



# **CORPORATE GOVERNANCE FRAMEWORK**

## Document Control

### Key Personnel

<b>Title</b>	Driver & Vehicle Agency Corporate Governance Framework Document
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### Summary

This document outlines the Corporate Governance Framework currently in place for the Driver and Vehicle Agency, terms of reference of the key committees which support the Board and Job Descriptions for Agency Group Directors.

<b>Version</b>	<b>Date Issued</b>	<b>Reason for Update</b>
1.0	Sept 2007	Original draft for consideration
2.0	November -April 2009	Review of Corporate Governance Framework Document and appendices

## CONTENTS

	<b>Page</b>	
1	Introduction	4
2	Conduct of DVA Business	4
3	The Wider Corporate Governance Process	5
4	DVA Organisational Structures and Processes	5
5	External Influence on Governance of DVA	9
6	Internal Control & Risk Management	10
7	Financial Framework – Financial Delegations & Budgetary Flexibilities.	11
8	Legislation	11
9	Review Arrangements	11

## Appendices

1	<a href="#">DVA Framework Document</a>
2	<a href="#">DVA Code of Conduct &amp; Conflict of Interest Policy</a>
3	<a href="#">NICS Code of Ethics</a>
4	<a href="#">DVA Health &amp; Safety Manual</a>
5	<a href="#">DVA Anti -fraud policy</a>
6	<a href="#">DVA Fraud Response Plan</a>
7	<a href="#">DVA Whistle blowing Policy</a>
8	Departmental guidance on the <a href="#">acceptance</a> and <a href="#">provision</a> of gifts and Hospitality
9	<a href="#">Seven principles of public life</a>
10	<a href="#">Strategic Management Board structure</a>
11	<a href="#">TOR Strategic Management Board</a>
12	Role and responsibilities of individual strategic board members (A) <a href="#">Business Transformation</a> , (B) <a href="#">Licensing Operations &amp; Enforcement</a> , (C) <a href="#">Finance &amp; Corporate Services</a> , (D) <a href="#">Chief Executive</a> , (E) <a href="#">Driver and Vehicle Testing &amp; Standards</a> .
13	<a href="#">TOR DVA Audit committee</a>
14	<a href="#">Corporate Plan Timetable</a>
15	<a href="#">Statement on Internal Control</a>
16	<a href="#">DVA Risk Management Policy Statement</a>
17	<a href="#">Legislation</a>
18	<a href="#">TOR Change Programme Board</a>
19	<a href="#">Agency Agreement between DoE and DfT</a>

## 1. INTRODUCTION

1.1 The Driver and Vehicle Agency was established as an executive agency on 1 April 2007 to undertake the functions previously delivered by the Driver and Vehicle Testing Agency and Driver and Vehicle Licensing Northern Ireland. The Agency is an executive agency of the Department of the Environment (DoE). More detailed information in relation to the size, location and functions of the Agency is detailed in Section 1 of the [DVA Framework Document](#). The Agency's aims and objectives are detailed in Section 2 of the [DVA Framework Document](#).

This document sets out the details of the Agency's corporate governance arrangements. It also specifies the main decision making forums and identifies the specific roles and responsibilities of the DVA Strategic Management Board members.

1.2 The purpose of corporate governance is to facilitate accountability and responsibility for efficient and effective performance, and ethical behaviour. It should protect executives and employees in undertaking the work they are required to do. It should ensure stakeholder confidence in an organisation's ability to identify and achieve outcomes that its stakeholders value.

1.3 The risk management and internal control processes act as enablers for the delivery of effective governance and to demonstrate that adequate internal controls are in place and operating satisfactorily. These are supported by policies developed by DVA on [risk management](#), [anti-fraud policy](#), including the [fraud response plan](#), [whistle blowing](#), [code of conduct & conflict of interest](#) and Departmental guidance on the [acceptance](#) and the [provision of gifts and hospitality](#).

1.4 There is a great deal of guidance on the various aspects of corporate governance and best practice. This framework document has been developed taking into account various guidance documents and in particular the HM Treasury publication "Corporate Governance in Central Government Departments – Code of Good Practice" July 2005 and The Good Governance Standard for Public Services produced by The Independent Commission on Good Governance in Public Services.

## 2. CONDUCT OF DVA BUSINESS

2.1 The Strategic Management Board and Agency staff will endeavour to conduct business mindful of the [Northern Ireland Civil Service Code of Ethics](#) and the [DVA Code of Conduct](#). They should embrace the [Seven Principles of Public Life](#) drawn up by the Nolan Committee and endorsed by Parliament.

2.2 The Driver & Vehicle Agency adheres to the health and safety at work policy of the Department. The Agency appreciates that the people employed in DVA are its most valuable resource, and it is the policy to

ensure, so far as is reasonably practicable, their health, safety and welfare at work. Others who may be affected by our activities are also entitled to similar consideration. The Agency complies with the statutory duties included in the Health and Safety at Work (NI) Order 1978, and with all other relevant legislation, and will adhere to the respective Approved Codes of Practice and Guidance Notes. The [DVA Health and Safety Manual](#) provides details of the Agency's health and management system.

### **3. THE WIDER CORPORATE GOVERNANCE PROCESS**

- 3.1 The wider corporate governance process including the relationships between the Minister, Permanent Secretary, Sponsor, Ministerial Advisory Board (including Terms of Reference) and Agency Chief Executive are detailed in section 4 of the [DVA Framework Document](#). Relationships with DfT and DVLA including the annual agreements with DoE and DfT are detailed in section 5 of the [DVA Framework Document](#). Relationships with the Departmental Accounting Officer and other relevant Accounting Officers are detailed in section 6 of the [DVA Framework Document](#).

#### ***Corporate and Business Plans:***

- 3.2 The Chief Executive will prepare each year and submit to the DoE Minister, a draft three year Corporate Plan and an annual Business Plan for the forthcoming financial year. Subsequent approval of these plans by the DoE Minister and the Secretary of State for Transport (via DfT and DVLA) constitutes authority for the Chief Executive to conduct the operations of the Agency accordingly. Further details are available in Section 11 Business and Corporate Planning Framework of the [DVA Framework Document](#). The Corporate Plan is prepared to a [timetable](#) which is co-ordinated with the annual Public Expenditure Survey (PES).
- 3.3 Arrangements for dealing with Members of the local assembly and members of the Parliament are detailed in Section 7 and 8 of the [DVA Framework Document](#).

### **4. DVA ORGANISATIONAL STRUCTURES & PROCESSES**

#### ***Organisational Structures***

- 4.1 The key organisational structures which support the delivery of corporate governance in the Agency comprise:
- Strategic Management Board;

- DVA Audit Committee;
- DVA Change Programme Board

### ***Strategic Management Board***

- 4.2 The Strategic Management Board ([Board structure](#)) comprises the Chief Executive, 4 group directors and one non-executive director and is the senior tier of decision-making in the Agency. The [Terms of Reference of the Strategic Management Board](#) make clear its responsibility to establish and oversee the corporate governance arrangements of the Agency and to review performance of individual board members and the strategic management board's performance as a whole.

Strategic Management Board members are expected to participate fully in the decision making process with everyone's views being properly heard and considered and challenged when necessary. Members should also be conscious of the need to own corporate decisions and be prepared when necessary to promote or defend these outside board meetings.

The roles and responsibilities of the Agency's officers are addressed below. Delegated levels of expenditure are addressed in section 9 titled Financial Regime of the [DVA Framework document](#).

### ***Chief Executive***

- 4.3 The Permanent Secretary will work with Central Personnel Group and others, as appropriate, to ensure that appropriate arrangements are in place for the appointment of the Agency Chief Executive. The Chief Executive has four elements to his/her role in the Agency:

- Agency Accounting Officer;
- Chair of the Strategic Management Board;
- Executive Officer;
- Senior Officer of the Department of the Environment.

The Chief Executive is a member of the Departmental Audit Committee, and the Ministerial Advisory Board. The Departmental Accounting Officer and the Agency Accounting Officer are both liable to be summoned to appear before the Committee of Public Accounts; however where a Committee's interest is in the day to day operations of the Agency, the Minister will normally nominate the Chief Executive to answer on his/her account.

Fuller details of the Chief Executive's duties can be found in ["Role and Responsibilities of the Chief Executive"](#)

### ***Group Directors***

- 4.4 Group Directors together with the Chief Executive act as the Strategic Management Board, manage the business of the Agency and provide corporate leadership to the organisation as a whole.

There are four Group Directors (Grade 6) in the Agency. Details of their individual roles and responsibilities are attached.

- [Group Director Licensing Operations & Enforcement](#)
- [Group Director Business Transformation](#)
- [Group Director Finance & Corporate Services](#)
- [Group Director of Driver and Vehicle Testing & Standards](#)

### ***Directors***

- 4.5 There are 13 directors each directly accountable to one of the four Group Directors. The directorates are:

- Vehicles Technical Policy and Standards
- Driver Policy and Standards
- Vehicle Operations
- Finance (Licensing)
- Finance (Testing)
- Workforce Planning and Customer Services
- Corporate Services
- MOT2
- Driver Licensing
- Business Transformation
- RTLD Roadside Enforcement Compliance
- Vehicle Licensing
- Financial Integration

### ***Independent Non Executive Board Member and Non Executive Committee Member***

- 4.6 There is one Independent Non Executive Board Member and one non executive audit committee member. Their main purpose is to represent the public interest including the interests of customers and other

stakeholders and to ensure that executive members are supported and constructively challenged in their roles. The Independent Non Executive Board Member is accountable to the Agency's Chief Executive and Strategic Management Board. He attends the Strategic Management Board meetings and board workshops and is a member of the DVA audit committee. The Non Executive Audit Committee member chairs the audit committee. The independent directors must declare any charitable, voluntary, private, representational or political interest, related to the work of the Agency, which conflicts, or may be perceived to conflict with their responsibilities.

### ***Organisational Processes***

#### ***Monthly Strategic Management Board Process***

- 4.7 The Agency Strategic Management Board governs the conduct of its business through formal reporting and decision-making processes. Group Directorate meetings are held seven days before the monthly Strategic Management Board meeting. The venue for the meetings alternates between Belfast and Coleraine.
- 4.8 A collection of management information reports are presented at the Strategic Board meetings. Any other decisions requiring escalation to the Board or approval of new initiatives are submitted for approval via the formal reporting process.
- 4.9 Papers are submitted to the secretary of the Strategic Management Board a minimum of 3 days prior to the date of the meeting and distributed to Board members the same day. The secretaryship of the meeting is provided by the Chief Executive's Office.
- 4.10 The minutes of each Strategic Management Board meeting and associated papers are published on the Agency's Intranet.

#### ***Driver and Vehicle Agency Audit Committee***

- 4.11 The Audit Committee ([Terms of Reference](#)) is an advisory body with no executive powers and meets four times a year. The role of the Audit Committee is to support the Accounting Officer in monitoring the corporate governance and control systems in the organisation. The objectivity of the advice given is enhanced as a non –executive committee member chairs the Audit Committee. A non-executive director is also a member of the Audit Committee. The assessment of the completeness and effectiveness of the Agency's corporate governance arrangements forms part of the Internal Audit work programme. Further details are available in Section 10 Machinery for accounting, audit monitoring and reporting as detailed in the [DVA Framework Document](#).

### ***DVA Change Programme Board***

4.12 The DVA Change Programme Board ([Terms of Reference](#)) meets on a monthly basis and is responsible for ensuring effective governance, control and risk management over programmes which contribute to the strategic objectives set out for the corporate planning period.

## **5.0 EXTERNAL INFLUENCE ON GOVERNANCE OF DVA**

There are a number of stakeholders, agreements and guidance which impact on the governance of DVA.

### ***DVO***

5.1 The DVO group is part of the Department for Transport and encompasses several of its executive agencies i.e. DSA, DVLA, VOSA (etc). Given DfT's role in representing the UK at EC level on transport related matters and DVA's relationship with DVLA on vehicle licensing (see below) decisions and actions taken by DVO can have significant impact on DVA.

### ***DVLA***

5.2 DVA undertakes the Excepted Matters of vehicle registration and licensing and the collection and enforcement of Vehicle Excise Duty (VED) under the terms of a formal [Agency Agreement between DoE and DfT](#). Operation of this Agreement has been delegated by DfT to DVLA which is responsible for funding all vehicle licensing activities carried out by DVA and for directing all policy in this area and for monitoring DVA's performance under the Agreement. Further details are available in Section 5 of the [DVA Framework Document](#).

### ***Northern Ireland Audit Office***

5.3 The Comptroller and Auditor General for Northern Ireland (C&AG) is head of the Northern Ireland Audit Office (NIAO). He certifies the accounts of all Northern Ireland Government Departments and executive agencies and undertakes financial and value for money audits, the results of which are reported to the Northern Ireland Assembly. The C&AG works closely with the Assembly's Public Accounts Committee which takes evidence from senior officials on his reports. The C & AG and the NIAO are wholly independent of Government.

### ***DRD Internal Audit***

5.4 The Chief Executive is responsible for ensuring that adequate control arrangements are in place and that arrangements exist for the provision of an internal audit service in accordance with the Government Internal Audit Standards. These services will be delivered by Department for

Regional Development (DRD) Internal Audit Services, in accordance with a service level agreement. The internal auditors have a right of access to the Agency to perform work necessary to give an independent assurance to the Departmental Accounting Officer, who will be entitled to receive all internal audit reports.

### ***MPs, MLAs, Customers and General Public***

- 5.5 Arrangements for dealing with enquiries, queries and complaints are set out in section 8 of the [DVA Framework Document](#).

### **GUIDANCE**

#### **5.6 The Department of Finance and Personnel**

The Financial Reporting and Accounts Branch (FRAB) of the Department of Finance and Personnel provide a source of guidance and advice on accounting policies for central government departments and executive agencies in Northern Ireland in the form of Dear Accounting Officer letters, Government Accounting NI (GANI) and Trading Fund guidance etc.

#### **5.7 DFP Fees and Charges Guide**

## **6. INTERNAL CONTROL & RISK MANAGEMENT**

- 6.1 The Chief Executive will prepare and publish each year an Annual Report and Accounts on the Agency's financial performance and progress against targets. Further details are available in Section 10 Machinery for accounting, audit monitoring and reporting in the [DVA Framework Document](#).
- 6.2 As part of the Annual Report and Accounts the Chief Executive, in the role of Accounting Officer, is required to sign a [Statement on Internal Control](#) (SIC), which states whether he/she is maintaining a sound system of internal control that supports the achievement of the Agency's policies, aims and objectives, and regularly reviewing the effectiveness of that system. A robust governance framework including a risk management process involving a systematic approach, evaluation and control of risk is required to support this. Any significant weaknesses in internal control, and the steps taken to mitigate them, should be disclosed.
- 6.3 To assist in the Risk Management Process, the Agency has developed a [Risk Management Policy](#) which sets out:

- the Agency's methodology for identifying, assessing and managing risk;
- outlines the key aspects of the risk management process; and
- Identifies the reporting procedures.

It also details the roles and responsibilities of those involved and reinforces the inextricable link between risk management and the business planning process. The Risk Management Policy is endorsed by the Accounting Officer and Agency Strategic Management Board and is subject to annual review.

- 6.4 Another key element of the system of internal control is the hierarchical assurance process. This process requires each Director to provide assurance to their Group Director and in turn for each Group Director to assure the Accounting Officer, as a basis for his authorisation, on the annual "[Statement of Internal Control](#)."

## **7. FINANCIAL FRAMEWORK and Financial Delegations and Budgetary Flexibilities.**

The Agency's driver and vehicle testing activities constitute a trading fund which means they operate outside the Supply- process and, other than the enforcement function, the Agency meets all its expenditure on these activities from the income generated through fees charged to customers.

DVLA funds the operating and capital costs of vehicle registration and licensing functions in Northern Ireland based on an agreed formula as set out in the Annual Agreement between DfT and the Department. DoE funds the operating costs and capital expenditure of driver and operator licensing and on-road enforcement. These costs are required to be recovered annually through fees.

The financial framework for the Agency is detailed in Section 9 Financial Regime in the [DVA Framework document](#). The Financial Delegations and Budgetary Flexibilities are detailed in Annex B of the [DVA Framework document](#).

## **8. LEGISLATION**

The [legislation](#) for DVA primary activities including Vehicle Licensing, Driver Licensing, Vehicle Testing, Driver Testing, Roadside Enforcement and Taxi Driver and Public Service Vehicle Licensing is detailed.

## **9. REVIEW ARRANGEMENTS**

The framework for corporate governance will be reviewed yearly in line with any guidance from the Department of Finance and Personnel or

changes within the structure of the Agency and various supporting committees.

B Magee  
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