraries NI

Signed: Leo O'Riordan

Date: 20/3/17

On behalf of the Department

Appendix A

DELEGATED EXPENDITURE LIMITS

General

The Department has delegated the following expenditure limit to Libraries NI. Libraries NI's delegated authority for expenditure is subject to the conditions in this Appendix and within this Management Statement and Financial Memorandum. These delegated expenditure limits have been agreed by the Department and the Department of Finance.

Economic Appraisal

The principles of economic appraisal should be applied in all cases where expenditure is proposed, whether the proposal involves capital or current expenditure, or both. The effort put into economic appraisal should be commensurate with the size or importance of the needs or resources under consideration. Spending commitments should not be entered into until a proportionate business case/economic appraisal has been completed and the appropriate approvals are in place.

Any novel and/or potentially contentious projects, regardless of the amount of expenditure, require the approval of the Department and DoF.

1. PURCHASING ALL GOODS AND SERVICES

Libraries NI should ensure compliance with the relevant Procurement Guidance Notes when Purchasing all Goods and Services.

2. CAPITAL PROJECTS

Libraries NI shall have delegated authority of £300,000 for capital expenditure. Capital projects over this amount require the approval of the Department, and may be subject to quality assurance by the Department of Finance if requested.

3. RESOURCE EXPENDITURE

Libraries NI shall have delegated authority of £300,000 in relation to resource expenditure. The Department's approval is required for expenditure above that threshold and proportionate business cases/economic appraisals should be submitted to the Department in support of the proposed expenditure.

4. DISPOSAL OF SURPLUS EQUIPMENT

In all cases disposal must be at current market value by public auction or another public process, unless otherwise agreed with the Department. Prior approval of the Department is required for disposal of an asset / surplus equipment with a value in excess of £5,000.

Any proceeds from the disposal of assets / surplus equipment, or an appropriate proportion of them if the grant provided by the Department was for less than the whole cost of acquisition or improvement, must be declared to the Department as early as possible.

5. LEASE AND RENTAL AGREEMENTS

Libraries NI shall not enter into any new land or property leases or modify an existing land or property lease arrangement without the prior approval of the Department. The Libraries NI Asset Management Plan and NICS Asset Management Strategy should be referred to prior to considering any lease.

6. APPROVAL OF INFORMATION TECHNOLOGY PROJECTS

The appraisal of Information Technology (IT) projects should include the staffing and other resource implications.

The principles of appraisal, evaluation and management apply equally to proposals supported by information communication technology (ICT) as to all other areas of public expenditure. ICT-enabled projects should be appraised and evaluated according to the general guidance in the Northern Ireland Guide to Expenditure Appraisal and Evaluation ([NIGEAE](#)) and managed using the [Successful Delivery \(NI\)](#) guidance which was issued in June 2009.

The purchase of IT equipment and systems should be in line with the guidance on Procedures and Principles for Application of Best Practice in Programme/Project Management (PPM) and be subject to competitive tendering unless there are convincing reasons to the contrary. The form of competition should be appropriate to the value and complexity of the project, and in line with the relevant Procurement Guidance Notes.

7. ENGAGEMENT OF CONSULTANTS

General

Libraries NI shall adhere to the Department's Guidance on The Use of Consultants and the delegation limits therein. Libraries NI has delegated authority on external consultancy spend up to £10,000 (excluding VAT). External consultancy spend above £10,000 requires Departmental approval. Libraries NI shall, on request from the Department, provide a statement on the status of all consultancies completed and/or started in each financial year. Care should be taken to avoid actual, potential, or perceived conflicts of interest

when

employing

consultants.

Economic appraisal

A full business case should be prepared and submitted to the Department for approval for all external consultancy assignments expected to exceed £10,000. A proportionate business case should be prepared for all assignments below this threshold. Section 5 of the guidance note attached to FD (DFP) 04/09 explains the nature of the required business case. Plans should also be put in place to complete an evaluation of the consultancy expenditure.

8. LOSSES AND SPECIAL PAYMENTS

The Chief Executive has delegated authority to write off losses and make special payments up to:

- (a) Cash losses – up to £5,000 per case/incident;
- (b) Stores/Equipment losses –
 - (i) £50,000 per case
 - (ii) £50,000 per case
 - (iii) £50,000 per case/location
- i because of fraud, whether or not it has been possible to charge anyone with an offence, or proven or suspected theft, arson or sabotage, or any other deliberate act (including repairable damage caused maliciously to buildings, stores, etc, which is not the subject of an identifiable legal claim against some person); wherever possible recovery must be effected and prosecution mounted;
- ii losses arising from other causes. In each case the amount of the loss would be the repair or replacement cost less recoveries from insurance etc;
- iii stocktaking discrepancies and the non-return of loaned items. In each case valuation would be 50% of current replacement cost, less any sums received from an Insurance Company or other party.
- (c) Constructive losses and fruitless payments – up to £20,000 per case;
- (d) Compensation payments
 - i. Made under legal obligation, e.g. by Court Order – Full delegation;
 - ii. For damage to personal property of staff – up to £10,000;
 - iii. Where written legal advice is that Libraries NI should not fight a court action because it is unlikely that it would win – up to £100,000; and

- iv. Where legal advice has not been sought – up to £10,000;
- (e) Claims abandoned or waiver of claim – up to £10,000 per case;
- (f) Extra contractual payments – up to £10,000;
- (g) Ex gratia payments – up to £10,000 per case (Pensions payments are not covered by this threshold); and
- (h) Extra statutory and extra regulatory payments – no delegation, all proposals must be submitted to the Department for approval.

The prior approval of the Department must be obtained for amounts above these values.

Where total losses exceed £5,000 in any financial year, an explanatory note should be included in Libraries NI's accounts.

Details of all losses and special payments should be recorded in a Losses and Special Payments Register, which will be available to auditors. The Register should be kept up-to-date and should show evidence of the approval by the Chief Executive, and the Department, where appropriate.