



**MANAGEMENT STATEMENT
FOR
THE LOCAL GOVERNMENT STAFF COMMISSION
FOR NORTHERN IRELAND**

2011

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THE LOCAL GOVERNMENT STAFF COMMISSION FOR NI**

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Definitions

In this Statement:

“The Staff Commission” means “Local Government Staff Commission for Northern Ireland”.

“Chief Executive” means the senior executive official of the Local Government Staff Commission for Northern Ireland.

“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.

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

“GIAS” means Government Internal Audit Standards.

“Minister” means the Minister of the Environment.

“MSFM” means the Management Statement and Financial Memorandum document.

“NIHE” means the Northern Ireland Housing Executive.

“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.

1. 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 Local Government Staff Commission (the Staff Commission) for Northern Ireland, Commission House, 18-22 Gordon Street, Belfast BT1 2LG. 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 the Staff Commission.
- 1.1.3.** A copy of the MS/FM for the Staff Commission should be given to all newly appointed Commission Members, senior executive staff of the Staff Commission and departmental sponsor staff on appointment. Additionally the MS/FM should be tabled for the information of Commission Members at least annually at a full meeting of the Commission. Amendments made to the MS/FM should also be brought to the attention of the full Commission on a timely basis.
- 1.1.4.** Subject to the legislation noted below, this *Management Statement* sets out the broad framework within which the Staff Commission will operate, in particular:
- the Staff Commission'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 Staff Commission's functions, duties and powers;
 - the conditions under which any public funds are paid to the Staff Commission;
 - how the Staff Commission 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 the Staff Commission 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.** The Staff Commission, the Department, or the Minister of the Environment (the Minister), may propose amendments to this document at any time. Any such proposals by the Staff Commission shall be considered in the light of evolving Departmental policy aims, operational factors and the track record of the Staff Commission itself. The guiding principle shall be that the extent of flexibility and freedom given to the Staff Commission 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 the Staff Commission, 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 Supply and signed and dated by the Department and the Staff Commission's Chief Executive.
- 1.1.9.** Any question regarding the interpretation of the document shall be resolved by the Department after consultation with the Staff Commission and, as necessary, with DFP supply.
- 1.1.10.** Copies of this document and any subsequent substantive amendments shall be placed in the Library of the Assembly. (Copies shall also be made available to members of the public on the Staff Commission's website).

1.2. Founding Legislation; Status

- 1.2.1.** The Staff Commission is established as a body corporate under Section 40 (4) of the Local Government Act (Northern Ireland) 1972 (the 1972 Act). Its constitution is set out in section 40(3) of the Local Government Act (NI) 1972. The organisation's formal title is the Local Government Staff Commission for Northern Ireland (the Staff Commission). The Staff Commission does not carry out its functions on behalf of the Crown.

1.3. The Functions, Duties and Powers of the Staff Commission

- 1.3.1.** Membership of the Staff Commission, its functions and responsibilities in relation to Northern Ireland's 26 district councils (councils) and the Northern Ireland Housing Executive (the NIHE) are set out in Sections 40, 41, 42 and 44 and Schedule 3 of the 1972 Act, as amended by the Housing (Northern Ireland) Order 1976, the Housing (Northern Ireland) Order 1981 and the Local Government (Miscellaneous Provisions) (Northern Ireland) Order 1992 (attached at **Annex A**).

1.4. Classification

- 1.4.1.** For policy/administrative purposes the Staff Commission is classified as an executive non-departmental public body.
- 1.4.2.** For national accounts purposes the Staff Commission is classified to the local government sector.
- 1.4.3.** References to the Staff Commission 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 Staff Commission (paragraph 58 of the Financial Memorandum refers).

2. AIMS, OBJECTIVES AND TARGETS

2.1. Overall Aim

- 2.1.1.** Within the 1972 Act the Minister has approved the overall aim for the Staff Commission as follows:

“general oversight of matters connected with the recruitment, training and terms and conditions of employment of officers of councils and the Northern Ireland Housing Executive and of making recommendations to councils and the Northern Ireland Housing Executive on such matters.”

2.2. Objectives and Key Targets

- 2.2.1.** The Department determines the Staff Commission’s performance framework in the light of the Department’s wider strategic aims and current PSA objectives and targets (paragraph 1.1.4).
- 2.2.2.** The objectives, targets and performance measures for the Staff Commission shall be set out in its three year corporate plan and annual business plan, both of which shall be approved by the Minister.

3. 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 the Staff Commission. His responsibilities include:

- approving the Staff Commission's strategic objectives and the policy and performance framework within which the Staff Commission will operate (as set out in this Management Statement and Financial Memorandum and associated documents);
- keeping the Assembly informed about the Staff Commission's performance; and
- carrying out responsibilities specified in Section 40 of the 1972 Act including appointment of Board Members and the Chairperson of the Board.

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 Chief Executive of the Staff Commission as the Staff Commission'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 of the Department shall ensure that:

- the Staff Commission'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 Staff Commission are appropriate and sufficient to safeguard public funds and for ensuring that the Staff Commission's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to the Staff Commission by the Assembly but also any other funds falling within the stewardship of the Staff Commission);
- the internal controls applied by the Staff Commission 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, Local Government Policy Division is the sponsoring team for the Staff Commission. 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 the Staff Commission, and the primary point of contact for the Staff Commission 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 the Staff Commission.

3.3.2. The sponsoring team shall advise the Minister on:

- An appropriate framework of objectives and targets for the Staff Commission in the light of the Department's wider strategic aims and current PSA objectives and targets; and
- How well the Staff Commission 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 the Staff Commission's activities on a continuing basis through an adequate and timely flow of information from the Staff Commission on performance, budgeting, control, and risk management, including early sight of the Staff Commission's Statement on Internal Control;
- address in a timely manner any significant problems arising in the Staff Commission, whether financial or otherwise, making such interventions in the affairs of the Staff Commission as the Department judges necessary to address such problems;
- periodically carry out a risk assessment of the Staff Commission's activities to inform the Department's oversight of the Staff Commission; 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 Staff Commission'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 the Staff Commission -

- inform the Staff Commission of relevant Executive / government policy in a timely manner; if necessary, advise on the interpretation of that policy; and issue specific guidance to the Staff Commission as necessary;
- bring concerns about the activities of the Staff Commission to the attention of all the members of the Staff Commission and require explanations and assurances from the members of the Staff Commission that appropriate action has been taken.

3.4. The Members of the Staff Commission

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

3.4.2. The Commission Members have corporate responsibility for ensuring that the Staff Commission 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 Staff Commission. To this end, and in pursuit of its wider corporate responsibilities, the Commission Members shall:

- establish the overall strategic direction of the Staff Commission within the policy and resources framework determined by the Minister and the Department;
- constructively challenge the Staff Commission'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 the Staff Commission 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 Commission Members operate within the limits of their statutory authority and any delegated authority agreed with the Department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Commission Members take into account all relevant guidance issued by DFP and the Department;
- ensure that they receive and review regular financial information concerning the management of the Staff Commission; are informed in a timely manner about any concerns about the activities of the Staff Commission; 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 Commission Members to address the key financial and other risks facing the Staff Commission; and
- appoint a Chief Executive to the Staff Commission to undertake the duties as detailed in Para 3.6 of this document.

3.4.3. Individual Commission Members shall act in accordance with their wider responsibilities as Commission Members– namely to:

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

3.4.4. The Department shall have access to all minutes of Staff Commission meetings.

3.5. The Chairperson of the Staff Commission

3.5.1. The Chairperson of the Staff Commission is appointed by the Minister, through 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 the Staff Commission’s policies and actions support the wider strategic policies of the Minister; and that the Staff Commission’s affairs are conducted with probity. The Chairperson shares with other members of the Staff Commission the corporate responsibilities set out in paragraph 3.4.2, and in particular for ensuring that the Staff Commission 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 the Staff Commission’s strategy;
- ensuring that Commission Members, in reaching decisions, take 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 Commission Members to the general public;
- ensuring that the Staff Commission 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 Commission Members.

3.5.4. The Chairperson shall also:

- ensure that, when taking up office, all Commission Members, 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 Staff Commission when member vacancies arise, with a view to ensuring a proper balance of professional and financial expertise; and
- assess the performance of individual Commission Members. Commission Members will be subject to ongoing performance appraisal, with a formal assessment being completed by the Chairperson of the Commission at the end of each year and prior to any reappointment of individual 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 Chairperson of the Commission 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 Commission 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 Commission Members to the Nolan 'seven principles of public life', and shall include a requirement for a comprehensive and publicly available register of Commission Members' interests.

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

3.6. The Chief Executive's Role as Accounting Officer

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

3.6.2. The Accounting Officer of the Staff Commission is personally responsible for safeguarding the public funds for which he/she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the Staff Commission.

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, the Staff Commission's corporate and business plans in support of the Department's wider strategic aims and current PSA objectives and targets;
- inform the Department of the Staff Commission's progress in helping to achieve its 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; 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 Commission Members-

- advise the Commission Members on the discharge of its responsibilities as set out in this document, in the Local Government Act (NI) 1972 and in any other relevant instructions and guidance that may be issued from time to time by DFP or the Department;
- advise the Commission Members on the Staff Commission's performance compared with its aims and objectives;
- ensure that financial considerations are taken fully into account by the Commission Members at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed appropriately;
- take action as set out Section 3.8 of MPMNI if the Commission Members, or its Chairperson, are contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency or effectiveness.

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 the Staff Commission (including any income or other receipts) are used for the purpose intended by the Assembly, and that such monies, together with the Staff Commission's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by the Staff Commission, 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;
- ensure that effective personnel management policies are maintained.

on accounting for the Staff Commission's activities -

- sign the accounts and be responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Minister, the Department or 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 Staff Commission's system of internal control, for inclusion in the annual report and accounts;
- ensure that effective procedures for handling complaints about the Staff Commission are established and made widely known within the Staff Commission;
- 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 and Propriety and Value for Money* both of which the Chief Executive shall receive on appointment. Section IX of the *Financial Memorandum* refers to other key guidance;
- give evidence, normally with the Departmental Accounting Officer, if summoned before the Public Accounts Committee on the use and stewardship of public funds by the Staff Commission;
- ensure that an Equality Scheme is in place, reviewed and equality impact assessed as required by the Equality Commission and OFMDFM;
- ensure that Lifetime opportunities is taken into account; and
- ensure that the requirements of the Data Protection Act 1998 and the Freedom of Information Act 2000 are complied with

3.7. The Chief Executive's role as Consolidation Officer

3.7.1. For the purposes of Whole of Government Accounts, the Chief Executive of the Staff Commission is normally appointed by DFP as the Staff Commission's Consolidation Officer.

3.7.2. As the Staff Commission's Consolidation Officer, the Chief Executive shall be personally responsible for preparing the consolidation information, which sets out the financial results and position of the Staff Commission; 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 Staff Commission Consolidation Officer Letter of Appointment as issued by DFP and shall, in particular:

- ensure that the Staff Commission 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 Chief Executive may delegate the day-to-day administration of his Accounting Officer and Consolidation Officer responsibilities to other employees in the Staff Commission. However, he shall not assign absolutely to any other person any of the responsibilities set out in this document.

3.9. The Chief Executive's Role as Principal Officer for Ombudsman Cases

3.9.1. The Chief Executive of the Staff Commission 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 Staff Commission accepted by the Ombudsman for investigation, and about the Staff Commission's proposed response to any subsequent recommendations from the Ombudsman.

3.10. Consulting Customers

3.10.1. The Staff Commission will work in partnership with its stakeholders and customers 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 customer's needs and expectations of its services, and to seek feedback from both stakeholders and customers, and will work to deliver a modern, accessible service.

4. PLANNING, BUDGETING AND CONTROL

4.1. The Corporate Plan

4.1.1. Consistent with the timetable for the NI Executive's Budget process reviews, the Staff Commission shall submit to the Department a draft of the Staff Commission's corporate plan covering three years ahead. The Staff Commission 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 the Staff Commission's corporate plan.

4.1.3. The plan shall reflect the Staff Commission'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 Staff Commission contributes to the achievement of the Department's strategic aims and PSA objectives and targets.

4.1.4. The corporate plan shall set out:

- the Staff Commission's key objectives and associated key performance targets for the three forward years, and its strategy for achieving those objectives;
- a review of the Commission'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 expenditure and income, taking account of guidance on resource assumptions and policies provided by the sponsor Department at the beginning of the planning round. These forecasts should represent the Staff Commission's best estimate of all its available income: and
- other matters as agreed between the Department and the Staff Commission.

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

4.2. The Business Plan

4.2.1. Each year of the corporate plan, amplified as necessary, shall form the basis of the business plan for the relevant forthcoming year. The Corporate plan will be sent annually to the department in March. 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 the Staff Commission's annual business plan.

4.2.3. The Staff Commission's corporate and business plans 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 the Staff Commission's website (www.lgsc.org.uk).

4.4. Reporting Performance to the Department

4.4.1. The Staff Commission 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. The Staff Commission 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. The Staff Commission'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 Chair of the Staff Commission formally on an annual basis to discuss the Staff Commission's performance, its current and future activities, and any policy developments relevant to those activities.

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

4.5. Budgeting Procedures

4.5.1. The Staff Commission's budgeting procedures are set out in the Financial Memorandum.

4.6. Internal Audit

4.6.1. The Staff Commission shall establish and maintain arrangements for internal audit in accordance with the Treasury's *Government Internal Audit Standards* (GIAS).

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

- The Staff Commission's Internal Audit Strategy and Annual Plans should be prepared on a risk based approach. A representative of the Department shall be present at the October Audit Committee meeting, when these documents are discussed, to ensure that shared assurance requirements are built into the plans where required;
- The Department shall receive copies of relevant internal audit documentation including the Staff Commission's Audit Strategy, Audit Plans, Quarterly Audit Reports and Head of Internal Audit's Annual Assurance Report. The Department's sponsoring team shall, where necessary, consult the Staff Commission in providing assurance of the robustness of the audit procedures within the Staff Commission to the Departmental Accounting Officer;
- The Staff Commission 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 the Staff Commission;
- The Department reserves the right of access to all documents prepared by the Staff Commission's internal auditor, including where the service is contracted out. Where the Staff Commission's audit service is contracted out the Staff Commission shall stipulate this requirement when tendering for the services.

4.6.3. The Staff Commission 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 the Staff Commission's terms of reference for internal audit service provision. The Staff Commission shall notify the Department of any subsequent changes to internal audit's terms of reference.

4.7. Audit Committee

4.7.1. The Staff Commission 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) 03/06 refers) and in line with the Audit Committee Handbook DAO (DFP) 07/07.

4.7.2. Audit Committee arrangements between the Department and the Staff Commission shall include:

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

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

4.8. Fraud

4.8.1. The Staff Commission 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 the Staff Commission shall forward to the Department the annual fraud return, commissioned by DFP, on fraud and theft suffered by the Staff Commission.

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

4.9. Additional Departmental Access to the Staff Commission

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 the Staff Commission's records and personnel as required. (See also paragraphs 3.4.4 and 4.7.2 access to Board and Audit Committee minutes).

5. EXTERNAL ACCOUNTABILITY

5.1. The Annual Report and Accounts

5.1.1. After the end of each financial year the Staff Commission 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 Staff Commission. A draft of the report shall be submitted to the Department two weeks before the proposed publication date, although it is expected that the Department and the Staff Commission will have had extensive pre publication discussion on the content of the report prior to formal submission to the Department.

5.1.2. The report and accounts shall comply with the most recent version of the Government Financial Reporting Manual (FReM) issued by DFP (NOTE: *this guidance is updated annually*). The 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 Staff Commission's main activities and performance during the previous financial year and set out in summary form the Staff Commission'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 presented to 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 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 Local Government Auditor audits the Staff Commission's annual accounts and passes the Accounts to the Department who shall present them to the Assembly. For the purpose of audit the Local Government Auditor has a statutory right of access to relevant documents as provided for in Article 7 of the Local Government (Northern Ireland) Order 2005.

5.2.2. The Local Government Auditor will liaise with the LGSC on the arrangements for completing the audit of LGSC'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 the LGSC. 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.

5.3. VFM Examinations

5.3.1. Article 26 of the Local Government (Northern Ireland) Order 2005 provides that a local government auditor shall, if required by the Department or the Chief Local Government Auditor, carry out examinations into the economy, efficiency and effectiveness with which the Staff Commission has used its resources in discharging its functions. For the purpose of these examinations an auditor has statutory right of access to documents as provided for under Article 7 of the 2005 Order.

6. STAFF MANAGEMENT

6.1. General

6.1.1. Within the arrangements approved by the Minister and DFP, the Staff Commission shall have responsibility for the recruitment, retention and motivation of its staff. To this end the Staff Commission 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 the Staff Commission'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 Staff Commission'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 Annex 5A of Public Bodies: A Guide for NI Departments (available at www.afmdni.gov.uk).

7. REVIEWING THE ROLE OF THE STAFF COMMISSION

7.1. The Staff Commission shall be reviewed periodically, in accordance with the business needs of the Department and the Staff Commission as per Chapter 9 of *Public Bodies: A Guide for NI Departments*.

7.2. The next review of the Staff Commission will take place in the financial year **TBC**.

7.3. The Department shall, in good time in the event of the Staff Commission being wound up:

- ensure that procedures are in place in the Staff Commission to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work that is to be inherited by any residuary body;
- specify the basis for the valuation and accounting treatment of the Staff Commission's assets and liabilities at wind-up, distinguishing between actual and potential assets and liabilities, in order to provide a clear basis for assessing the Staff Commission's financial legacy; and
- if necessary, secure representation on the Staff Commission to ensure that the wind-up is conducted in a proper and satisfactory manner.

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

Local Government Act (Northern Ireland) 1972

1972 Chapter 9

PART III

OFFICERS

The Staff Commission

40. —

- (1) There shall be established a body to be known as the Local Government Staff Commission for Northern Ireland (in this Act referred to as "the Staff Commission ") for the purpose of exercising general oversight of matters connected with the recruitment, training and terms and conditions of employment of officers of councils [[F011](#) and of the Northern Ireland Housing Executive (in this Act referred to as "the Executive ")] and of making recommendations to councils [[F011](#) and to the Executive] on such matters.
- (2) The Staff Commission shall be a body corporate with perpetual succession, and section 19 of the Interpretation Act (Northern Ireland) 1954 [M71](#) shall apply to it.
- (3) The Staff Commission shall consist of—
 - (a) a chairperson, and
 - (b) not more than [[F051](#)fourteen] or less than six other members,
appointed by the Minister after consultation with—
 - (i) such [[F051](#)councils and] associations representative of councils or their staffs as appear to the Minister to be concerned, and [[F011](#)the Executive and such associations representative of the staff of the Executive as appear to the Department to be concerned, and]
 - (ii) any other association or any public body with whom consultation appears to the Minister to be desirable.
- (4) Without prejudice to the generality of subsection (1), the functions of the Staff Commission shall include—
 - (a) establishing, in such manner as the Staff Commission thinks fit, bodies (to be known as "advisory appointment panels ") for the purpose of giving advice to councils on the suitability of applicants for appointment to the office of clerk and to other offices for which qualifications are [[F052](#)determined] under section 41 (including the making of a selection of persons who may be treated as eligible for such appointments);

[(aa) ^{F011} establishing, in such manner as the Staff Commission thinks fit, bodies (to be known as "advisory appointment panels ") for the purpose of giving advice to the Executive on the suitability of applicants for appointment to such offices under the Executive as the Department may determine (including the making of a selection of persons who may be treated as eligible for such appointments);]

(b) establishing a code of procedure for securing fair and equal consideration of applications to councils [^{F011} and to the Executive] by persons seeking to be employed by them as officers, and fair and equal treatment of persons who are so employed;

[(bb) ^{F051} monitoring the fair employment practices of councils and their compliance with statutory requirements in relation to fair employment;]

(c) assessing the probable future requirements of councils [^{F011} and of the Executive] for the recruitment of officers and securing publicity for the opportunities that are available to persons who may seek employment as such officers;

[(cc) ^{F051} establishing and issuing a code of recommended practice as regards the conduct of officers of councils;]

(d) promoting co-operation between councils, [^{F011} the Executive,] public bodies, government departments and educational institutions in matters connected with the recruitment, training and terms and conditions of employment of officers, and promoting the temporary transfer of officers (with their consent) in pursuance of arrangements made between councils, [^{F011} between councils and the Executive,] or between councils [^{F011} or the Executive], and any such bodies, departments or institutions;

(e) promoting or assisting the development of, or providing, facilities for the training of officers;

(f) promoting or assisting the establishment of, or establishing, procedures for the negotiation between councils [^{F011} the Executive] and officers of councils, [^{F011} or of the Executive] or associations representing [^{F012} any] of them, of standard rates of remuneration, or other terms and conditions of employment, for officers of councils, [^{F011} or of the Executive] and recommending the adoption by councils [^{F011} and the

- (5) Where the Staff Commission makes a recommendation to a council [^{F011} or, as the case may be, to the Executive] and the council [^{F011} or the Executive] does not comply with the recommendation within such reasonable period as the Staff Commission requires, the Ministry, after consulting the council [^{F011} or the Executive] and considering any representations made by it, may give to the council [^{F011} or to the Executive] any directions that the Ministry considers necessary or expedient for the implementation of the recommendation, and the council [^{F011} or the Executive] shall comply with any such direction within a period of one month or such longer period as the Ministry may allow.

- (6) A council [[FOI](#) and the Executive] shall—
- (a) make such reports and returns with respect to its officers and their terms and conditions of employment;
 - (b) furnish such estimates of its probable future requirements for the recruitment of officers; and
 - (c) give such information with respect to matters connected with the employment of any officer or officers;
- to the Staff Commission, within such reasonable period, as the Staff Commission requires.
- (7) The provisions of Schedule 3 shall have effect with respect to the Staff Commission.
- (8) The Ministry may, by order made subject to affirmative resolution, make provision for modifying the functions of the Staff Commission, and such an order may modify or repeal