

**THE GENERAL CONSUMER
COUNCIL FOR NORTHERN
IRELAND (THE CONSUMER
COUNCIL)**

**MANAGEMENT STATEMENT AND
FINANCIAL MEMORANDUM**

2007

DUE FOR REVIEW 2011 - 2012 FINANCIAL YEAR

THE CONSUMER COUNCIL

MANAGEMENT STATEMENT

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1. INTRODUCTION

Definitions

This document contains the following definitions:

“the Consumer Council” means the General Consumer Council for Northern Ireland

“the Board” means the board of the Consumer Council

“the Chief Executive” means the Chief Executive of the Consumer Council

“the Chairman” means the Chairman of the Consumer Council's Board

“the Department” means “the Department of Enterprise, Trade and Investment”

“GANI” means Government Accounting Northern Ireland

“DFP” means the Department of Finance and Personnel

“OFMDFM” means the Office of the First Minister and Deputy First Minister

“C&AG” means the Comptroller and Auditor General

“UK GAAP” means generally accepted accounting practice

“Departmental Minister” refers to the Minister of DETI

“Public Service Agreement (PSA)” is the published annual statement of aims and objectives of a government department

“OCPANI” means Office of the Commissioner for Public Appointments for Northern Ireland

1.1 This Document

1.1.1 This *Management Statement and Financial Memorandum* has been drawn up by the Department in consultation with the Consumer Council and with the approval of DFP. During the suspension of the Northern Ireland Assembly all references to the Assembly should be taken to mean the UK Parliament at Westminster and all references to “the Minister” should be taken to mean the relevant direct rule Minister with responsibility for the Department and for the Consumer Council

1.1.2 Subject to the legislation noted below, this *Management Statement* sets out the broad framework within which the Consumer Council will operate, in particular:

- the Consumer Council's overall aims, objectives and targets in support of the Department's wider strategic aims and the outcomes and targets contained in its current Public Service Agreement (PSA);
- the rules and guidelines relevant to the exercise of the Consumer Council's functions, duties and powers;
- the conditions under which any public funds are paid to the Consumer Council;
- how the Consumer Council is to be held to account for its performance.

1.1.3 The associated *Financial Memorandum* sets out in greater detail certain aspects of the financial provisions, which the Consumer Council shall observe. However, the *Management Statement and Financial Memorandum* does not convey any legal powers or responsibilities.

1.1.4 The document shall be periodically reviewed by the Department in accordance with the timetable referred to in Section 7 below.

1.1.5 The Consumer Council, the Department, or the Minister, may propose amendments to this document at any time. Any such proposals by the Consumer Council shall be considered in the light of evolving Departmental policy aims, operational factors and the track record of the Consumer Council itself. The guiding principle shall be that the extent of flexibility and freedom given to the Consumer Council shall reflect both the quality of its internal controls to achieve performance and its operational needs. The Department will 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 DFP after consultation with the Consumer Council as appropriate. (The definition of "significant" will be determined by the Department in consultation with DFP.)

1.1.6 The *Management Statement and Financial Memorandum* is approved by DFP Supply, and signed and dated by the Department and the Consumer Council's Chief Executive. It should be copied to Public Service Improvement Unit, DFP, for information.

1.1.7 Any question regarding the interpretation of the document shall be resolved by the Department after consultation with the Consumer Council and, as necessary, with DFP.

1.1.8 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 the Consumer Council's website).

1.2 Founding legislation; status

1.2.1 The Consumer Council is established under Article 3 of the General Consumer Council (Northern Ireland) Order 1984. The Consumer Council does not carry out its functions on behalf of the Crown.

1.3 The functions, duties and powers of the Consumer Council

1.3.1 The principal functions of the Consumer Council are to:

- (a) promote and safeguard the interests of consumers in Northern Ireland including specific responsibilities for energy, food and transport;
- (b) represent consumers of natural gas and to advise the Director General of Gas and report to him on certain matters;
- (c) represent electricity consumers;
- (d) from 1 April 2007, represent users of water and sewerage services.

1.4 Classification

1.4.1 For policy and administrative purposes the Consumer Council is classified as an executive non-departmental public body.

1.4.2 For national accounts purposes the Consumer Council is classified within the central government sector.

1.4.3 References to the Consumer Council 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 the Consumer Council (paragraphs 67-68 of the *Financial Memorandum* refer).

2. AIMS, OBJECTIVES AND TARGETS

2.1 Overall aim

2.1.1. The Consumer Council's mission statement as set out in its corporate plan 2005-08 is: "Making the consumer voice heard and making it count."

2.2 Objectives and key targets

2.2.1 The Department determines the Consumer Council's performance framework in the light of the Department's wider strategic aim and current PSA objectives and targets. The Consumer Council's objectives and key targets are to be agreed within the Consumer Council's corporate and operating planning process, and shall be consistent with the Department's Public Service Agreement (PSA).

2.2.2 The objectives, targets and performance measures for the Consumer Council shall be set out in its three year corporate plan, three year rolling operating plan and annual work programme, all of which shall be approved by the Department.

3. RESPONSIBILITIES AND ACCOUNTABILITY

3.1 The Minister of the Department

3.1.1 The Minister is accountable to the Assembly for the activities and performance of the Consumer Council. His responsibilities include:

- in consultation with the Board, approving the Consumer Council's strategic objectives and the policy and performance framework within which the Consumer Council will operate (as set out in this *Management Statement and Financial Memorandum* and associated documents);
- keeping the Assembly informed about the Consumer Council's performance;
- approving the amount of grant-in-aid to be paid to the Consumer Council, and securing Assembly approval;
- carrying out responsibilities specified in the founding legislation, including the appointment of Board Members and the Chairman of the Board.

3.2 The Accounting Officer of the 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 his 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-in-aid to the Consumer Council. The Departmental Accounting Officer designates the Chief Executive of the Consumer Council as the Consumer Council's Accounting Officer, and may withdraw the accounting officer designation if he believes that the incumbent is no longer suitable for the role.

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

- the Consumer Council's strategic aims and objectives support the Department's wider strategic aims and current PSA objectives and targets;
- the financial and other management controls applied by the Department to the Consumer Council are appropriate and sufficient to safeguard public funds and for ensuring that the Consumer Council's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to the Consumer Council by the Assembly but also any other funds falling within the stewardship of the Consumer Council);
- the internal controls applied by the Consumer Council conform to the requirements of regularity, propriety and good financial management; and
- any grant-in-aid to the Consumer Council 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 Annex 4.1 of *Government Accounting Northern Ireland*.

3.3 The Departmental Sponsor Branch

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

3.3.2 Consumer Affairs Branch shall advise the Minister on:

- an appropriate framework of objectives and targets for the Consumer Council in the light of the Department's wider strategic aim and current PSA objectives and targets;

- an appropriate budget for the Consumer Council in the light of the Department's overall public expenditure priorities;
- how well the Consumer Council 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:

on performance and risk management –

- monitor the Consumer Council's activities on a continuing basis through an adequate and timely flow of information from the Consumer Council on performance, budgeting, control and risk management, including early sight of the Consumer Council's Statement on Internal Control;
- address in a timely manner any significant problems arising in the Consumer Council, whether financial or otherwise, making such interventions in the affairs of the Consumer Council as the Department judges necessary to address such problems;
- periodically carry out a risk assessment of the Consumer Council's activities to inform the Department's oversight of the Consumer Council; strengthen these arrangements if necessary; and amend the *Management Statement and Financial Memorandum* accordingly. The risk assessment shall take into account the nature of the Consumer Council's activities; the public monies at stake; the Consumer Council's corporate governance arrangements; its financial performance; internal and external auditors' reports, the openness of communications between the Consumer Council and the Department; and any other relevant matters;

on communication with the Consumer Council –

- inform the Consumer Council of relevant Government policy in a timely manner; if necessary, advise on the interpretation of that policy; and issue specific guidance to the Consumer Council as necessary;
- bring concerns about the activities of the Consumer Council to the attention of its full Board and/or its Audit Committee, and require explanations and assurances from the Board/Audit Committee that appropriate action has been taken.

3.4 The Chairman of the Consumer Council's Board

3.4.1 The Chairman is appointed by the Departmental Minister, in line with the Code of Practice issued by the Commissioner for Public Appointments for Northern Ireland.

3.4.2 The Chairman is responsible to the Departmental Minister. The Chairman shall aim to ensure that the Consumer Council's policies and actions support the wider strategic policies of the Minister, and that the Consumer Council's affairs are conducted with probity. The Chairman shares with other Board members the corporate responsibilities set out in paragraph 3.5.2, and in particular for ensuring that the Consumer Council fulfils the aims and objectives set by the Department and approved by the Minister.

3.4.3 The Chairman 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 high standards of 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.

3.4.4 The Chairman shall also:

- ensure that all members of the Board, 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 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 the Consumer Council when Board vacancies arise, with a view to ensuring a proper balance of professional and financial expertise; and
- assess the performance of individual Board members in accordance with OCPANI guidance.

3.4.5 Performance appraisal should be regular and open and should not be conducted only at the time of reappointment. Members should have an awareness that they are being appraised, the standards against which they will be appraised, and have an opportunity to contribute to and view their report.

3.4.6 The Commissioner for Public Appointments for Northern Ireland is of the view that on-going assessment of members is vital, not only for compliance with the Code of Practice, but also to meet best practice and provide members with feedback; to recognise their contribution; to motivate them; and, where necessary, to provide them with advice on improving performance.

3.4.7 The Chairman shall also ensure that a Code of Practice for Board Members is in place, based on the Cabinet Office's model *Code of Practice for Board Members of Public Bodies* and circulated under cover of FD (DFP) 03/06, dated 9 February 2006. The Code shall commit the Chairman 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.

3.4.8 Communications between the Board and the Minister on operational matters shall normally be through the Chief Executive. Communications with the Minister on strategic matters relevant to the Board will normally be through the Chairman. The Chairman shall ensure that the other Board members are kept informed of such communications.

3.5 The Consumer Council's Board

3.5.1 The Board members are appointed for three years by the Departmental Minister, in line with the Code of Practice issued by the Commissioner for Public Appointments for Northern Ireland. The Board shall comprise such persons as the Minister may from time to time appoint.

3.5.2 The Board has corporate responsibility for ensuring that the Consumer Council fulfils 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 the Consumer Council. To this end, and in pursuit of its wider corporate responsibilities, the Board shall:

- establish the overall strategic direction of the Consumer Council within the policy and resources framework determined by the Department;
- ensure that the Department is kept informed of any changes which are likely to impact on the strategic direction of the Consumer Council 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 guidance issued by DFP and the Department;
- ensure that the Board receives and reviews regular financial information concerning the management of the Consumer Council; is informed in a timely manner about any concerns relating to the activities of the Consumer Council; and provides positive assurance to the Department that appropriate action has been taken on such concerns;
- demonstrate and ensure high standards of corporate governance are observed at all times. This shall include using the independent audit committee to help the Board address key financial and other risks facing the Consumer Council;
- appoint a Chief Executive of the Consumer Council in accordance with the terms and conditions appropriate to the grading of the post.

3.5.3 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 (paragraph 3.4.7 above) that is adopted by the Consumer Council 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,
- act in good faith and in the best interests of the Consumer Council at all times.

3.5.4 The Department shall have access to all Board meeting minutes, including minutes of Board Committees.

3.6 The Chief Executive's role as Accounting Officer

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

3.6.2 The Accounting Officer of the Consumer Council 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 Consumer Council.

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

on planning and monitoring -

- establish, in agreement with the Department and the Board, the Consumer Council's corporate and operating plans in support of the Department's wider strategic aims and current PSA objectives and targets;
- inform the Department of the Consumer Council's progress in helping to achieve the Department's policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensure that timely forecasts and monitoring information on performance and finance are provided to the Department as detailed in the accompanying *Financial Memorandum*; that the Department is notified promptly if overspends or underspends are likely and corrective action is taken; and that any significant problems, financial or non financial are notified to the Department in a timely fashion irrespective of whether they have been detected by Internal Audit or by any other means;

on advising the Board -

- advise the Board on the discharge of its responsibilities as set out in this document, in the founding legislation, and in any other relevant instructions and guidance that may be issued from time to time by DFP or the Department;
- advise the Board on the Consumer Council's performance compared with its aims and objectives;
- ensure that the Board takes financial considerations into account at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed appropriately;
- take action as set out in paragraphs 15-18 of the NDPB Accounting Officer Memorandum if the Board, or its Chairman, 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 or efficiency or effectiveness;

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 that all public funds made available to the Consumer Council, including any approved income or other receipts, are used for the purpose intended by the Assembly, and that such monies, together with the Consumer Council's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by the Consumer Council, including effective measures against fraud and theft;
- maintain a comprehensive system of internal delegated authorities which are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that specific Departmental approval for expenditure has been obtained in all cases where it falls outside the scope of any standing authority delegated in writing to the Consumer Council;
- ensure that effective personnel management policies are maintained.

on accounting for the Consumer Council'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, Department or DFP;

- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Statement on Internal Control regarding the Consumer Council's system of internal control, for inclusion in the annual report and accounts;
- ensure that effective procedures for handling complaints about the Consumer Council are established and made widely known within the Consumer Council;
- act in accordance with the terms of this document, the instructions and guidance in GANI and other instructions and guidance issued from time to time by the Department and DFP - in particular, DAO (DFP) 02/95 *NDPB Accounting Officer Memorandum* (and future revisions thereof), the Treasury document *Regularity and Propriety*, both of which the Chief Executive shall receive on appointment. Section 20 of the accompanying *Financial Memorandum* refers to other key guidance;
- give evidence - normally with the Accounting Officer of the Department, if summoned before the Public Accounts Committee (PAC) on the use and stewardship of public funds by the Consumer Council;
- ensure that an Equality Scheme is in place, reviewed and equality impact assessed as required by the Equality Commission and OFMDFM;
- ensure that New TSN is taken into account and a policy statement and aims drawn up;
- ensure that the requirements of the Freedom of Information Act 2000 are complied with;
- ensure that the requirements of the Data Protection Act 1998 are complied with.

3.7 The Chief Executive's role as Consolidation Officer

3.7.1 For the purpose of Whole of Government Accounts, the Chief Executive of the Consumer Council is normally appointed by DFP as the Consumer Council's Consolidation Officer.

3.7.2 As the Consumer Council's Consolidation Officer the Chief Executive shall be personally responsible for preparing the consolidation information that sets out the financial results and position of the Consumer Council, for arranging for its audit and for sending the information and the audit report to the Principal Consolidation Officer nominated by DFP.

3.7.3 As Consolidation Officer, the Chief Executive shall comply with the requirements of the Consolidation Officer Memorandum and shall, in particular:

- ensure that the Consumer Council has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process;

- 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 DFP 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 authority for day-to-day administration of his or her Accounting Officer’s and Consolidation Officers responsibilities to other employees in the Consumer Council. However, he or 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 is the Principal Officer for handling cases involving the Northern Ireland Commissioner for Complaints. As Principal Officer he shall inform the Permanent Secretary of the Department of any complaints about the Consumer Council accepted by the Ombudsman for investigation, and about the Consumer Council’s proposed response to any subsequent recommendations from the Ombudsman.

3.10 Consulting Customers

3.10.1 The Consumer Council 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 Commencing with the financial year 2008-09, the Consumer Council shall submit to the Department a draft of its corporate plan covering three years ahead. The Consumer Council shall have agreed with the Department the issues to be addressed in the plan and the timetable for its preparation. The Department shall approve the corporate plan, a copy of which should be forwarded to DFP for information.

4.1.2 The plan shall reflect the Consumer Council's statutory duties and within those duties, the priorities set from time to time by the Minister. In particular, the plan shall demonstrate how the Consumer Council contributes to the achievement of the Department's Strategic Aims and Public Service Agreement objectives and targets.

4.1.3 The corporate plan shall set out:

- the Consumer Council's key objectives and associated key performance targets for the three forward years, and its strategy for achieving those objectives;
- a review of the Consumer Council's performance in the preceding financial year, together with comparable outturns for the previous 2 years, and an estimate of performance in the current year.
- 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 income and expenditure, taking into account guidance on resource assumptions and policies provided by the Department at the beginning of the planning round. The forecast should be the best available estimate, including grant, grant-in-aid, or other available income;
- any "efficiency savings" which the Department may require of the Consumer Council;
- other matters as agreed between the Department and the Consumer Council.

4.1.4 The main elements of the plan - including the key performance targets - shall be agreed between the Department and the Consumer Council in the light of the Department's decisions on policy and resources taken in the context of the Government's wider policy and spending priorities and decisions. It should also:

- set out the strategic context, the Consumer Council's Vision and Strategic Objectives, Strategic Priorities, Objectives and Outcomes;
- identify those features which the Consumer Council needs to take into account when determining how it can best meet its main aims and needs of its customers;
- monitor and evaluate the Consumer Council's policies (within the likely level of resources available) and ability to achieve its aims and objectives;

- provide a view on the long-term direction and priorities of the Consumer Council;
- provide clear understanding of the corporate strategy which the Consumer Council is to follow and enable that strategy to be implemented within an agreed policy and resources framework which leaves day-to-day responsibility for the management of the Consumer Council with the Chief Executive and key staff; and
- provide a financial overview.

4.2 The operating plan

4.2.1 The Consumer Council shall produce an annual operating plan which shall 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. The Consumer Council shall have agreed with the Department the issues to be addressed in the plan. A draft operating plan should be submitted to the Department by the end of February of the preceding financial year. The Department shall approve the operating plan, a copy of which should be forwarded to DFP for information.

4.3 Publication of plans

4.3.1 The corporate and operating plans shall be published and made available on the Internet.

4.4 Reporting performance to the Department

4.4.1 The Consumer Council 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 operating plans.

4.4.2 The Consumer Council 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 set out in the corporate or operating plans.

4.4.3 The Consumer Council's performance in helping to deliver Departmental policies, including the achievement of key objectives, shall be reported to the Department on a quarterly basis. Performance will be formally reviewed twice yearly by Departmental officials. The Minister shall meet the Board formally on an annual basis to discuss the Consumer Council's performance, its current and future activities and any policy developments relevant to those activities.

4.4.4 The Consumer Council's performance against key targets shall be reported in the Consumer Council's annual report and accounts.

4.5 Budgeting procedures

4.5.1 The Consumer Council's budgeting (and financial reporting) procedures are set out in the accompanying *Financial Memorandum*.

4.6 Audit Committee, Internal Audit and Fraud

4.6.1 The Consumer Council shall set up an independent audit committee as a committee of its Board in accordance with the Cabinet Office's Guidance on Codes of Practice for Public Bodies, the details of which were notified to Department in a Finance Director letter [FD (DFP) 03/06] dated 9 February 2006.

4.6.2 A representative of the Department shall be a member of the Audit Committee and the Department shall have access to the Audit Committee's minutes.

4.6.3 The Consumer Council shall establish and maintain arrangements for internal audit in accordance with Treasury's *Government Internal Audit Standards (GIAS)* issued by DFP on 29 March 2002, DAO (DFP) 3/02 and DAO (DFP) 25/02 *Internal Audit Arrangements between a Sponsoring Department and its Non-Departmental Public Bodies (NDPBs)* issued by DFP on 16 December 2002 (and future revisions thereof). The Consumer Council's internal audit function is currently contracted out.

4.6.4 The Consumer Council shall consult with the Department to ensure that it is satisfied with the competence and qualifications of the internal auditors and the requirements for approving the appointment in accordance with *GIAS* 5.2.

4.6.5 The Consumer Council shall arrange for periodic quality reviews of its internal audit in accordance with the *GIAS*. The Department shall consider whether it can rely on these reviews to provide assurance on the quality of internal audit. However, the Department reserves the right of access to carry out independent reviews of internal audit in the Consumer Council.

4.6.6 The Department's Internal Audit Service shall have a right of access to all documents prepared by the Consumer Council's internal auditor. The audit strategy, periodic audit plans and annual audit report, including the opinion of the Consumer Council's internal auditors on risk management, control and governance shall be forwarded as soon as possible to the Department which shall consult the Department's Head of Internal Audit as appropriate.

4.6.7 The Consumer Council shall report immediately to the Department all frauds (proven or suspected), including attempted fraud. The Department shall then report the frauds immediately to DFP and the C&AG. In addition, the Consumer Council shall forward to the Department an annual fraud return, commissioned by DFP, on fraud and theft suffered by the Consumer Council; agree with the Department its internal audit's terms of reference, the audit committee's terms of reference and the Consumer Council's Fraud Policy and Fraud Response Plan.

4.7 Additional Departmental Access to the Consumer Council

4.7.1 In addition to the right of access referred to in paragraph 4.6.5 above, the Department shall have a right of access to all the Consumer Council's records and personnel for purposes such as operational investigations, end to end reviews etc.

5. EXTERNAL ACCOUNTABILITY

5.1 The annual report and accounts

5.1.1 After the end of each financial year the Consumer Council 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 the Consumer Council. A draft of the report shall be submitted to the Department at least two weeks before the proposed publication date.

5.1.2 The Consumer Council is required to produce its accounts in accordance with the *Government Financial Reporting Manual (FReM)*. The annual report and accounts shall be prepared in accordance with any relevant statutes and the specific Accounts Direction issued by the Department.

5.1.3 The report and accounts shall outline the Consumer Council's main activities and performance during the previous financial year and set out in summary form the Consumer Council'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 report and accounts shall be laid before the Assembly, in accordance with guidance on the procedures for presenting and laying the combined annual report and accounts as prescribed in Chapter 7 of the *Government Financial Reporting Manual (FReM)* and any subsequent guidance issued by DFP.

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 the Consumer Council's annual accounts and passes the accounts to the Department which lays them before the Assembly. 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 (NI) Order 2003.

5.2.2 The C&AG has agreed to liaise with the Department and the Consumer Council on who – the NIAO or a commercial auditor – shall undertake the actual audit on his behalf. The final decision rests with the C&AG.

5.2.3 The C&AG has agreed to 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. This shall apply, in particular, to issues which impact on the Department's responsibilities in relation to financial systems within the Consumer Council. The C&AG has also agreed, when asked, to provide the Department and other relevant bodies with Regulatory Compliance Reports and other similar reports which the Department may request at the commencement of the audit and which are compatible with the independent auditor's role.

5.2.4 Where appropriate, the Department may commission from the auditor additional reports providing assurance about the financial systems within the Consumer Council. The Consumer Council shall facilitate the provision of such reports.

5.3 VFM examinations

5.3.1 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the Consumer Council 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 article 3 and 4 of the Audit and Accountability (Northern Ireland) Order 2003. When drawing up a contract, the Consumer Council should ensure that it includes a clause which makes the contract conditional upon the contractor providing access to the C&AG in relation to the documents relevant to the transaction. Where subcontractors are likely to be involved, it should also be made clear that the requirement extends to them. The Consumer Council does not disburse money by way of grant, but if it were to do so it should ensure that Letters of Offer include a clause which makes the grant conditional on the recipient providing access to the C&AG in relation to the documents relevant to the transaction.

6. STAFF MANAGEMENT

6.1 General

6.1.1 As set out in the *Financial Memorandum*, and within the arrangements approved by the Minister and DFP, the Consumer Council shall have responsibility for the recruitment, retention and motivation of its staff. To this end the Consumer Council 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, political opinion, 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, is appropriate to its functions and the requirements of efficiency, effectiveness and economy;
- the performance of its staff at all levels is satisfactorily appraised and the Consumer Council's performance measurement systems are reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the Consumer Council's objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;

- whistleblowing procedures consistent with the Public Interest Disclosure (NI) Order 2003 are in place;
- a code of conduct for staff is in place based on the Cabinet Office document *Non Departmental Public Bodies: A Guide for Departments, Annex, Model Code for Staff of Executive Non-Departmental Public Bodies*.

6.2 The Department has a responsibility to ensure that the Consumer Council's Accounting Officer has been adequately trained in accordance with the recommendations of DPFO letter of 31 July 1998, NDPB Accounting Officers: PAC Recommendations on Training etc.

7 REVIEWING THE ROLE OF THE CONSUMER COUNCIL

7.1 The Consumer Council shall be reviewed periodically, in accordance with the business needs of the Department and the Consumer Council.

7.2 The next review of the Consumer Council will take place in the financial year 2011-12. The review will also encompass this Management Statement and Financial Memorandum.

Signed on behalf of the
Consumer Council

E. Full.

_____ Date 13 December 2007

H. B. Hill

Signed on behalf of DETI

_____ Date : 10 December 2007

FINANCIAL MEMORANDUM

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I INTRODUCTION

1. This *Financial Memorandum* sets out certain aspects of the financial framework within which the Consumer Council 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 the Consumer Council.
3. The Consumer Council 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 THE CONSUMER COUNCIL'S INCOME AND EXPENDITURE - GENERAL

The Departmental Expenditure Limit (DEL)

4. The Consumer Council's current and capital expenditure form part of the Department's resource DEL and capital DEL respectively.

Expenditure not proposed in the budget

5. The Consumer Council shall not, without prior written Departmental approval, enter into any undertaking to incur any expenditure which falls outside the Consumer Council's delegations or which is not provided for in the Consumer Council's annual budget as approved by the Department.

Procurement

6. The Consumer Council's procurement policies shall reflect the public procurement policy adopted by the Northern Ireland Executive in May 2002 and Procurement Policy Guidelines issued by the Procurement Board. The Consumer Council shall also ensure that it complies with any relevant EU or other international procurement rules. The current procurement control limits are set out in Central Procurement Directorate's Guidance Note 01/04 dated 17 February 2004.
7. Periodically, and wherever practicable, the Consumer Council's procurement shall be benchmarked against best practice elsewhere. Procurement activity should be carried out by means of a documented Service Level Agreement with the Central Procurement Directorate (DFP) or a relevant Centre of Expertise in Procurement.

Competition

8. Contracts shall be placed on a competitive basis and tenders accepted from suppliers who provide best value for money overall.
9. Proposals to let single-tender contracts shall be subject to advice being taken from Central Procurement Directorate or a Centre of Expertise in Procurement and the Consumer Council 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.

Best Value for Money

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

Timeliness in Paying Bills

11. The Consumer Council shall collect monies and pay all matured and properly authorised invoices in accordance with the terms of contracts or within 30 days, as provided for in Section 16.3 of *Government Accounting Northern Ireland*. The Consumer Council shall comply with the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890), and with the Late Payment of Commercial Debts (Interest) Act 1998 as amended and supplemented by the Late Payment of Commercial Debts Regulations 2002. The Consumer Council can refer to DAO (DFP) 12/98 and DAO (DFP) 19/02 (and any revisions thereof) for detailed guidance.

Novel, contentious or repercussive proposals

12. The Consumer Council shall obtain the approval of the Department and DFP 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, this will include any significant change to staff benefits;
 - making any significant change in either the scale of operation or the funding of any initiative or scheme previously approved by the Department;
 - making any change of policy or practice which has wider financial implications (eg 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

13. The Consumer Council shall ensure that it deals with risk appropriately, 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 - Principles and Concepts* (the Orange Book), issued under cover of DAO (DFP) 15/05 on 15 August 2005.
14. The Consumer Council shall take proportionate and appropriate steps to appraise 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.
15. The Consumer Council shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with Treasury's guide *Managing the Risk of Fraud* referred to in Chapter 5 of *Government Accounting Northern Ireland*.
16. All cases of attempted, suspected or proven fraud shall be reported to the Department and other relevant authorities (see section 4.6 in the Management Statement) as soon as they are discovered, irrespective of the amount involved.

Wider markets

17. In accordance with the wider markets policy the Consumer Council shall seek to maximise receipts from non consolidated fund sources provided that this is consistent with (a) the Consumer Council's main functions and (b) its corporate plan as agreed with the Department.

Fees and charges

18. Fees or charges for any services supplied by the Consumer Council shall be determined in accordance with the Treasury's *Fees and Charges Guide*.

III THE CONSUMER COUNCIL'S INCOME

General

19. When calculating its budgetary requirements, the Consumer Council must take account of all income generated or likely to be generated.

Grant-in-aid

20. Grant-in-aid will be paid to the Consumer Council monthly on the basis of a written application to the Department showing evidence of need. It is paid out to enable the Consumer Council to discharge its duties, powers and functions under the agreed operating plan and budget. All applications for grant-in-aid must be in the format agreed by the Department and must be signed by The Consumer Council's Chief Executive, or a person, notified in writing by the Chief Executive to the Department, authorised to sign on his behalf. The application shall be supported by a bank statement and reconciliation showing

the balance at the bank. 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 the Consumer Council's functions.

21. The Consumer Council should have regard to the guidance in DAO (DFP) 04/03 (and any revisions thereof) and to the general principle enshrined in chapter 9 of *Government Accounting Northern Ireland* that it should seek grant-in-aid according to need.
22. Cash balances accumulated during the course of the year shall be kept at the minimum level consistent with the efficient operation of the Consumer Council. 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.

Receipts from sale of goods or services

23. Receipts from the sale of goods and services (including certain licences where there is a significant degree of service to the individual applicant), rent from land, and dividends are classified as negative public expenditure in National Accounts and are therefore normally offset against the DEL (ie. they provide additional DEL spending power). If the Consumer Council wishes to retain a receipt or utilize an increase in the level of receipts, it must gain the prior approval of the Department.
24. If there is any doubt about the correct classification of a receipt, the Consumer Council shall consult the Department, which may consult DFP as necessary.

Interest earned

25. Any interest earned by the Consumer Council on its assets shall be subject to the same budgeting treatment as the cost of capital charge on assets.
26. Under current budgeting rules, the cost of capital charge and any interest earned on most DEL financed assets score as current DEL.
27. If the receipts are used to finance additional expenditure by the Consumer Council, the Department will need to ensure it has the necessary DEL cover. Any interest earned on cash balances arising from grant-in-aid or other NI Consolidated Fund funds shall be treated as a receipt from an NI Consolidated Fund source. Depending on the budgeting treatment of this receipt, and its impact on the Consumer Council's cash requirement, it may lead to commensurate reduction of grant-in-aid or it may have to be surrendered to the Northern Ireland Consolidated Fund via the Department.

Unforecast changes in in-year income

28. If the negative DEL income realised or expected to be realised in-year is less than estimated, the Consumer Council shall, unless otherwise agreed with the Department, ensure a corresponding reduction in its gross expenditure so that

the authorised provision is not exceeded. For example, if the Consumer Council is allocated £100 by the Department and expects to receive £10 of negative DEL income, it may plan gross expenditure of £110. If actual negative DEL income is £5 the Consumer Council will need to reduce its gross expenditure to £105 to stay within budget. However if the Consumer Council spends £110 the Department will need to find £5 of savings from elsewhere within total DEL to cover this overspend.

29. If the negative DEL income realised or expected to be realised in the year is more than estimated, the Consumer Council 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 demand for resources, and will consult with DFP in relation to any significant amounts. If an application is refused, grant-in-aid shall be commensurately reduced or the Consumer Council will have to surrender the excess income to the Northern Ireland Consolidated Fund via the Department. (See paragraphs 78 to 80 *Disposal of Assets*, below.)

Build-up and draw-down of cash deposits

30. The Consumer Council shall comply with the rules that any DEL expenditure financed by the draw-down of cash deposits counts within DEL and that the build-up of cash deposits may represent a saving to DEL (if the related income are negative DEL in the relevant budgets). The Consumer Council shall ensure that it has the necessary DEL provision for any expenditure financed by draw-down of cash deposits.

Proceeds from disposal of assets

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

Gifts and bequests received

32. The Consumer Council is free to retain any gifts, bequests or similar donations subject to paragraph 33. These shall be treated as receipts and must be notified to the Department. (NOTE: Donated assets do not attract a cost of capital charge, and a release from the donated assets reserve should offset depreciation in the operating cost statement.)
33. Before accepting a gift, bequest, or similar donation, the Consumer Council shall consider if there are any associated costs in doing so or any conflicts of interest arising. The Consumer Council shall keep a written record of any such gifts, bequests and donations including their estimated value and whether they are disposed of or retained.

Borrowing

34. The Consumer Council shall observe the rules set out in Chapter 29 of *GAM* if considering borrowing of any kind. The Consumer Council must seek the approval of the Department and, where appropriate, DFP, 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 *GANI*.

Reserves

35. No grant or grant-in-aid shall be paid into any reserve held by the Consumer Council other than those prescribed by FReM. Funds held in any reserve may be a factor for consideration when grant-in-aid is determined.

IV EXPENDITURE ON STAFF

Staff costs

36. Subject to its delegated limits of authority, the Consumer Council 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

37. The staff of the Consumer Council, whether on permanent or temporary contract, shall be subject to levels of remuneration and terms and conditions of service (including superannuation) within the general NICS pay structure. The Consumer Council has no delegated power to amend these terms and conditions.
38. Civil Service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the Consumer Council's staff and to any other party entitled to payment in respect of traveling expenses or other allowances. Payment shall be made in accordance with the Civil Service Management Code except where prior approval has been given by the Department and DFP to vary such rates.
39. Annual pay increases of the Consumer Council staff must have the prior approval of the Department and the DFP Minister.
40. The travel expenses of Board Members shall be tied to Departmental rates. Reasonable actual costs shall be reimbursed.
41. Provided the Consumer Council has sufficient resources in its existing budget, the Chief Executive may create posts up to and including NICS Staff Officer equivalents. The creation of posts above NICS Staff Officer level or equivalent shall be subject to the approval of the Department.
42. The Consumer Council shall operate a performance related pay scheme which shall form part of the annual aggregate pay budget approved by the Department and DFP.
43. The Consumer Council shall comply with the EU directive on contract workers "Fixed Term Employees Regulations (Prevention of Less Favourable Treatment)".

Pensions: redundancy/compensation

44. The Consumer Council's staff shall be eligible for a pension provided by membership of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)).
45. Staff may opt out of the occupational pension scheme provided by the Consumer Council. However, the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall be limited to the national insurance rebate level. NOTE: The exception is for NDPBs covered by the PCSPS (NI), Partnership arrangement, and for NDPBs with PCSPS (NI) by-analogy versions, where a contribution regime has been agreed. NDPBs with other pension arrangements which are considering contributing to a stakeholder-type arrangement where staff opt out, must consult DFP with a formal proposal based on actuarial advice.
46. Any proposal by the Consumer Council to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the approval of DETI and DFP. Proposals on severance payments must comply with DAO (DFP) 17/05. Where the PCSPS(NI) is the relevant pension scheme, the Consumer Council must conform with the procedures for early retirement/severance which apply to the main Department and ensure that the level of benefits are the standard applicable under the Civil Service Compensation Scheme (Northern Ireland) (CSCS(NI)) rules. The Department is responsible for ensuring that the Consumer Council does this.
47. The Department is responsible for ensuring that the Consumer Council continues to meet the criteria for membership of the PCSPS (NI), where this is the pension scheme applicable.

V NON-STAFF EXPENDITURE

Economic Appraisal

48. The Consumer Council 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:
 - (a) involve capital or current spending, or both;
 - (b) are large or small;
 - (c) are above or below delegated limits.

49. 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.

General guidance on economic appraisal that applies to NDPBs can be found in:

- the DFP guide, *The Northern Ireland Practical Guide to the Green Book* (DAO (DFP) 32/03); and
- the HM Treasury Guide, *The Green Book: Appraisal and Evaluation in Central Government*.

Capital expenditure

50. 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. 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 moveable or fixed plant, machinery, vehicles and vessels.
51. Proposals for large-scale individual capital projects or acquisitions will normally be considered within the Consumer Council's corporate and operating planning process. Subject to paragraph 52, applications for approval within the corporate/operating plan by the Department, and DFP 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.
52. Approval of the corporate/operating plan does not obviate the Consumer Council's responsibility to abide by the economic appraisal process.
53. Within its approved overall resources limit the Consumer Council shall, as indicated in the attached Appendix 1 on delegations, have delegated authority to spend up to £50,000 on any individual capital project or acquisition. Beyond that delegated limit, the Department's and, where necessary, DFP's, prior authority must be obtained before expenditure on an individual project or acquisition is incurred.

Transfer of funds within budgets

54. Unless financial provision is subject to specific Departmental or DFP controls (eg, where provision is ring-fenced for specific purposes), transfers between budgets within the total capital budget, or between budgets within the total revenue budget, do not need Departmental approval. (NOTE: Under resource budgeting rules transfers from capital to revenue budgets are not allowed.)

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

55. The Consumer Council shall not, without the Department's and, where necessary, DFP'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 *GANI* Chapter 26) whether or not in a legally binding form.

Virement

56. The Consumer Council will abide by the guidance on virement found in *Government Accounting Northern Ireland*, section 11.7.

Grant or loan schemes

57. 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, DFP. If grants or loans are to be made under a continuing scheme, statutory authority is likely to be required.
58. The terms and conditions of a grant or loan to a third party shall include a requirement on the recipient organisation to prepare audited accounts and to ensure that its books and records in relation to the grant or loan are readily available for inspection by the Consumer Council, the Department and the C&AO. The Department's Internal Audit shall also have a right of access to all the grant or loan recipient's books and records.
59. See also paragraphs 81 - 83 below under the heading *Recovery of grant-financed assets*.

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

60. Proposals for making gifts or other special payments (including issuing write-offs), outside the delegated limits set out in Appendix 1 to this document, must have the prior approval of the Department and, where necessary, DFP.
61. Losses shall not be written off until all reasonable attempts to make a recovery have been made and proved unsuccessful. Such recovery action shall be documented.
62. Gifts made by management to staff are subject to the requirements of DAO (DFP) 05/03 (and any revisions thereof).

Leasing

63. Prior Departmental approval must be secured for all property and finance leases. The Consumer Council must have capital DEL provision for finance leases and other transactions which are, in substance, borrowing (paragraph 34 above).

64. Before entering into any lease (including an operating lease) the Consumer Council shall demonstrate that the lease offers better value for money than purchase.

Public/Private Partnerships

65. The Consumer Council shall seek opportunities to enter into Public/Private Partnerships where this would be more affordable and offer better value for money than conventional procurement. The Consumer Council shall consult the Department in all cases.
66. Any partnership controlled by the Consumer Council shall be treated as part of the Consumer Council in accordance with UK GAAP and consolidated with it. Where judgment over the level of control is difficult the Department will consult DFP (who may need to consult with the Office of National Statistics over national accounts treatment).

Subsidiary companies and joint ventures

67. The Consumer Council shall not establish subsidiary companies or joint ventures without the express approval of the Department and DFP. In judging such proposals the Department will have regard to its overall strategic aims and objectives and current Public Service Agreement.
68. For public expenditure accounts purposes any subsidiary company or joint venture controlled or owned by the Consumer Council shall be consolidated with it in accordance with UK GAAP, subject to any particular treatment required by UK GAAP. Where the judgment over the level of control is difficult, the Department will consult DFP (who may need to consult the Office of National Statistics over national accounts treatment). Unless specifically agreed with the Department and DFP, 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

69. The Consumer Council shall not make any investments in traded financial instruments without the prior written approval of the Department, and where appropriate, DFP, nor shall it aim to build up cash balances or net assets in excess of what is required for operational purposes. Equity shares in ventures which further the objectives of the Consumer Council shall also be subject to Departmental and DFP approval unless covered by a specific delegation.

Unconventional financing

70. The Consumer Council shall not enter into any unconventional financing arrangement without the approval of the Department and DFP.

Commercial insurance

71. The Consumer Council shall not take out any insurance without the prior approval of the Department and DFP, other than third party insurance required by the Road Traffic (VI) Order 1981 (as amended) and any other insurance which is a statutory obligation, or which is permitted in sections 30.2 and 30.3 of GAN.
72. The Department shall have a written agreement with the Consumer Council about the circumstances in which, in the case of a major loss or third-party claim, an appropriate addition to budget out of the Department's funds and/or adjustment to the Consumer Council's targets shall be considered.
73. A Certificate of Exemption for Employer's Liability Insurance has been issued to the Consumer Council.

Payment/Credit Cards

74. The Consumer Council, 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 DAO (DFP) 24/02.

Hospitality

75. The Consumer Council, 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.

Use of Consultants

76. The Consumer Council shall adhere to the guidance issued by DFP, as well as any guidance produced by the Department in relation to the use of consultants. Please see the delegated limits set out in Appendix 1.

VI MANAGEMENT AND DISPOSAL OF FIXED ASSETS

Register of assets

77. The Consumer Council shall maintain an accurate and up-to-date register of its fixed assets.

Disposal of assets

78. The Consumer Council 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 GAN/ Chapter 24.
79. All receipts derived from the sale of assets (including grant-financed assets, see below) must be declared to the Department which will consult with DFP on the appropriate treatment.
80. Disposal of IT Assets shall be in accordance with the Northern Ireland Civil Service Information and Communication Technology Hardware and Software

Disposal Policy published in January 2006 and any subsequent revisions thereof.

Recovery of grant-financed assets

81. Where the Consumer Council has financed expenditure on capital assets by a third party, the Consumer Council shall set conditions and make appropriate arrangements to ensure that any such assets individually above a value of £5,000 are not disposed of by the third party without the Consumer Council's prior consent.
82. The Consumer Council shall therefore ensure that such conditions and arrangements are sufficient to secure the repayment of the Consolidated Fund's due share of the proceeds of the sale, in order that funds may be surrendered to the Department.
83. The Consumer Council shall ensure that if the assets created by grants made by the Consumer Council cease to be used by the recipient of the grant for the intended purpose, a proper proportion of the value of the asset will be repaid to the Consumer Council for surrender to the Department. The amounts recoverable under the procedures in 81-82 above shall be calculated by reference to the best possible value of the asset and in proportion to the Consolidated Fund's original investment(s) in the asset.

VII BUDGETING AND FINANCIAL REPORTING PROCEDURES

Setting the annual operating plan and budget

84. Each year, after the Department has reviewed the Consumer Council's draft operating plan, it will send the Consumer Council:
 - a formal statement of the annual budgetary provision allocated by the Department and forecast income approved by the Department; and
 - a statement of any planned change in policies affecting the Consumer Council.
85. The Consumer Council's approved annual operating plan will include the following financial details:
 - projected income and expenditure for the financial year;
 - projected income analysed into funding from the Department and other income;
 - projected expenditure analysed under separate budget headings;
 - projected cash flow statement for financial year analysed into payments and receipts giving details of draw down of funding from the Department and other receipts over the year;
 - projected Balance Sheet.

86. Any grant-in-aid provided by the Department for the financial year will be voted in the Department's Estimates and will be subject to Assembly control.

General conditions for authority to spend

87. Once the Consumer Council's budget has been approved by the Department and subject to any restrictions imposed by statute, by the Minister, or in this document, the Consumer Council shall have authority to incur expenditure approved in the budget without further reference to the Department, on the following conditions:
- the Consumer Council shall comply with the delegations set out in Appendix 1. These delegations shall not be altered without the prior agreement of the Department and DFP;
 - the Consumer Council shall comply with the conditions set out in paragraph 12 above 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 (and, where necessary, DFP) approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed or is an extension or change to a current scheme;
 - the Consumer Council shall provide the Department with such information about its operations, performance of individual projects or other expenditure as the Department may reasonably require (see paragraph 88 below).

Providing monitoring information to the Department

88. The Consumer Council shall provide the Department with, as a minimum, information on a monthly basis which will enable the satisfactory monitoring by the Department of:
- the Consumer Council'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 DFP Government Expenditure Monitoring Systems.

VIII BANKING and CASH MANAGEMENT

Banking arrangements

89. The Consumer Council's Chief Executive is responsible for ensuring that the Consumer Council's banking arrangements are in accordance with the requirements of *GANI* and the Treasury guidance document *Departmental Banking: a Manual for Government Departments*. In particular he or she shall ensure that the arrangements safeguard public funds and that their implementation ensures efficiency, economy and effectiveness.
90. The Consumer Council's Chief Executive shall therefore ensure that:
- these arrangements are suitably structured and represent value-for-money, and are reviewed at least every two years, with a comprehensive review, usually leading to competitive tendering, at least every three to five years;
 - sufficient information about banking arrangements is supplied to the Department's Accounting Officer to enable the latter to satisfy his own responsibilities (See Section 3.2 of the *Management Statement*);
 - the Consumer Council's banking arrangements shall be kept separate and distinct from those of any other person, or organisation;
 - 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

91. The Consumer Council shall comply with the following general guidance documents:
- This document (both the *Management Statement and Financial Memorandum*);
 - *Government Accounting Northern Ireland*, including in particular the Accounting Officer Memorandum for NDPBs (Annex 8.2 of *Government Accounting Northern Ireland*);
 - *Non Departmental Public Bodies – A Guide for Departments* (the "NDPB Guide"), issued by the Cabinet Office;
 - *Government Internal Audit Standards*, issued by DFP under cover of DAO (DFP) 3/02;
 - The Treasury Document, *Managing the Risk of Fraud*, issued by DFP under cover of DPFO 15 January 1998;

- *The Government Financial Reporting Manual (FReM)*, issued by DFP;
- *The Treasury Fees and Charges Guide*, issued by DFP under cover of DAC (DFP) 12/22;
- *Departmental Banking - A Manual for Government Departments*, issued by the Treasury;
- Relevant DFP *Dear Accounting Officer letters*;
- Relevant *Dear Consolidation Officer and Dear Consolidation Manager letters* issued by DFP;
- *Regularity and Propriety*, issued by Treasury;
- *The Consolidation Officer Memorandum*, issued by DFP;
- Other relevant guidance and instructions issued by DFP in respect of Whole of Government Accounts;
- Other relevant instructions and guidance issued by the central departments (DFP/OFMDFM);
- Specific instructions and guidance issued by the Department;
- Recommendations made by the Public Accounts Committee, or by other Assembly/Parliamentary authority, which have been accepted by the Government and which are relevant to the Consumer Council.

X REVIEW OF FINANCIAL MEMORANDUM

92. This memorandum together with the management statement will be reviewed at least every five years or following a review of the Consumer Council's functions as provided for in Section 7 of the *Management Statement*. The memorandum may be amended or supplemented from time to time by the issue of new or additional guidance by the Department to the Consumer Council.
93. DFP will be consulted on any significant variation proposed to the *Management Statement and Financial Memorandum*.
94. If any other body or Department becomes involved in the funding arrangements of the Consumer Council, a revised *Financial Memorandum* will be issued.

Appendix 1

Economic Appraisal, Procurement Control Limits and Delegations to the Consumer Council

Economic Appraisal

1. The principles of economic appraisal should be applied in all cases where expenditure is proposed, whether the proposal involves capital or recurrent expenditure, or both. The effort put into economic appraisal should be commensurate with the size or importance of the needs or resources under consideration. However, the Consumer Council should undertake a comprehensive business case of all projects involving expenditure of £250,000 or over.

Procurement Control Limits

2. The following procurement control limits shall be adopted by the Consumer Council according to the estimated value (excluding VAT) of contracts at pre-tender stage.

1 <u>Estimated Value</u>	2 <u>Action required</u>
Up to £1,000	Two oral quotations depending on the need to have a price comparison (fax or e mail confirmation should be obtained)
£1,000 - £5,000	Two written quotations
£5,000 - £10,000	Three written quotations (using CPD if appropriate)
£10,000 - £30,000	Four written quotations (using CPD if appropriate)
£30,000 – EC Thresholds	Publicly advertised open or restricted tender competition

Delegations – General Principles

3. All delegations and limits (excluding VAT) are subject to the provisions of the *Management Statement and Financial Memorandum*. This Appendix conveys delegated authority to commit and incur expenditure subject to the restrictions set out in the following paragraphs, ie the Consumer Council has full delegated authority to commit and incur expenditure except in relation to the areas listed in the following paragraphs. The delegations are also subject to the general requirement that DFP approval is always required for any proposal in any of the categories in *GANI* paragraph 2.4.7, ie any proposals which:

(a) could create pressures which could lead to a breach:

- (i) in Departmental Expenditure Limits (DEL);
 - (ii) in administration cost limits, resource limits, capital limits and capital grant limits; or
 - (iii) Estimates provision.
- (b) would entail contractual commitments to significant levels of spending in future years for which no plans have been set;
- (c) could set a potentially expensive precedent;
- (d) could cause repercussions for others;
- (e) exceed the general threshold for major capital expenditure projects currently in force (unless other delegations specifically allow); or
- (f) are novel and contentious.

Delegations: Specific Delegations Given by DFP and Detailed in DAO (DFP) 06/05

4. DAO (DFP) 06/05 sets out the following specific items for which DFP approval is required:
- (a) The remuneration and allowances of members.
 - (b) Terms and conditions of staff and payment of pensions, gratuities or other like benefits.
 - (c) The annual budget.
 - (d) The form of accounts.
 - (e) The acquisition or disposal of land.

Delegations: Consultancy, Capital Expenditure and IT Projects

5. The following delegations will apply in respect of expenditure in the following categories: -

	Consultants	Capital Expenditure*	IT Projects
Departmental approval required in all cases above these amounts	£50,000	£50,000 on a single project.	£50,000 on a single project.

Note: DFP approval is required for consultancy over £75,000, capital projects over £1 million and IT projects over £500,000. **Ministerial approval** is required for consultancy over £50,000, and capital projects and IT projects over £1 million.

Delegations: Losses and Special Payments

6. The Consumer Council may write-off losses of up to £5,000 for any single event. The delegated authority to write-off losses in the categories specified below is subject to an aggregate of £20,000 in any financial year. The write-off of any losses above these amounts must be approved by the Department.

A Losses

- (a) Cash losses. Physical losses of cash and equivalents (eg bank notes, postal orders, stamps) by any cause.
- (ii) Bookkeeping losses:
 - Because of unvouched or incompletely vouched payments, including cases where vouchers are missing;
 - Because of charges to accounts to clear inexplicable or erroneous debit balances.
- (iii) Exchange rate fluctuations. Losses due to fluctuations in exchange rates or revaluations of currencies.
- (iv) Losses of pay, allowances and superannuation benefits paid to employees of the company:
 - Overpayments due to miscalculation, misinterpretation of Acts, regulations or scheme rules or the full facts not being known;
 - Unauthorised issues, eg payments not admissible under the Acts, regulations or scheme rules.

B Losses of Accountable Stores

- (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.

C Futile payments and constructive losses

Delegations: Losses and Special Payments Requiring DETI and DFP Approval

7. The Consumer Council may write-off losses of up to £5,000 for any single event in respect of pay, allowances and superannuation benefits paid to employees of the Consumer Council arising from causes other than those specified at 6 A (iv) above, eg losses arising from non disclosure of the full facts by the beneficiary, short of proven fraud. This delegated authority is subject to an aggregate of £20,000 in any financial year. The write-off of any losses above these amounts must be approved by the Department. In addition, DFP approval is needed where a loss for any single event where the amount involved is greater than £20,000.

8. The Consumer Council may write-off losses of up to £5,000 for any single event in respect of claims waived and abandoned. Departmental approval is required in respect of claims waived and abandoned above this amount and DFP approval is required where the amount exceeds £100,000.

9. The Consumer Council may make special payments in the following categories up to a maximum of £5,000. Departmental approval is required for special payments above this amount and DFP approval is required where the payments exceed the amount set out in brackets beside each category:

- (i) extra-contractual and ex gratia payments to contractors (DFP approval required where the amount exceeds £100,000);
- (ii) other ex gratia payments (DFP approval required where the amount exceeds £100,000);
- (iii) individual compensation payments, except where made under legal obligation (DFP approval required where the amount exceeds £10,000);
- (iv) individual compensation claims where the legal advice is that the company will not win the case if contested in court (DFP approval required where the amount exceeds £100,000).
- (v) Extra statutory and extra regulatory payments (DFP approval required where the amount exceeds £100,000).

10. DETI and DFP approval is required to write-off losses arising from overpayments of grants, subsidies etc arising from miscalculation, misinterpretation of Acts, regulations or scheme rules, or the full facts not being known.
11. DETI and DFP approval is required to write-off losses arising from the failure to make adequate charges for the use of public property or services.
12. DETI and DFP approval is required to make consolatory payments (payments referred to in GANI 18.7.24 as compensation payments in respect of maladministration) in excess of £500. Departmental approval is required in respect of payments below that amount.

Delegations: Gifts

13. The Consumer Council may authorise gifts to be made up to a value of £100. Departmental approval is needed for gifts above this amount and DFP approval is required for all gifts of an unusual nature, and those whose value exceeds £100,000.

Delegations: Assets

14. DETI and DFP approval is required where the Consumer Council proposes to retain receipts from the sale of assets funded by grant or grant in aid from the Department.

APPENDIX 2

SUMMARY OF ISSUES IN THE MANAGEMENT STATEMENT (MS) AND FINANCIAL MEMORANDUM (FM) WHICH REQUIRE DETI /DFP APPROVAL OR CONSULTATION, OR WHICH REQUIRE TO BE REPORTED TO DETI.

THIS APPENDIX SHOULD BE READ IN CONJUNCTION WITH APPENDIX 1 WHICH SETS OUT SPECIFIC DELEGATIONS TO THE CONSUMER COUNCIL

Issue	MSFM Reference	Details
Changes to MSFM	MS 1.1.5	The Department will determine what changes are to be made in consultation with the Consumer Council. Significant revisions will be subject to DFP approval.
Interpretation of MSFM	MS 1.1.7	The Department will resolve questions of interpretation after consultation with the Consumer Council and, as necessary, with DFP.
Approval of Corporate and Operating Plans	MS 2.2.2 and Sections 4.1 and 4.2	The Department shall approve the Consumer Council's three year corporate plan and annual operating plan.
Appointment of Chief Executive	MS 3.5.2 – Bullet Point 6	The Board of the Consumer Council shall appoint the Chief Executive subject to the approval of the Department.
Reporting Performance to the Department	MS Section 4.4	The Consumer Council shall report performance to the Department on a quarterly basis.

Issue	MSFM Reference	Details
Contracting Out of Internal Audit	MS 4.6.3 to 4.6.5	The Consumer Council shall consult with the Department if it wishes to contract the internal audit function out and shall allow the Department access to the contracted out internal auditors.
Fraud (proven or suspected) including attempted fraud.	MS 4.6.7 and FM 16	The Consumer Council shall immediately report all such frauds to the Head of the Department's Internal Audit Service. The Consumer Council shall submit an annual fraud return to the Department.
Annual Report and Accounts	MS 5.1.2	The annual report and accounts shall be in a format directed by DETI with the approval of DFP.
Expenditure not proposed in the budget	FM 5	The Consumer Council shall obtain prior written Departmental approval before entering into any undertaking to incur expenditure falling outside the Consumer Council's delegations or which is not provided for in the Consumer Council's annual approved budget.
Report on single tender contracts	FM 9	The company shall send the Consumer Council an explanation for any contracts above £5 000 which were let without competitive tendering.
Novel and contentious expenditure or expenditure which has or could have significant cost implications (including significant changes to staff benefits)	FM 12	DETI and DFP approval shall be obtained before incurring expenditure.

Issue	MSFM Reference	Details
Significant changes to the scale of the Consumer Council's operations or the funding of any initiative or scheme previously approved by the Department.	FM 12	DETI and DFP approval shall be obtained before any such changes are made.
Changes of policy or practice which have repercussive implications or which might significantly affect the future level of resources required	FM 12	DETI and DFP approval shall be obtained before any such changes are made.
Format of application for Grant in Aid	FM 20	The Department shall agree the format of the application for Grant in Aid.
Retention of Receipts	FM 23	The Consumer Council shall obtain the approval of the Department if it wishes to retain a receipt or utilize an increase in the level of receipts.
Classification of Receipts	FM 24	If the Consumer Council is in any doubt about the classification of a receipt it shall consult the Department, which may consult DFP if necessary.

Issue	MSFM Reference	Details
Unforecast changes in in-year income	FM 28 and 29	If receipts classed as negative DEL are less than expected, Departmental approval is required if gross expenditure is not to be reduced by a corresponding amount. If receipts classed as negative DEL are greater than expected, Departmental approval is required for the Consumer Council to retain the excess receipts.
Gifts and Bequests received	FM 32	Gifts, bequests or similar donations must be treated as receipts and notified to the Department.
Borrowing	FM 34	DETI and, where appropriate DFP, approval must be obtained before the Consumer Council can borrow money.
Pay and Conditions of Service	FM 38	DETI and DFP approval is required if the Consumer Council proposes to derogate from the requirement for the main terms and conditions of employment for the Consumer Council staff to be no better than those for NICS staff at a comparable level.
Annual Pay Increases	FM 39	Annual pay increases must have the prior approval of the Department and the Secretary of State.

Issue	MSFM Reference	Details
Creation of posts above NICS Staff Officer level or equivalent	FM 41	Creation of such posts must have Departmental approval.
Performance Related Pay	FM 42	The Consumer Council shall maintain a system of performance related pay which shall form part of the annual aggregate pay budget approved by the Department and DFP.
Special Severance Payments	FM 46	The Consumer Council shall obtain prior Departmental and DFP approval before making a special severance payment.
Capital Expenditure	FM 51	Regular reports on the progress of capital projects shall be submitted to the Department.
Capital Expenditure	FM 53	Prior authority of the Department and, if necessary, DFP must be obtained before expenditure on an individual capital project or acquisition is incurred which is in excess of the limit set out at Appendix 1.

Issue	MSFM Reference	Details
Lending, guarantees, indemnities, letters of comfort	FM 55	DET and DFP approval must be obtained in writing before the company can lend money, charge any asset or security, give any guarantee or indemnities or letters of comfort or incur any other contingent liability.
Grant or Loan Schemes	FM 57	DET, and where necessary DFP, approval must be obtained before the company can make a grant or loan (whether one off or under a scheme).
Leasing	FM 63	DET approval must be secured for all property and finance leases.
Public Private Partnerships	FM 65	The Consumer Council must consult the Department if considering entering into a public private partnership.
Subsidiary Companies and Joint Ventures	FM 67	DET and DFP approval is required for the establishment of subsidiary companies and joint ventures by the Consumer Council.
Financial Investments	FM 69	DET, and where appropriate DFP, approval must be obtained before the company can make any investments in traded financial instruments or take equity shares in ventures which further the Consumer Council's objectives.

Issue	MSFM Reference	Details
Unconventional Financing	FM 70	DETI and DFP approval is required for the Consumer Council to enter into an unconventional financing arrangement.
Commercial Insurance	FM 71	DETI and DFP approval must be obtained before commercial insurance is purchased (other than those insurances required under a statutory obligation).
Payment/Credit Cards	FM 74	The Consumer Council shall consult the Department to ensure that a comprehensive set of guidelines is in place to cover the use of payment /credit cards.
Hospitality	FM 75	The Consumer Council shall consult the Department to ensure that a comprehensive set of guidelines is in place to cover the provision of hospitality.
Assets	FM 78	Assets to be sold by auction or competitive tender unless otherwise agreed with DETI.
Monitoring Information	FM 88	The Consumer Council will provide the Department with monthly monitoring information.