

**FINANCIAL MEMORANDUM FOR THE PROBATION
BOARD FOR NORTHERN IRELAND**

May 2008

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1. INTRODUCTION

- 1.1. This financial memorandum, which forms part of the management statement for the Probation Board for Northern Ireland, sets out the financial framework within which the Board is required to operate.
- 1.2. The conditions and requirements set out in the management statement and financial memorandum may be supplemented by guidelines or directions issued by the Secretary of State in respect of the exercise of any individual functions, powers and duties of the Board. The Board shall satisfy these conditions and requirements together with such other conditions as the Secretary of State may from time to time impose.

2. THE NDPB'S INCOME AND EXPENDITURE – GENERAL

2.1. The Departmental Expenditure Limit (DEL)

- 2.1.1. The Board's current and capital expenditure form part of the sponsoring Department's Resource DEL and Capital DEL respectively.

2.2. Expenditure not proposed in the budget

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

2.3. Procurement

- 2.3.1. The Board's procurement policies shall reflect guidance from the Office of Government Commerce including Procurement Policy Guidelines. The Board shall also ensure that it complies with any relevant EU or other international procurement rules.
- 2.3.2. Periodically and wherever practicable the Board's procurement shall be benchmarked against best practice elsewhere and contracted out where this would achieve better value for money.

2.4. Competition

- 2.4.1. Contracts shall be placed on a competitive basis and tenders accepted from suppliers who provide best value for money overall.
- 2.4.2. Proposals to let single-tender or restricted contracts shall be subject to a specified delegated authority, and the Board shall send to the Department after each financial year a report for that year explaining any contracts above £10,000 in which competitive tendering was not employed.

2.5. Timeliness In paying bills

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

2.6. Novel, contentious or repercussive proposals

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

2.7. Risk management

- 2.7.1. The Board shall ensure that the risks which it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and shall develop a risk management strategy, in accordance with the Treasury guidance "Management of Risk: A Strategic Overview".
- 2.7.2. The Board shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with Treasury's guide "Managing the Risk of Fraud".

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

2.8. Wider markets

2.8.1. In accordance with the wider markets policy the Board shall seek to maximise receipts from non-Exchequer sources provided that this is consistent with (a) the Board's main functions (b) its corporate plan as agreed with the NIO.

2.9. Fees and charges

2.9.1. Fees or charges for any services supplied by the Board shall be determined in accordance with the Treasury's Fees and Charges Guide, and with the Freedom of Information Act.

3. THE BOARD'S INCOME

3.1. Grant-in-aid

3.1.1. Grant-in-aid will be paid to the Board in monthly instalments, on the basis of a written application from the Board showing evidence of need. The application shall certify that the conditions applying to the use of grant-in-aid have been observed to date and that further grant-in-aid is now required for purposes appropriate to the Board's functions.

3.1.2. The Board should have regard to the guidance in DAO (GEN)14/01 and to the general principle enshrined in Annex 5.1 of Managing Public Money that it should seek grant-in-aid according to need.

3.1.3. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept at the minimum level consistent with the efficient operation of the Board. Grant-in-aid not drawn down by the end of the year shall lapse. However, where draw-down of grant-in-aid is delayed to avoid excess cash balances at year-end, the NIO will make available in the next financial year - subject to approval by Parliament of the relevant Estimates provision - any such grant-in-aid which is required to meet any liabilities at year end, such as creditors.

3.2. End-year flexibility

3.2.1. As set out in PES(2000)25, the NIO will aim to set firm multi-year plans and cascade end-year flexibility (EYF) on budgets where possible. In particular, the NIO will aim to:

agree, ahead of the year in question, a rolling three-year budget, fixed for at least the first year and with indicative amounts for subsequent years;

advise the Board of their likely entitlement to EYF once approved by the Departmental Board and against the overall Departmental position (having regard to any loss of EYF as a result of Departmental Expenditure Limit (DEL) and Ministerial priorities.

adjust (if necessary) and confirm the amount of EYF when accurate information is available in the Public Expenditure Outturn White Paper, taking account of outturn and of any DEL Reserve claims which might limit the EYF entitlement of the Department itself.

3.3. Receipts from sale of goods or services

- 3.3.1. Receipts from the sale of goods and services (including certain licences where there is a significant degree of service to the individual applicant), rent of land, and dividends are classified as negative public expenditure in national accounts and are therefore normally offset against the DEL (ie, they provide additional DEL spending power).
- 3.3.2. If there is any doubt about the correct classification of a receipt the Board shall consult the NIO, who will consult the Treasury as necessary.

3.4. Fines, taxes and other receipts

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

3.5. Interest earned

- 3.5.1. Any interest earned by the Board on its assets shall be given the same budgeting treatment as the cost of capital charge on the assets.
- 3.5.2. Under SR2007 budgeting rules (which operate from 2008-09), the cost of capital charge and any interest receipts on most DEL financed assets score as resource DEL.
- 3.5.3. If the receipts are used to finance additional expenditure by the Board, the NIO will need to ensure it has the necessary DEL cover. Any interest earned on cash balances arising from grant-in-aid or other Exchequer funds shall be treated as a receipt from an Exchequer source. Depending on the budgeting treatment of this receipt, and its impact on the Board's cash requirement, it may lead to commensurate reduction of grant-in-aid or be required to be surrendered to the Consolidated Fund via the Department.

3.6. Unforecast changes in in-year income

- 3.6.1. If the negative DEL income realised or expected to be realised in-year is less than estimated, the Board shall, unless otherwise agreed with the Department, ensure a corresponding reduction in its gross expenditure so that the authorised provision is not exceeded
- 3.6.2. If the negative DEL income realised or expected to be realised in the year is more than estimated, the Board may apply to the NIO to retain the excess income for specified additional expenditure within the current financial year without an offsetting reduction to grant-in-aid. The NIO shall consider such applications, taking account of competing demands for resources. If an

application is refused any grant-in-aid shall be commensurately reduced or the excess receipts shall be required to be surrendered to the Exchequer via the NIO. (These arrangements are subject to the provisions set out under the heading Disposal of assets below.)

3.7. Build-up and draw-down of deposits

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

3.7.2. The Board shall ensure that it has the necessary DEL provision for any expenditure financed by draw-down of deposits.

3.8. Proceeds from disposal of assets

3.8.1. Disposals of land and buildings are dealt with in Section 6 below.

3.9. Gifts and bequests received

3.9.1. The Board has adopted the Departmental policy in relation to Gifts and Hospitality received and will maintain their own register.

3.9.2. The Board is free to retain any gifts, bequests or similar donations. These shall be treated as receipts. [NOTE: Donated assets do not attract a cost of capital charge, and a release from the donated assets reserve should offset depreciation in the operating cost statement.]

3.9.3. Before proceeding in this way the Board shall consider if there are any associated costs in doing so or any conflicts of interests arising. The Board shall keep a written record of any such gifts, bequests and donations and of their estimated value and whether they are disposed of or retained.

3.10. Receipts from the EC

3.10.1. Receipts from the European Community (if retained by the NIO/Board) do not provide additional DEL spending power for the Board. [NOTE: Such receipts benefit the 'EC net payments' line in the Department's AME total.]

3.11. Borrowing

3.11.1. The Board may, by means of a bank overdraft or by such other means, within such limits and subject to such conditions as may be approved by the Secretary of State, temporarily borrow such sums as may be necessary for the purpose of defraying any expenses incurred by it under Article 8 (1) of the Probation Board (Northern Ireland) Order 1982.

3.11.2. Under Article 8 (2) of the Order any sum borrowed shall be repaid by the Board before the end of the financial year in which it is borrowed.

3.11.3. Under Article 8 (3) of the Order the Board may borrow or raise money, on such terms and subject to such conditions as may be approved by the Secretary of State, upon the security of any property or assets of the Board for the purpose of meeting expenses incurred in connection with any permanent works the cost of which is properly chargeable to capital or for any other purpose for which capital moneys may properly be applied.

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

3.12. Reserves

3.12.1. No grant or grant-in-aid shall be paid into any reserve held by the Board. Funds in any reserve may be a factor for consideration when grant-in-aid is determined.

4. EXPENDITURE ON STAFF

4.1. Staff costs

- 4.1.1. Subject to its delegated levels of authority the Board shall ensure as far as is practicable, that the creation of any additional posts does not incur forward commitments which will exceed its ability to pay for them.
- 4.1.2. Appendix B details the headcount control total and maximum staff cost budget to allow the Board to live within its resource budget allocation. Staff may be recruited up to a level that ensures neither the headcount control total nor the staff costs budget is breached.
- 4.1.3. If staffing levels in excess of the headcount control total or staff costs in excess of the maximum staff cost budget are considered necessary, a case, must be made to the NIO sponsor directorate. This should outline how there will be permanent reductions in other areas of expenditure which will allow the staff cost budget to be permanently increased.
- 4.1.4. If the case is accepted, the headcount control total and staff cost budget will be adjusted with the expectation that no subsequent request for additional funding will be made in the area of expenditure that was permanently reduced.

4.2. Pay and conditions of service

- 4.2.1. The staff of the Board, whether on permanent or temporary contract, shall be subject to levels of remuneration and terms and conditions of service (including superannuation) within the general pay structure approved by the NIO and the Treasury. The Board has no delegated power to amend these terms and conditions. Terms and conditions of service may be varied by the Board, but such variation is subject to the prior approval of the Department and, where appropriate, Treasury.
- 4.2.2. Probation Officers are employed under terms and conditions of service based on those agreed by the National Negotiation Council (NNC) for Probation Services. The Board has adopted Northern Ireland Civil Service (NICS) terms and conditions and the NIO pay structure for its Administrative staff. A small number of other grades of staff are employed under locally agreed variations of NNC and/or NICS terms and conditions or the Joint Negotiation Council for Youth and Community workers.
- 4.2.3. The Board shall comply with the EU Directive on contract workers [Fixed Term Employees Regulations (Prevention of Less Favourable Treatment)].
- 4.2.4. There is no delegated authority to make any special severance payments to staff that are in excess of normal statutory or contractual requirements.

4.2.5. The Board may operate a performance-related pay scheme appropriate to its needs and as approved by the Department.

4.3. Pensions; redundancy/compensation

4.3.1. The Board's staff shall normally be eligible for a pension provided by :

membership of the Northern Ireland Local Government Officers Superannuation Committee Pensions Scheme (NILGOSC).

4.3.2. Staff may opt out of the occupational pension scheme provided by the Board. However, the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall be limited to the national insurance rebate level.

4.3.3. Any proposal by the Board to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the approval of the NIO. Proposals on severance payments must comply with DAO (GEN) 04/02.

4.4. Board Members

4.4.1. The Board Chairman and Board Members are remunerated at rates determined and approved by the Department. The rate of remuneration will be reviewed by the Department annually. The travel and subsistence expenses of Board Members shall be paid in accordance with Local Government Circular LG16/06, reviewable by the Department in line with the issue of subsequent Local Government Circulars.

5. NON-STAFF EXPENDITURE

5.1. Capital expenditure

5.1.1. Subject to being above an agreed capitalisation threshold, all expenditure on the acquisition or creation of fixed assets shall be capitalised on an accruals basis. Expenditure to be capitalised shall include the (a) acquisition, reclamation or laying out of land; (b) acquisition, construction, preparation or replacement of buildings and other structures or their associated fixtures and fittings; and (c) acquisition, installation or replacement of movable or fixed plant, machinery, vehicles and vessels.

5.1.2. Proposals for large-scale individual capital projects or acquisitions will normally be considered within the Board's corporate planning process. Applications for approval by the NIO, and if necessary by HMT, shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Board. Regular reports on the progress of projects shall be submitted to the NIO.

- 5.1.3. Within its approved overall resources limit the Board shall, as indicated in the attached Annex A on delegations, have agreed delegated authority to spend on any individual capital project or acquisition. Beyond that delegated limit, the NIO's prior authority must be obtained before expenditure on an individual project or acquisition is incurred.

5.2. Transfer of funds within budgets

- 5.2.1. Unless financial provision is subject to specific Departmental or Treasury controls e.g. where provision is ring-fenced for specific purposes, transfers between budgets within the total capital budget, or between budgets within the total revenue budget, do not need NIO approval. However, transfers from revenue budgets to capital budgets require NIO approval. Transfers from near-cash to non-cash also require NIO approval. Transfers from non-cash to near cash require HMT approval. Transfers from capital to resource budgets are not allowed.

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

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

5.4. Grant or loan schemes

- 5.4.1. Under the provisions of the Probation Board (Northern Ireland) Order 1982 the Board may make payments to any society or body in respect of services rendered by it to make and give effect to schemes for the supervision and assistance of offenders and the prevention of crime.

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

- 5.5.1. Proposals for making gifts or other special payments (including write-offs) outside the delegated limits set out in Annex A of this document must have the prior approval of the NIO.
- 5.5.2. Non pay rewards by management to staff are subject to the requirements of relevant Treasury guidance and the associated Cabinet Office guidance on non-pay rewards.

5.6. Leasing

- 5.6.1. Prior Departmental approval must be secured for all property and finance leases. The Board must have capital DEL provision for finance leases and other transactions which are in substance borrowing.
- 5.6.2. Before entering into any lease (including an operating lease) the Board shall demonstrate that the lease offers better value for money than purchase.

5.7. Public/Private Partnerships

5.7.1. The Board shall seek opportunities to enter into Public/Private Partnerships where this would be more affordable and offer better value for money than conventional procurement. Where cash flow projections may result in delegated spending authority being breached the Board shall consult the NIO.

5.7.2. Any partnership controlled by the Board shall be treated as part of the Board in accordance with UK GAAP and consolidated with it [subject to any particular treatment required by UK GAAP]. Where the judgment over the level of control is a close one the NIO will consult the Treasury (who may need to consult with the Office of National Statistics over national accounts treatment).

5.8. Subsidiary companies and joint ventures

5.8.1. The Board shall not establish subsidiary companies or joint ventures without the express approval of the NIO. In judging such proposals the NIO will have regard to the NIO's wider strategic aims objective and current Public Service Agreement.

5.8.2. Any subsidiary company or joint venture controlled or owned by the Board shall be consolidated with it in accordance with UK GAAP for public expenditure accounts purposes [subject to any particular treatment required by UK GAAP]. Where the judgment over the level of control is a close one the NIO will consult the Treasury (who may need to consult with the Office of National Statistics over national accounts treatment). Unless specifically agreed with the NIO and the Treasury, such subsidiary companies or joint ventures shall be subject to the controls and requirements set out in this management statement and financial memorandum, and to the further provisions set out in supporting documentation.

5.9. Financial investments

5.9.1. The Board shall not make any investments in traded financial instruments without the prior written approval of the NIO, nor shall it aim to build up cash balances or net assets in excess of what is required for operational purposes. Equity shares in ventures which further the objectives of the Board shall equally be subject to NIO approval unless covered by a specific delegation.

5.10. Unconventional financing

5.10.1. Unless otherwise agreed with the NIO, the Board shall not enter into any unconventional financing arrangement.

5.11. Insurance

5.11.1. PBNI shall not take out any insurance without the prior approval of the department, other than third-party insurance required by the Road Traffic Acts and any other insurance which is a statutory obligation or which is permitted in Annex 4.5 of Managing Public Money.

5.11.2. Under Article 10 (1) a member of the staff of the Board shall not be personally liable in respect of any act done by him/her in the execution of any statutory provision relating to a function of the Board and within the scope of his/her employment if he/she acted reasonably and in the honest belief that his/her duty under the statutory provision required or empowered him/her to do it; but nothing in this paragraph shall be construed as relieving the Board of any liability in respect of acts of members of its staff.

5.11.3. Where an action is brought against a member of staff of the Board in respect of an act done by him/her in the execution or purported execution of any such statutory provision and the circumstances are such that he/she is not legally entitled to require the Board to indemnify him/her, the Board may, with the approval of the Secretary of State, nevertheless indemnify him/her against the whole part of any damages or costs which he/she may have been ordered to pay or may have incurred, if the Board is satisfied that he/she honestly believed that the act complained of was within the scope of his/her employment and that his/her duty under the statutory provision required him/her to do it.

6. MANAGEMENT AND DISPOSAL OF FIXED ASSETS

6.1. Register of assets

6.1.1. The Board shall maintain an accurate and up-to-date register of its fixed assets.

6.2. Disposal of assets

6.2.1. The Board shall dispose of assets which are surplus to its requirements. Assets shall be sold for best price, taking into account any costs of sale. High value assets shall be sold by auction or competitive tender [unless otherwise agreed by the NIO], and in accordance with Annex 4.8 of Managing Public Money.

6.2.2. The Board may normally retain receipts derived from the sale of assets provided that:

the NIO and the Treasury are content for the Board to retain these receipts;

they are used to finance other capital spending;

the NIO receives prior notification of individual sales;

total sales in any financial year do not exceed a specified limit (normally 3 per cent of the Board's grant-in-aid – see PES(98)5).

- 6.2.3. If, notwithstanding the above, the Board disposes of assets which have been purchased, improved or developed with Exchequer funds and the receipts amount to more than £1 million, or where the disposal has unusual features of which Parliament should be aware, Parliamentary approval shall be secured for the receipts to be reinvested. The receipts shall therefore be surrendered to the NIO, which shall then submit an Estimate seeking approval for the receipts to be appropriated in aid by the NIO and for a corresponding increase in the Board's grant-in-aid. If the proposed new investment exceeds the Board's relevant delegated authority the NIO's approval will be needed. If the proposed new investment is novel or contentious the Treasury's approval will be also needed.
- 6.2.4. If the criteria in paragraph 6.2.2 above are not met, any receipts shall be dealt with in line with the rules on surplus in-year receipts (paragraph 3.6.2 above).

6.3. Recovery of grant-financed assets

- 6.3.1. Where the Board has financed expenditure on capital assets by a third party, the Board shall make appropriate arrangements to ensure that any such assets above £10k are not disposed of by the third party without the Board's prior consent.
- 6.3.2. The Board shall therefore ensure that such conditions are sufficient to secure the repayment of the Exchequer's due share of the proceeds of the sale, in order that funds may be surrendered to the NIO.
- 6.3.3. The Board shall ensure that if the assets created by grants made by the Board cease to be used by the recipient of the grant for the intended purpose, a proper proportion of the value of the asset shall be repaid to the Board for surrender to the Department. The amounts recoverable under the procedures in paragraphs 6.3.1 to 6.3.3 shall be calculated by reference to the best possible value of the asset and in proportion to the Exchequer's original investment(s) in the asset.

7. BUDGETING PROCEDURES

7.1. Setting the annual budget

- 7.1.1. Each year, in the light of decisions by the NIO on the Board's draft Business Plan, the NIO will issue:
- a formal statement of the annual budgetary provision allocated by the Department in the light of competing priorities across the Department and of any forecast income approved by the Department;

and

- inform the board of relevant Government policy in a timely manner

7.1.2. The Board's approved annual business plan will take account both of its approved funding provision and of any forecast receipts and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any Departmental funding and/or other income over the year. These elements will form part of the approved business plan for the year in question.

7.1.3. Any grant-in-aid provided by the NIO for the year in question will be voted in the NIO's Estimate and will be subject to Parliamentary control.

7.2. General conditions for authority to spend

7.2.1. Once the Board's budget has been approved by the NIO, the Board shall have authority to incur expenditure approved in the budget without further reference to the NIO, on the following conditions:

- the Board shall comply with the delegations set out in Appendix A of this document. These delegations shall not be altered without the prior agreement of the NIO;
- the Board shall comply with the conditions set out in paragraph 2.6 above regarding novel, contentious or repercussive proposals;
- inclusion of any planned and approved expenditure in the Board's budget shall not remove the need to seek formal NIO approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed;
- the Board shall provide the NIO with such information about its operations, performance individual projects or other expenditure as the NIO may reasonably require.

7.3. Providing monitoring information to the NIO

7.3.1. The Board shall provide the NIO with, as a minimum, information on a monthly basis which will enable the satisfactory monitoring by the NIO of:

- the Board's cash management;
- its draw-down of any grant-in-aid;
- forecast outturn by resource headings together with variance analysis;

- other data required for the Government Expenditure Monitoring Systems.

8. BANKING

8.1. Banking arrangements

8.1.1. The Board's Accounting Officer is responsible for ensuring that the Board's banking arrangements are in accordance with the requirements of Managing Public Money and the Treasury guidance document Departmental Banking: a Manual for Government Departments. In particular he/she shall ensure that the arrangements safeguard public funds and are carried out efficiently, economically and effectively.

8.1.2. He/she shall therefore ensure that:

- these arrangements are suitably structured and represent value-for-money, and are reviewed at least every two years, with a comprehensive review, usually leading to competitive tendering, at least every three to five years;
- sufficient information about banking arrangements is supplied to the NIO's Accounting Officer to enable the latter to satisfy his/her own responsibilities (See the Management Statement);
- the Board's banking arrangements shall be kept separate and distinct from those of any other person, Board or organisation;
- adequate records are maintained of payments and receipts and adequate facilities are available for the secure storage of cash.

9. COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE

9.1. Relevant documents

The Board shall comply with the law and the following general guidance documents:

This document (both the management statement and the financial memorandum);

Managing Public Money, including in particular Chapter 3 setting out the responsibilities of Accounting Officers;

Non-Departmental Public Bodies - a Guide for Departments (the “NDPB Guide”), issued by the Cabinet Office;

Government Internal Audit Standards, issued by the Treasury;

Managing the Risk of Fraud, issued by the Treasury;

Executive NDPBs - Annual Reports and Accounts Guidance, issued by the Treasury;

the Fees and Charges Guide, issued by the Treasury;

Departmental Banking: A Manual for Government Departments, issued by the Treasury;

relevant Dear Accounting Officer letters;

Regularity and Propriety, issued by the Treasury;

the Consolidation Officer Memorandum, issued by the Treasury;

relevant Dear Consolidation Officer letters;

other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts;

other relevant instructions and guidance issued by the central Departments;

specific instructions and guidance issued by the sponsor Department;

recommendations made by the Public Accounts Committee, or by other Parliamentary authority, which have been accepted by the Government and which are relevant to PBNI.

10. REVIEW OF FINANCIAL MEMORANDUM

- 10.1. This financial memorandum will normally be reviewed at least every four years or following a review of the Board's functions as provided for in the management statement.
- 10.2. The Treasury will be consulted on any significant variation proposed to this financial memorandum and the associated management statement.

ANNEX A

DELEGATED AUTHORITIES BETWEEN NIO AND THE PROBATION BOARD FOR NORTHERN IRELAND

The Board has the following delegations on expenditure. The exercise of all financial delegation is subject to the provisos that:

- it does not cover novel or contentious issues;
- adequate financial provision and budgetary authority exists to cover the proposed expenditure; and
- the amount indicated represents the limit of authority in individual cases unless otherwise stated.
- The NIO should be consulted about any cases where doubt exists as to whether these delegated authorities apply.

Unexpended Balance

At the end of a financial year any unexpended balance of the sums received from the Department may be carried forward to the next financial year up to a limit of £200,000. Any other unexpended grant-in-aid will be returned to the Department.

Note: The amount indicated in the table below represents the limit of the authority in individual cases unless otherwise stated. None of the following overrules the requirement to seek NIO approval for any matter which might be deemed novel or contentious regardless of cost.

Annex A (continued)

DELEGATIONS

RESOURCE CATEGORY	EXTENT OF DELEGATION
Other Revenue Expenditure	
Staff salaries – per single appointment	£150,000
Travel and accommodation	£50,000
Maintenance and repairs	£50,000
Office administration (stationery, telecoms, printing, hospitality)	£50,000
Engagement of consultants, including legal advice. Legal Fees	£50,000 and NIO to be informed of any cases which are likely to attract public interest or which involve new points of principle
Compensation payments for admission claims made under a specific statutory provision or at common law, including claims for personal injury or property damage. Such compensation should only be paid on advice of the Crown solicitor	£10,000
Rent, rates and service charge (for each separate premises)	£100,000
CAPITAL EXPENDITURE	
Capital projects (for each separate project)	£200,000
Purchase of property (for each separate acquisition)	£100,000
ICT (for each separate project)	£50,000
Disposal of assets and application of receipts (for each separate disposal) [subject to Paragraph 6.2]	£100,000
SPECIAL PAYMENTS	
Extra contractual and ex gratia payments	£2,000
Gifts	£100
LOSSES/WRITE OFF	
	£2,000

ANNEX B

STAFFING LEVELS

Financial Year	Headcount Control Total (FTE)	Maximum Staff Cost Budget (£ '000)
2008/09	377	£11,793
2009/10	410	£13,404
2010/11	432	£14,655