CORPORATE GOVERNANCE FRAMEWORK

Department for Regional Development

www.drdni.gov.uk

August 2010

DRD Corporate Governance Framework

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SECTION 1

1. PURPOSE

1.1 This document sets out details of the Department's corporate governance arrangements. It provides information on the arrangements which have been established to ensure proper and effective management of the Department's affairs.

2. DEFINITION

2.1 Corporate Governance is the way in which an organisation is directed and controlled. It defines the distribution of rights and responsibilities among the different stakeholders and participants in the organisation, determines the rules and procedures for making decisions on corporate affairs – including the process through which the organisation's objectives are set – and provides the means of attaining those objectives and monitoring performance.

2.2 This Framework provides an overview of the corporate governance processes and responsibilities within the Department for Regional Development. Nothing in the Framework is intended to disturb the roles and responsibilities of the Minister. The Minister leads the Department and is responsible and accountable to the Assembly for the policies, programmes and actions of the Department. The Departmental Board exists to support the Minister in his leadership and running of the Department.

3. REVIEW

3.1 The Framework is intended to be a living document. It will evolve as the Department's corporate practice develops. It will therefore be kept under continuing review. It will be formally updated at least once a year in the context of the Annual Report of the Departmental Board.

SECTION 2

4. ORGANISATION and STRUCTURES

4.1 The five key organisational structures which support the delivery of corporate governance in the Department are the:

- Departmental Board;
- Departmental Audit Committee;
- Weekly Business Review meeting;
- Sub Committee of the Departmental Board: Relationships with Arm's Length Bodies; and
- Finance Sub-Committee of the Departmental Board.

Departmental Board

4.2 The Departmental Board exists to lead the Department's strategic planning and assist the Permanent Secretary and Principal Accounting Officer in meeting their corporate governance responsibilities for the Department. The Board operates within guidelines set out in HM Treasury's *Code of Good Practice on Corporate Governance in Central Government Departments*. The Board's Terms of Reference – which set out the functions, aim and responsibilities of the Board and its membership – are at Annex A.

4.3 The Board provides corporate leadership to the organisation as a whole, takes responsibility for the Department's performance, provides support for the head of the Department and provides advice to the Minister. The Board is chaired by the Permanent Secretary of the Department. The Deputy Secretary for Regional Planning and Transportation, the Senior Finance Director, the Chief Executive of Roads Service and the Director of Human Resources and Organisational Change are Executive members of the Board. There are also two non-executive Independent Board Members (IBMs).

4.4 The Board operates as a collegiate forum, under the leadership of the Permanent Secretary, to manage the running of the Department. It is not the principal policy making body within the Department, as policy is determined by the Minister. The Board does discuss policy in the context of analysing options, strategic planning and operational management. In the policy area, the Board operates in an advisory and consultative capacity, offering guidance when sought. It does not usually direct any of

its members on how their business areas should be run; day-to-day operational matters are the responsibility of the Senior Finance Director, the Deputy Secretary for Regional Planning and Transportation, the Chief Executive of Roads Service.

4.5 The Senior Finance Director, the Deputy Secretary for Regional Planning and Transportation, and the Chief Executive of Roads Service:

- are the main policy advisors to the Minister for his/her area of responsibility, subject to the overall direction of the Permanent Secretary;
- participate in the high-level corporate decision-making process as a member of the Departmental Board;
- contribute to corporate governance arrangements within the Department; and
- provide support for the Permanent Secretary.

4.6 The organisational structure of the Department is set out at Annex B. An illustrative work programme for the Board, which is developed on a rolling basis, is set out at Annex C.

4.7 The objective of the Board is to provide collective leadership for the Department and to:

- take forward the Department's strategic aims and objectives;
- determine the strategic allocation of the Department's financial and human resources to achieve those aims and objectives;
- strategically manage overall departmental resources, and monitor and take action to ensure the achievement of objectives;
- set the Department's standards and values;
- maintain an effective system of internal control;
- assess and manage strategic risk; and
- lead and oversee organisational development, encouraging innovation and, where appropriate enterprise, to enhance the Department's capacity to discharge its functions efficiently and effectively.

4.8 In order to achieve these objectives, a formal schedule of matters reserved for Board decision – that is, those which should not be delegated within the Department – is maintained. This covers decision-making in relation to the following matters:

- setting the strategic direction for the Department through the corporate plans and business plans to achieve Ministerial objectives.
- financial planning and management, including allocation of resources to match delivery requirements and in-year monitoring and management of expenditure.
- monitoring departmental performance against objectives and targets and assessing the risks to delivery.
- risk management policies and plans, including the identification and management of strategic risks to the achievement of objectives and priorities.
- HR strategy and the effective organisation and use of staff to achieve Ministerial objectives and priorities, including managing attendance.
- departmental change and improvement programmes.
- corporate governance arrangements within the Department and with our arm's length bodies.

4.9 The Board is supported by a secretariat, located within the Resources and Management Services Core Group. The secretariat is responsible for ensuring compliance with Board procedures and maintenance of a Register of Interests for the Board. An agenda and papers are circulated in advance of each meeting and a record of meetings is circulated to Board members, and posted on the Department's web site. The secretariat will prepare an induction pack and programme for new members. A copy of the Board's Standing Orders is attached at Annex D.

4.10 The Board's performance is reviewed annually, and an Annual Report is prepared which summarises the Board's activities and arrangements.

Audit Committee

4.11 The Board is supported in its role by the Audit Committee, which is a sub-committee of the Board with no executive powers. The role of the Audit Committee is to support the Board in its responsibilities for issues of risk

control and governance by reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances. The Audit Committee's Terms of reference are set out at Annex E.

Sub Committee of the Departmental Board: Relationships with Arm's Length Bodies

4.12 The Board established a sub-committee on Relationships with Arm's Length Bodies (ALBs) in October 2008. ALBs have their own corporate governance arrangements with Boards which have Executive and non-Executive members. The Department's Board ensures that there are robust governance arrangements with each ALB Board in order to promote high performance and safeguard propriety and regularity.
The role of the Sub Committee is to review and drive improvements in the Department's governance and assurance framework and practices in its relationships with ALBs and to report recommendations to the Departmental Board. It will additionally act as a forum for the promotion of best practice and sharing of experience amongst those sponsor divisions in the Department who engage with ALBs. The Sub-Committee is chaired by an Independent Board member. Members include the Senior Finance Director, the Deputy Secretary for Regional Planning and Transportation, the Director of Finance, the Director of the Shareholder Unit, the Director of Public Transport Performance Division, the Director of Ports and Public Transport Division, the Head of Internal Audit, the Head of Strategic Planning Branch and two Independent Board members. The Sub Committee's Terms of reference are set out at Annex G.

Finance Sub-Committee of the Departmental Board

4.13 The Board established a Finance Sub-Committee in November 2008. The aim of this Sub-Committee is to discuss and consider key strategic finance issues impacting on the Department and through this process to assist and enhance strategic financial management and financial decision making. The Sub-Committee is chaired by the Permanent Secretary with the Senior Finance Director as deputy-Chair. Members include an Independent Board member, the Director of Finance-Core, the Director of Finance-Roads Service, the Director of Human Resources and Organisational Change, the Director of Public Transport Performance Division and the Head of Financial Planning. The Terms of Reference of the Sub-Committee are set out at Annex H.

Weekly Business Review

4.14 The Weekly Business Review (WBR) is the regular meeting of senior management to discuss ongoing operational issues, including forthcoming

Executive and Assembly business. It is chaired by the Permanent Secretary and membership comprises the Deputy Secretary for Regional Planning and Transportation, the Senior Finance Director, the Chief Executive of Roads Service, the Head of North South, Equality, Policy Coordination Directorate, the Principal Information Officer, and the Minister's Private Secretary.

5. ROLES AND RESPONSIBILITIES

Permanent Secretary

5.1 The Permanent Secretary is the Minister's principal advisor across the full range of his/her Ministerial responsibilities. In terms of the Department's corporate governance arrangements, the Permanent Secretary acts as Head of the Department and chair of the Departmental Board. The Permanent Secretary is also the Principal Accounting Officer for the Department. The Chief Executive of the Roads Service is an Agency Accounting Officer.

5.2 As Chairman of the Board, the Permanent Secretary is responsible for:

- ensuring the Board fulfils its responsibilities;
- ensuring that the business of Board meetings is conducted efficiently and effectively, that there is open debate and that all views are heard;
- summing up Board debates and seeking agreed decisions; and
- controlling the order of Board meetings.

Accounting Officer

5.3 As Accounting Officer, the Permanent Secretary is responsible for ensuring that:

- a sound system of internal control is maintained in the Department to support the achievement of its policies and objectives, and that the effectiveness of this system is reviewed regularly;
- public funds assigned to the Department are managed with propriety and duly safeguarded;
- departmental assets are controlled and safeguarded, and that there are appropriate checks;

- the departmental accounts are properly presented as prescribed by HM Treasury;
- the correct financial procedures are followed and accounting records maintained in a format suitable for management and in the form prescribed for published accounts;
- all relevant financial considerations are taken into account, and where necessary brought to the Minister's attention, when considering policy proposals relating to expenditure or income;
- the impact of the Department's activities on others is properly identified and, where appropriate, taken into account; and
- the Statement on Internal Control is signed.

Executive Board Members

5.4 The business of the Department is managed by Executive Board Members acting as a Board. In the Department those appointed are the:

- Deputy Secretary for Regional Planning and Transportation;
- Senior Finance Director;
- Chief Executive of Roads Service; and
- Director of Human Resources and Organisational Change.

5.5 In their role as Executive Board members, they are responsible for the development of strategy and for supporting the delivery of that strategy. This includes taking steps to ensure that the business is prioritised and decisions implemented in accordance with the objectives set by the Board. The roles and responsibilities of each Executive Board member have been agreed with the Permanent Secretary and are outlined in the organisation chart at Annex B.

Independent Board Members

5.6 The Department has two non-executive Independent Board Members. Their role is to provide strategic advice to the Board, contribute to decision-making and support the good corporate governance of the Department. The role of the Independent Board Members is to provide:

- constructive challenge across the Board's business;

- a fresh, objective perspective and new ideas;
- improve rigour to Board processes;
- specific expertise and experience;
- a safe sounding board for new approaches; and
- a balance to the mix of skills and personalities on the Board.

5.7 The Independent Board members should ensure all aspects of strategy and delivery of policy are scrutinised for effectiveness and efficiency. In particular, the non-executive board members should:

- be involved in the monitoring of performance and progress of the Department, including the use of human and financial resources;

- maintain a critical overview of the Department's financial controls and procedures for assessing and managing risk, drawing on their wider experience; and

- depending on the responsibilities of the Department, challenge the quality of the policy formulation process.

All Board members are required to adhere to the Seven Principles of Public Life which are set out at Annex F.

6. INTERNAL CONTROL AND RISK MANAGEMENT

6.1 At the end of each financial year the Department's Annual Report and Accounts is laid before the Northern Ireland Assembly in accordance with section 10(4) of the Government Resources and Accounts Act (Northern Ireland) 2001. On approval, the Annual Report and Accounts is published under the Copyright Act 1911 and made available on the Department's website.

Statement on Internal Control

6.2 As part of the Annual Report and Accounts the Accounting Officer is required to sign a Statement on Internal Control. An effective governance framework including a risk management process involving a systematic approach to the evaluation and control of risk is required to support this.

Internal Audit

6.3 The Accounting Officer and the Board are independently advised by an internal audit service operating in accordance with Government Internal Audit Standards. The primary objective of Internal Audit is to provide the Accounting Officer and the Board with an independent and objective opinion on risk management, control and governance, by measuring and

evaluating their effectiveness in achieving the Department's agreed objectives.

Risk Management

6.4 To assist in the process of identifying and managing risk, the Department has developed a Risk Management Framework which:

- identifies the Department's high level risks; and
- analyses the risks that attach to each of the targets and outputs in the current DRD Business Plan.

It also identifies the Board Level Risk Owner (BLRO) for each of these risks and reinforces the inextricable link between risk management and the business planning process. The Corporate Risk Register is endorsed by the Accounting Officer and Departmental Board and is subject to monthly monitoring and quarterly review and revision, including lessons learned from the previous reporting period.

6.5 The following key principles underpin the Department's approach to risk management:

- the Departmental Board, chaired by the Permanent Secretary, has overall responsibility for risk management within the Department;
- key risks are identified against the Department's business objectives as an integral part of the business planning process;
- each risk is assigned to the appropriate Executive Board member who is responsible for ensuring that controls are in place at all levels to manage the risk;
- all new business activities are assessed for key risks and controls put in place;
- the Departmental Board monitor the Corporate Risk Register on a monthly basis, updating risk status and adding newly identified risks; and
- progress on the management of risks is reported quarterly to the Departmental Board.

Assurance Statements

6.6 Another key element of the system of internal control is the 'Assurance Statement' process. This process requires each Grade 7, Grade 6 and Director to provide quarterly assurance statements as a basis for the authorisation, by the Accounting Officer, of the annual *"Statement on Internal Control*".

6.7 *Departmental Whistle blowing Procedures*

The Department has Whistle blowing Procedures to ensure that concerns about potential malpractice and unethical behaviour can be raised appropriately and in line with best practice. The Department takes these issues very seriously and is committed to the highest possible standards of openness, probity and accountability. The procedures ensure that staff can raise concerns quickly, and in confidence, and that managers are aware of how to handle such concerns. Staff can access the procedures through the Personnel Division website and the DRD Today homepage.

Other Processes

6.8 There are also a number of other processes which contribute to corporate governance:

- a series of risk registers at Agency/Core Group, Functional Area/Division level which underpin the Corporate Risk Register;
- the corporate and business planning process and associated monitoring and reporting process;
- the Performance Management System for reviewing and assessing the performance of individual members of staff;
- personnel policies designed to ensure the Department complies with employment law and has the appropriate numbers of staff with suitable skills to meet its objectives;
- Budgets & Priorities setting and In-Year Monitoring processes;
- the Departmental Anti-Fraud Policy which details responsibilities regarding the prevention of fraud and a Response Plan, which specifies the procedures to be followed in the event of a fraud being detected or suspected. Both documents relate to fraud and loss within the Department and its sponsored bodies;

- Annual Business Area Security Returns, which form the basis of the Annual Departmental Security Report; and

- Assurance statements from NIW and NITHCo.

Annex A

DRD DEPARTMENTAL BOARD (DB)

TERMS OF REFERENCE AND OBJECTIVES

Purpose

1. The Departmental Board (DB) supports the head of the Department by contributing to the corporate management of the Department within the strategic policy and resources framework set by Ministers.

2. The board exercises this function in a manner consistent with the responsibilities placed on the head of the Department by the Accounting Officer Memorandum and by the departmental Minister, as set out in the Code of Good Practice on Corporate Governance in Central Government.

Objectives

3. The objective of the DB is to provide collective leadership and:

- take forward the Department's strategic aims and objectives;
- determine the strategic allocation of its financial and human resources to achieve those aims;
- strategically manage overall departmental resources, and monitor and take action to ensure the achievement of objectives;
- set the Department's standards and values;

- maintain a transparent system of prudent and effective controls (including internal controls);
- assess and manage strategic risk; and
- lead and oversee organisational development, encouraging innovation and, where appropriate enterprise, to enhance the Department's capacity to discharge its functions efficiently and effectively.

Membership

4. DB is chaired by the Permanent Secretary of the Department who is responsible for the appointment of all the board members and the appraisal of their performance. Membership is normally determined on an ex officio basis and appraisal of these members will be carried out through the Performance Management system.

5. Membership will normally comprise the Chief Executive of the Roads Service, the Senior Finance Director, the Deputy Secretary for Regional Planning and Transportation, the Director of Human Resources and Organisational Change and two independent board members (IBMs) whose selection will be ratified by the board as a whole and approved by the Minister.

6. Other staff or individuals may attend the board on occasion, by invitation, as deputies, observers or to present a paper.

7. The overall membership and composition of the board will be reviewed as part of the annual evaluation, initially through self-assessment of board

performance. The IBMs will be considered for reappointment after two years with the possibility of one extension.

8. All new members will receive appropriate induction in the board's responsibilities and procedures.

Members' Responsibilities

9. Members should attend board meetings and committee meetings regularly, attend events when required and contribute to discussions. Decisions should be taken both corporately and objectively, acting in the public interest in keeping with the Nolan principles of public life.

10. Members should record in the register of interests any issues on which they might have a conflict of interest. The board as a whole should consider how matters on which a member may have a conflict of interest will be handled.

11. Where members have concerns about the running of the Department or a proposed action which cannot be resolved, they should ensure that these are recorded in the minutes.

Operation

12. DB will meet monthly, between 10 –12 times each year, to deal with corporate management issues. It will agree, annually, a formal schedule of matters reserved for board decision, i.e. those which should not be delegated within the Department. This will cover the activities of the Department and include reports on:

- the Department's annual Budget submission and issues flowing from it (subject to ministerial determination);
- monthly management accounting information relating to the actual use of financial resources as well as periodic in-year forecasts of the expected outturn against financial budgets of resource and capital expenditure and of income. Salient balance sheet information will also be provided periodically in year;
- quarterly reports on human resource issues, including managing attendance;
- Human Resource management systems and processes (insofar as those are not prescribed at NICS level);
- legislative priorities (subject to ministerial determination);
- progress in relation to outputs and outcomes (performance targets);
- the identification and management of risk; and
- governance arrangements with NITHC and NIW.

13. Separate arrangements exist for the monthly monitoring of NITHC; significant matters arising from these reviews will be brought to the attention of the board on an exception basis.

14. DRD's Shareholder Unit will engage with NIW on strategic and shareholder matters - this interaction will be driven by monthly performance reporting and quarterly shareholder meetings. The

Permanent Secretary as Accounting Officer holds ultimate responsibility for DRD's shareholding in NIW but will report significant matters to the board - for information.

Committees

15. An Audit Committee will operate in accordance with DFP or HMT guidance. The Committee should be chaired by an IBM, with at least one committee member having recent and relevant financial experience.

Sub-Committees

16. The board may delegate other matters for consideration to sub-committees, chaired by a board member. The board should consider formally the work and decisions of such committees.

17. The Board has established two sub-committees as follows:

(i) Sub-Committee on Relationships with Arm's Length Bodies (ALBs)

- The aims of this Sub-Committee are to:
  a) improve the Department's framework for governance, and oversight of, its ALBs; and to
  b) scrutinise and provide assurance about the practice of Sponsor Divisions in overseeing and managing relationships with the Department's ALBs.
- The Terms of Reference for this Sub-Committee are at Annex G.

(ii) Sub-Committee on Finance

- The aim of this Sub-Committee is to:
  a) discuss and consider significant finance issues impacting on the Department and through this process to assist and enhance

strategic financial management and financial decision making; and

b) The Sub-Committee will be responsible and accountable at all times and in all decisions to the Board as a whole.

- The Terms of Reference for this Sub-Committee are at Annex H.

Secretariat

18. CMB will provide a board secretariat which is responsible for ensuring compliance with board procedures and maintenance of a register of interests. An agenda and papers will be circulated one week in advance and a summary of Board outcomes will be circulated to staff within three working days of the meeting. The formal minutes will be posted on the Department's web site within three working days of the following board meeting. The secretariat will prepare an induction pack and programme for new members. The pack for independent board members should contain details of the Department and the Government environment as a whole.

Annual Report

19. The Department will report annually on how the board operated, including a high level statement of which types of decision are to be taken by the board and which may be delegated. The report should also cover the work of the audit committee and any other associated committees. It should include details of the overall arrangements in place for promoting sound working relationships with the Department's ALBs. It should identify each IBM the Department considers to be independent and their level of

remuneration. Reasons will be given if relationships and circumstances appear to call such independence into question. This report will form part of the material accompanying the annual report and resource accounts.

Annual Evaluation

20. DB will undertake an annual evaluation of its performance. Every two years it will formally consider its remit, constitution and operating procedures. Membership will be reviewed annually in relation to the balance of skills, training needs, succession management and talent development.

ANNEX B

Department for
Regional
Development
SENIOR STAFF STRUCTURE
Effective from: 19 August 2010
Minister
Conor Murphy, MP
MLA
Permanent
Secretary
Dr Malcolm McKibbin
Deputy Secretary
Doreen Brown
Regional Planning and
Transportation
Road Service
Geoff Allister
Chief Executive
Deputy Secretary
Lian Patterson
Senior Finance Director
Resources and
Management Services
Brian White
Director of
Ports & Public
Transport
Division
Ciaran Doran
Director of
Public
Transport
Performance
Jenny Pyper
Director of
Regional
Planning &
Transportation
Division
Ciarán de
Búrca
Director of
Rapid Transit
Division
Tom Reid
Director of
Transportation
Policy Division
Michaela Glass
Director of
Corporate
Services
Bob Cairns
Director of
Engineering
John White
Director of
Strategic
Programmes
John McNeill
Director of
Finance
Andrew Murray
Director of
Network
Services
Barry Jordan
Director of
Human
Resources
and
Organisational
Change
Nigel
McCormick
Finance
Director
Gary Fair
Director of the
Shareholder
Unit
John Mills
Director of
Water Policy
Division
Brendan Devlin
Head of
North South,
Equality, Policy
Co-ordination
Directorate
Linda Drysdale
Head
of
Internal Audit
Stephen
Murphy
Central
Claims Unit

ANNEX C

DRD DEPARTMENTAL BOARD
ILLUSTRATIVE WORK PROGRAMME AND
LIST OF SUB COMMITTEE MEETINGS*
January 2010 - December 2010
Schedule of Papers to be submitted to the Board

Date of Meeting	Paper	Papers to CMB
12 January	- Monthly Finance Business: including paper on financial management - Review of Board Effectiveness Report - Preparation of a Clarence Court Workplace Travel Plan - DAC Chairman's report (CP) - FOI quarterly report (CP) - Quarterly Equality Report (CP) - Training and Development Unit - Report on the Way Forward (verbal update)	***4 January***
18 January	- Review of first draft of Corporate and Business Plan 2010/11 - Business Planning Workshop (the Mount, Belfast) – full day	
21 January	- Finance Sub Committee meeting	
25 January	- SCS Strategic Planning Day	
26 January	- Relationships with ALBs Sub Committee	

Date of Meeting	Paper	Papers to CMB
2 February	- Monthly Finance Business - Update on all 3Cs projects (CPs) - PSA/Business Plan 3rd Quarter report - 2nd Draft Business Plan [SPB to issue paper late] - Corporate Risk Register 2010-11 - Roads Service 2012 Update - Q3 Corporate Governance Report - Presentation by Ernst and Young re Internal Audit and Risk Management Functional Performance Assessment - ALB sub committee report - NI Direct	***21 & 25 January***
2 March	- Monthly Finance Business - Finance Sub Committee Report - NITHC/Translink Corporate Plan - Final Draft Business Plan 2010-11 - Draft Corporate Risk Register - Progress Report on PAC Report – "Road Openings by Utilities" - Quarterly HROC Report - Update on Data Security (CP) - Update on Organisational Change Programme - Update on Corporate Reform/RPA - Physical Security Review (CP)	***18 & 22 February***
18 March	- Relationships with ALBs Sub Committee	
23 March	- Finance Sub Committee meeting	
30 March	- Departmental Management Conference	
13 April	- Presentation on Internal Audit and Risk Management Functional Performance Assessment - Monthly Finance Business - Finance Sub Committee Report - Carbon Reduction Commitment Energy Efficiency Scheme	***23 & 29 March***

Date of Meeting	Paper	Papers to CMB
	- Organisation Change Branch Created Structure and Remit - Corporate Risk Register - Revised CPANI Code of Practice for Ministerial Appointments in NI - FOI quarterly report (CP) - Quarterly Equality Report (CP)	
22 April	- DAC	
4 May	- Monthly Finance Business - Corporate Risk Register - Waste Audit and Pilot Environment Management Systems for DRD - Annual Report of the Departmental Board and Audit Committee 2009-10 - Roads Service 2012 Update - ALB Sub Committee Report - Final Quarter 2009-10 Corporate Governance Report - Report on Communications Unit - Legislation Update (CP) - DAC Chairman's Report (CP)	***21 & 26 April***
25 May	- Special Meeting of the DAC	
1 June	- Monthly Finance Business - Financial Planning and update on Strategic preparation for next spending review - Finance Sub Committee Report - Corporate Risk Register (Monthly Update) - Quarterly HROC Report - Departmental Training and Development Plan for 2010-11 - Outcome of the PWC Report on NITHC/ Translink Corporate Plan - PSA/Business Plan End Year Report for 2009-10 - Annual Report on DRD Contingency Planning - Gifts and Hospitality Register	

Date of Meeting	Paper	Papers to CMB
	- Use of Consultants Compliance and Financial Reports for 2009-10 - Corporate Social Responsibility Action Plans - Update on RPA	
2 June	- DAC meeting on Accounts	
22 June	- DAC	
6 July	- FOI quarterly report (CP) - Quarterly Equality Report (CP)	
7 September	- Quarterly HROC Report - Physical Security Review (CP) - Quarterly Corporate Governance Report	
21 September	- DAC	
5 October	- FOI quarterly report (CP) - Quarterly Equality Report (CP)	
2 November	- Quarterly Corporate Governance Report	
23 November	- DAC	
7 December	- Quarterly HROC Report - Physical Security Review (CP)	

* Dates of meetings and presentations of papers may be subject to change

ANNEX D

DEPARTMENTAL BOARD – STANDING ORDERS JANUARY 2007

Meetings

- The Board will meet monthly, at least 10 times per year.
- Meetings will usually be held on the first Tuesday of the month, between 1pm and 4pm, in the Ford Room, Clarence Court.

Membership

- The Board members are: the Permanent Secretary (Chair); the Chief Executive of Roads Service; the Senior Finance Director, the Deputy Secretary for Regional Planning and Transportation and the Director of Human Resources and Organisational Change. It will also include two Independent Board Members.
- Other staff or individuals may attend the Board on occasion, by invitation, as deputies, observers, or to present papers.

Secretariat

- Central Management Branch (CMB) will provide the secretariat.
- Papers for discussion at each Board meeting will be commissioned at least two weeks in advance, as determined by the work programme.
- An agenda and papers will be issued to Board members at least one week in advance of each meeting.
- Minutes of Board meetings will be issued to Board members within three days of each meeting. A Summary of Board Outcomes will be circulated to staff within three days. Minutes of meetings will be agreed at the following meeting and published on the internet within three working days.

Review

- An Annual Report on the Board's activity will be prepared as part of the material accompanying the Department's Annual Report and Resource Accounts.

- The Board will also undertake an annual evaluation of its performance and membership. Every two years it will consider its remit, constitution and operating procedures.
- The Minister will be invited to meet the Board regularly as part of a stock take and forward look exercise.

Freedom of Information

- Board Papers are required to include a Freedom of Information (FOI) status to enable the Board Secretary to prepare a FOI schedule of papers. The schedule is tabled at each respective Board meeting and the Board requested to note the content and the Board minutes noted accordingly. The FOI status is then added to the publication scheme.

ANNEX E

DEPARTMENTAL AUDIT COMMITTEE

TERMS OF REFERENCE

April 2010

The Board has established an Audit Committee as a Committee of the Board to support it in its responsibilities for issues of risk control and governance by reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances.

Membership

- The members of the Departmental Audit Committee (DAC) are:
    - Brian Carlin (Independent Board Member) – date of appointment 1 January 2010.
    - Allen McCartney (Independent Board Member) – date of appointment 1 January 2009.
    - Clark Bailie (Independent External Member - NIHE) – date of appointment 1 April 2008.

- The DAC will be chaired by Brian Carlin.

- The DAC will be provided with a secretariat function by Central Management Branch.

Reporting

- The DAC will formally report in writing to the Board and Accounting Officer after each meeting.

- The DAC will provide the Board and Accounting Officer with an Annual Report, timed to support finalisation of the accounts and the Statement on Internal Control, summarising its conclusions from the work it has done during the year.

Responsibilities

The DAC will advise the Departmental Board and Accounting Officer on:

- the strategic processes for risk, control and governance and the Statement on Internal Control;

- the accounting policies, the accounts, and the annual report of the Department, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to external auditors;
- the planned activity and results of both internal and external audit;
- adequacy of management response to issues identified by audit activity, including external audit's management letter (Report on Audit Results);
- assurances relating to the corporate governance requirements for the organisation;
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations; and
- the DAC will also periodically review its own effectiveness and report the results of that review to the Board.

Rights

The DAC may:

- co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience; and
- procure specialist ad hoc advice at the expense of the Department, subject to budgets agreed by the Departmental Board.

Access

The Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chairman of the DAC.

Meetings

- The DAC will meet at least four times a year. The Chairman of the DAC may convene additional meetings, as they deem necessary;
- a minimum of two members of the DAC will be present to be deemed quorate;
- DAC meetings will normally be attended by the Accounting Officer, the Senior Finance Director, the Deputy Secretary for Regional Planning and Transportation and the Chief Executive of Roads Service, the Director of Finance, the Head of Internal Audit, and a representative of External Audit;
- the DAC may ask any other officials of the Department to attend to assist it with its discussions on any particular matter;
- the DAC may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters; and
- the Departmental Board or the Accounting Officer may ask the DAC to convene further meetings to discuss particular issues on which they want the DAC's advice.

Information Requirements

For each meeting the DAC will be provided with:

- A report summarising any significant changes to the Department's Risk Register;
- A progress report from the Head of Internal Audit summarising –
    - Work performed (and a comparison with work planned);
    - Key issues emerging from Internal Audit work;
    - Management response to audit recommendations;
    - Changes to the Periodic Plan;
    - Any resourcing issues affecting the delivery of Internal Audit objectives;
- A progress report from the external audit representative summarising work done and emerging findings.

As and when appropriate the DAC will also be provided with:

- proposals for the Terms of Reference of Internal Audit;
- the Internal Audit Strategy;
- the Head of Internal Audit's Annual Opinion and Report;
- quality assurance reports on the Internal Audit function;
- the draft accounts of the Department;
- the draft Statement on Internal Control;
- a report on any changes to accounting policies;
- External Audit's management letter;
- a report on any proposals to tender for audit functions; and
- a report on co-operation between Internal Audit and external audit.

Register of Interests

Members record in the DAC Register of Interests any issues on which they might have a conflict of interest. The DAC as a whole should consider how matters on which a member may have a conflict of interest will be handled.

17 May 2010

MEMBERSHIP OF THE AUDIT COMMITTEE

Chairman:	***Date of Appointment***
• Brian Carlin, Independent Board Member.	1 January 2010

Members:

• Allen McCartney, Independent Board Member;	1 January 2009
• Clark Bailie, Independent Member	1 April 2008

Other Attendees:

- Malcolm McKibbin, Interim Accounting Officer;
- Lian Patterson, Senior Finance Director;
- Geoff Allister, Chief Executive Roads Service;
- Doreen Brown, Deputy Secretary for Regional Planning and Transportation;
- Nigel McCormick, Director of Finance;
- Jennifer Campbell, Acting Head of Internal Audit; and
- NIAO representatives.

Secretariat:

Secretary: Gabrielle Reilly, CMB

Central Management Branch will provide the secretariat function to the Committee.

AUDIT COMMITTEE COMPETENCY FRAMEWORK

All members of the Audit Committee should have, or acquire as soon as possible after appointment:

- Understanding of the objectives of the organisation and current significant issues for the organisation;
- Understanding of the organisation's structure, including key relationships such as that with a sponsoring Department or a major partner;
- Understanding of the organisation's culture;
- Understanding of any relevant legislation or other rules governing the organisation; and
- Broad understanding of the government environment, particularly accountability structures and current major initiatives.

The Audit Committee should corporately possess:

- Knowledge / skills / experience (as appropriate and required) in:
    - Accounting;
    - Risk Management;
    - Audit; and
    - Technical or specialist issues pertinent to the organisation's business.
- Experience of managing similar sized organisations;
- Understanding of the wider relevant environments in which the organisation operates; and
- Detailed understanding of the government environment and accountability structures.

14 May 2010

ANNEX F

The Seven Principles of Public Life

Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interests.

Leadership

Holders of public office should promote and support these principles by leadership and example.

ANNEX G

SUB-COMMITTEE OF THE DRD DEPARTMENTAL BOARD: RELATIONSHIPS WITH ARM'S LENGTH BODIES

TERMS OF REFERENCE

1. Introduction

The Departmental Board established the "Relationships with Arm's Length Bodies (ALBs) Sub-Committee" in October 2008 to:

(a) improve the Department's framework for governance, and oversight of, its ALBs; and

(b) scrutinise and provide assurance about the practice of Sponsor Divisions in overseeing and managing relationships with the Department's ALBs.

Sponsor Divisions will retain primary responsibility for the daily working relationships with their ALBs, within the governance and assurance framework set by the Departmental Board and this Sub-Committee. The work of the Sub-Committee will seek to enhance the promotion of good governance within the ALBs, and will not detract from the role of the individual ALBs in this regard.

The Sub-Committee will report directly to the Departmental Board at least quarterly. It will also bring any significant issues relating to the regularity and propriety of expenditure and/or value for money to the immediate attention of the Accounting Officer and the Departmental Audit Committee.

2. Role

The Sub-Committee's role is to review and drive improvements in the Department's governance and assurance framework and practices in its relationships with ALBs and to make recommendations to the Departmental Board. It will ensure that arrangements are kept under review, taking into account changing circumstances, best practice and emerging corporate governance requirements. The Sub-Committee will additionally act as a forum for the promotion of best practice and sharing of experience amongst those who are engaged with ALBs.

3. Objectives

(a) to promote and develop a culture of robust governance arrangements with ALBs, paying regard to best practice as set out within '*Managing Public Money'* and other guiding documents;

(b) to regularly review the Department's governance and assurance framework for managing ALBs against best practice and to make recommendations to the Departmental Board of where changes and improvements are needed;

(c) to review the Department's practice in managing ALBs and to make recommendations for improvements to the Departmental Board, including areas where greater consistency or improvements in value for money are needed;

(d) to ensure that recommendations made by the Sub-Committee and approved by the Departmental Board are implemented;

(e) to review the ongoing impact and outcome of changes made to relationships with arms length bodies;

(f) to identify and disseminate best practice to those managing ALBs and to review training needs and their fulfilment;

(g) to review the risks to the Accounting Officer in relation to the Department's governance and assurance framework for managing ALBs and Group level ALB risks; and

(h) to ensure the Department is well-placed to make a positive report within the annual departmental Resource Accounts on the overall arrangements for promoting sound working relationship with ALBs.

4. Membership and Timing

Chair:	Independent Board Member- Allen McCartney
Members:	Deputy Secretary - Senior Finance Director – Lian Patterson
	Deputy Secretary - Regional Planning and Transportation – Doreen Brown
	Independent Board Member – Brian Carlin
	Director of Finance – Nigel McCormick
	Director of Shareholder Unit – Gary Fair
	Director of PTPD – Ciaran Doran
	Director of PPTD – Brian White

Head of Internal Audit – Linda Drysdale
Head of SPB – Stewart Matthews (acting)

Other members may be seconded to the Sub-Committee at any time. Secretariat will be provided by SPB. The Sub-Committee may ask any member of the Department to attend its meetings for specific issues. The Sub-Committee may meet with senior officials and boards of ALBs as appropriate. The Sub-Committee will launch in November 2008. It will meet quarterly, or more frequently if required.

5. ALBs

The Sub-Committee will review the list of ALBs falling within its scope annually. The initial list is set out at Annex G (i) below.

6. Review of Scope

These Terms of Reference will be reviewed after the first six months, and annually thereafter.

14 May 2010

Annex G (i)

ALBs falling within scope of Sub-Committee

- NIW
- NITHCo
- Rural Transport Partnerships
- Door to Door transport providers
- Inclusive Mobility Transport Advisory Committee
- Belfast Port
- Warrenpoint Port
- Londonderry Port
- Coleraine Port

ANNEX H

FINANCE SUB-COMMITTEE OF THE DRD DEPARTMENTAL BOARD

TERMS OF REFERENCE

1. Introduction

The Departmental Board established the "Finance Sub-Committee" in November 2008. The aim of this Sub-Committee is to discuss and consider key strategic finance issues impacting on the Department and through this process to assist and enhance strategic financial management and financial decision making. The Sub-Committee will be responsible and accountable at all times and in all decisions to the Board as a whole.

2. Objectives

(a) to analyse, discuss, and reach agreement on strategic funding issues facing the Department and to bring forward relevant recommendations on key financial strategies and decisions to the Departmental Board and, where appropriate, the Minister for discussion and ratification;

(b) to provide a forum for senior management to discuss cross-cutting financial matters and to recommend courses of action applicable to the Department as a whole, including the allocation of budgets, the submission of monitoring returns to DFP and cost reduction exercises. In exceptional circumstances, such as where timetables do not facilitate Board consideration of monitoring returns, the Sub-Committee will approve the return on behalf of the Board prior to it being submitted to the Minister for approval;

(c) to assist the Principal Accounting Officer and the Roads Service Agency Accounting Officer in judging strategic funding priorities in the face of financial and operational difficulties (being cognisant of both internal and external factors);

(d) to monitor financial performance against targets at a strategic level and advise the Board on action required;

(e) to provide strategic advice to the Finance teams within both the core Department and the Roads Service Agency, particularly in considering cross-cutting financial matters, and to direct and oversee required courses of action;

(f) to ensure a consistent approach to financial management across DRD and to enable standards to be agreed and applied within the Department and its arms length bodies;

(g) to oversee progress on finance projects which are of significant strategic importance and which impact on the Department's ability to meet its targets; and

(h) to enhance the quality, standard and accuracy of financial plans, projections and management within the Department and its arms length bodies.

3. Membership and Timing

The Finance Committee is a Sub-Committee of the Board and will meet a minimum of four times a year, (initially bi-monthly, with additional meetings as required).

The membership structure is as follows:

Chair:	Permanent Secretary – Malcolm McKibbin
Deputy Chair:	Senior Finance Director - Lian Patterson
Members:	Non Executive Director – Allen McCartney
	Director of Finance, Core Dept - Nigel McCormick
	Director of Finance, Roads Service - John McNeill
	Director of Public Transport Performance – Ciaran Doran
	Director of Human Resources and Organisational Change – Barry Jordan
	Head of Financial Planning, DRD - Roger Downey
Secretary:	Finance Directorate – Kelly Coogan

Other members may be seconded onto the Sub-Committee at any time and the Sub-Committee may ask any member of the Department to attend its meetings for specific issues.

The Sub-Committee will commission work from the finance teams in both the core Department and Roads Service, or from sponsor directorates and spending areas as necessary in order to fulfil its remit.

4. Review of Scope

These Terms of Reference will be reviewed after the first six months, and annually thereafter.