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**DAO (DoF) 05/25**

**05 September 2025**

Dear Accounting Officer

## **DEPARTMENTAL DELEGATIONS/REQUIREMENTS FOR DoF APPROVAL**

### ***Purpose***

1. This letter:
  - replaces DAO (DoF) 08/21, which is hereby cancelled; and
  - sets out the requirements that apply from the date of this letter for departments to obtain prior DoF approval before making commitments or incurring expenditure.

### ***Action required***

2. Accounting Officers to note the requirements to obtain prior DoF approval and the delegations conveyed by this letter, some of which may differ from practice to date – and to take whatever action may be necessary to secure compliance. If departments consider that their particular circumstances warrant a change to the delegated arrangements under this DAO, they should raise the issue with their relevant DoF Supply Officer.

### ***Scope of this letter***

3. This letter relates to the delegated arrangements between DoF and departments, including their agencies. The principles contained in MPMNI relating to the authority for expenditure, regularity, propriety, value for money and feasibility apply to all public expenditure, whether incurred by departments or other public bodies. The principles for approval and control described below also extend to NDPBs, North/South Bodies and or other public bodies. However, it is for sponsor departments to agree specific individual arrangements for such bodies, subject to overall delegations to departments set out in **Annex 2**, and any specific DoF approval required.

### ***Background***

4. This revised DAO updates references and provides clarification on those areas requiring DoF approval for all departments, which are set out in **Annex 2** of this letter. It supersedes all previous guidance relating to delegations. There are also specific delegations which DoF Supply has agreed with individual departments. Where these differ to the general delegations in **Annex 2**, the specific departmental delegations take precedence. Departments should ensure that they read both documents in conjunction. The overriding guidance for financial management remains MPMNI which can also be accessed on the DoF website - [Managing Public Money NI](#).

### ***Delegations***

5. In practice, DoF has delegated to departments authority to enter into commitments and to spend within defined limits, subject to certain restrictions. Delegation arrangements are established with departments on the basis of criteria set out in MPMNI A.2.2.9 (reproduced as **Annex 1**).
6. This letter conveys delegated authority to commit and incur expenditure subject to the restrictions shown in **Annex 2** i.e. departments have full delegated authority to commit and incur expenditure, except in relation to the areas listed

in **Annex 2**, or as otherwise agreed with individual departments. The delegations are also subject to the general requirement that DoF approval is always required for any proposal in any of the categories in MPMNI Box A.2.2.C. Departments are reminded that expenditure approval does not convey budget approval.

7. From time to time, certain types of expenditure, other than those listed above, will require DoF approval, for example, in emergency situations. Departments will be informed of the approval requirements attached to such expenditure by DoF as appropriate.
8. The delegated limits identified in this letter and its annexes generally refer to central government expenditure i.e. any expenditure by a department or its Agencies, NDPBs or other sponsored bodies. Expenditure funded from other sources such as, for example, spending by District Councils and the private or voluntary sectors does not generally count when calculating whether a proposal is above or below delegated limits. For instance, if a capital project is to be funded partly by central government and partly by a private firm, it is only the central government expenditure that counts towards the delegated limit.
9. Departments need DoF consent before undertaking expenditure or committing to other resource consumption. DoF agrees general approvals for resource consumption subject to delegated limits and/or exclusions as set out in Annex 2. This avoids the need for specific consent to each item. It is good practice to review these delegated authorities from time to time to make sure that they remain up to date and appropriate. Therefore, delegation levels should be reviewed by both departments and DoF as to how they are operating and amended as necessary following the review subject to MPMNI principles.
10. A department's individual delegations can be updated regularly. This DAO will only be updated periodically as and when an overall review is undertaken. Further guidance may issue in the interim period where DoF approval will be needed for certain types of expenditure. Departments remain responsible for

implementing all guidance in issue whether referenced here or not. Departments should always frame proposals in conjunction with the source guidance as this document is necessarily abbreviated. Where legislation stipulates that DoF approval is required, the onus is on the department to seek DoF approval.

11. The latest review has updated the delegations to reflect changes made in the most recent version of Managing Public Money NI. Changes introduced in DAO (DoF) 8/21 to fully delegate external consultancy spend remain in place. In addition, changes made to specific delegations include the following:

- **IT projects** – increase in delegated limits to **£10m**, referring to both capital and resource spend;
- **Capital projects** – increase in delegated limit to **£10m**;
- **City and Growth Deals projects** – a new delegated limit of **£20m** for capital expenditure;
- **Strategic Outline Cases** – clarification on when DoF approval of an SOC is required, updating requirements contained within FD (DoF) 11/20;
- **EU Peace Plus Programme** – increase in delegated limit from £5m to £10m as previously advised in FD (DoF) 03/23.

12. The increase in the delegated limit for capital projects is a response to the levels of construction inflation that have been experienced since the most recent revision of delegations. The higher limit for City and Growth Deals schemes is considered appropriate, reflecting the nature of the programme and the anticipated scale of individual spends within it. The increase in the delegated limit for IT projects also relates to the increased rate of general price inflation that has been experienced in recent years.

## ***Expenditure Appraisal and Evaluation***

13. The Better Business Case NI guidance (available on the DoF website) provides core guidance on the appraisal, evaluation, approval and management of policies, programmes and projects. The principles of appraisal should be applied, with proportionate effort, to every proposal for spending or saving public money, or proportionate changes in the use of public sector resources. For example, appraisal must be applied irrespective of whether the relevant public expenditure or resources:
  - Involve capital or current spending, or both;
  - Are large or small;
  - Are above or below delegated limits.
  
14. Appraisal is a systematic process for examining alternative uses of resources. It is designed to assist in defining problems and finding the solutions which offer the best value for money. It is a way of thinking expenditure proposals through, right from the emergence of the need for a project through its implementation, to post-project evaluation. It is the established vehicle for planning and approving projects and other expenditures. Good appraisal leads to better decisions and use of resources. It facilitates good project management and project evaluation. Appraisal is not optional; it is an essential part of good financial management, which is vital to decision-making and crucial to accountability. However, it must also be proportionate to the scale or importance of the objectives and resource consequences in view.
  
15. It is important to begin applying appraisal early in the gestation of any proposal which has expenditure or resource implications. The justification for incurring any expenditure at all should be considered. Appraisal should be applied from the emergence of a need right through to the recommendation of the most cost-effective course of action. It should not be regarded merely as the means to refine the details of a predetermined option.

16. It should be noted that delegations do not remove the need for appraisal or evaluation. All expenditure, including that below delegation limits, must be appraised and evaluated with effort that is proportionate to the objectives and resources involved, with due regard to the specific nature of the case. Better Business Cases NI guidance provides more detailed guidance on the application of appropriate and proportionate effort.
17. Many decisions which require DoF approval come to DoF because of the regularity, propriety and feasibility requirements in Managing Public Money NI, DAO letters and FD letters rather than because of their financial value. Therefore, the process of considering a financial decision should give equal regard to these sources of guidance.

### ***Implementation of delegated authority***

18. This DAO restates a number of working arrangements which are intended to facilitate the efficient implementation of delegated authority and the achievement of accountability and value for money. They are part of the internal controls of a department and should facilitate an Accounting Officer in signing the Governance Statement.

### **Management Arrangements**

- i. Departments should nominate a senior official, preferably the Departmental Finance Director, to assist in the discharge of all aspects of the delegation arrangements within the department. This official should act as a single point of contact through whom all liaison with DoF on significant financial matters, including approvals, should be conducted, unless alternative arrangements are agreed with DoF. Departments should inform DoF of the name and job title of this point of contact and notify DoF of any subsequent change.

- ii. Expenditure above delegated limits generally requires specific DoF approval. The normal procedure for seeking DoF approval is to submit a suitable business case to the appropriate DoF Supply Division in accordance with the guidance in Better Business Cases NI.
- iii. All cases presented to DoF for approval must confirm that the department is content with the regularity, propriety, value for money and feasibility of the project and the project has the necessary approvals within the departmental Accounting Officer's delegated arrangements. Where it is clear to DoF that a case has been submitted without proper departmental approval procedures being followed, the case will be returned without consideration.
- iv. It should be noted that where DoF approval is required, expenditure should not be committed until DoF approval has been granted. Where DoF's approval has not been sought, DoF will not generally grant retrospective approval where the relevant expenditure has already been committed or the works have commenced. However, MPMNI sets out the circumstances where DoF may consider granting retrospective approval. Where there is a statutory requirement for DoF consent, retrospective approval for improper (unlawful) expenditure cannot be given.
- v. The practice of consulting DoF informally during the course of development of a project/expenditure proposal is strongly encouraged, particularly where it is deemed to be complicated, novel or contentious. However, such informed consultation does not remove the need for a department to formally submit the proposal for DoF approval if that is required. DoF will not confirm its formal view of any proposal unless the department has provided confirmation of its Accounting Officer's view (or the person with delegated authority from the Accounting Officer) on the regularity, propriety, value for money and feasibility of the relevant proposed expenditure.

## **Appraisals and Post Project Evaluations**

- vi. All departments should ensure that their operating procedures and guidance on conducting economic appraisals comply with Better Business Cases NI are recorded in a Finance Manual, that this Manual is kept updated regularly, and that those who are involved in the economic appraisal process have access to it.
- vii. The Departmental Finance Director should ensure that commensurate Post Project Evaluations (PPEs) are completed and that lessons learnt are shared within the department (and, where appropriate, with other departments). A copy of the PPE should be forwarded to DoF Supply if it formed a condition of the approval or if it is requested by DoF as part of a test drilling exercise. Departmental Finance Manuals should ensure that appropriate procedures are established for PPEs.
- viii. **You may wish to note that DoF will no longer routinely monitor the completion of PPEs, in relation to those business cases submitted to DoF.** Departments should monitor the requirement to complete PPEs in a timely manner. DoF will continue to request those where specified as a condition of approval. In addition, as part of the test drill exercise referred to in the above paragraph, DoF will also now include PPEs relating to spends *above* delegated limits. This approach is intended to reflect the fact that the primary responsibility for the completion and dissemination of PPE's rests within the relevant department and spending area, whilst also allowing DoF to carry out a proportionate oversight role.

## **Review of Processes**

- ix. Each department should carry out an annual review (independent of the spending areas) of the processes in relation to the appraisal of cases and PPEs that fall within its delegated limits, to ensure that the proper processes are being followed and the delegation limits set out in this

DAO adhered to. If a department has evidence-based confidence in its internal controls, it may decide to implement a cycle of reviews, taking a different part of the department each year.

### **Review of Economic Appraisals / PPEs**

- x. In addition to the annual review of processes described at (ix) above, departments should conduct ad hoc 'test drilling' of economic appraisals and PPEs that fall (a) within their delegated limits and (b) within the delegated limits given to their sponsored bodies, to ensure that the appropriate appraisal standards have been applied in accordance with Better Business Cases guidance and that decisions have been taken on a proper basis. The review should be undertaken independent of the spending area. A department may undertake a cycle of reviews concentrating on the higher risk areas. A report of the findings of the examination of individual cases should be provided by departments to the Departmental Accounting Officer and to DoF Supply on an annual basis, by 31 August each year. This should provide further assurance to the Departmental Accounting Officer in signing off the Annual Governance Statement.
  
- xi. Departments should submit to DoF Supply a list of all appraisals above the level agreed with their Supply Officer. Supply may request a sample of those cases for review, to confirm the effectiveness of departments' control systems (in line with the criteria in MPMNI A.2.2.9). Any necessary corrective action identified should be implemented within an agreed timescale.

### ***Conditions of Approval***

- 19. Departments will be aware of the standard conditions of DoF approval. As previously advised, when granting approval of expenditure DoF will inform departments that, where there are any *non-standard* conditions of approval, these should be brought to the attention of the respective Minister. It will be for

individual departments to determine the most suitable method for advising their Minister of such conditions.

### ***Conclusion***

20. The delegated limits attached to this letter will be applicable with immediate effect. Note that the limits that applied at the time a case was approved will continue to apply, including the need for any re-approval. The content of this letter should be drawn to the attention of relevant staff in your department, agencies and other relevant sponsored bodies. Please note that any cases currently with the Department of Finance will continue under the delegation arrangements that existed at the time of submission. Any queries should be addressed to your departmental Supply Officer.

A handwritten signature in black ink, appearing to read "Stuart Stevenson", with a long horizontal flourish extending to the right.

**STUART STEVENSON**

**Extract from Managing Public Money Northern Ireland (MPMNI) – A.2.2.9**

**Criteria for setting authorities**

A.2.2.9 In establishing delegated authorities, DoF will:

- agree with the department how it will take spending decisions (e.g. criteria and/or techniques for investment appraisal, project management and later evaluation);
- establish a mechanism for checking the quality of the department's decision-taking (e.g. by reviewing cases above a specified limit, or giving full delegation but requiring a schedule of completed cases of which a sample may be examined subsequently);  
and
- encourage delegation of authority within the department to promote effective financial management. In general, authority should be delegated to the point where decisions can be taken most efficiently. It is for the Accounting Officer to determine how authority should be delegated to individual managers.

## AREAS REQUIRING DoF APPROVAL - ALL DEPARTMENTS

<b>Departments must write to DoF, seeking approval, in the following circumstances</b>		
<b>No</b>	<b>Details</b>	<b>Reference</b>
<b>Use of Resources</b>		
<b>1</b>	Public statements or other commitments which might imply a willingness to use public resources beyond the agreed budget plans	MPMNI Box A.2.2A
<b>2</b>	Guarantees, indemnities or letters of comfort which could create contingent liabilities	MPMNI Box A.2.2A
<b>3</b>	All expenditure which is novel, potentially contentious or repercussive, irrespective of size, even if it appears to offer value for money taken in isolation; or which could set a potentially expensive precedent	MPMNI Box A.2.2A MPMNI Box A2.2C
<b>4</b>	Items which could exceed the agreed budget and Estimate limits	MPMNI Box A.2.2C
<b>5</b>	Contractual commitments to significant spending in future years for which plans have not been set	MPMNI Box A.2.2C
<b>6</b>	Legislation with financial implications as per guidance in MPMNI	MPMNI A.2.1.1 MPMNI A.2.1.2
<b>7</b>	New services / expenditure under the sole authority of the Budget Act	MPMNI 2.6.3 MPMNI A.2.4.3
<b>8</b>	Appointments of senior staff in new public bodies prior to passing of legislation	MPMNI A.2.4C A.7.1.10
<b>Accounting Officers</b>		
<b>9</b>	Appointment of the permanent head of each central government department to be its Accounting Officer	MPMNI 3.2.1
<b>10</b>	Appointment of an Accounting Officer for a Trading Fund (TF)	Financial Provisions NI Order 1993 and MPMNI 3.2.2
<b>Internal Management</b>		

11	<p>Gifts – Any gift(s) provided to any individual or entity where the value of the gift(s) exceeds £250.</p> <p>Any collective gift(s) provided to any range of individuals or entities, where the value of the gift(s) to any one individual exceeds £250 or when the value of the collective gift(s) exceeds £5,000</p> <p>Any gift received, where this is considered potentially novel, contentious or repercussive</p>	<p>MPMNI A.4.12.2, A.4.12.16</p> <p>DAO (DFP) 10/06</p>
12	<p>Insurance – the use of commercial insurance generally requires DoF approval.</p> <p>However, where commercial insurance is both explicitly required by statute and represents the bare minimum cover required to comply with that statute, DoF approval is not required but DoF must be notified when commercial insurance needs to be purchased for this purpose.</p> <p>Departments should also inform their DoF Supply Officer of any reviews of insurance, or alternatives to insurance that might contain lessons of wider application.</p>	<p>MPMNI A.4.4.5</p>
13	<p>Losses – losses arising from overpayments: of social security benefits, grants, subsidies etc</p>	<p>MPMNI Box A.4.10A</p>
14	<p>Losses - losses arising from failure to make adequate charges: e.g. for the use of public property</p>	<p>MPMNI Box A.4.10A</p>
15	<p>Losses - losses of pay, allowances and superannuation benefits paid to individual civil servants, individual members of the armed forces and individual ALB employees: including overpayments due to miscalculation, misinterpretation, or missing information; unauthorised issues; and other causes</p> <p>Or in the case of collective overpayment: Foregoing the recoupment of overpayments of pay, allowance and superannuation benefits over £20,000</p>	<p>MPMNI Box A.4.10A</p>
16	<p>Losses - Waived or Abandoned claims above £100,000</p>	<p>MPMNI Box A.4.10A</p>
17	<p>Losses – foregoing the recovery of the whole or any of a collective overpayment.</p>	<p>MPMNI A.4.11.22</p> <p>Box A.4.11A</p>
18	<p>Compensation payments without legal advice - Individual compensation claims settled out of court over £10,000. This includes plaintiff legal costs.</p>	<p>MPMNI A4.13.4-10; MPMNI Box A4.13A</p>

<b>19</b>	Compensation payments following legal advice - Individual compensation claims settled out of court over £250,000 where the legal advice is that the department will not win the case if contested in court. This total includes plaintiff legal costs.	
<b>20</b>	Other special payments e.g. ex gratia over £100,000	MPMNI Box A.4.13A
<b>21</b>	Payments – Advance payments excluding those allowed under the guidance in MPMNI	MPMNI A.4.8.5 MPMNI A.4.8.6
<b>22</b>	Payments - Special severance payments	MPMNI A.4.13.11
<b>23</b>	Payments – Financial Remedy Payments over £500 (i.e. payments made to complainants through an organisation’s internal complaints procedures/processes) unless as a result of a recommendation from the Northern Ireland Public Services Ombudsman and the Pensions Ombudsman	MPMNI A.4.14.7
<b>Funding</b>		
<b>24</b>	Banking – Proposals to open an account outside the pool or any proposed changes to Banking Pool arrangements	MPMNI A.5.6.3
<b>25</b>	Banking – Requests for indemnities that commercial banks may seek to replace their normal arrangements	MPMNI Box A.5.6B
<b>26</b>	Borrowing from the Private Sector for all Arm’s Length Bodies (ALBs)	MPMNI 5.9.1
<b>27</b>	Borrowing on terms more costly than those usually available to government	MPMNI A.5.5.16
<b>28</b>	Borrowing – foreign borrowing	MPMNI A.5.5.17
<b>29</b>	Foreign Currency - Any proposals to negotiate contracts in foreign currencies other than the euro, yen or US dollar exceeding £2m	MPMNI A.5.6.12
<b>30</b>	Liabilities – Departments seeking statutory authority to accept liabilities, including the liabilities of any sponsored bodies in excess of £1 million for any single transaction.	MPMNI A.5.4.5, A.5.4.17
<b>31</b>	Liabilities – Reporting non-statutory, where required, to the Assembly	MPMNI A.5.4.28
<b>32</b>	Liabilities – Reporting a contingent liability in confidence by writing to the Chair of the PAC	MPMNI A.5.4.33

<b>33</b>	Liabilities – Departments should consult DoF about reporting a liability during recess and outside Assembly sessions during a dissolution	MPMNI A.5.4.37
<b>34</b>	Loans – proposals to make voted loans and premature repayment	MPMNI A.5.5.2 MPMNI A.5.5.6 MPMNI A.5.5.7
<b>Fees, Charges and Levies</b>		
<b>35</b>	Charges - Primary legislation to empower charging	MPMNI 6.3.1
<b>36</b>	Charges - Restructuring charges using the Fees and Charges (NI) Order 1988 No. 929 (N.I.8) in line with guidance in MPMNI	MPMNI Box 6.1
<b>37</b>	Charges – Charging less than full cost	MPMNI 6.4.2
<b>38</b>	Interdepartmental Transactions – where the transaction may require legislative procedures or where DoF agreement is required under statute	MPMNI 2.3.6
<b>Working with Others</b>		
<b>39</b>	Agency framework documents and the methods of financing an agency	MPMNI 7.4.2 & Box 7.2
<b>40</b>	The establishment or termination of an NDPB	Public Bodies: A Guide for NI Departments MPMNI 7.2.1
<b>41</b>	The establishment and operation of a Trading Fund or extension of the functions of an existing fund including the mix of sources of finance.	Financial Provisions NI Order 1993 and MPMNI A.7.3.16 MPMNI 7.9.2, 7.9.4 & Box 7.7
<b>42</b>	Provision of funding by way of an Endowment Fund	MPMNI A.5.1.14
<b>43</b>	Grants to Councils under the Local Government (Finance) Act (NI) 2011	Local Government (Finance) Act (NI) 2011
<b>Other Delegations</b>		
<b>44</b>	Assets - Transfer or disposal of assets at less than market value (including leases).	
<b>45</b>	The design of financial compensation schemes	MPMNI A.4.14.7
<b>46</b>	Estimates – form and content of Main and Supplementary Estimates.	Supply Estimates in Northern Ireland – A Guidance Manual

<b>47</b>	Virement	Supply Estimates in Northern Ireland – A Guidance Manual
<b>48</b>	Fraud – any departure from immediate reporting	MPMNI A.4.9.9  DAO (DFP) 6/11 Managing the Risk of Fraud – a guide for managers Chapter 6
<b>49</b>	IT projects over £10 million (total cost including both capital and revenue costs)	
<b>50</b>	Capital Projects - All other expenditure on Capital Projects involving over £10million of Central Government expenditure unless other departmental specific delegations allow. This includes Financial Transactions Capital.	
<b>51</b>	City Deals projects – Capital projects involving over £20 million of Central Government expenditure	
<b>52</b>	Strategic Outline Cases (SOCs): <ul style="list-style-type: none"> <li>• for all capital projects with a total capital value of £50 million or more;</li> <li>• for all revenue projects which fall above the department’s delegated limits and for which total central government costs will be £50 million or more over the project’s life (unless as agreed with DoF Supply); and</li> <li>• for all IT projects over £50 million.</li> </ul>	
<b>53</b>	ONS classification of a Public Body including changes to classification.	CED – Letter to departments on Classification process – 15 Oct 2018
<b>54</b>	Confidentiality clauses in dispute settlements	DAO (DoF) 8/16
<b>55</b>	Redundancy – All staff redundancy schemes not covered by existing regulations, or which are more generous than existing NICS scheme.	
<b>56</b>	EU - All expenditure over £10 million under the EU Peace Plus Programme	FD (DoF) 03/23
<b>57</b>	Pay Remits in the circumstances set out in the relevant guidance currently in issue; and any other pay related business cases.	FD Letter - Pay Remit Approval Process and Guidance
<b>58</b>	All leases for Office Accommodation (including supporting storage or warehousing) – both new and existing extension or renewal beyond break points. Excluding offices outside Northern Ireland. DoF	Letter to Finance Directors – 5 July 2023

	approval is not required for new/extended office accommodation leases between two central government organisations.	
<b>59</b>	All private finance arrangement projects (e.g. 3PD, PFI, etc.) at key stages (i.e. SOC, OBC and FBC).	FD (DoF) 11/20