

**MANAGEMENT STATEMENT  
FOR  
THE NORTHERN IRELAND LOCAL  
GOVERNMENT OFFICERS' SUPERANNUATION  
COMMITTEE**

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THE NORTHERN IRELAND LOCAL GOVERNMENT OFFICERS'  
SUPERANNUATION COMMITTEE (NILGOSC)**

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## **Definitions**

In this memorandum:

“NILGOSC” means Northern Ireland Local Government Officers’ Superannuation Committee.

“Secretary” means the senior executive official of the Northern Ireland Local Government Officers’ Superannuation Committee.

“DAO” means Dear Accounting Officer letter.

“Department” means the Department of the Environment.

“DFP” means Department of Finance and Personnel.

“DPFO” means “Dear Principal Finance Officer” letter.

“GIAS” means Government Internal Audit Standards.

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

“Minister” means the Minister of the Environment.

“MS/FM” means the Management Statement and Financial Memorandum document.

“MPMNI” means the Managing Public Money Northern Ireland document.

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

“PFO” means Principal Finance Officer.

“PSA” means Public Service Agreement, which is the published annual statement of aims and objectives of a government department.

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.

## INTRODUCTION

### 1.1 This Document

1.1.1 This *Management Statement and Financial Memorandum* (MS/FM) has been drawn up by the Department of the Environment (the Department) in consultation with the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC), Templeton House, 411 Holywood Road, Belfast, BT4 2LP. The document is based on a model prepared by the Office of the First Minister and deputy First Minister (OFMDFM) and the Department of Finance and Personnel (DFP).

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 NILGOSC.

1.1.3 A copy of the MS/FM for NILGOSC should be given to all newly appointed Committee Members, senior executive staff of NILGOSC and departmental sponsor staff on appointment. Additionally the MS/FM should be tabled for the information of Committee Members at least annually at a full meeting of the Committee. Amendments made to the MS/FM should also be brought to the attention of the full Committee on a timely basis.

1.1.4 This *Management Statement* sets out the broad framework within which NILGOSC will operate, in particular:

- Administering the Local Government Pension Scheme in line with legislation;
- the rules and guidelines relevant to the exercise of NILGOSC's functions, duties and powers; and
- how NILGOSC 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 NILGOSC shall 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 of this document.

1.1.7 NILGOSC, the Department, or the Minister of the Environment (the Minister), may propose amendments to this

document at any time. Any such proposals by NILGOSC shall be considered in the light of evolving Departmental policy aims, operational factors and the track record of NILGOSC itself. The guiding principle shall be that the extent of flexibility and freedom given to NILGOSC 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 DFP after consultation with NILGOSC, as appropriate. (The definition of “significant” will be determined by the Department in consultation with DFP.)

**1.1.8** The MS/FM is approved by DFP and is signed and dated by the Department and NILGOSC’s Secretary.

**1.1.9** Any question regarding the interpretation of the document shall be resolved by the Department after consultation with NILGOSC and, as necessary, with DFP.

**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 NILGOSC’s website.)

## **1.2 Founding Legislation; Status**

**1.2.1** NILGOSC was established as a body corporate by the Local Government (Superannuation) Act (Northern Ireland) 1950 (the 1950 Act). Its constitution is set out in Schedule 3 to the Local Government Pension Scheme (Administration) Regulations (Northern Ireland) 2009. The organisation’s formal title is the Northern Ireland Local Government Officers’ Superannuation Committee. NILGOSC does not carry out its functions on behalf of the Crown.

## **1.3 The Functions, Duties and Powers of NILGOSC**

**1.3.1** Membership of NILGOSC, together with its functions, duties and powers, is set out in Parts 1 and 2 of Schedule 3 to the Local Government Pension Scheme (Administration) Regulations (Northern Ireland) 2009 (as amended) (attached at **Annex A**).

## **1.4 Classification**

**1.4.1** For policy and administrative purposes, NILGOSC is classified as an executive non-departmental public body.

**1.4.2** For national accounts purposes NILGOSC is classified to the local government sector.

**1.4.3** References to NILGOSC 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 NILGOSC (paragraphs 50-51 of the *Financial Memorandum* refer).

## **1. AIMS, OBJECTIVES AND TARGETS**

### **2.1 Overall Aim**

**2.1.1** Within the 1950 Act, the Minister has approved the overall aims for NILGOSC as follows:

“Administering a pension scheme and managing and maintaining a pension fund providing retirement benefits for employees of district councils and other admitted bodies in Northern Ireland.”

### **2.2 Objectives and Key Targets**

**2.2.1** The Department determines NILGOSC’s performance framework in the light of the Department’s wider strategic aims (paragraph 1.1.2).

**2.2.2** The strategic objectives for NILGOSC shall be approved by the Minister.

## **2. RESPONSIBILITIES AND ACCOUNTABILITY**

### **3.1 The Minister of the Environment**

**3.1.1** The Minister is accountable to the Assembly for the activities and performance of NILGOSC. His or her responsibilities include:

- approving NILGOSC’s strategic objectives and the policy and performance framework within which NILGOSC will operate (as set out in this *Management Statement and Financial Memorandum* and associated documents);

- keeping the Assembly informed about NILGOSC's performance; and
- carrying out responsibilities specified in Parts 1 and 2 of Schedule 3 to the Local Government Pension Scheme (Administration) Regulations (Northern Ireland) 2009, including the appointment of Committee Members and the Chairperson of the Committee and laying of the annual report and accounts before the Assembly.

### **3.2 The Accounting Officer of the Department of the Environment**

**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 designates the Secretary of NILGOSC as NILGOSC's Accounting Officer, and may withdraw the Accounting Officer designation if he or she believes that the incumbent is no longer suitable for the role.

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

- NILGOSC's strategic aims and objectives support the Department's wider strategic aims;
- the financial and other management controls applied by the Department to NILGOSC are appropriate and sufficient to safeguard public funds and for ensuring that NILGOSC's compliance with those controls is effectively monitored ("public funds" include all funds falling within the stewardship of NILGOSC); and
- the internal controls applied by NILGOSC conform to the requirements of regularity, propriety and good financial management.

**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).

### **3.3 The Sponsoring Team in the Department**

**3.3.1** Within the Department the Local Government Policy Division is the sponsoring team for NILGOSC. The team, in consultation as necessary with the Departmental Accounting



Officer, is the primary source of advice to the Minister on the discharge of his or her responsibilities in respect of NILGOSC, and the primary point of contact for NILGOSC in dealing with the Department. The sponsoring team shall carry out its duties under the management of its senior officer, who shall have primary responsibility within the team for overseeing the activities of NILGOSC.

**3.3.2** The sponsoring team shall advise the Minister on:

- an appropriate framework of objectives and targets for NILGOSC in light of the Department's wider strategic aims; and
- how well NILGOSC is achieving its strategic objectives and whether it is delivering value for money.

**3.3.3** In support of the Departmental Accounting Officer, the sponsoring team shall:

**on performance and risk management -**

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

**on communication with NILGOSC -**

- inform NILGOSC of relevant Executive / government policy in a timely manner; if necessary, advise on the interpretation of that policy; and issue specific guidance to NILGOSC as necessary; and

- bring concerns about the activities of NILGOSC to the attention of the Management Committee, and require explanations and assurances from the Committee that appropriate action has been taken.

### **3.4 NILGOSC's Management Committee**

**3.4.1** The Committee members are appointed by the Minister through publicly advertised open competition, for a term of four years. Appointments are made in line with the Code of Practice issued by the Commissioner for Public Appointments for Northern Ireland.

**3.4.2** The Committee has corporate responsibility for ensuring that NILGOSC 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 NILGOSC. To this end, and in pursuit of its wider corporate responsibilities, the Committee shall:

- establish the overall strategic direction of NILGOSC within the policy and resources framework determined by Minister and the Department;
- constructively challenge NILGOSC'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 NILGOSC 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 Committee 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 Committee takes into account all relevant guidance issued by DFP and the Department;
- ensure that they receive and review regular financial information concerning the management of NILGOSC; are informed in a timely manner about any concerns about the activities of NILGOSC; and provide 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 Committee to address the key financial and other risks facing NILGOSC; and

- appoint a Secretary to NILGOSC to undertake the duties detailed in paragraph 3.6 of this document.

**3.4.3** Individual Committee members shall act in accordance with their wider responsibilities as Committee members – namely to:

- comply at all times with the Code of Practice (see paragraph 3.5.5) that is adopted by NILGOSC and with the rules and guidance 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 NILGOSC's rules on the acceptance of gifts and hospitality, and of business appointments; and
- act in good faith and in the best interests of NILGOSC.

**3.4.4** The Department shall have access to all Committee meeting minutes.

### **3.5 The Chairperson of NILGOSC**

**3.5.1** The Chairperson of NILGOSC is appointed by the Minister through publicly advertised open competition, for a term of four years. Appointments are made in line with the Code of Practice issued by the Commissioner for Public Appointments for Northern Ireland.

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

**3.5.3** The Chairperson has a particular leadership responsibility on the following matters:

- formulating NILGOSC's strategy;
- ensuring that the Committee, 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 Committee to the general public; and
- ensuring that the Committee 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 Committee members.

**3.5.4** The Chairperson shall also:

- ensure that all members of the Committee, 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 NILGOSC when Committee vacancies arise, with a view to ensuring a proper balance of professional and financial expertise; and
- assess the performance of individual Committee members. Committee members will be subject to ongoing performance appraisal, with a formal assessment being completed by the Chairperson at the end of each year and prior to any reappointment of individual Committee members taking place. Committee members will be aware 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 Chair of the Committee will also be appraised on an annual basis by the Director of Local Government Policy Division, acting on behalf of the Departmental Accounting Officer.

**3.5.5** The Chairperson shall also ensure that a Code of Practice for Committee members is in place, based on the Cabinet Office's *Code of Practice for Board Members of Public Bodies*, (FD (DFP)

3/06 refers). The Code shall commit the Chairperson and other Committee members to the Nolan "seven principles of public life", and shall include a requirement for a comprehensive and publicly available register of Committee members' interests.

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

### **3.6 The Secretary's Role as Accounting Officer**

**3.6.1** The Secretary of NILGOSC is designated as NILGOSC's Accounting Officer by the Departmental Accounting Officer.

**3.6.2** The Accounting Officer of NILGOSC 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 NILGOSC.

**3.6.3** As Accounting Officer, the Secretary shall, in particular, exercise the following responsibilities:

#### **on planning and monitoring -**

- establish, in agreement with the Department, NILGOSC's corporate and business plans in support of the Department's wider strategic aims;
- inform the Department of NILGOSC's progress in helping to achieve its 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.

#### **on advising the Committee -**

- advise the Committee on the discharge of its statutory responsibilities as set out in this document, under the Local Government (Superannuation) Act 1950 and the applicable Local Government Pension Scheme Regulations (Northern Ireland), and

in any other relevant instructions and guidance that may be issued from time to time by DFP or the Department;

- advise the Committee on NILGOSC's performance compared with its aims and objectives;
- ensure that financial considerations are taken fully into account by the Committee at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed appropriately; and
- take action, as set out in Section 3.8 of MPMNI , if the Committee, or its Chairperson, are contemplating a course of action involving a transaction which the Secretary considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency or effectiveness.

**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, project management and contract management is maintained;
- ensure compliance with the Northern Ireland Public Procurement Policy.
- ensure that all public funds made available to NILGOSC (including any income or other receipts) are used for the purpose intended, and that such monies, together with NILGOSC's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by NILGOSC, 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.

**on accounting for NILGOSC'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 the Regulations and with any directions issued by the Minister, the Department or DFP;
- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Governance Statement regarding NILGOSC's system of internal control, for inclusion in the annual report and accounts;
- ensure that effective procedures for handling complaints about NILGOSC are established and made widely known within NILGOSC;
- 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, DFP - in particular, Chapter 3 of MPMNI and the Treasury document *Regularity, Propriety and Value for Money*, copies of which the Secretary shall receive on appointment. Section IX of the Financial Memorandum refers to other key guidance;
- give evidence, normally with the Departmental Accounting Officer, if summoned before the Public Accounts Committee on the use and stewardship of public funds by NILGOSC;
- ensure that an Equality Scheme is in place, reviewed and equality impact assessed as required by the Equality Commission and OFMDFM; and
- ensure that the requirements of the Data Protection Act 1998 and the Freedom of Information Act 2000 are complied with;

### **3.7 The Secretary's role as Consolidation Officer**

**3.7.1** For the purposes of Whole of Government Accounts, the Secretary of NILGOSC is normally appointed by DFP as NILGOSC's Consolidation Officer.

**3.7.2** As NILGOSC's Consolidation Officer, the Secretary shall be personally responsible for preparing the consolidation information, for arranging 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 Secretary shall comply with the requirements of the NILGOSC Consolidation Officer Letter of Appointment as issued by DFP and shall, in particular:

- ensure that NILGOSC 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 DFP on the form, manner and timetable for the delivery of such information.

### **3.8 Delegation of Duties**

**3.8.1** The Secretary may delegate the day-to-day administration of his Accounting Officer and Consolidation Officer responsibilities to other employees in NILGOSC. However, he shall not assign absolutely to any other person any of the responsibilities set out in this document.

### **3.9 The Secretary's Role as Principal Officer for Ombudsman Cases**

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

### **3.10 Consulting Stakeholders**

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



### **3. PLANNING, BUDGETING AND CONTROL**

#### **4.1 The Corporate Plan**

**4.1.1** NILGOSC shall submit annually to the Department its updated rolling corporate plan covering three years ahead. NILGOSC shall have agreed with the Department the issues to be addressed in the plan and the timetable for its preparation.

**4.1.2** DFP reserves the right to ask to see and agree NILGOSC's corporate plan.

**4.1.3** The plan shall reflect NILGOSC's statutory duties and the strategic objectives agreed by the Minister.

**4.1.4** The corporate plan shall set out:

- NILGOSC's key objectives and associated key performance targets for the three forward years, and its strategy for achieving those objectives;
- a review of NILGOSC's performance in the preceding financial year 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 administration expenditure and income; and
- other matters as agreed between the Department and NILGOSC.

**4.1.5** The main elements of the plan, including the key performance targets, shall be agreed between the Department and NILGOSC and will reflect the strategic objectives of administering the Local Government Pension Scheme in line with relevant legislation.

#### **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 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.

**4.2.2** DFP reserves the right to ask to see and agree NILGOSC's annual business plan.

**4.2.3** NILGOSC's strategic objectives will be formally approved by the Minister.

#### **4.3 Publication of Plans**

**4.3.1** The corporate and business plans shall be published and made available on NILGOSC's website ([www.nilgosc.org.uk](http://www.nilgosc.org.uk)).

#### **4.4 Reporting Performance to the Department**

**4.4.1** NILGOSC 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** NILGOSC 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 objectives as set out in the corporate or business plans.

**4.4.3** NILGOSC's performance, in achieving its 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 Chairperson and Secretary of NILGOSC formally on an annual basis to discuss NILGOSC's performance, its current and future activities, and any policy developments relevant to those activities.

**4.4.4** NILGOSC's performance against key targets shall be reported in NILGOSC's annual report and accounts (see section 5.1 below). Arrangements for the validation of reported performance will be agreed between NILGOSC and the sponsoring Department

#### **4.5 Budgeting Procedures**

**4.5.1** NILGOSC's budgeting procedures are set out in the *Financial Memorandum*.

#### **4.6 Internal Audit**

**4.6.1** NILGOSC shall establish and maintain arrangements for internal audit in accordance with the *Public Sector Internal Audit Standards (PSIAS)*.

**4.6.2** Internal audit arrangements between the Department and NILGOSC, taking account of DAO (DFP) *01/10 Internal Audit Arrangements between Departments and Arm's Length Bodies* shall include the following:

- NILGOSC's Internal Audit Strategy and Annual Plans should be prepared on a risk based approach. The Department shall be consulted on these documents within timescales specified by it to ensure that shared assurance requirements are built into the plans where required;
- The Department shall receive copies of relevant internal audit documentation including NILGOSC's Audit Strategy, Audit Plans, Quarterly Audit Reports and Head of Internal Audit's Annual Assurance Report. The Department shall, where necessary, consult NILGOSC in providing assurance of the robustness of the audit procedures within NILGOSC to the Departmental Accounting Officer;
- NILGOSC shall complete Internal and External Assessments of its internal audit function in accordance with GIAS requirements. The Department reserves the right to carry out its own independent reviews of internal audit in NILGOSC; and
- The Department reserves the right of access to all documents prepared by the NILGOSC's internal auditor, including where the service is contracted out. Where NILGOSC's audit service is contracted out NILGOSC shall stipulate this requirement when tendering for the services.

**4.6.3** NILGOSC 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 GIAS and relevant DFP guidance.

**4.6.4** The Department will review NILGOSC's terms of reference for internal audit service provision. NILGOSC shall notify the Department of any subsequent changes to internal audit's terms of reference.

## **4.7 Audit Committee**

**4.7.1** NILGOSC shall set up an independent audit committee as a committee of its members, in accordance with the Cabinet

Office's *Guidance on Codes of Practice for Public Bodies* (FD (DFP) 3/06 refers) and in line with the Audit Committee Handbook DAO (DFP) 07/07.

**4.7.2** Audit Committee arrangements between the Department and NILGOSC shall include:

- attendance by departmental representatives at NILGOSC Audit Committee meetings;
- access to the Audit Committee papers and minutes; and
- input from NILGOSC's Audit Committee by the Department's Audit Committee as and when required.

**4.7.3** The Department will review the NILGOSC's audit committee terms of reference. NILGOSC shall notify the sponsor Department of any subsequent changes to the audit committee's terms of reference.

## **4.8 Fraud**

**4.8.1** NILGOSC 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 Chief Local Government Auditor. In addition NILGOSC shall forward to the Department the annual fraud return, commissioned by DFP, on fraud and theft suffered by NILGOSC.

**4.8.2** The Department will review NILGOSC's Anti Fraud Policy and Fraud Response Plan. NILGOSC shall notify the Department of any subsequent changes to the policy or response plan.

## **4.9 Additional Departmental Access to NILGOSC**

**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 NILGOSC's records and personnel as required. (See also paragraphs 3.4.4 and 4.7.2 access to Committee and Audit Committee minutes).

## **4. EXTERNAL ACCOUNTABILITY**

### **5.1 The Annual Report and Accounts**

- 5.1.1** After the end of each financial year, NILGOSC shall publish an annual report of its activities together with its audited annual accounts. The report shall cover the activities of any corporate bodies under the control of NILGOSC. A draft of the report shall be submitted to the Department two weeks prior to the proposed publication date although it is expected that the Department and NILGOSC will have had extensive pre publication discussion on the content of the report prior to formal submission to the Department.
- 5.1.2** The accounts shall be prepared in accordance with the reporting requirements set out in the specific Accounts Direction issued by DOE
- 5.1.3** The report and accounts shall outline NILGOSC's main activities and performance during the previous financial year and set out in summary form NILGOSC's forward plans. Information on performance against key financial targets shall be included in 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 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 DFP.
- 5.1.5** Due to the potential accounting and budgetary implications, any significant changes to accounting policies or estimation techniques underpinning the preparation of annual accounts, requires the prior written approval of the Department.

## **5.2 External Audit**

- 5.2.1** The Local Government Auditor audits NILGOSC's annual accounts and passes the Accounts to the Department who shall lay them before the Assembly. For the purpose of audit, the Local Government Auditor has a statutory right of access to relevant documents as provided for in regulation 29 of the Local Government Pension Scheme (Administration) Regulations (Northern Ireland) 2009.
- 5.2.2** The Local Government Auditor will liaise with NILGOSC on the arrangements for completing the audit of NILGOSC's accounts. This will either be undertaken by staff of the NIAO or a private sector firm, appointed by the NIAO, to undertake the audit on his behalf. The final decision on how such audits will be undertaken rests with the Local Government Auditor who retains overall responsibility for the audit.

**5.2.3** The Local Government Auditor 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 NILGOSC. The Local Government Auditor will also consider, where asked, providing the Department with 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** The Department on receipt of the Local Government Auditor's report and the audited copies of the financial statements shall send a copy of the report and statements to the Secretary who will present them to the next meeting of the Committee and forward copies to each Employer in the pension scheme.

### **5.3 VFM examinations**

**5.3.1** The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the NDPB has used its administration 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.

## **5. STAFF MANAGEMENT**

### **6.1 General**

**6.1.1** Within the arrangements approved by the Minister, NILGOSC shall have responsibility for the recruitment, retention and motivation of its staff. To this end NILGOSC 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 NILGOSC'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 NILGOSC'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 Disclosure (Northern Ireland) Order 2003 are in place; and
- a Code of Conduct for staff is in place based on the Annex 5A of *Public Bodies: A Guide for NI Departments* (available at [www.afmdni.gov.uk](http://www.afmdni.gov.uk)).

## **6. REVIEWING THE ROLE OF NILGOSC**

- 7.1** NILGOSC shall be reviewed periodically, in accordance with the business needs of the Department and NILGOSC as per Chapter 9 of *Public Bodies: A Guide for NI Departments*.
- 7.2** The next review will take place in the financial year 2015-16, following both the reform of local government and the local government pension scheme.
- 7.3** The Department shall, in good time in the event of NILGOSC being wound up:
- ensure procedures are in place in NILGOSC to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work that is to be inherited by any residuary body;
  - specify the basis for the valuation and accounting treatment of NILGOSC's assets and liabilities at wind-up, distinguish between actual and potential assets and liabilities, in order to provide a clear basis for assessing NILGOSC's financial legacy; and
  - if necessary, secure representation on NILGOSC's Committee to ensure the wind-up is conducted in a proper and satisfactory manner.

## **SCHEDULE 3**

### **THE COMMITTEE**

#### **PART 1 CONSTITUTION OF THE COMMITTEE**

1. The Committee appointed by the Minister shall consist of-
  - (a) a chairman;
  - (b) 2 members as appears to him to be appropriate;
  - (c) 5 members appointed after consultation with such organisations as may be recognised by him as representative of employing authorities; and
  - (d) 5 members appointed after consultation with such organisations as may be recognised by him as representative of employees affected by the Scheme.
  
2. - (1) Subject to the provisions of sub-paragraph (2) and paragraph 5, the term of office of a member of the Committee shall be 4 years from the date of his appointment.  
  
(2) The Minister may extend the term of office of a member or the chairman of the Committee by a maximum period of 18 months.
  
3. The quorum of the Committee shall be 6, or such other number as the Committee may, with the approval of the Department, determine.
  
4. The Committee may act notwithstanding any vacancy in its numbers so long as the number of vacancies does not exceed the number of remaining members.
  
5. A casual vacancy occurring in the membership of the Committee shall be filled by the Minister after consultation with the Committee and a person so appointed shall hold office for the residue of the term of the member in whose place he was so appointed.
  
6. A member of the Committee may resign his membership by giving notice in writing, signed by him, to the Minister.
  
7. Where any member of the Committee is absent from the meetings thereof for more than 6 months consecutively (except for a reason approved by the Minister) or becomes bankrupt or makes a composition with his creditors or is convicted of an indictable offence, the Committee shall forthwith by resolution declare the office to



be vacant and shall notify that fact in such a manner as it thinks fit, and thereupon the office shall become vacant.

8. A member of the Committee on vacating his office at the expiry of the term thereof shall (subject to the foregoing provisions of this Schedule) be eligible for re-appointment.

9. No defect in the appointment of any person acting as a member of the Committee shall vitiate any proceedings of the Committee in which he has taken part.

## **PART 2**

### **POWERS OF THE COMMITTEE**

10. The Committee, which shall be a body corporate with perpetual succession and a common seal, and with the capacity to acquire and hold land, shall subject to paragraphs 2 to 8, perform such functions as may be assigned to it by these Regulations, the Benefits Regulations and the Transitional Regulations.

11. The Committee may appoint a sub-committee or an officer employed by the Committee to discharge, with or without restrictions or conditions as the Committee thinks fit, any of the functions assigned to the Committee by the Local Government Pension Scheme (Management and Investment of Funds) Regulations (Northern Ireland) 2000.

12. The number of members of a sub-committee appointed under paragraph 11 and their term of office shall be fixed by the Committee or, in the case of an officer, his term of office shall be fixed by the Committee.

13. A sub-committee appointed under paragraph 11 shall consist of members of the Committee and may include officers of the Committee appointed under paragraphs 20 and 21.

14. A sub-committee or an officer appointed under paragraph 11 shall report to the Committee at each of its meetings setting out all actions taken under such appointment.

15. The Committee may revoke any appointment made under paragraph 11, or any restriction or condition imposed under paragraph 11 or anything fixed under paragraph 12.

16. Any arrangements made by the Committee for the discharge of its functions specified in the Local Government Pension Scheme (Management and Investment of Funds) Regulations (Northern Ireland) 2000 by a sub-committee or officer shall not prevent the Committee from exercising those functions.

17. The seal of the Committee shall be authenticated by the signature-  
(a) of any member; or

(b) of any other person authorised by the Committee (whether generally or specifically) for that purpose.

18. Every document purporting to be an instrument issued by the Committee and to be sealed with the seal of the Committee authenticated in the manner provided by paragraph 17, or to be signed by the secretary or any person authorised to act in that behalf, shall be received in evidence and, unless the contrary is proved, shall be deemed to be such instrument without further proof.

19. Subject to the provisions of these Regulations, the Benefits Regulations and the Transitional Regulations, the Committee shall have the power to regulate its own procedures.

20. The Committee may with the approval of the Department appoint persons to hold any of the following offices-

Secretary to the Committee;

Deputy Secretary to the Committee; and

such other offices under the Committee as the Department may designate in writing.

21. In addition to the appointments mentioned in paragraph 20, the Committee may appoint such other officers as may be required for the performance of the functions of the Committee.

22. - (1) The Committee may make arrangements with any employing authority, admission body, Government department, district council or the Regional Health and Social Care Board, for the exercise of any pension function by the Committee on behalf of any employing authority, admission body, Government department, district council or the Regional Health and Social Care Board on such terms as may be provided for by the arrangements.

(2) For the purposes of this paragraph, "the Regional Health and Social Care Board" means the Regional Health and Social Care Board established under section 7 of the Health and Social Care (Reform) Act (Northern Ireland) 2009.

23. Section 18(2) of the Interpretation Act (Northern Ireland) 1954 shall apply to any appointment made by virtue of paragraph 20 or 21 as if each of these paragraphs was an enactment referred to in that section but a person shall not be removed from any office mentioned in paragraph 20 without the written concurrence of the Department.

## PART 3

### EXPENSES AND ALLOWANCES PAYABLE BY THE COMMITTEE

24. The expenses of the Committee, including payments in respect of reasonable out-of-pocket expenses incurred by the members in connection with the discharge of their duties as such, shall be defrayed out of the fund.

25. The Committee may, with the approval of the Department, in addition to any payment made under paragraph 24, pay to the Chairman of the Committee such allowance as it considers to be reasonable.

26. - (1) The Committee may, with the approval of the Department, pay to a member of the Committee an allowance, in addition to any payments made under paragraph 24.

(2) Such allowance shall not exceed the amount as the Department may from time to time determine under section 36 of the Local Government Act (Northern Ireland) 1972.

(3) The allowance shall be claimed in respect of an approved duty by a Committee member.

(4) A claim shall be made to the Secretary of the Committee in such form as the Committee may direct and shall include a declaration that the member-

(a) has not and will not make any claim for allowances from any other body in respect of the approved duty to which the claim refers; and

(b) the amounts claimed are strictly in accordance with the provisions of this Part.

27. A claim for an allowance shall be submitted to the Committee within one month, or such longer period as the Committee may in exceptional circumstances allow, from the date of the approved duty in respect of which the allowance is claimed.

28. In this Part, "approved duty" means attendance at a meeting of the Committee or of any sub-committee thereof or the doing of anything approved by the Committee for the purpose of, or in connection with, the discharge of the functions of the Committee.