



Partnership Agreement Between Department for Communities and Arts Council of Northern Ireland

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Contents

Introduction	5
1. The Partnership Agreement	5
Arts Council Establishment and Purpose	7
2. Statutory Purpose and Strategic Objectives	7
Arts Council Governance Arrangements	9
3. Organisational Status	9
4. Governance Framework	9
5. Arts Council Board	9
6. Audit and Risk Assurance Committee	11
7. Arts Council Chair	11
8. Arts Council Chief Executive	12
Role of the Department for Communities	14
9. Partnership Working with Arts Council	14
10. Lead Official	15
11. Annual Engagement Plan	15
12. Departmental Accounting Officer	16
13. Attendance at Public Accounts Committee	17

Assurance Framework	18
14. Autonomy and Proportionality	18
15. Board Effectiveness	19
16. Board Appraisals	19
17. Internal Audit Assurance	20
18. Externally Audited Annual Report and Accounts	20
Signatories	22
Annex 1 - Applicable Legislation	23
Annex 2 – Annual Engagement Plan	24
Annex 3(i)- Delegations	31
Annex 3(ii)- Pay and Pensions	33
Annex 4 – Illustrative System of Assurance	34
Annex 5 – Concerns/Complaints in respect of Board members	35
Annex 6 - Applicable Guidance	36
Annex 7 – Role of the Minister	37
Annex 8 – Partnerships between Departments and Arm’s Length Bodies: NI Code of Good Practice	38

Introduction

1. The Partnership Agreement

- 1.1. This document sets out the partnership arrangements between the Arts Council of Northern Ireland ('Arts Council') and the Department for Communities ('the Department'). In particular, it explains the overall governance framework within which the Arts Council operates, including the framework through which the necessary assurances are provided to stakeholders. Roles/responsibilities of partners within the overall governance framework are also outlined.
- 1.2. The partnership is based on a mutual understanding of strategic aims and objectives; clear accountability; and a recognition of the distinct roles each party contributes. Underpinning the arrangements are the principles set out in the NI Code of Good Practice 'Partnerships between Departments and Arm's-Length Bodies' which should be read in conjunction with this document. The principles which are laid out the Code are:

Leadership

Partnerships work well when Departments and Arm's Length Bodies demonstrate good leadership to achieve a shared vision and effective delivery of public services. Strong leadership will provide inspiration, instil confidence and trust and empower their respective teams to deliver good outcomes for citizens.

Purpose

Partnerships work well when the purpose, objectives and roles of Arm's Length Bodies and the sponsor department are clear, mutually understood and reviewed on a regular basis. There needs to be absolute clarity about lines of accountability and responsibility between departments and Arm's Length Bodies. In exercising statutory functions Arm's Length Bodies need to have clarity about how their purpose and objectives align with those of departments.

Assurance

Partnerships work well when departments adopt a proportionate approach to assurance, based on Arm's Length Bodies' purpose and a mutual understanding of risk. Arm's Length Bodies should have robust governance arrangements in place and in turn departments should give Arm's Length Bodies the autonomy to deliver effectively. Management information should be what is needed to enable departments and Arm's Length Bodies to provide assurance and assess performance.

Value

Partnerships work well when departments and Arm's Length Bodies share knowledge, skills and experience in order to enhance their impact and delivery. Arm's Length Bodies are able to contribute to policy making and departmental priorities. There is a focus on innovation, and on how departments and Arm's Length Bodies work together to deliver the most effective policies and services for its customers.

Engagement

Partnerships work well when relationships between departments and Arm's Length Bodies are open, honest, constructive and based on trust. There is mutual understanding about each other's objectives and clear expectations about the terms of engagement.

A full copy of the Code can be found at Annex 8.

1.3. This document should also be read in conjunction with guidance on proportionate autonomy which provides an outline of the principles and characteristics for proportionate autonomy. Guidance on proportionate autonomy has been considered in determining the extent of engagement and assurance to be established between the Arts Council and the Department and this is reflected in this agreement.

1.4. The Department and the Arts Council are committed to:

- Working together within distinct roles and responsibilities;
- Maintaining focus on successful delivery of Programme for Government outcomes and Ministerial priorities;
- Maintaining open and honest communication and dialogue;
- Keeping each other informed of any issues and concerns, and of emerging areas of risk;

- Supporting and challenging each other on developing policy and delivery [when developing policy this may cut across more than one department];
- Seeking to resolve issues quickly and constructively; and
- Acting at all times in the public interest and in line with the values of integrity, honesty, objectivity and impartiality.

1.5. The effectiveness of the partnership and the associated Engagement Plan will be reviewed each year by the Department and the Arts Council in order to assess whether the partnership is operating as intended and to identify any emerging issues/opportunities for enhancement. This can be carried out as part of existing governance arrangements. The Partnership Agreement document itself will be reviewed formally¹ at least once every three years to ensure it remains fit for purpose and up-to-date in terms of current governance frameworks. The formal review will be proportionate to the Arts Council's size and overall responsibilities and will be published on the Department's and Arts Council's websites as soon as practicable following completion.

1.6. A copy of this agreement has been placed² in the NI Assembly Library and is available on the Department and the Arts Council websites.

¹ Review will be initiated by the relevant DfC Sponsor team taking account of directions/guidance from DoF and DfC Governance.

² DfC Sponsor team to arrange placing a copy of the agreement in Assembly Library.

Arts Council Establishment and Purpose

2. Statutory Purpose and Strategic Objectives

2.1. The Arts Council is an executive non-departmental public body (NDPB) established on 1 September 1995 by the Arts Council (Northern Ireland) Order 1995 as a body corporate. It is designated in the National Lottery etc. Act 1993, as amended, as the body responsible for the distribution of lottery proceeds for the arts in Northern Ireland. For national accounts purposes the Arts Council is classified to the central government sector.

2.2. The Arts Council statutory functions, duties and powers

(1) The functions of the Arts Council shall be—

- (a) to develop and improve the knowledge, appreciation and practice of the arts;
- (b) to increase public access to, and participation in, the arts;
- (c) to advise the Department and other government departments, district councils and other bodies on matters relating to the arts; and

(d) such other functions as are conferred on the Council by any other statutory provision.

(2) Without prejudice to the generality of paragraph (1), the Arts Council may, for the purposes of those functions—

(a) encourage and assist—

(i) the provision of arts facilities and events; and

(ii) the co-ordination and efficient use of resources for the arts;

(b) provide financial assistance to persons or bodies;

(c) receive donations and make charges for its services;

(d) organise or assist in the organisation of, conferences, seminars and courses of training;

(e) assist the provision of administrative services and training for or by any body providing facilities for, or in connection with, the arts;

(f) provide and manage arts facilities;

(g) print, publish and disseminate information relating to the arts;

- (h) visit other parts of the United Kingdom and other countries;
 - (i) co-operate with other bodies established within the United Kingdom or outside the United Kingdom;
 - (j) carry out, or assist or co-operate with other persons in carrying out, research into and studies concerning matters relating to the arts.
- (3) It shall be the duty of the Arts Council to consult regularly with district councils on the exercise by the Council of its functions.
- (4) In addition, the Arts Council shall make provision for regular consultation with members of district councils on the development of the arts.
- (5) The reference in paragraph (3) to the functions of the Arts Council does not include a reference to national lottery functions.
- 2.3. The Arts Council is not a registered charity.
- 2.4. The Minister for Communities is answerable to the Assembly for the overall performance and delivery of both the Department and the Arts Council.
- 2.5. The Executive's outcome-based approach to delivery recognises the importance of arm's length bodies and departments working collaboratively and together in a joined up approach to improve overall outcomes and results.
- 2.6. To that end there is strategic alignment between the aims, objectives and expected outcomes and results of the Arts Council and the Department.
- 2.7. The strategic aims of the Arts Council are those agreed with the Department and approved by the Minister for Communities in the Arts Council's Corporate Plan and Annual Business Plans, aligned with the Department's aims and the Programme for Government.

Arts Council Governance Arrangements

3. Organisational Status

3.1 Arts Council is a legal entity in its own right, employing its own staff and operating at arm's-length from the Department. As a legal entity it must comply with all associated legislation including legislation relating to its employer status.

4. Governance Framework

- 4.1 Arts Council has an established corporate governance framework which reflects all relevant good practice guidance. The framework includes the governance structures established within Arts Council and the internal control and risk management arrangements in place. This includes its Board and Committee Structure. The Department is satisfied with the framework.
- 4.2 An account of this is included in the Arts Council's annual Governance Statement together with the Arts Council Board's assessment of its compliance with the extant Corporate Governance Code of Good Practice (NI). Any departure from the Corporate Governance Code must be explained in the Governance Statement. The extant Corporate Governance Code of Good Practice (NI) is available on the DoF website.

4.3 The Arts Council is required to follow the principles, rules, guidance and advice in Managing Public Money NI. A list of other applicable guidance and instructions which Arts Council is required to follow is set out in Annex 6. Good governance should also include positive stakeholder engagement, the building of positive relationships and a listening and learning culture.

5. Arts Council Board

- 5.1 The Arts Council is led by a Board all of whom are non-executive members appointed by the Minister for Communities. The appointment process for all Board members complies with the Code of Practice on Public Appointments for Northern Ireland.
- 5.2 As public appointees Board members are office holders rather than employees, therefore they are not subject to employee terms and conditions. Board appraisal arrangements are set out in paras 16.1 and 16.2 and matters for consideration in dealing with concerns/ complaints in respect of Board members are provided in Annex 5.
- 5.3 The Board's operating framework as set out in the Standing Orders, provides further detail on roles and responsibilities and should align closely with this Partnership Agreement.

- 5.4 The purpose of the Arts Council Board is to provide effective leadership and strategic direction to the organisation and to ensure that the policies and priorities set by the Minister for Communities are implemented. It is responsible for ensuring that the organisation has effective and proportionate governance arrangements in place and an internal control framework which allow risks to be effectively identified and managed. The Board will set the culture and values of the organisation and set the tone for the organisation's engagement with stakeholders and customers.
- 5.5 The Board is responsible for holding the Chief Executive to account for the management of the organisation and the delivery of agreed plans and outcomes. The Board should also however support the Chief Executive as appropriate in the exercise of their duties.
- 5.6 Board members act solely in the interests of the Arts Council and must not use the Board as a platform to champion their own interests or pursue personal agendas. They occupy a position of trust and their standards of action and behaviour must be exemplary and in line with the seven principles of public life (Nolan principles). Arts Council has a Board Code of Conduct and there are mechanisms in place to deal with any Board disputes/ conflicts to ensure they do not become wider issues that impact on the effectiveness of the Board.
- A Board Register of Interests is maintained, kept up to date and is publicly available to help provide transparency and promote public confidence in the Arts Council.
- 5.7 Communication and relationships within the Board are underpinned by a spirit of trust and professional respect. The Board recognises that using consensus to avoid conflict or encouraging members to consistently express similar views or consider only a few alternative views does not encourage constructive debate and does not give rise to an effective Board dynamic.
- 5.8 It is for the Board to decide what information it needs, and in what format, for its meetings/effective operation. The minimum information requirements for each Board meeting is set out in the Board Operating Framework. If the Board is not confident that it is being fully informed about the organisation this will be addressed by the Chair of the Board as the Board cannot be effective with out-of-date or only partial knowledge.
- 5.9 In order to fulfil their duties, Board members must undertake initial training, and regular ongoing training and development. Review of Board skills and development will be a key part of the annual review of Board effectiveness.

6. Audit and Risk Assurance Committee

6.1. A further important aspect of Arts Council's governance framework is its Audit and Risk Assurance Committee, established in line with the extant Audit and Risk Assurance Committee Handbook (NI).

6.2 The Audit and Risk Assurance Committee's purpose/role is to support the Accounting Officer and Board on governance issues. In line with the handbook the Audit and Risk Assurance Committees focuses on:

- assurance arrangements over governance; financial reporting; annual reports and accounts, including the Governance Statement; and
- ensuring there is an adequate and effective risk management and assurance framework in place.

6.3 Arts Council and DfC have agreed arrangements in respect of Audit and Risk Assurance Committees which may include:

- Attendance by departmental representatives in an observer capacity at Art Council's Audit and Risk Assurance Committee meetings;
- Access to Arts Council's Audit and Risk Assurance Committee papers and minutes;
- Any input required from Art Council's Audit and Risk Assurance Committee to the Departmental Audit and Risk Assurance Committee.

6.4 Full compliance with the Audit and Risk Assurance Committee Handbook (NI) is an essential requirement. In the event of significant non-compliance with the handbook's five good practice principles (or other non-compliance) discussion will be required with the Department and a full explanation provided in the annual Governance Statement.

6.5 The extant Audit and Risk Assurance Committee Handbook (NI) is available on the DoF website.

7. Arts Council Chair

7.1. The Chair is responsible for setting the agenda and managing the Board to enable collaborative and robust discussion of issues. The Chair's role is to develop and motivate the Board and ensure effective relationships in order that the Board can work collaboratively to reach a consensus on decisions. To achieve this, the Chair should ensure:

- The Board has an appropriate balance of skills appropriate to its business;
- Board members are fully briefed on terms of appointment, duties, rights and responsibilities;
- Board members receive and maintain appropriate training;
- The Minister is advised of Arts Council's needs when board vacancies arise;
- There is a Board Operating Framework in place setting out the roles and responsibilities of the Board in line with relevant guidance;

- There is a code of practice for Board members in place, consistent with relevant guidance.

7.2 The role also requires the establishment of an effective working relationship with the Chief Executive that is simultaneously collaborative and challenging. It is important that the Chair and Chief Executive act in accordance with their distinct roles and responsibilities as laid out in Managing Public Money NI and their appointment letters.

7.3. The Chair has a presence in the organisation and cultivates external relationships which provide useful links for the organisation while being mindful of overstepping boundaries and becoming too involved in day to day operations or executive activities.

8. Arts Council Chief Executive

8.1. The role of the Arts Council Chief Executive is to run Arts Council's business. The Chief Executive is responsible for all executive management matters affecting the organisation and for leadership of the executive management team.

8.2 The Chief Executive is designated as Arts Council's Accounting Officer by the Departmental Accounting Officer (see section 12). As Accounting Officer they are responsible for safeguarding the public funds in their charge and ensuring they are applied only to the purposes for which they were voted and more generally for efficient and economical administration.

8.3 The Chief Executive is accountable to the Board for Arts Council's performance and delivery of outcomes and targets and is responsible for implementing the decisions of the Board and its Committees. The Chief Executive maintains a dialogue with the Chair on the important strategic issues facing the organisation and for proposing Board agendas to the Chair to reflect these. The Chief Executive ensures effective communication with stakeholders and communication on this to the Board. The Chief Executive also ensures that the Chair is alerted to forthcoming complex, contentious or sensitive issues, including risks affecting the organisation.

8.4 The Chief Executive acts as a role model to other executives by exhibiting open support for the Chair and Board members and the contribution they make. The Chair and Chief Executive have agreed how they will work together in practice, understanding and respecting each other's role, including the Chief Executive's responsibility as Accounting Officer.

8.5 Further detail on the role and responsibilities of the Chief Executive are as laid out in Managing Public Money NI and their Accounting Officer appointment letter.

The Chief Executive's role as Principal Officer for Ombudsman Cases

8.6 The Chief Executive is the Principal Officer for handling cases involving the NI Public Sector Ombudsman. The Chief Executive shall advise the Departmental Accounting Officer of any complaints about the Arts Council accepted by the Ombudsman for investigation, and about the proposed response to any subsequent recommendations from the Ombudsman.

The Chief Executive's responsibilities for staffing matters

8.7 The Chief Executive is responsible for the day-to-day management and strategic development of the Arts Council, including the selection, appointment and management of staff. In doing so the Chief Executive will have regard to the principles of economy, efficiency and effectiveness and prudence in the administration of public resources.

8.8 Subject to any specific conditions set by the Department and sufficient budget cover being available to ensure that the creation of any additional posts does not incur forward commitments which will exceed the ability to pay for them, the Chief Executive has the authority to regrade/create posts below Grade 7 (principal) level. At Grade 7 level and above Departmental approval is required to create or to regrade posts.

8.9 The Chief Executive is responsible for employee relations within the Arts Council. The Chief Executive is committed to fostering good employee relations as an important aid to achievement of the Arts Council objectives and will ensure effective communication and consultation with all staff and their recognised trade union representatives.

Role of the Department for Communities

9. Partnership Working with Arts Council

- 9.1. The Department and the Arts Council are part of a total delivery system, within the same Ministerial portfolio. The partnership between the Department and the Arts Council should be open, honest, constructive and based on trust. There is mutual understanding of each other's objectives and clear expectations on the terms of engagement.
- 9.2. In exercising its functions Arts Council has absolute clarity on how its purpose and objectives align with those of the Department. There is also a shared understanding of the risks that may impact on each other and these are reflected in respective Risk Registers.
- 9.3. There is a regular exchange of skills and experience between DfC and Arts Council and where possible joint programme/project delivery boards/arrangements. Arts Council may also be involved as a partner in policy/strategy development and provides advice on policy implementation and the impact of policies in practice.
- 9.4. The Department of Finance (DoF) has established, on behalf of the Assembly, a delegated authority framework³ which sets out the circumstances where prior DoF approval is required before expenditure can be incurred or commitments entered into. The Accounting Officer of DfC has established an internal framework of delegated authority for the Department and its ALBs - **DfC Delegated Authority and Approvals Arrangements** which apply to Arts Council. Other specific approval requirements established in respect of Arts Council are as set out at Annex 3.
- 9.5. Once the Arts Council's budget has been approved by the Minister for Communities and subject to any restrictions imposed by statute Arts Council shall have authority to incur expenditure approved in the budget without further reference to the Department.

³ <https://www.finance-ni.gov.uk/publications/departmental-delegations>

Inclusion of any planned and approved expenditure in the budget shall not however remove the need to seek formal departmental approval where proposed expenditure is outside the delegated limits (as laid out in Annex 3) or is for new schemes not previously agreed. Nor does it negate the need to follow due processes laid out in guidance contained in Managing Public Money NI and Better Business Cases NI.

10. Lead Official

- 10.1. The Department has appointed the Director of Culture as the lead senior official to manage the relationship with Arts Council and ensure effective partnership working. Engagement between the Department and Arts Council will be co-ordinated, collaborative and consistent. A clear sense of collaboration and partnership will be communicated to staff in both the Department and Arts Council in order to promote mutual understanding and support. The Director will be supported by staff within the sponsor branch. Other key contacts within the Department include Finance, Governance and Economist colleagues.
- 10.2. The Director of Culture is the policy lead for the policy area relating to Arts Council's business and has a clear understanding of Arts Council's responsibilities for policy implementation, operational delivery and the relevant audiences/stakeholders involved.

- 10.3. The Director of Culture will ensure that where there are departmental staff changes, time is taken to ensure they have a full understanding of Arts Council's business and challenges.

11. Annual Engagement Plan

- 11.1. The Department and Arts Council will agree an engagement plan before the start of each business year. The Annual Engagement Plan (Annex 2) will set out the timing and nature of engagement between Arts Council and the Department. The engagement plan will be specific to Arts Council and should not stray into operational oversight.
- 11.2. Engagement between the Department's Director of Culture, their teams and Arts Council will be centred on partnership working, understanding of shared risks and working together on business developments that align with policy objectives.
- 11.3. In line with relevant guidance⁴, Arts Council will work in collaboration and partnership with the Department to prepare corporate and business plans. There should be good high level strategic alignment between Departmental and Arts Council plans. Once approved it will be the Board of the Arts Council that primarily holds the Chief Executive to account for delivery and performance. The Department will engage with Arts Council on areas of strategic interest, linking Departmental policy and Arts Council delivery of policy intent.

⁴ Guidance issued by TEO on NICS Work Programme which includes guidance on business planning for an outcomes based PfG/ODP

11.4 The Annual Engagement Plan will also reference the agreed management and financial information to be shared over the course of a year. The aim will be to ensure clear understanding of why information is necessary and how it will be used. Where the same, or similar information is required for internal governance information requirements will be aligned so that a single report can be used for both purposes. In addition, the engagement plan should consider opportunities for learning and development, growth and actions which could help achieve better outcomes.

12. Departmental Accounting Officer

12.1. The Departmental Accounting Officer is accountable to the NI Assembly for the issue of grant in aid to the Arts Council. The Departmental Accounting Officer has designated the Chief Executive of Arts Council as Arts Council's Accounting Officer and respective responsibilities of the Departmental Accounting Officer and the Arts Council Accounting Officer are set out in Chapter 3 of Managing Public Money NI. The Departmental Accounting Officer may withdraw the Arts Council Accounting Officer designation if they conclude that the Arts Council Accounting Officer is no longer a fit person to carry out the responsibilities of an Accounting Officer or that it is otherwise in the public interest that the designation be withdrawn. In such circumstances the Arts Council Board will be given a full

account of the reasons for withdrawal and a chance to make representations. Withdrawal of Arts Council Accounting Officer status would bring into question employment as Chief Executive and the Chair should engage with the Department should such circumstances arise.

12.2. As outlined in section 8, the Arts Council Chief Executive is accountable to the Arts Council Board for their stewardship of Arts Council. This includes advising the Board on matters of financial propriety, regularity, prudent and economical administration, efficiency and effectiveness.

12.3. The Departmental Accounting Officer must be informed in the event that the judgement of the Arts Council Accounting Officer (on matters for which they are responsible) is overridden by the Arts Council Board. The Arts Council Accounting Officer must also take action if the Arts Council Board is contemplating a course that would infringe the requirement for financial propriety, regularity, prudent and economical administration, efficiency or effectiveness. In all other regards, the Departmental Accounting Officer has no day-to-day involvement with Arts Council or its Chief Executive.

12.4. In line with DoF requirements, the Arts Council Accounting Officer will provide an annual declaration of fitness to act as Accounting Officer to the Departmental Accounting Officer.

13. Attendance at Public Accounts Committee

13.1. The Arts Council Chief Executive/ Accounting Officer may be summoned to appear before the Public Accounts Committee to give evidence on the discharge of their responsibilities as Accounting Officer (as laid out in their Accounting Officer appointment letter) on issues arising from the Comptroller & Auditor General's (C&AG's) studies or reports following the annual audit of accounts.

13.2. The Chair may also, on occasion, be called to give evidence to the Public Accounts Committee on such relevant issues arising within the C&AG's studies or reports, in relation to the role and actions taken by the Board, where appropriate.

13.3. In addition, the DfC Accounting Officer may be summoned to appear before the Public Accounts Committee to give evidence on the discharge of their responsibilities as Departmental Accounting Officer with overarching responsibility for Arts Council. In such circumstances, the Departmental Accounting Officer may therefore expect to be questioned on their responsibilities to ensure that:

- there is a clear strategic control framework for Arts Council;
- sufficient and appropriate management and financial controls are in place to safeguard public funds;
- the nominated Accounting Officer is fit to discharge their responsibilities;
- there are suitable internal audit arrangements;
- accounts are prepared in accordance with the relevant legislation and any accounting direction; and
- intervention is made, where necessary, in situations where Arts Council's Accounting Officer's advice on transactions in relation to regularity, propriety or value for money is overruled by the body's Board or its Chair.

Assurance Framework

14. Autonomy and Proportionality

14.1. The Department will ensure that Arts Council has the autonomy to deliver effectively, recognising its status as a separate legal entity which has its own Board and governance arrangements. Guidance on proportionate autonomy has been considered in determining the extent of engagement and assurance established between Arts Council and the Department and is reflected in this agreement.

14.2. A proportionate approach to assurance will be taken based on Arts Council's overall purpose, business and budget and a mutual understanding of risk. The approach will include an agreed process through which the Arts Council Accounting Officer provides written assurance to the Department that the public funds and organisational assets for which they are personally responsible are safeguarded, have been managed with propriety and regularity, and use of public funds represents value for money.

14.3. Recognising the governance arrangements in place within the organisation, the Arts Council Accounting Officer will arrange for their written assurance to be discussed at the Arts Council Audit and Risk Assurance

Committee and presented to the Arts Council Board prior to submission to the Department where possible. If not possible, or practicable, the Chair of the Arts Council Board should have sight of the assurance statement, prior to being submitted to the Department.

14.4. The Arts Council Chair will provide written confirmation that the Arts Council Accounting Officer's formal assurance has been considered by the Board and is reflective of Arts Council's current position.

14.5. In addition to the Arts Council Accounting Officer's written assurance, the Department will take assurance from the following key aspects of Arts Council's own governance framework:

- Annual Review of Board Effectiveness;
- Completion of Board Appraisals which confirm Board member effectiveness;
- Internal Audit assurance and External Quality Assessment of the Internal Audit function;
- Externally audited Annual Report and Accounts, reviewed/considered by the Arts Council Audit and Risk Assurance Committee.

15. Board Effectiveness

- 15.1 The Arts Council Chair will ensure that the Arts Council Board undertakes an annual review of Board Effectiveness⁵ which encompasses committees established by the Board.
- 15.2 The Chair will discuss the outcome of the annual review of Board Effectiveness with the lead official to ensure a partnership approach to any improvements identified. This will inform the annual programme of Board training/development and discussions in respect of Board composition and succession.
- 15.3 In line with any parameters set out in founding (or other) legislation, the Chair in conjunction with the Department, and Ministers where appropriate, will consider the size and composition of the Arts Council Board, proportionate to the size and complexity of Arts Council and keep this under review.
- 15.4 In addition to the annual review of Board Effectiveness, Arts Council will undertake an externally facilitated review of Board effectiveness at least once every three years covering the performance of the Board, its Committees and individual Board members.

The Chair will liaise with the Department to identify a suitably skilled facilitator for the external review (this can be a peer review, and should be proportionate) and will share the findings/outcome report with the Department on completion of the review.

16. Board Appraisals

- 16.1 The Chair of Arts Council will conduct an annual appraisal in respect of each Board member which will also inform the annual programme of Board training/ development. The Chair will engage with the Chief Executive/lead official as appropriate on improvements identified through the appraisal process and the annual training/development programme.
- 16.2 The Chair's annual appraisal will be completed by a senior official within the Department. The appraisal will take account of the Key Characteristics of a good chairperson (particularly for the Chair to have well developed interpersonal skills) set out in the NIAO Good Practice Guide on Board Effectiveness available on the NIAO website. There will be close engagement between the Chair and the lead official on improvements identified through the appraisal process.

⁵ NIAO Good Practice Guide on Board Effectiveness

17. Internal Audit Assurance

- 17.1 Arts Council is required to establish and maintain arrangements for an internal audit function that operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The Department must be satisfied with the competence and qualifications of the Head of Internal Audit and that the requirements for approving appointments are in accordance with PSIAS.
- 17.2 In the event that the internal audit function is contracted out Arts Council shall ensure the Department is satisfied that the contract specification for the internal audit service meets the requirements of PSIAS.
- 17.3 Arts Council will provide its internal audit strategy, periodic audit plans and annual audit report, including the Head of Internal Audit's opinion on risk management, control and governance to the Department. Arts Council will ensure the Department's internal audit team have complete right of access to all relevant records. This applies whether the internal audit function is provided in-house or is contracted out.
- 17.4 Arts Council will ensure regular, periodic self-assessments of the internal audit function in line with PSIAS and will share these with the Department.

Arts Council will also liaise with the Department on the External Quality Assessment (EQA) of the internal audit function which (in line with PSIAS) is required to be conducted at least once every five years by a qualified independent assessor.

- 17.5 Arts Council will alert the Department to any less than satisfactory audit reports at the earliest opportunity on an ongoing basis. Arts Council will also alert the Department to a less than satisfactory annual opinion from the Head of Internal Audit at the earliest opportunity. Arts Council and the Department will then engage closely on actions required to address the less than satisfactory opinion in order to move Arts Council to a satisfactory position as soon as possible.
- 17.6 The Department will take assurance from the fact that Arts Council has met the requirements of PSIAS and has a satisfactory annual opinion from the Head of Internal Audit as part of its overall assurance assessment.

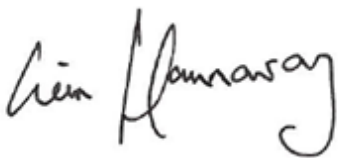
18. Externally Audited Annual Report and Accounts

- 18.1 Arts Council is required to prepare an Annual Report and Accounts in line with the Government Financial Reporting Manual (FRM) issued by DoF and any specific Accounts Direction issued by the Department and in accordance with the deadlines specified.

- 18.2 The Comptroller & Auditor General (C&AG) will arrange to audit the Arts Council annual accounts and will issue an independent opinion on the accounts. On receipt from the Arts Council, the Department lays a copy of the certified accounts before the NI Assembly together with the Arts Council's annual report.
- 18.3 The C&AG will also provide a Report to Those Charged with Governance (RTTCWG) to Arts Council which will be shared with the Department.
- 18.4 Arts Council will alert the Department to any likely qualification of the accounts at the earliest opportunity. In the event of a qualified audit opinion or significant issues reported in the RTTCWG the Department will engage with Arts Council on actions required to address the qualification/significant issues.
- 18.5 The Department will take assurance from the external audit process and an unqualified position as part of its overall assurance assessment.
- 18.6 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which Arts Council has used its resources in discharging its functions. The C&AG may also carry out thematic examinations that encompass the functions of Arts Council.
- 18.7 For the purpose of audit and any other examinations, the C&AG has statutory access to documents as provided for under Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order 2003.
- 18.8 Where making payment of a grant, or drawing up a contract, Arts Council should ensure that it includes a clause which makes the grant or contract conditional upon the recipient or contractor providing access to the C&AG in relation to documents relevant to the transaction. Where subcontractors are likely to be involved, it should also be made clear that the requirements extend to them.

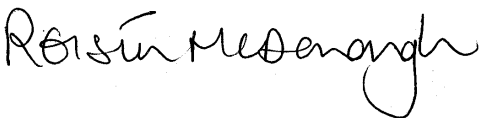
Signatories

Arts Council and the Department agree to work in partnership with each other in line with the NI Code of Good Practice '**Partnerships between Departments and Arm's-Length Bodies**' and the arrangements set out in this Agreement.



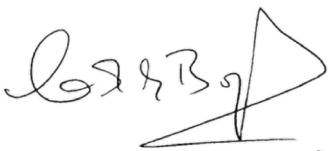
Signed **Liam Hannaway** (Arts Council Chair)

Date 28/2/24



Signed **Roisin McDonough** (Arts Council Chief Executive and Accounting Officer)

Date 28/2/24



Signed **Colum Boyle** (Department for Communities – Permanent Secretary and Accounting Officer)

Date 28/2/24

Annex 1 - Applicable Legislation

List the founding legislation and other key statutes which provide Arts Council with its statutory functions, duties and powers.

The Arts Council (Northern Ireland) Order 1995

National Lottery etc, Act 1993 (as amended)

Annex 2 – Annual Engagement Plan

Good engagement is one of the key principles in the Partnership Code, underpinning the other principles of: Leadership; Purpose; Assurance; and Value.

As laid out in the Code, partnerships work well when relationships between departments and ALBs are open, transparent, honest, constructive and based on trust and when there is mutual understanding of each other’s objectives and clear expectations about the terms of engagement.

The template provided outlines the key areas of engagement between Departments and ALBs. The template is not intended to be prescriptive and should be completed collaboratively and agreed between the Department and the ALB.

Engagement Plan		
Policy Development and Delivery Add details of the planned engagement between the ALB and the Department in relation to development and monitoring of existing and new areas of policy.		
Policy Area	Frequency	DfC/ACNI Officials
Development of Culture, Arts and Heritage Strategy	As required	Sponsor Branch Grade 7 ACNI Chief Executive ACNI Director of Strategic Development and Partnerships

Engagement Plan		
Strategic Planning		
Activity	Frequency	DfC/ACNI Officials
Submission of Board approved Arts Council draft Business Plan	by 31 January	Sponsor Branch Grade 7 ACNI Director of Strategic Development and Partnerships
Approval of the Arts Council Business Plan.	Ministerial/Departmental approval by 31 March (subject to addition of financial information once financial allocations have been confirmed)	Sponsor Branch Grade 7 ACNI Director of Strategic Development and Partnerships
Publication of Arts Council Business Plan.	To take place as soon as reasonably possible after approval and confirmed financial allocations are in place.	Sponsor Branch Grade 7 ACNI Director of Strategic Development and Partnerships
Engagement on areas of strategic interest in relation to the Arts Council Business Plan during the year	As required/ad hoc	Sponsor Branch Grade 7 ACNI Director of Strategic Development and Partnerships ACNI Director of Arts Development
Engagement/Preparation/ submission/publication of Arts Council Strategy	Five-year cycle (in line with agreed dates)	Sponsor Branch Grade 7 ACNI Director of Strategic Development and Partnerships
Participation in Departmental Forums	As per DfC schedule	DfC Forum Lead As required: ACNI Chair ACNI A&R Chair ACNI Chief Executive ACNI Director of Finance and Corporate Services

Engagement Plan		
Joint Working		
Add details of any interchange opportunities, and/or joint programme/project delivery boards		
Activity	Frequency	DfC/ACNI Officials
n/a	n/a	n/a
Board Appointments		
Add details of any engagement related to Public Appointment exercises		
Activity	Frequency	DfC/ACNI Officials
To ensure the membership of the Arts Council Board is adequately constituted as per legislation, Standing Orders and Board Operating Framework and that competitions and/or extensions to fill vacancies are initiated in line with need and on a timely basis.	As required but well in advance of fixed terms of office expiring or when vacancies arise for any other reason.	Sponsor Branch Grade 7 DfC Governance Branch ACNI Chair
Board Member Induction Training (Separate Arts Council and DfC Induction sessions)	Induction training within two months of appointment.	DfC Director of Culture ACNI Chief Executive
Chief Executive Recruitment		
Add details of any engagement related to the recruitment of a new Chief Executive (if anticipated during the year ahead). ALBs should engage with the Department at an early stage in the event of the recruitment of a new Chief Executive. While recognising the role of the Board as employer, the Department will work closely with the ALB in the recruitment and selection process in line with extant guidance.		
Activity	Frequency	DfC/ACNI Officials
To recruit a new Chief Executive (on notice of recruitment being required)	As required	DfC Director of Culture ACNI Chair

Engagement Plan

Assurances

Add details of the timetable for submission of key assurance sources and any other assurance related activity

Activity	Frequency	DfC/ACNI Officials
Review Meeting	Annual	Minister for Communities DfC Permanent Secretary ACNI Chair
Partnership Meeting (following receipt of Bi-Annual Assurance Statement (BIASS))	Bi-Annual	DfC Director of Culture ACNI Chief Executive
Submission of Bi-Annual Assurance Statement	Bi-Annual	DfC Director of Culture ACNI Chief Executive
Planning for the externally facilitated review of Board Effectiveness in respect of identifying a facilitator (per 15.4)	Independently facilitated review at least once every three years	DfC Head of Governance DfC Director of Culture ACNI Chair
Board Appraisals and planned training and development for Board members	Board Appraisals – annually Training and development – ongoing as required	ACNI Chair
Chair Appraisal (to include discussion on outcome of annual Board Effectiveness session).	Annually	Senior DfC Official (G5 and above) ACNI Chair
DfC Attendance at Board Meetings (note:- papers are normally issued and shared with the Department one week in advance of scheduled meeting)	Attendance as appropriate	Sponsor Branch G7/DP
DfC Attendance at ARAC (note:- papers are normally issued and shared with the Department one week in advance of scheduled meeting)	Attendance as appropriate	Sponsor Branch G7/DP

Engagement Plan		
Unconfirmed Minutes of ARAC	Where possible, within 15 days of the meeting	Sponsor Branch DP PA to the Board
Minutes of Board Meeting	Copy sent to the Department once approved by the Board.	Sponsor Branch DP PA to the ACNI Board
Draft Governance Statement	Annually (in line with Annual Report and Accounts timetable)	Sponsor Branch Grade 7 (for information) ACNI Director of Finance and Corporate Services
Annual Report and Accounts	Annually	DfC Director of Culture (Sponsor Branch review draft content) ACNI Director of Finance and Corporate Services
Report to those Charged with Governance (RTTCWG)	Annually per NIAO schedule. Arts Council to share a copy with sponsor branch once received.	Director of Culture (for information) ACNI Chief Executive ACNI Director of Finance and Corporate Services
Engagement on other planned NIAO reports	As required.	Sponsor Branch G7 Director of Finance and Corporate Services
Head of Internal Audit Annual report/Opinion (Internal Audit Annual Assurance Report)	Annually (in line with Annual Report and Accounts timetable)	Sponsor Branch G7 (for information) ACNI Director of Finance and Corporate Services
Publish Internal Audit Strategy and Plans.	Annual	Sponsor Branch G7 (for information) ACNI Director of Finance and Corporate Services
Internal Audit External Quality Assessment (see 17.4)	To be conducted at least once every five years	DfC Head of Internal Audit ACNI Director of Finance and Corporate Services

Engagement Plan		
Budget Management		
Add details of the information and returns to be provided.		
Item and Purpose	Frequency	DfC/ACNI Officials
On a timely basis, provide: all financial reports in line with DoF financial guidance; financial returns commissioned by the Department	As per due date	Sponsor Branch G7/DP ACNI Director of Finance and Corporate Services
Other		
Tailor as required to reflect the specific requirements		
Item and Purpose	Frequency	DfC/ACNI Officials
Touchpoint Meetings	Regular (at least monthly)	Sponsor Branch Grade 7 ACNI Chief Executive ACNI Senior Management
Touchpoint Meetings	At least bi-annually	DfC Director of Culture ACNI Chair
Capital Progress Meeting – Meetings arranged by Infrastructure Delivery Planning Support Unit (IPDSU) to monitor progress of ACNI capital projects/programmes.	Bi-Monthly	IPDSU Grade 7 Sponsor Branch Grade 7 ACNI Director of Finance and Corporate Services ACNI Director of Operations
Accounting Officer - Fitness to Act as Accounting Officer	Annual return	DfC Permanent Secretary ACNI Chief Executive
Fraud Reporting DfC will report frauds immediately to DoF and C&AG.	Immediate reporting of all frauds (proven or suspected) including attempted fraud.	DfC Head of Governance ACNI Director of Finance and Corporate Services

Engagement Plan		
Fraud Reporting	Per DoF timetable Annual fraud return commissioned by DoF on fraud and theft suffered by Arts Council.	DfC Head of Governance ACNI Director of Finance and Corporate Services
Timely preparation of business cases (over delegated limits) – DfC and Arts Council to work together to share expertise where appropriate.	As required but with sufficient lead in time to ensure timely consideration. For annual programmes business cases should be submitted, where possible, to the branch at least 3 months before the scheme is scheduled to open.	Sponsor Branch Grade 7 ACNI Director of Arts Development ACNI Director of Strategic Development and Partnerships
Timely submission of Post Project Evaluations (PPE) (over delegated limits)	As required and per set guidelines where possible.	Sponsor Branch Grade 7 ACNI Director of Arts Development ACNI Director of Strategic Development and Partnerships
Whistleblowing cases/ Speaking Up/Raising Concerns.	As required	DfC Head of Governance ACNI Chief Executive
Review of the Partnership Arrangement		
Tailor as required to reflect the specific requirements		
Item and Purpose	Frequency	DfC/ACNI Officials
Light touch review of the Partnership Agreement	Annually – following the end of each financial year	Sponsor Branch Grade 7 ACNI Director of Strategic Development and Partnerships ACNI Director of Finance and Corporate Services
Formal review of the Partnership Agreement	To be conducted once every three years	DfC Director of Culture ACNI Chief Executive

Annex 3(i)- Delegations

Delegated authorities

Approval requirements applicable to DfC and its Sponsored Bodies is set out in the Delegated Authority and Approvals Arrangements guide.

Arts Council shall obtain the Department's prior written approval before:

- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in the Arts Council's annual budget as approved by the Department;
- incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the Department;
- making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required; or
- carrying out policies that go against the principles, rules, guidance and advice in Managing Public Money NI.

Arts Council's Specific Delegated Authorities

Resource

The Arts Council CEO shall have full delegated authority in relation to funding distributed under the Annual Funding Programme. The Arts Council shall have delegated authority of £250,000 in relation to all other resource expenditure. The Department's approval is required for expenditure above that threshold and proportionate business cases/ economic appraisals should be submitted to the department in support of the proposed expenditure.

Capital

The Arts Council CEO shall have delegated authority of £100,000 for capital expenditure. Capital projects over this amount require the approval of the Department and may be subject to quality assurance by the Department of Finance if requested. Where the capital project is funded by a number of government departments and the Arts Council is not the primary funder, Departmental approval is still required if the Arts Council contribution exceeds the delegated authority level.

Disposal of Surplus Equipment

Disposal must be at current market value by public auction or another public process, unless otherwise agreed with the Department. Prior approval of the Department is required for disposal of surplus equipment with a value in excess of £1,000.

Proceeds from the disposal of surplus equipment must be declared to the Department, which will consult with DoF on the appropriate treatment.

Approval of Information Technology Projects

The Arts Council has delegated authority of £50,000 for Information Technology Projects. Projects above £50,000 require Chief Executive and Departmental approval.

Losses and Special Payments

The Chief Executive, with prior approval from the Department, will have the authority to write off losses and make special payments up to:

- (a) Cash losses – up to £500 per case/incident
- (b) Stores/Equipment losses – up to £500 per case/incident
- (c) Constructive losses and fruitless payments – up to £500 per case
- (d) Compensation payments
 - (i) Made under legal obligation, e.g. by Court Order – up to £500 per case plus reasonable legal expenses
 - (ii) For damage to personal property of staff – no delegated authority
 - (iii) Where written legal advice is that the Arts Council should not fight a court action because it is unlikely that it would win – no delegated authority

- (e) Claims abandoned or waiver of claim to include bad debts – up to £500 per case
- (f) Extra contractual payments – no delegated authority
- (g) Ex gratia payments – up to £100 per case (Pension payments are not covered by this threshold)
- (h) Extra statutory and extra regulatory payments – no delegation, all proposals must be submitted to the Department for approval.

The prior approval of the Department must be obtained for amounts above these values.

Where total losses exceed £5,000 in any financial year, an explanatory note should be included in the Arts Council's accounts.

Details of all losses and special payments should be recorded in a Losses and Special Payments Register, which will be available to auditors. The Register should be kept up-to-date and should show evidence of the approval by the Chief Executive and the Department, where appropriate.

These delegations shall not be altered without the prior agreement of the Department and, where applicable, DoF.

Annex 3(ii)- Pay and Pensions

Pay and Conditions of Service

The staff of the Arts Council, whether on permanent or temporary contract, shall be subject to levels of remuneration and terms and conditions of service (within the general NICS Pay Structure) as approved by the Department and DoF. The Arts Council has no delegated power to amend these terms and conditions.

Current terms and conditions for staff of the Arts Council are those set out in its Employee Handbook. The Arts Council shall provide the Department and DoF with a copy of the Handbook and subsequent amendments.

Annual pay increases of Arts Council staff must be in accordance with the annual FD letter on Pay Remit Approval Process and Guidance issued by DoF and in line with the DfC Delegated Authority and Approvals Arrangements.

The travel expenses of Board Members shall be tied to Departmental rates. Reasonable actual costs shall be reimbursed. The Arts Council should have a travel and subsistence policy in place.

The Arts Council shall operate a performance-related pay scheme which shall form part of the annual aggregate pay budget approved by the Department and DOF.

The Arts Council shall comply with the EU directive on contract workers Fixed Term Employees Regulations (Prevention of Less Favourable Treatment).

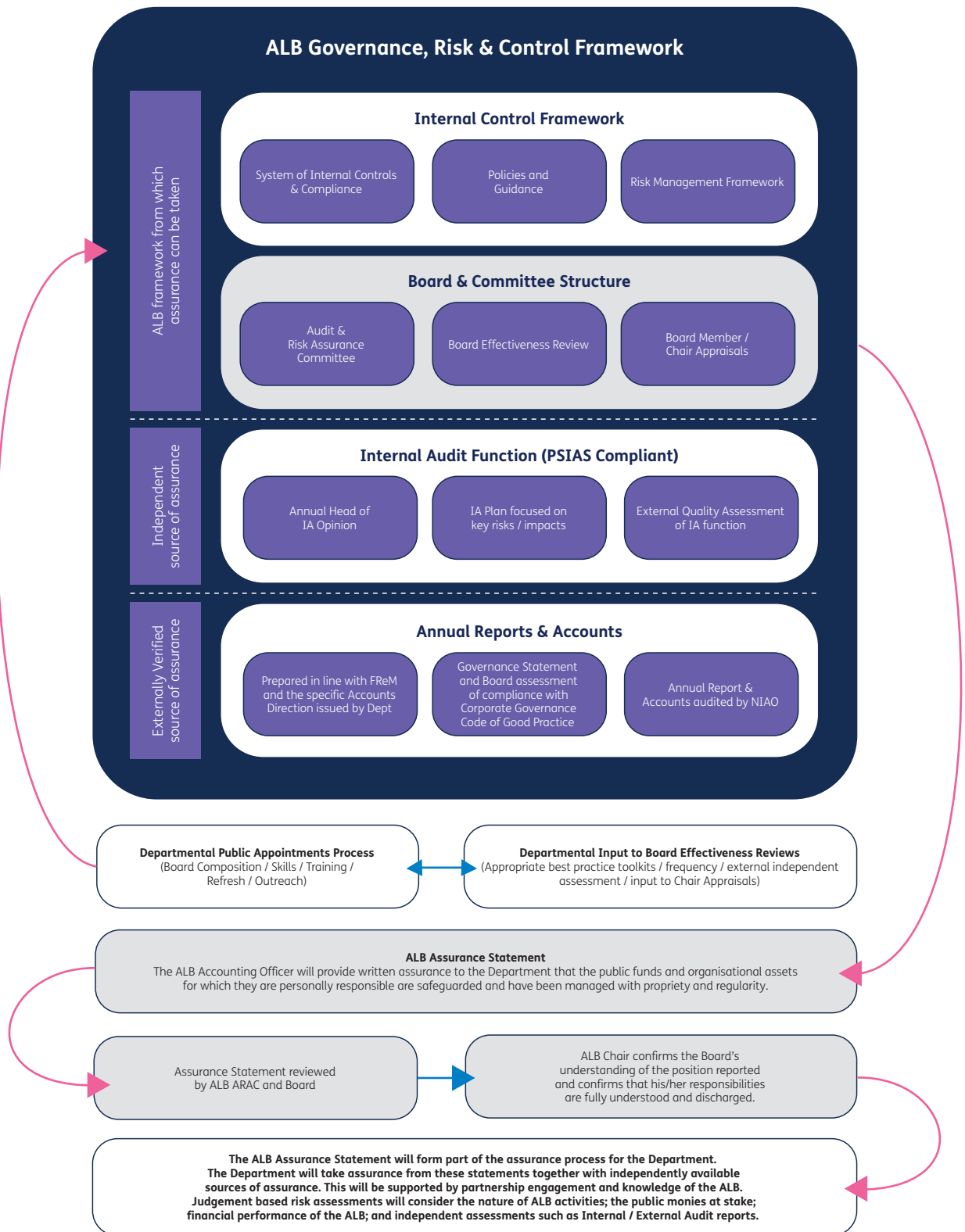
Pensions: redundancy/compensation

The Arts Council's staff shall be eligible for a pension provided by admittance to the NI Local Government Officers Superannuation Committee (NILGOSC).

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

Any proposal by the Arts Council to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office must comply with Departmental requirements.

Annex 4 – Illustrative System of Assurance



Annex 5 – Concerns/Complaints in respect of Board members

In line with the NI Code of Good Practice and the arrangements in this Partnership Agreement the approach to concerns/complaints raised in respect of Arts Council Board members will be transparent and collaborative. The principle of early and open engagement is important, with the Department made aware of any concerns/complaints as soon as practicable.

Board Members are Public Appointees/office holders rather than Arts Council employees and act, at all times, in line with their Board Code of Conduct.

The Arts Council Board has a pre-planned approach to addressing concerns about potential breaches of their Board Code of Conduct. This is documented in the Board Operating Framework, the Board Code of Conduct and associated documents which are all reviewed annually.

Alleged breaches may arise from a variety of policies/sources:

- Raising Concerns/Whistleblowing arrangements;
- Complaints processes;
- Grievance/other HR processes
- Directly with Arts Council or the Department.

The Board will assess the substance of matters raised and the appropriate policy/processes to be used to address them.

Differences of view in relation to matters which fall within the Board's responsibilities are a matter for the Board to resolve through consensus-based decision making in the best interests of the Arts Council.

Annex 6 - Applicable Guidance

The following guidance is applicable to Arts Council

Guidance issued by the Department of Finance

- Managing Public Money NI
- Public Bodies – A Guide for NI Departments
- Corporate Governance in central government departments – code of good practice
- DoF Risk Management Framework
- HMT Orange Book
- The Audit and Risk Assurance Committee Handbook
- Public Sector Internal Audit Standards
- Accounting Officer Handbook – HMT Regularity, Propriety and Value for Money
- Better Business Cases NI
- Dear Accounting Officer Letters
- Dear Finance Director Letters
- Dear Consolidation Officer and Dear Consolidation Manager Letters
- The Consolidation Officer Letter of Appointment
- Government Financial Reporting Manual (FReM)
- Guidance for preparation and publication of annual report and accounts
- Procurement Guidance

Other Guidance and Best Practice

- Specific guidance issued by the Department
- EU Delegations
- Recommendations made by the NI Audit Office/NI Assembly Public Accounts Committee
- NIAO Good Practice Guides
- Guidance issued by the Executive's Asset Management Unit
- NI Public Services Ombudsman guidance

Annex 7 – Role of the Minister

Role of the Minister

The Chair of the Arts Council is responsible to the Minister. Communication between the Board and the Minister should normally be through the Chair.

The Departmental Accounting Officer is responsible for advising the relevant Minister on a number of issues including the Art Council's objectives and targets, budgets and performance.

In addition to being answerable to the Assembly as laid out in paragraph 2.4, the Minister is also responsible for:

- Setting the strategic direction and overall policies and priorities for the Arts Council as reflected in the PfG;
- Approving the Arts Council's Strategy;
- Approving the Arts Council annual Business Plan;
- Setting the Arts Council's budget; and
- Appointment of non-executive board members. The Minister may also be involved in considering the size and composition of the Arts Council Board – see para 15.3.

Annex 8 – Partnerships between Departments and Arm’s Length Bodies: NI Code of Good Practice

NI Code of Good Practice

Arm’s length bodies guidance | Department of Finance (finance-ni.gov.uk)

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