



Department of

# Health, Social Services and Public Safety

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AN ROINN

Sláinte, Seirbhísí Sóisialta  
agus Sábháilteachta Poiblí

MÁNNYSTRIE O

Poustie, Resydènter Heisin  
an Fowk Siccar

Subject:

**Circular Reference: HSS(F) 34/2009**

**AASD (Public Audit & Accountability Branch):  
Memoranda of Reply to NI Assembly PAC Reports:  
Warm Homes, Shared Services and Brangam  
Bagnall Fraud**

**17<sup>th</sup> June 2009**

For Information to:

**Chief Executive and Director of Finance of each  
HSC Body and NIFRS**

Summary of Contents:

**This circular contains details of MORs laid before  
the NI Assembly by DFP**

Enquiries:

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**Superseded Documents:  
Not Applicable**

**Related documents:  
Not Applicable**

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Informative**

## **MEMORANDA OF REPLY TO NI ASSEMBLY PAC REPORTS: WARM HOMES, SHARED SERVICES AND BRANGAM BAGNALL FRAUD**

### **Purpose**

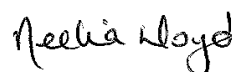
1. This is to inform you that the above document has been laid before the Assembly and has been attached for reference.

### **Action**

2. Please ensure that this circular is brought to the attention of the appropriate staff in your organisation and that any relevant action points are noted.

Should you have any queries on this please contact Linda Greenlees on 02890 765647.

Yours,



Neelia Lloyd

Finance Policy, Accountability and Counter Fraud Unit

**Accountability and Accounting  
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**FROM: JIM DRENNAN**

**DATE: 26 MAY 2009**

**TO: DEPARTMENTAL AND AGENCY ACCOUNTING OFFICERS AND  
FINANCE DIRECTORS**

**MEMORANDA OF REPLY TO NI ASSEMBLY PAC REPORTS: WARM HOMES,  
SHARED SERVICES AND BRANGAM BAGNALL FRAUD**

1. Attached at Annex A are details of Memoranda of Reply (MORs) laid before the NI Assembly by DFP which will be circulated regularly by Accountability and Accountancy Services Division (AASD) to all Departmental and Agency Accounting Officers and Finance Directors. As you will be aware the MORs represent the DFP Minister's considered response to the Public Accounts Committee recommendations. MORs are generally published within two months of the NI Assembly PAC Report.
2. The relevant department(s) will have been involved in the drafting of the MOR and should be familiar with the response. Where PAC has made a general recommendation, DFP has responded on behalf of all departments. AASD have tried to highlight those general issues (by recommendation number) which are of wider application. Although the reports may not relate to a department or agency's particular business area, **there are a number of PAC recommendations where DFP is required to draw the issue to the attention of Accounting Officers generally. This notification therefore represents DFP actioning the commitment given to the PAC in the MOR.**
3. We have included 'links' to the PAC Reports and the MORs, which will allow you to download either whole reports or other possible relevant extracts.

4. Recipients of this letter should ensure that this is given appropriate circulation both within their own organisations and to sponsored bodies.

*Jim Drennan*

**JIM DRENNAN**

## **Memoranda of Reply 2008/09 session**

### **5th report: Warm Homes - Tackling Fuel Poverty (DSD)**

*Some general lessons/key issues:*

(2): The principle of policy evaluation is now well established in the public sector. It is essential that Departments comply with the established guidance to ensure the full benefits of policies/programmes are realised. The Committee recommends that the Department of Finance and Personnel should have an oversight role in ensuring departmental compliance.

**The Department of Finance and Personnel (DFP) notes this recommendation. It agrees that departments should comply with the established guidance, but does not consider that a central oversight role is the best approach. Policies vary greatly in scale and scope and many, in areas such as health, are national policies where NI follows the rest of the UK. In such a context, DFP considers that it is better for individual departments and public bodies to make decisions about the extent of policy evaluation and they should be able to explain, and be accountable for, their decision making and actions.**

**However, a number of central initiatives have been taken. An audit of the capability for policy delivery has been carried out and this has provided evidence of gaps and has confirmed that a higher proportion of officials focused on policy development functions rather than policy evaluation. To address the weaknesses, a permanent secretary has been appointed as head of policy profession, and he is working with the Centre for Applied Learning (CAL) to develop a policy skills learning and development programme. The first module of this focuses on policy evaluation. The Office of the First Minister and deputy First Minister also continues to promote the principles of evaluation through its existing guidance and is developing further initiatives to support departments.**

(12): The Committee recognises that clawback clauses can be advantageous. However, the Committee requires that where contract clauses provide for the clawback of public funds, these are monitored properly and appropriate action taken. Any lesser standard does not demonstrate the imperative of protecting public funds.

A copy of the PAC Report can be accessed at:

<http://www.niassembly.gov.uk/public/2007mandate/reports/2008/report180809R.htm>

A copy of the MOR can be accessed at:

[http://www.aasdni.gov.uk/pubs/MORs/5th\\_6threport0809.pdf](http://www.aasdni.gov.uk/pubs/MORs/5th_6threport0809.pdf)

## **6th report: Shared Services for Efficiency – A Progress Report (DFP)**

*Some general lessons/key issues:*

(1): The Committee recommends that, when considering procurement programmes or projects, departments must fully consider all options and potential risks to the procurement process before going to the market. Failure to do so will make it more difficult to demonstrate that value for money has been secured.

**DFP accepts that when considering procurement programmes or projects, departments must fully consider all options and potential risks to the procurement process. However, in particularly complex contracts it may not always be possible for Departments to objectively define or specify the means of satisfying all the needs of the programme or project and the associated potential risks before going to the market. The Public Contracts Regulations 2006 provide for the use of the Competitive Dialogue procedure in such circumstances to facilitate discussion of all aspects of the proposed contract with suppliers in a structured manner and to ultimately identify the most economically advantageous tender. Such engagement with the market can be useful in determining the best way of proceeding.**

(3): The Committee recommends that all programmes and projects should have challenging yet realistic timetables for procurement and implementation. These should take account of the time that may be necessary to get the right deal supported by a robust tender process. This is important, particularly in the context of delivering major reforms such as the Reform Agenda and the Investment Strategy both of which raise expectations. Subsequent failure to deliver can impact negatively on public and market confidence. Delay inevitably has a cost implication and may adversely affect the value for money assessment.

**DFP accepts the Committee's recommendation that all programmes and projects should have challenging yet realistic timetables for procurement and implementation. In doing so, Departments must balance the sometimes competing demands of value for money, affordability and Programme for Government commitments. In future, complex projects similar to those in the Reform Agenda, can be taken forward by using the Competitive Dialogue procedure, which provides for dialogue to be drawn to a conclusion at a certain point following which final tenders are requested. This should reduce the likelihood of the timeframes being extended. More routine procurements are taken forward under the open and restricted procedures, the timeframes for which are set out in the Public Contracts Regulations 2006. However it is also important that all procurement decisions are taken after full consideration and that time pressures do not force inappropriate actions.**

(4): The Committee is of the view that concluding a settlement, where departments are convinced of resisting legal challenge, sends completely the wrong signal to other unsuccessful bidders about the government's determination to stand over their tender processes when there is a robust case to do so. Government should not be, nor be seen to be, a soft touch in relation to threats of litigation arising from bidders.

**DFP accepts the Committee's recommendation that Government should not be, nor seen to be, a soft touch in relation to threats of litigation arising from bidders. However, where legal challenges arise, these must be considered on a case by case basis taking appropriate legal and procurement advice in the context of the particular circumstances and deciding whether, on balance, the cost of proceeding represents value for money for the taxpayer.**

**(5):** The Committee considers that DFP has a responsibility to nurture, develop and harness essential skills and ensure that they are deployed appropriately in future projects. This should include putting in place career structures that create and retain a cadre of public sector procurement professionals, with experience of complex procurements. This should also be supported with a mechanism for ensuring that those staff can be deployed to appropriate projects.

**DFP notes the Committee's comments. The Central Procurement Directorate (CPD) within DFP provides a comprehensive public procurement service and employs a cadre of procurement professionals to provide clients with specialist advice and guidance on the procurement of strategic projects. CPD encourages its staff, and those within the Centres of Procurement Expertise, to maintain professional standards through continuous professional development and membership of professional institutions. CPD has also supported the development of a degree course to include public procurement and policy at the University of Ulster and practitioner training at the Belfast Metropolitan College.**

**(6):** The Committee recommends that departments should always undertake a review of their capability to carry through major public sector projects. Those plans should consider and address the skills and resources available, both internally and across the wider public sector, to manage the projects and properly identify the need for consultants to fill any skills or resource gaps.

**DFP accepts the Committee's recommendation that departments should always undertake a review of their capability to carry through major public sector projects. The Civil Service approach to career management focuses on the timely positioning of people with the right mix of skills and experience to lead and support major projects and service delivery.**

**DFP works across the public sector to develop and enhance the skills, knowledge and understanding required to implement major projects. For example Gateway Review Team Member and Team Leader training is provided to public sector organisations outside the Civil Service. CAL offers a range of Programme and Project Management courses, designed, quality assured and delivered in conjunction with the Centre of Excellence for Delivery in CPD to meet Northern Ireland Civil Service (NICS) needs. These programmes are kept under review and current plans will see them achieving external accreditation and national recognition. CAL's training provision is aligned to the Professional Skills for Government framework which recognises Programme and Project Management as a core competence.**

**In addition, CPD provides best practice advice, guidance and active support service for clients across their portfolio of programmes and projects and is working towards Office of Government Commerce (OGC) Hub Status for the management of the Gateway process in Northern Ireland. As part of this, the Centre is developing a single web portal with detailed advice on Programme and Project Management which can be accessed by all Departments. CPD has also joined with OGC in its drive to improve the capability of the public sector to successfully deliver programmes and projects. This includes the establishment of Programme and Project Management as a profession.**

**Consultants are used where necessary to fill capability gaps which cannot cost effectively be developed and maintained within the Civil Service. It is often the case that because these specialist skills are required for finite periods of time, procuring consultancy support represents better value for money than employing full-time Civil Servants. Expenditure on consultants is dependent on clearly demonstrated value for money in the form of a business case and, where possible, we seek to ensure skills and knowledge transfer to NICS staff.**

**(7): The Committee recommends that where individuals are designated as a Senior Responsible Officer (SRO) for a major project, they should not simultaneously be given lead responsibility for a range of other projects. To prepare for future large scale procurements, departments should identify the pool of NICS staff with the skills, experience and availability to be an SRO and, if necessary, develop and train additional staff for this demanding role.**

**DFP notes the Committee's recommendation. The Senior Responsible Officer (SRO) role within a programme or project needs to be considered on a case by case basis, taking the range of relevant factors into account in deciding who should fulfil the role. Such factors include whether, for example, there are experienced senior officials in the key supporting roles of Programme or Project Director and Programme or Project Manager and the linkages between various projects which might make it appropriate for a single person to fulfil the SRO role in more than one project.**

**DFP does not consider that it would be practical to create a pool of senior NICS staff specifically to be SROs. However, DFP agrees that it is important to maintain and use the expertise built up in recent years to lead projects and to be available to join project boards or assist in projects when specific problems arise.**

**CAL, as part of its programme of Centre of Excellence approved courses, provides an SRO Masterclass which provides training for newly appointed SROs on their role and responsibilities to deliver their projects on time, within budget and to secure planned project benefits.**

**(9): The Committee recommends that all NICS departments follow the lead provided by DFP and adopt a register of benefits expected from the reform projects. For future projects departments must ensure that benefits realisation plans are developed at the outset and clearly show what will happen, where and when the**

benefits will occur and who will be responsible for their delivery. In addition, through a tracking system, there should be evidence of realisation of actual benefits.

**DFP notes and supports the Committee's recommendation that all NICS departments follow the lead provided by DFP and adopt a register of benefits expected from the reform projects. DFP has developed a reform benefits realisation model and reporting template and is offering this model, together with practical advice and guidance on how the model can be applied, to other NICS departments.**

The NICS guidance on business cases, programme and project management, and Gateway Reviews includes requirements to identify benefits and detail how these will be realised and by whom. The development of a benefits realisation plan is an iterative process as it is not always possible to identify in detail the full range of benefits at the outset of a major project. The timing of the exercise to establish a full set of benefit baselines and profiles is therefore something that will vary from project to project. As part of the business case approval process, DFP Supply will ask for evidence of a formal benefits realisation plan.

**(10):** The Committee wishes to emphasise that the groundwork for ensuring effective performance of the Reform programme should be put in place without undue delay. The Committee recommends that DFP ensures that all NICS departments have access to sufficient staff with appropriate skills to manage the new arrangements and the operational aspects of the associated contractual agreements.

**DFP accepts the recommendation that effective arrangements should be put in place to ensure effective performance of the Reform programme. As its Reform projects move from implementation to 'steady state' running, DFP will ensure their effective management by an internal reorganisation which will bring together relevant shared services projects into a single Shared Services Organisation. The Shared Services Organisation will have the objective of delivering efficient, customer-focused services. In addition, by concentrating contract management skills and expertise, it will promote effective management of contracts with private sector partners related to the operational delivery of the shared services. The new arrangements will include robust stakeholder mechanisms to ensure that Departments – have a strong interface with the Shared Services Organisation.**

**(11):** By definition, all of these reform projects are central to the future organisation and delivery of public services. The Committee recommends that all such projects, including Centre for Applied Learning, undertake Gateway reviews at the prescribed stages in their procurement, implementation and service operation. This includes Gate 5 reviews (Benefits Realisation) for each project when it reaches that particular stage.

**DFP accepts the Committee's recommendation that Gateway Reviews apply to major projects. CPD guidance states that Gateway reviews should be carried out for all mission critical and high and medium risk projects. The Gateway**

**Review process is not normally used for low risk projects. In the case of CAL, because its nature (internal re-organisation), limited complexity, small scale and low cost greatly limited risk, it was decided not to undertake a Gateway review. This was borne out by the fact that the CAL project was completed and closed in just six months. The Centre has been fully operational since October 2006. Nevertheless, CAL is fully committed to demonstrating and realising benefits, benchmarking and continuous improvement. For example, in March 2008 CAL achieved Investor in People status, and in October 2008, won the UK Civil Service Award for Excellence in HR Learning and Development for its innovative support to Workplace 2010.**

**The OGC Gateway Review Process examines programmes and projects at key decision points in their lifecycle. The purpose of a Gateway Review is to provide assurance on successful delivery to the SRO. OGC Gateway Review 5 confirms that the desired benefits of the project are being achieved, and the business changes are operating smoothly. The Gateway Review process is being applied to the relevant NICS reform projects in line with the guidance and each project will therefore undertake a Gateway Review 5.**

**(12):** The Committee recommends that, as part of the post project evaluation of these major projects and in the interest of transparency, information is made available on the full costs of these major projects. In addition, the key findings of any lessons learned reports should be circulated to departments and made available to other government organisations negotiating similar contracts. The Committee looks to DFP and the C&AG to ensure that at an appropriate point, the costs are fully assessed and made available to the Committee.

**DFP accepts the Committee's recommendations. Lessons learned reports and post project evaluations will be undertaken for each of the reform projects at the appropriate stage.**

**The lessons learned reports completed to date by the reform projects have already been disseminated across the projects via the Reform Oversight Board and to relevant people across the NICS. This will continue for any lessons learned reports published in the future in relation to the reform projects. The report on the strategic management lessons across the reform projects provided to the Committee following the hearing has also been circulated across Departments via the Oversight Board. CPD plans to disseminate Gateway lessons learned through a new web portal which will lead to a comprehensive searchable database of lessons learned from various sources for the Northern Ireland public sector.**

**(13):** The Committee emphasises that the new processes and practices introduced by Records NI must not compromise the maintenance of Northern Ireland's public record and the ability of the C&AG to carry out his statutory functions in providing the necessary assurance to the Committee on departments' use of resources. The Committee would like an assurance from DFP that it is satisfied that the integrity of the public record will not be diminished and that the C&AG's access rights have been circulated to, and understood by, all departments.

**DFP accepts the Committee's recommendation and can assure the Committee that it is satisfied that the integrity of the public record will not be diminished. The NICS has agreed a procedure with the Northern Ireland Audit Office which allows auditors to access relevant documentation stored in the RecordsNI system. DFP has communicated these arrangements to all departments and training has also been provided to Audit Office staff.**

A copy of the PAC Report can be accessed at:

<http://www.niassembly.gov.uk/public/2007mandate/reports/2008/report210809R.htm>

A copy of the MOR can be accessed at:

[http://www.aasdni.gov.uk/pubs/MORs/5th\\_6threport0809.pdf](http://www.aasdni.gov.uk/pubs/MORs/5th_6threport0809.pdf)

### **8th report: Brangam Bagnall & Co: Legal Practitioner fraud Perpetrated Against the Health and Personal Social Services (DHSSPS)**

*Some general lessons/key issues:*

**(2):** The Committee considers it wholly unacceptable to dispense with basic payment checks and rely exclusively on the honesty and integrity of professionals when dealing with public services. The Committee expects departments and their sponsored bodies to apply the same rigorous standards to ensure a payment is regular, regardless of whom they are dealing with.

**The Department of Finance and Personnel (DFP) accepts this recommendation and agrees that departments and their sponsored bodies should apply the same rigorous standards to ensure a payment is regular, regardless of whom they are dealing with and expects departments to have adequate and effective controls in place.**

**(3):** The Department has now introduced new procedures which do not permit cheques in settlement of legal cases to be channelled through solicitors, when there is no sensible business case for doing so. The Committee recommends that the Department carries out regular checks to ensure these new procedures are strictly applied. The Committee also calls on the Department of Finance and Personnel (DFP) to ensure that similar procedures are rolled out across the entire public sector.

**DFP also agrees with this recommendation and will remind departments to ensure that appropriate procedures are in place in both their departments and sponsored bodies.**

**(4):** The Department must ensure that appropriate mechanisms are in place to provide assurance that financial procedures in respect of legal and other claims are being followed across the Health and Social Care sector. Accounting Officers need to satisfy themselves that internal audit service providers have built this area into

their programme of work to ensure controls and compliance with them is tested periodically. Furthermore, internal audit should pay particular attention to instances where senior management override occurs to ensure that such action is legitimate.

**DFP accepts this recommendation and will remind Accounting Officers of the need to satisfy themselves that internal audit service providers consider this in their work programme. DFP will also highlight to the Heads of Internal Audit that they should pay particular attention to instances where senior management override occurs to ensure such action is legitimate.**

(6): The Committee wants assurance that the slipshod, unprofessional practices in this case do not apply elsewhere and recommends that internal audit, throughout the health sector, gives sufficient weight to the audit of contracts. The Committee also calls upon the C&AG to pay particular attention to such contracts as part of NIAO's routine financial audit work.

**DFP notes this recommendation for the Comptroller and Auditor General (C&AG).**

(7): Procurement processes in the public sector often take many months to complete. The Committee recommends that all Departments review their contingency arrangements to ensure they have:

- a) an up to date Fraud Response Plan in order to minimise the time required to think through the scope and nature of any investigation once a fraud is notified; and
- b) appropriate standby measures in place to allow them to get forensic investigations up and running quickly.

**DFP accepts the Committee's recommendation. Managing Public Money Northern Ireland states that departments should have a Fraud Policy Statement and a Fraud Response Plan. DFP will ask departments to ensure that appropriate standby measures are in place to allow them to get forensic investigations up and running quickly where they are deemed necessary.**

(10): The possibility of collusion should never be ruled out prematurely and always be carefully explored in the terms of reference for any fraud investigation. When major contract fraud occurs, the Committee expects that investigations would automatically cover hospitality registers and registers of interest. The Committee requires the Department to report back on details of any gifts or hospitality offered by Brangam to health bodies receiving services, and details of any interests registered by health service staff in connection with BB & Co.

(11): The Committee recommends that terms of reference for forensic investigations should be pitched sufficiently widely to identify the full extent of the fraud and the possibility of supervisory negligence. DFP should also ensure that departmental guidance on fraud investigations includes consideration of supervisory negligence as a matter of course. The Committee expects in cases of major fraud that departments should consult with NIAO to adequately scope their terms of reference.

**DFP agrees that terms of reference for forensic investigations should be pitched sufficiently widely to identify the full extent of the fraud including the identification of control weaknesses and lack of supervisory checks and will highlight this to departments. Managing Public Money Northern Ireland states “Departments should also take appropriate disciplinary action where supervisory or management failures have occurred”. DFP will also highlight to departments that in cases of major fraud that they should consult with NIAO to ensure they adequately scope their terms of reference.**

**(12):** Although the Committee welcomes the recovery of both amounts defrauded and costs of £123,000, it is not satisfied that all options for recovery were fully explored in this case. The Committee recommends that when fraud occurs Departments should use all means at their disposal to maximise the recovery of public funds.

**DFP accepts that, when fraud occurs, departments should use all means at their disposal to recover public money. Managing Public Money Northern Ireland states that departments should take decisions about their tactics in seeking recovery in particular cases on the strength of cost benefit analysis of the options. Decisions not to pursue recovery should be exceptional and taken only after a careful appraisal of the relevant facts, taking into account the legal position.**

**(13):** The Committee reiterates a recommendation made in its Report on the Hospitality Association of Northern Ireland (HANI) that, in situations where it is in the public interest to protect standards in public life and the public purse, there should be a mechanism for information sharing.

**DFP notes this recommendation and can confirm to the Committee that it has consulted with the Office of the First Minister and deputy First Minister (and through it, the Information Commissioner) in relation to the HANI recommendation. DFP will take further legal advice and update the guidance if necessary.**

**(14):** This is another example of a case where the public sector has tried to manage a conflict of interest that should have been avoided. The Committee recommends that conflicts of interest must be identified at an early stage. Departments need to better assess the risks involved in trying to manage a conflict if they choose to do so and then address the conflict immediately and effectively. Once again DFP is called upon to give clearer guidance on the types of situation, where conflicts should be avoided, rather than managed.

**DFP agrees with the Committee that it is important that conflicts of interest are identified at an early stage and either avoided or managed effectively. Where a conflict cannot be avoided and has to be managed, it is essential that appropriate controls are put in place and the process for managing the conflict is fully documented and approved by a senior official. The need to avoid or appropriately manage conflicts of interest is an integral part of all governance and accountability training rolled out to departments and arm’s length bodies.**

**The HM Treasury document ‘Regularity, Propriety and Value for Money’ provided to all Accounting Officers and Board Members, provides specific guidance and case studies on conflicts of interest in the context of the proper conduct of public business. DFP believes that this existing guidance is clear.**

**(15):** When procurement arrangements are being put in place they should always be designed in a way which provides regular opportunities for new suppliers to enter the market. In the Committee’s view, where a list of approved providers is used, departments should regularly monitor the allocation of work to firms to assess if an open market has, in fact, developed. Where the market does not grow as expected, departments should take prompt action to prevent a monopoly situation from arising, a firm becoming over stretched, or over dependency on one provider. The Committee recommends that DFP ensures appropriate guidance is issued to all departments.

**DFP notes this recommendation. All procurement activities undertaken by Contracting Authorities are required to comply with the Northern Ireland Public Procurement Policy, EU Procurement Directives and the UK Public Contracts Regulations 2006. Contracts subject to the full application of these Regulations are advertised in the Official Journal of the EU (OJEU).**

**All Central Government procurement in Northern Ireland must go through a recognised Centre of Procurement Expertise (CoPE), which ensures that all contracts awarded are legally compliant and achieve best value for money through open and transparent competitions. CoPEs are subject to a re-assessment every three years by the Procurement Board. One of the functions of CoPEs is to build up market knowledge and expertise within key sectors. This is aimed at maximising the opportunities of all suppliers to compete and to minimise the risk of monopolies or supplier failures.**

**(17):** The Committee’s view is that evaluation criteria should be absolutely clear at the start of a procurement process. Furthermore, relevant and accurate data must be provided to tenderers to enable them to assess the services they will be required to provide, and to submit their bids. The Committee recommends that DFP consider this recommendation within the context of its existing procurement guidance.

**DFP agrees with this recommendation. When tenders are invited, all evaluation criteria are now detailed along with the mechanisms used to score each criterion within the documentation. In addition, any relevant information is also provided to enable potential tenderers to assess the services to be provided and to submit their bids accordingly. DFP’s Central Procurement Directorate has reviewed its existing guidance on this issue and believes that it is clear.**

**(18):** The Committee is concerned that the Department has failed to fulfil assurances previously given. It expects departments to respond quickly and appropriately to address all assurances provided to the Committee through regular monitoring of progress.

**DFP agrees that departments should respond quickly and appropriately to address all assurances provided to the Committee. DFP wrote to Heads of**

**Internal Audit recommending that progress on commitments made to the Committee should be discussed at Audit Committees.**

**(19):** The Committee recommends that, in cases like this, where allegations of fraud or other impropriety exist, public bodies should consider suspending financial dealings with those directly, and indirectly, involved until the main investigation has been completed.

**DFP agrees that following allegations of fraud, departments should consider suspending financial dealings with those directly and indirectly involved and will highlight this to departments. In each case the factual position will be different and factors to be taken into account in such a consideration include the contractual position, the level in the supplier at which the alleged fraud took place, the strength of the allegations and the effect of suspension on the ability of the public body to carry out its functions. Each situation would have to be considered on its own merits and legal advice should be taken in each case before making a decision.**

**(21):** The Committee recommends that where legal services are provided by private sector firms, public bodies should ensure they have the right of access to inspect their own case files, as and when desired. These rights should be exercised from time to time.

**DFP accepts this recommendation and will issue further guidance to encourage departments and other public bodies which subcontract out legal work to ensure that they have the right of access to case files, if required, and that this is reflected in relevant contracts.**

A copy of the PAC Report can be accessed at:

<http://www.niassembly.gov.uk/public/2007mandate/reports/2008/report260809R.htm>

A copy of the MOR can be accessed at:

[http://www.aasdni.gov.uk/pubs/MORs/mor\\_8th\\_report\\_0809.pdf](http://www.aasdni.gov.uk/pubs/MORs/mor_8th_report_0809.pdf)