

The Executive Office
Annual Report and Accounts
For the year ended 31 March 2017

*Laid before the Northern Ireland Assembly by the
Department of Finance
under section 10(4) of the Government Resources
and Accounts Act (Northern Ireland) 2001*

03 July 2017



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31 March 2017**

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2016-17 ANNUAL REPORT

THE PERFORMANCE REPORT

OVERVIEW

The purpose of the overview is to provide a description of the Executive Office, its purpose, its functions, the key risks to the achievement of its objectives and how the Department has performed during the year.

STATEMENT FROM THE DEPARTMENT'S ACCOUNTING OFFICER

I am pleased to present the inaugural Annual Report and Accounts for The Executive Office (TEO). TEO, previously the Office of the First Minister and Deputy First Minister (OFMDFM), was created on 9 May 2016 as part of the implementation of actions emanating from the Fresh Start Agreement.

The 2016-17 financial year, has witnessed a degree of administrative change and political and economic uncertainty which has not been seen since the advent of devolution in 1999. Major organisational restructuring, addressing new risks such as the macro-economic and political challenges generated by the outcome of the Referendum on the United Kingdom's membership of the European Union and the implications of dissolution of the NI Assembly on 26 January 2017 have had a significant impact on how TEO operates.

Despite the difficult operating environment, TEO has remained fully committed to continued delivery of government services. Over the last year, we have worked to change lives for the better by helping people to improve their futures through delivering social change and building united communities to create a stronger, more cohesive society. We have also delivered a range of outcomes across a number of key departmental functions such as: Good Relations, Race Relations, Victims and Survivors, Social Investment Fund, Urban Villages and many more which are detailed in the Annual Report. Successful delivery of these outcomes reflects the continued hard work of our staff and their passion for and commitment to delivering high standards of public service.

This year we have also forged ahead with plans to transform government, laying the foundations for a Northern Ireland Civil Service (NICS) that is fit for the future, representative of a now diverse modern society and more effective and efficient.

We have made significant progress this year, but there is still more to do and the draft Programme for Government framework, adopted by the Executive in May 2016, sets out the Executive's ambition for the future.

I remain immensely proud of the work this department does. Its people, policies and processes all play a crucial part in delivering quality services that make a real difference to people across Northern Ireland and I am confident that we are well placed to address the challenges that lie ahead to improve the lives of the people who live here.

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STATEMENT OF THE PURPOSE AND ACTIVITIES OF THE DEPARTMENT

The overall aim of TEO is to *build a peaceful and prosperous society with respect for the rule of law where everyone can enjoy a better quality of life now and in years to come.*

In pursuing the overall aim, the Department's key interlinked objectives are:

- The effective operation of the institutions of government in the delivery of the Executive's Programme for Government;
- Building a united, shared and reconciled community and improving community relations by delivering a strategic approach to good relations through the delivery of the Together: Building a United Community programme;
- Tackling disadvantage and promoting equality of opportunity by driving a programme across Government to reduce poverty, promoting and protecting the interests of victims and survivors and other socially excluded groups and addressing inequality and disadvantage; and
- Driving investment and sustainable development through regeneration of strategic former military sites; promoting effective long-term capital planning and delivery; and promoting the Executive's policy interests internationally.

Programme for Government

The Fresh Start Agreement endorsed an outcome-focused basis for developing the Programme for Government. This approach recognises the essential nature of developing a joined-up approach to tackling the needs of citizens, across central government and to local government and beyond, including the private, voluntary and community sectors.

TEO led the preparation of a draft Programme for Government framework, which was adopted by the Executive at its first meeting following the appointment of Ministers in May 2016. The draft Framework was widely endorsed in a public consultation exercise between May and July 2016, and responses to a further consultation on a revised draft Programme for Government conducted in the period October-December 2016 were overwhelmingly positive. Work has continued to support the development of a draft Programme for Executive and Assembly endorsement following the 2 March 2017 elections.

The Programme for Government team in TEO worked closely with the NICS Board and the Department of Finance (especially NISRA) to enhance the capacity of the wider Civil Service to develop and deliver the Programme for Government and its associated monitoring arrangements.

TEO's responsibilities under the Programme for Government also include the preparation of delivery plans aimed at increasing levels of respect, reconciliation and shared space as well as enhancing our international reputation as a partner region and visitor destination. The Department will continue to refine its draft delivery plans during 2017-18, in light of agreed Executive priorities and in line with the Programme for Government process.

Programme for Government Reporting

Work to establish reporting arrangements for an outcome-focused Programme for Government has been progressing throughout 2016-17 and will be implemented when agreed by an incoming Executive.

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KEY ISSUES AND RISKS

A key challenge in 2016-17 has been to maintain service delivery during a period of significant change to a new 9 Department structure.

The Department continues to focus on key its policy areas:

- **Delivering Social Change:** creating opportunities and tackling disadvantage to ensure that disadvantaged areas and vulnerable groups continue to be targeted to address persistent patterns of poverty and disadvantage through the implementation of the Social Investment Fund (SIF) and the Delivering Social Change (DSC) Programmes.
- **Together: Building a United Community (T:BUC):** The strategy outlines a vision of “a united community, based on equality of opportunity, the desirability of good relations and reconciliation - one which is strengthened by its diversity, where cultural expression is celebrated and embraced and where everyone can live, learn, work and socialise together, free from prejudice, hate and intolerance.” A key element of the strategy delivered directly by TEO is the investment in the Urban Villages (UV) initiative which aims to foster positive community identities, build community capacity and improve the physical environment in five areas with a history of community tension and deprivation. Another key element is the T:BUC Camps Programme which provides opportunities for young people, aged 11 -19 to come together to build positive relationships across divided parts of our community.
- **Our new Racial Equality Strategy** which was launched December 2015 establishes an up-to-date framework for government departments (and others) for tackling racial inequalities, to eradicate racism and hate crime and, along with T:BUC, to promote good race relations and social cohesion. Among other things it commits Government to ethnic monitoring and to reviewing our racial equality legislation. It also reaffirms our commitment to the Minority Ethnic Development Fund to develop capacity within the minority ethnic sector and to a Crisis Fund for those who face destitution.
- **The Historical Institutional Abuse Inquiry:** to examine if there were systemic failings by the state or institutions in their duties towards children under 18 in their residential care between 1922 and 1995. Oral hearings were completed on 8 July 2016 and the Chairperson’s report was published on 20 January 2017.
- **Victims and Survivors:** Addressing the needs of victims and survivors continues to be a priority area for both the Department and the Executive. In 2017-18 the Department will continue to provide a more comprehensive and responsive solution to meeting the needs of individual victims and survivors and supporting the groups and organisations which work in this sector.
- **International Relations:** TEO will continue to drive implementation of the Executive’s International Relations Strategy. The NI Bureau in Beijing will help develop links with the Chinese Government and realise key targets in the economic, education and tourism sectors. The Executive offices in Washington DC and in Brussels will ensure that our profile remains high and our interests continue to be promoted in these influential locations.
- **Infrastructure Investment:** In 2016-17 the Department disposed of two lots of the former military site at Shackleton with the third remaining lot, a small parcel of land, on target for disposal to NI Water in early 2017–18. The Department progressed the development of the Ebrington site during the year, including works to four buildings and progressed essential maintenance/infrastructure works including bringing utilities to the site. This development will continue into 2017-18 and the Department is currently in the process of planning the development of Grade A Office accommodation on the site. The business case has been approved and the tender issued through OJEU on 18 March 2017. In 2017-18 capital

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expenditure allocations are planned to progress infrastructure development in Urban Village areas to support the delivery of key shared future objectives

Budget 2017-18 will support the activities of government departments, including TEO, in implementing the incoming Administration's new Programme for Government. In the current constrained financial climate, there is a clear requirement to work efficiently and innovatively to ensure that we continue to deliver within available resources.

The key issues and risks facing TEO are also disclosed in the Governance Statement.

Going Concern

The Statement of Financial Position as at 31 March 2017 shows net liabilities of £40,771k, reflecting liabilities due in future years. It is considered appropriate to adopt a going concern basis for the preparation of the financial statements as the Department is supply financed and draws its funding from the Consolidated Fund. Therefore there is no liquidity risk in respect of the liabilities due in future years.

PERFORMANCE SUMMARY

Supporting the work of government

- **10 Executive meetings**
- **76 Executive papers**
- **12 North South Ministerial Council meetings**
- **6 British-Irish Council meetings**
- **8 Joint Ministerial Committee meetings**
- **EU Future Relations Division established September 2016**

During 2016-17 there were 10 Executive meetings, at which 76 Executive papers were considered. The economy continued to be a priority and was included as an agenda item at all scheduled Executive meetings. Matters considered by the Executive included: Application for Bovine Spongiform Encephalopathy (BSE) Negligible Risk (NR) Status for Northern Ireland, Implications of the UK Decision to withdraw from the European Union, Consultation on Draft Children & Young People's Strategy for 2017-27, Establishment of a Compact Civic Advisory Panel, Approval for Committal Reform Bill & Domestic Abuse Bill, & update on proposed Stalking Bill, Adoption of the Employers Guidance on Recruiting People with Conflict-Related Convictions, Westminster Criminal Finances Bill - Legislative Consent Motion, Delivering Social Change – Atlantic Philanthropies – 'Phase 2' of the Dementia Services Programme, Draft Departments (Transfer of Functions) (No 2) Order (Northern Ireland) 2016, Health & Wellbeing 2026 - Delivering Together, Westminster Policing & Crime Bill (Pardons for Abolished Homosexual Offences) Legislative Consent Motion, Organisation for Economic Co-operation and Development (OECD) Public Governance Report (PGR) – NI: Improving Public Services – Government Response, OFCOM Devolution Measures for Northern Ireland, Executive Action Plan for Tackling Paramilitary Activity, Criminality and Organised Crime, Portrush Regeneration Programme, Rugby World Cup 2023 – Executive support for bid to host the tournament in 2023, Increase in Budget for Social Investment Fund, and Investing in the Teaching Workforce.

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Executive Ministers participated in twelve meetings of the North South Ministerial Council, including two Plenary meetings. The British-Irish Council met on six occasions with one Summit meeting held in Glasgow and two in Cardiff. There were also three meetings held in sectoral format on Indigenous, Minority and Lesser Used Languages, the Environment and Demography. During the year, two Joint Ministerial Committee (JMC) meetings took place in Plenary format. At the JMC Plenary meeting held in October 2016 it was agreed to establish a JMC sub-committee to consider issues relating to the UK's exit from the EU, to be known as JMC (EN). JMC European Negotiations (EN) met four times to consider the UK approach to and objectives for Article 50 negotiations. Ministers attended one meeting of the JMC in European format JMC (E).

EU Future Relations

The EU Future Relations Division was established in September 2016 following the Referendum on the UK's membership of the European Union. The Division has provided support to the First Minister and deputy First Minister, Junior Ministers and Executive Ministers on EU exit issues.

The JMC (EN) provides a focus for multilateral engagement including oversight of negotiations. Executive Ministers have attended four JMC (EN) meetings at which a range of issues have been considered, including the Great Repeal Bill, Security, Law Enforcement and Justice, Article 50 Decision Making Process and Market Access. Ministers have also discussed EU Exit at meetings of the British Irish Council and the North South Ministerial Council. Detailed bilateral work has been undertaken at official level with Whitehall Departments and high level engagement has taken place with the Irish Government. A formal project structure has been established to coordinate work on EU exit across all NICS Departments. The Head of the Civil Service chairs the Project Board which has representation, at Permanent Secretary level, from those Departments most impacted by EU Exit issues.

Strategic Investment and Regeneration

- **Ilex URC formally closed on 31 March 2016 and the Department is now responsible for all aspects of the Ebrington site from 1 April 2016;**
- **Capital budget of £2.47m spent on a comprehensive asbestos removal programme, infrastructure works and the restoration of listed buildings surrounding Ebrington Square to lever private sector investment and civil engineering works at the rear of the site;**
- **Responsibility for the Peace Bridge transferred to the Department for Infrastructure;**
- **Shackleton, the former military site in Ballykelly, was agreed for sale. A part of the site was sold to the Department for Agriculture, Environment and Rural Affairs and part to MJM Group. The remainder of the site is due to be sold in the 2017-18 financial year;**
- **The Crumlin Road Gaol and the St Lucia site were transferred to the Department for Infrastructure in May 2016 as part of departmental restructuring;**
- **The Asset Management Unit in SIB has supported improved asset management, the realisation of capital receipts and re-financing. £21.9 million of additional capital was raised from sales of surplus assets and efficiencies to be used for infrastructure investment;**
- **All Social Investment Fund (SIF) have been committed to 68 approved SIF projects. 50 SIF projects with associated costs of over £58 million have commenced with 23 of these worth, £33 million, now operational; and**
- **Over 11,800 participants from deprived areas are currently engaged in SIF funded**

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projects and availed of employment/training, educational or early intervention provision to support them in improving their lives.

Ilex URC closed for business on 31 March 2016 and the Department is now responsible for all aspects of the Ebrington site. The development of the site will continue to lever private sector investment and provide new jobs delivering economic benefits to both the local community and beyond. A project board has been established to transfer the site to Derry City and Strabane District Council, as Ministers have agreed.

There was continued progress on the regeneration of the Ebrington site including infrastructure works and the restoration of buildings surrounding Ebrington Square to facilitate private sector investment. A marketing exercise was undertaken and moderation completed with expressions of interest for a number of buildings and lands to the rear of the site being progressed. Plans are now in place for most of the remaining buildings. The business case for the Grade A office accommodation on Ebrington has been approved and is currently being tendered through the OJEU process.

In May 2016, the Royal Ulster Agricultural Society (RUAS) hosted its annual Agricultural Show on the Maze/Long Kesh site. The organisers confirmed that some 100,000 visitors attended the Show. The relocation and commissioning of the 'Eikon' Pavilion building has provided additional capacity for the Agricultural Show and for additional events throughout the year. As a result of the continuing success of the Show, the RUAS extended the 2017 show to four days (visitor figures are not available yet).

The entire Shackleton site, at Ballykelly, was agreed for sale with the main part (c. 621.5 acres) of the site being sold to the MJM Group in April 2016. MJM's plans for the site will create employment and deliver community and environmental benefits for Ballykelly and the wider North West. 8.7 acres were sold to the Department of Agriculture, Environment and Rural Affairs for its new headquarters. The remaining 85.8 acres of the site are due to be sold in the 2017-18 financial year.

During 2016-17 the Strategic Investment Board Limited (SIB) continued to provide advice to Ministers and departments in relation to the articulation and delivery of the Executive's major investment programmes. It provided assistance (including research, consultancy, project management and other services) to every government department and a range of other partners including agencies, Non Departmental Public Bodies (NDPBs) and local authorities. This support included:

- managing major capital development projects such as the Strule Education Campus; the Regional Sports Stadiums Programme, Belfast Rapid Transit and the Belfast Transport Hub and Ebrington;
- supporting other projects with a regional or sub-regional significance such as Regional College redevelopments, Coleraine Enterprise Zone; Energy Wise and Urban Villages;
- continuing to support Belfast City Council and other local authorities in the delivery of investment projects such as the Waterfront Hall Conference Centre, Connswater Greenway and the North West Sports Village; and
- supporting the realisation of capital from surplus assets and property asset efficiencies, the implementation of the Executive's asset management strategy and the reform of property management.

In 2016-17 SIB supported T:BUC and the SIF through the provision of project managers and advisers. SIB continued to support the implementation of the Investment Strategy through the Infrastructure Delivery Tracking System, a published pipeline of projects, and research and

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modelling of investment outcomes. A new draft Investment Strategy was developed. SIB facilitated the achievement of some £21.9 million of additional capital in asset realisations through disposal of surplus assets and efficiencies, providing additional funds for re-investment.

Social Investment Fund

TEO is delivering the SIF on behalf of the Executive to help address issues associated with deprivation including poverty, unemployment and physical dereliction in deprived areas. The programme is in full delivery mode, with 68 projects approved and funding committed across the nine social investment fund zones. The projects are making improvements to 115 premises and are focused on employment/education and early intervention with some additional mental health, capacity building, fuel poverty and social economy support. 50 of the projects have commenced and 23 of these are currently operational. These include 9 capital projects delivering an enhanced range of health, social economy, training, education and youth services to local people.

Over 11,500 local people are engaged in SIF projects and receiving targeted support focused on employment/training, early intervention and education. Almost 1,000 are availing of paid work placements with 239 having secured jobs to date. It is anticipated that this will increase as more participants complete placements over the remainder of the project periods.

International Relations

The Executive's International Relations Strategy continues to be implemented. Key strategic goals of developing government-to-government relations with central and regional governments in China and the US administration and enhancing our relationship with the EU were realised through:-

- **25 inward visits from international government, political and diplomatic leaders to promote productive and mutually beneficial relationships;**
- **4 Ministerial visits to the United States;**
- **7 Ministerial visits to Brussels;**
- **3 Ministerial visits to China, as well as one Assembly visit and one Head of the Civil Service (HOCS) visit; and**
- **Polish Government announced opening of Consulate in Belfast**

The Executive's International Relations Strategy, agreed in February 2014, committed Ministers to adopting a corporate approach to international activity with the longer term aim of creating effective government-to-government relationships and establishing mutually beneficial international partnerships.

An important element of this work is the facilitation of an annual programme of inward international visits. During 2016-17, the Department supported diplomatic visits from representatives of over 25 countries including Georgia, Finland, Kazakhstan, Austria, Poland, Holland, Sweden, Slovakia, the Czech Republic and Hungary. In addition, visits by the High Commissioner of Australia and deputy High Commissioner of New Zealand, study visits by De Paul University, Chicago, the Netherlands Military Academy, Oxford University Foreign Service Programme, Dutch EU Rapporteurs and the Chevening Global Leaders Award Scheme; and Parliamentary delegations from Germany, Canada, South Africa and Japan were hosted.

In November 2016, and for the first time as part of the visit programme for an official State Visit to the United Kingdom, the President of Colombia, President Santos, visited Northern Ireland. In

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addition to his meetings with the First Minister and deputy First Minister in Stormont Castle, the President and his accompanying Ministerial delegation attended an Investment lunch hosted by InvestNI at Titanic Belfast and met with local community workers and toured the facilities at the Girdwood Community Hub in North Belfast.

The Executive is committed to developing relations with the Chinese government and continues to support the Chinese Consul General, Madam Wang, in her work in Belfast. Ministers attended and spoke at a number of events at the two annual showcase occasions celebrating Chinese culture hosted by the Chinese Consulate in Belfast, the Chinese New Year in February and China National Day in September.

The International Relations cross-departmental working group, established to coordinate and focus international relations activities across the Executive, met twice during 2016-17. The first of these meetings was attended by the Director of the Executive's Beijing Bureau and discussion focussed on relations with China and the second was hosted by the CEO of NI-CO who discussed the work of the organisation.

The International Relations Unit continues to develop relations on behalf of the Executive with the Foreign and Commonwealth Office (FCO). It hosted a visit to Belfast of FCO Diplomatic Academy representatives, collaborated with the FCO Devolution Unit on an FCO Heads of Mission visit to Northern Ireland, and has facilitated a number of exchange visits between NICS and FCO personnel.

Northern Ireland Bureau, Washington DC

In 2016-17, the Washington Bureau continued to promote and strengthen Northern Ireland's profile and visibility in the United States and Canada. Working in close collaboration with Invest NI and Tourism Ireland, the Bureau facilitated four ministerial visits including the First Minister in New York and Washington and the deputy First Minister in San Francisco and Houston. Additionally, the Bureau assisted British Embassy colleagues in organising a visit to Washington by the Secretary of State in September.

In total, the Bureau supported a total of 43 visits by approximately 250 individuals throughout the year. This included visits by representatives from the Police Service of Northern Ireland, the Policing Board, Queen's University Belfast, Ulster University, Belfast City Council, Armagh City, Banbridge and Craigavon Borough Council, Causeway Coast and Glens Borough Council, the Arts Council of Northern Ireland, and British Council Northern Ireland. The office also aided a number of organisations in developing a series of intensive and interactive programmes for visiting delegations including a three-city programme for elected representatives and academics and partnering with the Washington Ireland Programme and the International Fund for Ireland on their 2017 AMBIT Programme.

The Bureau also organised and/or sponsored 85 events throughout the United States and Canada which attracted over 10,000 attendees. In New York, the Bureau continued to maintain and develop a number of high-profile contacts within the Irish-American community, the Irish diaspora, the cultural and creative industries, various community and outreach organisations, the non profit sector and the city government.

In Canada, the Bureau collaborated with colleagues from Tourism Ireland, the Ireland Fund of Canada, and the British and Irish Embassies on a number of events, including a reception and special

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screening of the film, “How to Defuse a Bomb: The Project Children Story,” during the Toronto Irish Film Festival.

European Division including the Office of the Northern Ireland Executive in Brussels

European Division comprises the European Policy and Co-ordination Unit (EPCU) in Belfast and the Office of the Northern Ireland Executive in Brussels.

During 2016-17, the Brussels office produced four Brussels Reports (providing a detailed overview of the multiple Ministerial visits, office events and EU policy developments) and 15 Brussels Bulletins (which focussed on issues related to the UK’s withdrawal from the EU) as well as other analysis and assessments in regard to Brexit. In addition, the office facilitated more than 20 visits from Ministers or senior officials from NICS Departments and hosted some 35 workshops/seminars, 5 major cultural events and welcomed over 1,800 visitors.

During 2016-17 EPCU was responsible for the circulation of over 4,000 European and Whitehall documents to NI Departments, including FCO and EU communications on policies, financial development, legal cases and it also co-ordinated work on changes to infraction procedures. EPCU liaised directly with departments to facilitate expression of the Executive’s views in more than 850 Explanatory Memorandums. The Unit provided the Secretariat to the Joint Ministerial Committee (Europe), which is the formal vehicle for the Executive to input its views to the UK Government on ongoing EU business matters.

During the year key achievements of the Division included:

- co-ordinated engagement on renegotiation of the UK’s membership of the European Union and the subsequent national Referendum including policy research and briefing in the run-up to and after the Referendum;
- post EU referendum organisation of extensive engagement programmes in Brussels for the Head of the Civil Service and the co-chairs of the Interdepartmental Group on EU Future Relations;
- organising a two-day visit programme in Belfast for the UK Deputy Permanent Representative to the EU;
- strengthened the Executive’s diplomatic connections with a range of EU countries, by supporting inward visits to Northern Ireland by the Ambassadors of the Netherlands, Slovakia, Denmark and Romania;
- organising two briefing seminars in Dublin, in conjunction with the Department of Foreign Affairs and Trade, on the policy priorities of the Slovakian and Maltese Presidencies of the European Council;
- facilitation of four Ministerial visits and one HOCS visit to Brussels and assistance with visits by three Ministers to Luxembourg, Norway and Malta and a range of visits by other senior civil servants; represented the Executive in UK delegations to the Agriculture and Fisheries, Environment, Energy, Employment, Social Policy, Health and Consumer Affairs Council configuration (EPSCO), Education and General Affairs Councils in Brussels and Luxembourg;
- organising a workshop entitled “Youth Entrepreneurship: the key to boost competitiveness and growth in the regions” as part of European Week of Cities and Regions in Brussels; and,
- hosting a successful networking breakfast on 17 March attended by Commissioner Phil Hogan and senior officials from the European Commission, UK and Irish Permanent Representations as well as the wider diplomatic community and key Brussels based industry groups.

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Executive Bureau in Beijing

The Executive Bureau in Beijing consolidated its role in China and achieved all targets established in the Executive's China Strategy. Important events included the visit of the First Minister (the deputy First Minister was unable to attend) to Beijing, Shanghai and Shenyang in December 2016 to attend the People to People Dialogue and meet with Vice Premier Liu Yandong. The Vice Premier congratulated Northern Ireland on achieving its objectives and in demonstrating its commitment to the relationship with China. The First Minister also signed a Friendship Agreement with the government of Liaoning Province which was the culmination of two years work including a visit from HOCS. This visit also helped to secure agreement from China and the FCO to hold the next UK-China Regional Leaders Summit in NI in 2017. The Bureau also managed visits from the Minister for Infrastructure and the Minister for Agriculture, Environment and Rural Affairs. As part of our work on building government to government relations, the Bureau managed a visit from the Assembly Business Trust to meet with Party Congressional leaders in our partner provinces of Liaoning and Hubei. In May 2016 the Bureau negotiated a Sister Cities Agreement between Belfast and Shenyang and provided strategic advice and logistical support to the council in establishing relations with key organisations in Beijing and Shenyang. In Beijing the Bureau's Representational Office supported Invest NI helping to secure local staff and provide a Corporate NI approach in China.

Our work in China also secured a number of internal visits to NI including the President of China's Supreme Court and the Department of Public Safety to examine NI's experience of law and criminal justice reform. Other visitors included two major Chinese investment organisations to examine NI potential for infrastructure investment.

The Bureau continues to work with our universities to raise the profile of our education and research excellence, to identify potential partners for collaborative programmes and to promote NI to prospective students. Promoting NI's capabilities as a tourism destination is part of our ongoing work including a joint initiative with Tourism Ireland using the Game of Thrones as well as highlighting our creative industries sector. A Game of Thrones event held in March was promoted directly to 1,200 people and a social media campaign achieved over 60,000 hits in one day.

The Bureau will be working with key Chinese central and provincial government organisations during 2017 to develop the Regional Leaders Summit and to oversee the implementation of the agreements with Liaoning and Hubei to deliver mutually beneficial outcomes for NI and China.

Strategic Planning and Social Change

- **Racial Equality Subgroup established in September 2016 is up and running;**
- **Over £1million distributed in support of groups working towards better race relations;**
- **Seven further groups of Syrian refugees have been resettled under the Vulnerable Persons Relocation scheme in Belfast, Derry and Strabane, Lisburn City and Castlereagh, Ards and North Down, Newry, Mourne and Down and Armagh/ Banbridge/ Craigavon council areas. Next arrivals are planned for June 2017.**
- **Historical Institutional Abuse Inquiry Report published on 20 January 2017;**
- **Headline actions and other Together: Building a United Community commitments progressed;**
- **Over £17 million allocated to fund good relations activity; and**
- **Over £14 million allocated to the Victims and Survivors Service.**

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Delivering Social Change Framework

Six initial Signature Programmes (£27m) which sought to tackle key issues being faced by parents, children and families are complete. Evaluations carried out to date have shown that these programmes created genuine impact:

- The **Literacy and Numeracy Programme led to over 18,600 primary and post primary school children** benefitting from additional English and Maths support, at the most critical stages of their education. **151 Primary and 142 Post-Primary Schools** were involved with **310 individual teachers** appointed to the programme.
- The **Nurture Unit Programme** led to the development of **20 new units** to complement the 10 existing units. As a result **around 400** of our most vulnerable children and their families were supported through additional nurture provision.
- The **Family Support Hub Programme resulted in the establishment of 10 new hubs** and support also being provided to the existing 15 hubs. Through the work of these hubs **more than 5,300 families** were accepted and then signposted to a range of support services.
- By way of the **Parenting Support Programme over 700 families and 300 health professionals** benefitted from the provision of additional, high quality intervention support to both new and existing parents.
- **Some 720 families** benefitted from the **Community Family Support Programme**. The Programme led to **594 participants** improving their skills and training and **350 young people** moving out of the NEET (Not in Education, Employment or Training) category.
- The **Social Enterprise and Incubation Hub Programme** led to over **100** social enterprises either testing or starting up as a new business, **75** new social enterprise jobs being created as a new business and **39,627sq ft.** of existing vacant property being brought back into use.

Further positive outcomes are expected as the formal evaluation of the programmes is completed. In total these six programmes benefitted from some £27m of Executive 'Central Funding' during the period January 2013 to June 2015.

Four further Signature Programmes focusing on shared education, early intervention and dementia (phases 1 and 2) are ongoing, jointly funded by Atlantic Philanthropies, a lead department and the Executive Office with a total investment worth £62.3m. TEO and Atlantic Philanthropies have each committed to contribute 40% of the overall cost of each of these four programmes and the other 20% for each has been committed to by the identified lead department.

The Shared Education Programme (£25m) aims to increase the level of sharing in education and improve education and reconciliation outcomes. To date 356 schools (151 partnerships) have engaged in the project and by the end of term 1 of the 2016-17 academic year 30,024 pupils and 2,544 teachers have been involved in shared activity.

The Early Intervention Transformation Programme (£25m) involves 13 separate projects and aims to: equip parents with skills needed to give children the best start in life, support families when problems arise and before they need statutory involvement and positively address the impact of adversity on children and their families.

The Dementia Programme (£12.3m) is being delivered in two phases. The first phase aims to: transform the commissioning, design and delivery of services, improve the quality of care and support for people living with dementia, promote better awareness and reduce the stigma attached to the condition and improve the skills and competency of those working in dementia care services.

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The second phase of the Dementia programme, approved by the Executive in 2016, is focused on data analytics and E-health and social care.

Funding contributions towards these four programmes will end during the 2019-20 financial year.

Tackling Paramilitary Activity, Criminality and Organised Crime

TEO is taking forward a commitment within the Executive Action Plan which provides that “The Executive should establish a fund to support ambitious initiatives aimed at building capacity in communities in transition, including through developing partnerships across civil society and across community divisions.” It is working with the Department of Justice to develop an area based approach to support communities in transition and is engaging with a broad range of community based organisations and stakeholders to gather qualitative evidence to help inform the development of the approach to area based interventions.

TEO is also progressing commitments associated with barriers to employment, services and travel experienced by ex-prisoners.

Racial Equality

The Racial Equality Subgroup which was established in September 2016 is an independent panel that gives minority ethnic communities a voice in implementing the Racial Equality Strategy and the work of Government generally. The Racial Equality Strategy is a framework for government departments (and others) to tackle racial inequalities, to eradicate racism and hate crime and along with T:BUC, to promote good race relations and social cohesion. Over £1million was distributed through the Minority Ethnic Development Fund to assist minority ethnic and local community organisations to promote good relations between people of different ethnic backgrounds. Seven further groups of Syrian refugees were resettled under the Vulnerable Persons Relocation scheme since 1 April 2016. The last of these groups arrived in April 2017. Groups have been resettled under the Vulnerable Persons Relocation scheme in Belfast, Derry and Strabane, Lisburn City and Castlereagh, Ards and North Down, Newry, Mourne and Down and Armagh/ Banbridge/ Craigavon council areas. We continue to plan for further groups to arrive on a phased basis with the next arrivals planned for June 2017.

The Red Cross was appointed to administer The Crisis Fund for 2016-17 which provides support to minority ethnic individuals in emergency situations and help them avoid destitution. In the longer run, this helps to save money.

Historical Institutional Abuse (HIA) Inquiry

The HIA Inquiry completed its oral hearings in Banbridge Courthouse on 8 July 2016 and published its report and findings in line with its Terms of Reference on 20 January 2017 within time and within budget. The Report concluded that there were systemic failings which led to systemic abuse and the main recommendations were: a public apology by the Executive and all those institutions where systemic failings were found; a memorial either in Parliament Buildings or the Stormont Estate; a Commissioner for Survivors of Institutional Childhood Abuse, and underpinned by an Advisory Panel comprising former residents of institutions; support services such as practical help with literacy and numeracy, education, employment, housing and benefits advice; financial compensation to be paid out to all those who suffered abuse or who were subject to a harsh environment. The tariff

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ranges from £7,500 to £100,000. Special provision was made for those children sent to Australia under the Child Migrant Scheme.

Together: Building a United Community/Good Relations

Good progress was made in taking forward the headline actions arising from the T:BUC strategy. To date, five projects have been announced under the Shared Education Campuses programme. A third call for proposals closed on 27 January 2017 with successful projects expected to be announced in May 2017. Following the 3-month cross community youth sports pilot project in the Lower Falls/Greater Village areas in 2014-15, a further range of good relations interventions have been delivered in both areas. The Embedding Sustainability programme in these areas was completed and the rural sports programme was delivered to around 150 young people in the Erne East area. A key element of the United Youth Programme, “Youth Initiative” was agreed as being eligible for Peace IV funding and it is hoped to announce the successful projects in August/September 2017. Five developments under the Shared Neighborhoods programme are now complete. A further five schemes are on site and due to be completed by the end of 2017-18.

The Department continued to invest in a range of projects across the five Urban Village (UV) areas. A programme of capital projects which helped transform the physical environment in UV areas delivered £1.7m of capital investment. A range of community-based projects was delivered in each UV area during 2016-17 to build capacity in the local community and foster positive community identities. Strategic Frameworks were launched by Ministers in September 2016. The Programme has also received Executive endorsement. The Frameworks, which have been shaped by the local communities in each area, identify key strategic actions in each UV area and inform the development of capital and revenue investment over the next PfG period. They identify collaborative opportunities in each area and provide a roadmap for a comprehensive and ‘joined up’ approach by departments and wider stakeholders to support T:BUC and PfG priorities. Work continues to create the conditions to facilitate removal of interface barriers. The number of structures has been reduced from 59 to 50 with sections of five other structures removed. A new gate was installed in Derry/Londonderry’s walls to improve access for a Winter Market, which received very positive coverage in the media. The last of the security gates on the walls that were not closed on a daily basis were removed before Christmas. 4,000 young people took part in the T:BUC Camps Programme 2016-17. A reunion event for all the participants was held in the Eikon Centre on 4 March 2017. The 2017-18 programme opened for applications on 13 March 2017 and 133 applications for funding were received.

Almost £9 million was distributed for good relations projects through TEO. £486,000 was administered through the Education Authority and Belfast City Council to support planned intervention work during the summer. In 2016-17 the Department worked with both organisations to develop new outcomes for the programme which would contribute to the T:BUC Population-level Outcomes.

£670,000 was allocated to support continued good relations activity in the North Belfast area and to build on the effective working relationships established within the community. The Programme has made significant progress in embedding an outcomes focus in all aspects of planning and reporting. A video showcase and Programme newsletter outlined the outcomes of the Programme in 2016-17. £3 million was allocated to the District Councils Good Relations Programme with a further £1 million provided from Council resources. Defined and measurable outcomes are collected from every programme delivered, and learning from these outcomes will be used to inform future provision. A video showcase and Programme newsletter have been introduced to present the outcomes of the Programme in 2016-17. The Central Good Relations funding scheme was allocated £3.43 million to

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support productive time bound projects aimed at building a united, shared and reconciled community. Integration of the Outcomes Based Accountability methodology has been significantly progressed throughout these programmes. Outcome information has been collected at both individual project and overall programme level and this information has been used to gauge the success of interventions and to inform the planning and design of future provision. The Community Relations Council distributed £1.7 million funding on behalf of TEO. The North Belfast City Learning project received £93,000 for the cross-departmental pilot project which includes non-school facilities at the Boys and Girls Model Schools to meet the educational and wider cross community and social needs in the North Belfast area.

The application and assessment process for the PEACE IV programme is under way. The PEACE IV Programme is designed to support peace and reconciliation in the Border Region of Ireland and Northern Ireland. The programming period for PEACE IV is between 2014-20. Spend will therefore be spread across multiple financial years. Up to €1.2m will be available for delivery through Local Councils in the areas of Children and Young People, Shared Spaces and Services, and Building Positive Relations at the Local Level. A further €16.4m will be available for allocation to the voluntary and community sector for projects under the theme of Building Positive Relations at the Regional Level. The Peace IV programme is administered by the Special EU Programmes Body (SEUPB) and the eligible area for spend consists of Northern Ireland and the six border counties of Louth, Monaghan, Cavan, Leitrim, Sligo and Donegal. All Local Council Action Plans, with the exception of Belfast City Council's, have been approved by the Steering Committee. Assessment of both the Belfast City Council Action Plan and the Regional projects is ongoing. Three key priority areas the Department will contribute to are:

- Children & Young People: To help young people, in particular those not in education, employment and/or training (NEETs) to develop a greater understanding and respect for diversity; access new opportunities and become active citizens.
- Shared Spaces & Services: To create new shared spaces and services where people from different communities and backgrounds can come together to learn from and respect each other.
- Building Positive Relations at a Local Level: To create a society characterised by good relations and respect, where cultural identity is celebrated and people can live, learn and socialise together free from prejudice, hate and intolerance.

Victims and Survivors

In collaboration with key stakeholders, the Department continued its Collaborative Design Programme of Work to review and improve the service delivery model which provides services to victims and survivors. Over the past two years, significant progress has been made in a number of areas including:

- improved partnership working;
- testing improvements; and
- better monitoring to measure the impact of services.

There has also been ongoing engagement with key stakeholders within the victims sector and statutory services culminating in the design of an improved victim-centred service delivery model to better meet the needs of all victims and survivors. The Victims' Commissioner, Judith Thompson, submitted her formal policy advice paper on the Delivery Model for 2017-20 to Ministers in August 2016.

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A new Victims and Survivors Service Delivery Model has now been developed which aims to provide better outcomes for victims while securing services for the future. The new model reflects feedback from the victims' sector and the key proposals contained in the Victims' Commissioner's policy advice paper. The model is also designed to sit alongside and complement the Victims PEACE IV funding in the development of an integrated mental health service for victims. The new model came into effect from 3 April 2017.

The next phase of the collaborative design programme will continue to review and progress areas identified as needing further focus. The programme will also review how best to progress recommendations emanating from the mid-term review of the Victims and Survivors Strategy (2009-19).

The VSS Board met monthly providing strategic direction to ensure that VSS continued to provide support for all victims and survivors in a coordinated, outcome focused and efficient manner.

VSS was nominated as lead partner for the victims' element of PEACE IV funding i.e. €17.6m (including match funding). The Stage 2 PEACE IV Application which received Ministerial approval in September 2016 was approved by the PEACE IV Steering Committee on 2 November 2016. Applications for PEACE IV funding, alongside funding for VSP, closed on 4 January 2017 with funding being available from April 2017. The Victims PEACE IV Programme will add value by investing in health and wellbeing services that develop proven expertise within the region and increase the capacity and quality of care in the sector for victims and survivors and their families.

Executive Information Service

- **Over 27 million visits to nidirect.gov.uk and 52 million page views; and**
- **Approval of the Executive's 2016-17 advertising programme.**

The Executive Information Service (EIS) provides presentational advice to the Executive, Ministers and senior officials. As a specialism within the NICS, press officers are out posted from TEO to the eight other Ministerial departments.

EIS also led on a website consolidation project during the year in advance of the establishment of the nine new departments and put in place a new campaign advertising framework for all departments, ALBs and NDPBs.

Civil Contingencies

- **Further enhancement of the collective emergency capability across the public sector through the work of the Civil Contingencies Group (NI) which is the principal strategic emergency preparedness body for the public sector; and**
- **Secured the ongoing delivery of arrangements for civil contingencies at local level following local government reform from April 2015.**

During 2016-17 the Department further built upon collective emergency capability and resilience through the work of the multi-agency Civil Contingencies Group (NI), and the delivery of a cross-departmental work programme. Delivery of this programme led to a number of significant advances during the course of the year in areas such as pandemic influenza, coastal flooding and information

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sharing. These, taken together with other measures, represent important progress in further developing NI resilience to emergencies.

The Department continued to work successfully with key partner organisations to maintain the effective delivery of interim civil contingencies arrangements at local level following the reform of local government structures in April 2015. The maintenance of these arrangements is key to the ongoing viability of our wider multi-agency emergency response capabilities at all levels, and so work is ongoing with stakeholders to agree substantive arrangements for the longer term which meet the collective need.

The Office of the Legislative Counsel

The Office of the Legislative Counsel (OLC) is responsible for drafting Bills to deliver the Executive's legislative programme, translating Ministers' policies into law. The Office also works closely with the Office of the Parliamentary Counsel in Whitehall to ensure that Westminster Bills apply correctly to Northern Ireland. OLC provides advice to Ministers on the delivery of the Executive's legislative programme and spends a significant amount of time analysing policy to ensure that law is effective and accessible to the public in accordance with the principles of the rule of law.

Over the course of the last Assembly mandate, OLC drafted 71 Bills for introduction in the Assembly, 67 of which were enacted. A substantial amount of work was done by OLC, working collaboratively with Assembly colleagues, to ensure that Private Members' Bills and Committee Bills worked effectively. This is comparable to the legislative output of the Scottish government even though OLC is the smallest drafting office in the UK and Ireland and has more onerous responsibilities than other drafting offices.

OLC had begun work, after the election in 2016, on a number of Bills for introduction in the new Assembly mandate. These could not be introduced in the Assembly due to the short time between that election and the calling of another election. OLC has continued to work, since then, on Bills that may form part of a prospective legislative programme, subject to decisions taken by incoming Ministers. OLC's work on Westminster Bills has continued throughout 2016-17. OLC dealt with a substantial number of Westminster bills during this period. The legislative project to ensure that the statute book in Northern Ireland will function effectively after the UK's exit from the EU will be the largest legislative project in decades. OLC have a leading role to play in delivering this. First Legislative Counsel is a member of the EU Future Relations Board and the Interdepartmental Coordinating Group and one of our senior counsel leads the legislative project workstream together with a senior lawyer in the Departmental Solicitor's Office. This has taken up a substantial of OLC's time over the past year.

OLC have initiated an ambitious programme to increase capacity and efficiency in law making. Those carrying out the efficiency reviews of the legislative process in England and in Wales commented very favourably on the productivity and efficiency of OLC. One of the most significant achievements during the past year was the development, by one of our counsel, of a new policy making tool which has received acclaim worldwide. This was presented by counsel responsible for the project at an international conference in Melbourne in March and at the Five Nations Policy Event held in Belfast in April. OLC participated in the Attorney General's Living Law programme and the Attorney's successful Summer School and gave presentations on law making to the University of Ulster, Queen's University and the University of Cambridge. OLC also took part in the induction programme for new MLAs. First Legislative Counsel was invited to give the keynote

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speech at a government/academic conference in Wellington, New Zealand, on Legislative Stewardship and was elected President of the Commonwealth Association of Legislative Counsel, an Association which has received substantial support from Ministers in the past.

The Statutory Publications Office continued to provide up to date input to the www.legislation.gov.uk site which forms an important part of the Executive's Digital Strategy.

PERFORMANCE ANALYSIS

In the 2016-17 year, TEO used a range of methods of performance monitoring, such as financial reporting, balanced scorecards and departmental/divisional business plans (which outline the department's key objectives), risk registers and assurance statements. Monitoring performance against key objectives was carried out by way of regular written updates with quantitative and qualitative analysis provided on progress where this information was available. Going forward into 2017-18 TEO, in line with an outcomes focused Programme for Government, will also take an increased focus on organisational outcomes on which performance can be regularly monitored through the use of organisational performance accountability measures.

FINANCIAL PERFORMANCE

As a result of the dissolution of the NI Assembly on 26 January 2017, Spring Supplementary Estimates were not presented to the Assembly; Supplementary Estimates seek authority for additional resources and/or cash to that sought in the Main Estimates for the financial year. Therefore in the absence of Spring Supplementary Estimates (SSEs) for 2016-17, performance is being reported in the following tables against Main Estimates.

Table 1: TEO Outturn against Main Estimate by Category of Spend

Table 1 provides a breakdown of the total outturn figure, as compared against Main Estimate, by category of expenditure.

2016-17	Main Estimate £m	Outturn £m	Underspend/ (Overspend) £m/%	
Administration Costs	13.704	16.357	(2.653)	(19.36)%
Grants/Grant-in-Aid	36.313	69.607	(33.294)	(91.69)%
Other Current (including accruing resources)	15.066	14.662	0.404	2.68%
Total Resources	65.083	100.626	(35.543)	(54.61)%
Capital	5.000	2.548	2.452	49.03%
Departmental Total	70.083	103.174	(33.091)	(47.22)%

The Department's total Resource Outturn for the 2016-17 financial year was £100.626 million against a Main Estimate of £65.083 million. Total Capital Outturn for the 2016-17 financial year was £2.548 million against a Main Estimate of £5.0 million.

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The majority of the Department's non-administration expenditure was in relation to Grants or Grant-in-Aid in support of the Department's objectives. The Department's grant expenditure totalled £69.607 million representing 82.6% of non-administration cost expenditure.

The Department has incurred a technical Excess of £35.543 million. This Excess arose due to the Assembly being dissolved in January 2017 and therefore the process of approving 2016-17 Spring Supplementary Estimates and associated Budget Bill did not take place. Consequently, the Supply Estimate position shown in the Statement of Assembly Supply is the Main Estimates position. Had the Spring Supplementary Estimates and associated Budget Bill been approved by the Assembly to reflect changes to departmental budgets that had previously been agreed by the Executive or changes that could reasonably have been expected to have been agreed in the January Monitoring round, this Excess would not have occurred as shown in Table 2 below.

Table 2: TEO Outturn against proposed Spring Supplementary Estimate by Category of Spend

2016-17	Proposed Spring Supplementary Estimate £m	Outturn £m	Underspend/ (Overspend) £m/%	
Administration Costs	16.804	16.357	0.447	2.66%
Grants/Grant-in-Aid	69.950	68.934	1.016	1.45%
Other Current (including accruing resources)	12.201	12.051	0.150	1.23%
Total Resources	98.955	97.342	1.613	1.63%
Capital	1.480	1.479	0.001	0.06%
Departmental Total	100.435	98.821	1.614	1.61%

Resource Outturn

Analysis of Resource Overspend by Request for Resource

Table 3: Summary of Resource Outturn by Request for Resource

Request for Resource (RfR)	Main Estimate	Outturn	(Overspend)	
	£m	£m	£m	%
RfRA	65.083	100.626	(35.543)	(54.61)%
Departmental Total	65.083	100.626	(35.543)	(54.61)%

Request for Resources A (RfR A)

Driving investment and sustainable development; making people's lives better through support for equality, human rights and community relations; and the effective operation of the institutions of Government.

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The Department had a total resource overspend of £35.543 million, (54.61%), against Main Estimate provision. Against SSE provision, the Department would have a total resource underspend of £1.613 million, 1.63%, due to the combined impact of underspends in a range of business areas.

- The Department would have recorded an Administration cost underspend of £0.447 million (2.66%). This underspend arose primarily as a consequence of the net impact of lower than anticipated Notional costs, Ministerial travel costs and Holiday Pay accrual.
- The Department would have recorded a Resource underspend of £1.166 million (1.41%) mainly due to the following underspends:
 - Strategic Sites (AME) (£0.520 million):
 - relating to lower than anticipated revaluation charges on the reduction in value of land and buildings at TEO Strategic Sites;
 - Central Funds (Ring Fenced) (£0.302 million):
 - relating to lower than anticipated expenditure in delivery of Social Investment Fund programmes;
 - Victims and Survivors Service Limited (£0.303 million):
 - relating to cash not being required to meet payment of CRC TUPE Pension liability in 2016-17;
 - Northern Ireland Community Relations Council (£0.274 million):
 - relating to payments in respect to the North Belfast Fund, not being made in 2016-17.

Capital Outturn

Analysis of Capital Overspend by Request for Resource

Table 4: Summary of Capital Outturn by Request for Resource

Request for Resource (RfR)	Main Estimate	Outturn	Underspend/ (Overspend)	
	£m	£m	£m	%
RfR A	5.000	2.548	2.452	(49.03)%
Departmental Total	5.000	2.548	2.452	(49.03)%

Request for Resources A (RfR A)

Driving investment and sustainable development; making people's lives better through support for equality, human rights and community relations; and the effective operation of the institutions of Government.

The Department had a total capital underspend against Main Estimate provision of £2.452 million, (49.03%) of the budget for the year. Against SSE provision, the Department would have had a total RfR A capital underspend of £0.001 million.

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Assets Valuation

TEO Land and Buildings are valued annually by Land and Property Services. In the 2016-17 financial year TEO impaired its land and buildings by £1.718 million (Note 8) which was funded by Annually Managed Expenditure budget.

Net Cash Requirement

The net cash requirement for 2016-17 was £98.131 million. This is £34.167 million higher than the estimated Main estimates net cash requirement of £63.964 million.

If SSEs had been approved the net cash requirement would have been £7.024 million lower than the SSE net cash requirement of £100.802 million. The reduction of £7.024 million was a result of the Resource Outturn underspend of £1.613 million, the net capital underspend of £0.001 million and changes in working capital and non cash costs of £5.410 million.

Long Term Expenditure Trends

Following departmental restructuring in May 2016, OFMDFM became TEO. The figures given for long term expenditure trends have not been restated in line with the Statement of Assembly Supply not being restated. Consequently, the figures given for 2013-14, 2014-15 and 2015-16 are the figures previously reported for OFMDFM. Figures for 2016-17 are those of the new Executive Office. The figures across the years are not directly comparable as TEO transferred functions to the Department for Infrastructure (DfI), Department for Communities (DfC), Department of Finance (DoF), Department of Education (DE) and Northern Ireland Courts and Tribunal Service (NICTS).

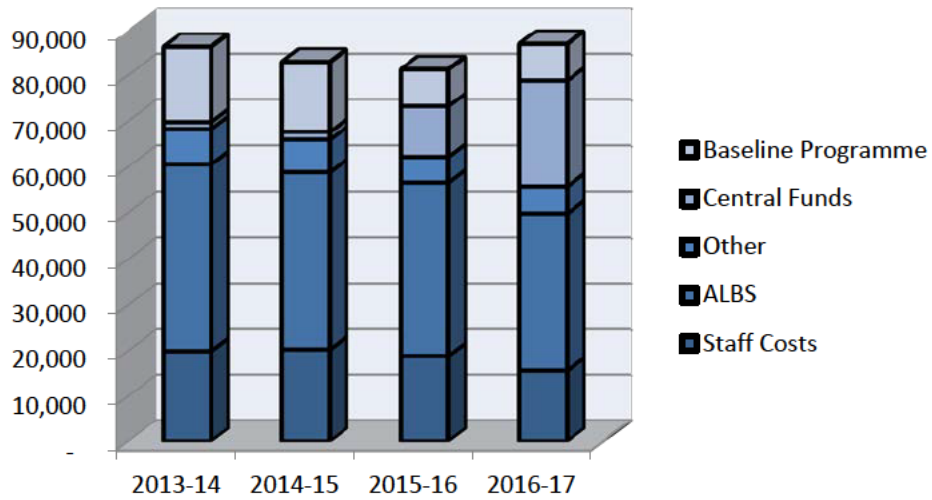
Total Departmental Spending	Outturn 2013-14 £000	Outturn 2014-15 £000	Outturn 2015-16 £000	Outturn 2016-17 £000
Resource DEL (including Non Budget)				
RfR A	86,170	82,930	81,266	86,825
Of Which				
Staff Costs	19,930	20,306	18,889	15,609
ALBS	40,639	38,550	37,701	34,185
Other	7,702	7,104	5,620	5,971
Central Funds	1,536	1,725	11,047	23,063
Baseline Programme	16,363	15,245	8,009	7,997
Total resource DEL	86,170	82,930	81,266	86,825
Resource AME				
RfR A	6,573	3,113	1,808	1,656

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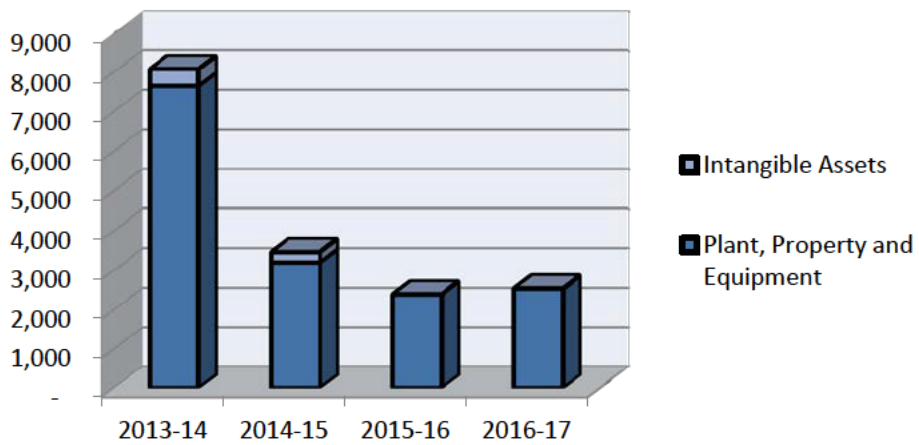
Total Departmental Spending	Outturn 2013-14 £000	Outturn 2014-15 £000	Outturn 2015-16 £000	Outturn 2016-17 £000
Of Which				
Diminution of Value of PPE	6,568	2,583	1,656	1,492
Provision for Bad Debt		370		155
Increase in Provision		160	152	175
Settlement of NICS Equal Pay Claims	5	-	-	-
Total resource AME	6,573	3,113	1,808	1,822
Of Which				
Depreciation	7,055	3,214	2,659	549
Capital DEL				
RfR A	8,082	3,461	2,398	2,548
Of Which				
Plant, Property and Equipment	7,658	3,207	2,396	2,540
Intangible Assets	424	254	2	8
Total Capital DEL	8,082	3,461	2,398	2,548
Capital AME				
RfR A	-	-	-	-
Of Which	-	-	-	-
Total Capital AME	-	-	-	-
Total Departmental Spending				
Of Which				
Total DEL	94,253	86,391	83,664	89,373
Total AME	6,573	3,113	1,808	1,656

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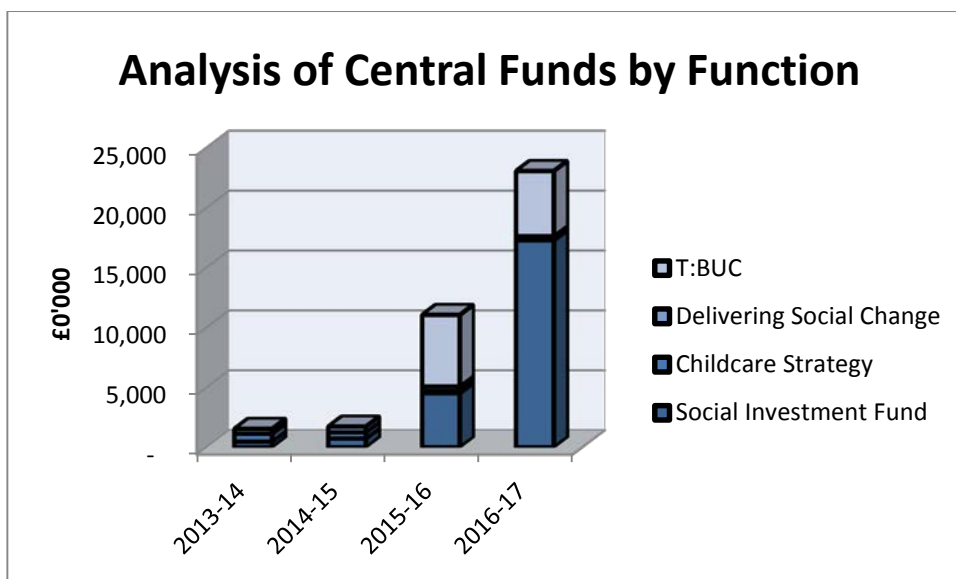
Analysis of RDEL by expenditure type



Analysis of CDEL by expenditure type



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NON-FINANCIAL PERFORMANCE

Freedom of Information

In the 2016 calendar year, TEO received 163 Freedom of Information (FOI) requests, compared to 131 received in the previous year. Of the requests received, 46% came from members of the public and 40% from the media. The remainder came from businesses, campaigning groups, public representatives, researchers and solicitors. Thirteen internal reviews were carried out following appeals from requesters. In addition, nine subject access requests were responded to under the Data Protection Act 1998. Two complaints against the Department were investigated by the Information Commissioner. Following his investigations, the Commissioner found that the Department failed to respond to the two requests – one FOI and one subject access - within their respective statutory deadlines and ordered the Department to respond appropriately within 35 calendar days. The Department continues to play a lead FOI policy role for all departments and continues to compile and publish an annual FOI report, detailing compliance with the FOI Act and Environmental Information Regulations 2004. With a view to adding new Northern Ireland public authorities to, and removing obsolete authorities from, Schedule 1 of the FOI Act, the Department co-ordinated returns from all departments and continues to liaise with the Cabinet Office regarding the progress of the necessary subordinate legislation through the UK Parliament.

Information Assurance and Management

As part of the successful restructuring of departments in May 2016, TEO's Information Management and Central Advisory Branch (IMCAB) made extensive efforts to maintain the integrity and security of all electronic and hard copy records during the transfer of business functions to their respective new departments. The success of the transition from 12 to 9 departments was underlined on 9 May 2016, when all staff were able to utilise the Electronic Document and Records Management system to support their daily business within the new structures. Further restructuring of the NICS continues with the transfer of Departmental HR functions to the new NICS HR Centre of Excellence and IMCAB completed the transfer of relevant records by the end of the financial year.

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The Department continued to comply with its legal obligations in registering with the Information Commissioner's Office as a data controller. IMCAB's Data Protection Officer remained proactive in providing practical assistance and advice, with a view to avoiding data breaches.

The Department also continued to strengthen its information security processes and procedures through the implementation of the Information Assurance Action Plan, and the accreditation of all information systems used by the Department and its sponsored bodies. These measures ensure the continuing protection, assurance, legitimate processing and secure disposal of sensitive corporate and personal information within a secure environment. A Departmental Security Health Check, including all TEO's sponsored Arm's Length Bodies, was carried out and no areas of concern or non-compliance that represented significant security or information risks were identified.

Several articles concerning the protection of information were published in the Departmental Brief for the benefit of all staff. Furthermore, staff were regularly informed about cyber-security issues and provided with guidance on how to minimise risks.

Complaints Handling

TEO is committed to providing good customer service, including investigating and addressing any cause of dissatisfaction. Any customer who is unhappy with the quality of service received from TEO is able to have their complaint addressed through the Complaints Procedure.

In 2016-17 the Department received one complaint which was not upheld following a full investigation.

A new procedure was introduced in March 2017, across the NICS, for stakeholders or customers who want to complain about a member of the top management of any department. Details of how to make a complaint and details of the Executive Office complaints procedure are available at <https://www.executiveoffice-ni.gov.uk/> and <https://www.nidirect.gov.uk/>.

Corporate Social Responsibility

The Department maintained a Corporate Social Responsibility (CSR) Framework Document, addressing its CSR responsibilities in the environment, marketplace, community and workplace.

Payment to Suppliers

The Department is committed to the prompt payment of bills for goods and services received in accordance with the Late Payment of Commercial Debts (Interest) Act 1998. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or on presentation of a valid invoice or similar demand, whichever is the later.

The Department's performance in relation to the payment of invoices within 30 days is in line with the previous year and exceeds the NICS average. In 2016-17 an average of 89% of invoices were paid within 10 days; this represents a reduction on performance compared to the previous year mainly resulting from the impact of departmental restructuring. Performance equals the NICS average.

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TEO Prompt Payment Performance 2016-17 and 2015-16

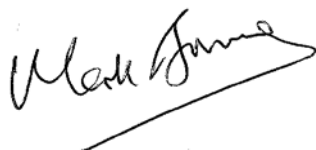
Prompt Payments Rates	2016-17		2015-16	
	TEO	NICS	TEO Restated	NICS
Total number of invoice payments	3,728	190,232	3,868	185,584
Number of invoice payments within 30 days	3,612	183,079	3,753	180,204
Percentage paid within 30 days (%)	97%	96%	97%	97%
Number of invoice payments within 10 days	3,321	170,135	3,538	170,573
Percentage paid within 10 days (%)	89%	89%	91%	92%

Greening Government Commitments

TEO is a participant in the Carbon Reduction Commitment (CRC) Scheme, a mandatory Scheme that aims to improve energy efficiency and reduce the amount of carbon dioxide (CO₂) emitted in the UK. The total tonnes of CO₂ emissions was 482 in the year 2016-17 (2015-16: 922), a reduction of 48% due in part to the transfer of ownership of former military sites to other Bodies. Departmental Premises Officers in larger buildings have access to a building energy management interface to provide direct access to temperature variables and overtime settings. This provides a facility for Premises Officers to fine tune temperature settings in order to reduce energy consumption and reduce Helpdesk calls.

The Department monitors progress on the delivery of its sustainability targets through its Sustainability Action Plan. This includes a commitment to raise awareness through the publication of intranet articles and sustainability themed briefings. Sustainable behaviours are promoted through encouraging staff to travel by sustainable methods, for example, the Cycle to Work and Taxsmart initiatives, car sharing, car parking spaces with electric charging points and the mandatory use of recycled paper from legal and sustainable sources. The Department has reduced the number of printers and installed multi-functional devices throughout its buildings. In line with NICS Policy the Department supports the use of Fair Trade products. The Stormont Estate has a dedicated staff allotment site which provides opportunities to promote more sustainable living.

Approved and signed



Mark Browne (Dr)
Accounting Officer

28 June 2017

THE ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

The purpose of the corporate governance report is to explain the composition and organisation of the Department's governance structures and how they support the achievement of the Department's objectives.

DIRECTORS' REPORT

TEO presents its accounts for the financial year ended 31 March 2017 as directed by the Department of Finance under section 9(1) of Government Resources and Accounts Act (Northern Ireland) 2001. These accounts have been prepared in accordance with the appropriate form and disclosure requirements of the Government Financial Reporting Manual.

Accounting Boundary

The Departmental boundary is determined by the way in which in-year budgetary control is exercised by the Department. For the year 2016-17 in addition to the TEO core department the following are considered to be within the boundary and their financial performance is consolidated in the Department's resource accounts:

- **Attorney General for Northern Ireland**

The commencement of Sections 22-26 of the Justice (Northern Ireland) Act 2002 on 12 April 2010 (when policing and justice powers were devolved) established the position of the Attorney General for Northern Ireland as a statutory office within the devolved administration. The Attorney General is an independent statutory office holder appointed by the First Minister and deputy First Minister for a fixed term in accordance with the terms of his appointment and the provisions of the Justice (Northern Ireland) Act 2002. Further details are available at www.attorneygeneralni.gov.uk.

- **Commissioner for Public Appointments for Northern Ireland**

The post of Commissioner for Public Appointments for Northern Ireland was established in 1995 on the recommendation of the Committee on Standards in Public Life. The Commissioner is appointed by the First Minister and deputy First Minister and is a statutory office holder operating at arm's length from the Department. The Commissioner's role is to regulate, monitor and report on Ministerial appointments to a range of public bodies as outlined in legislation. Further details are available at www.publicappointmentsni.org.

- **Inquiry into Historical Institutional Abuse**

The Inquiry into Historical Institutional Abuse was established on 1 October 2012 and the Inquiry into Historical Institutional Abuse Act (Northern Ireland) 2013 came into operation on 19 January 2013. The Statutory Rules became operational on 25 July 2013 and the Oral Hearings began in the former Banbridge Courthouse in January 2014. A one-year extension to the timeframe of the Inquiry was approved by the Assembly on 3 February 2015. The Inquiry into Historical Institutional Abuse (Amendment of the Terms of Reference) Order (Northern Ireland) 2015 became operational on 11 February 2015. A total of 24 institutions and associated matters is under investigation; oral hearings were completed on 8 July 2016 and the report was published on 20 January 2017. Further details are

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available at the Inquiry's website www.hiainquiry.org or at www.nidirect.gov.uk/historical-institutional-abuse.

- **North South Ministerial Council Joint Secretariat (North)**

Established under the terms of the Belfast/Good Friday Agreement, the North South Ministerial Council brings together Ministers from the Northern Ireland Executive and the Irish Government to develop consultation, co-operation and action on matters of mutual interest. The North South Ministerial Council is supported by a Joint Secretariat, based in Armagh and staffed by civil servants from TEO and the Irish Civil Service. The North South Ministerial Council Joint Secretariat (North) provides advice and support for Ministers in relation to their participation in the North South Ministerial Council. Further details are available at www.northsouthministerialcouncil.org.

TEO Departmental Board

The Departmental Board is chaired by the Head of the Civil Service in his capacity as Permanent Secretary of TEO. The Board supports the delivery of effective Corporate Governance and operates within best practice guidelines outlined in *Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013*. It advises on the operational implications and effectiveness of policy proposals and takes an objective long-term view of the business of the Department, leading its strategic planning process and assisting the Permanent Secretary and the Accounting Officer in meeting their corporate governance responsibilities for the Department.

The roles and responsibilities of the Departmental Board and its sub committees are detailed in the Governance Statement at Page 29.

During 2016-17 the Departmental Board comprised the following members:

- Sir Malcolm McKibbin, Permanent Secretary
- George Thorley, Independent Board Member
- Brenda King, First Legislative Counsel
- Mark Browne, Accounting Officer and Director of Strategic Policy, Equality and Good Relations
- Katrina Godfrey, Director of Programme for Government and NICS of the Future from 4 July 2016.
- Colm Shannon, Director of Executive Support and International Relations from 21 November 2016 and replaced by Mary Madden as Joint Secretary (North), North South Ministerial Council Joint Secretariat from 3 January 2017
- Stephen Grimason, Director of the Executive Information Service replaced by Chris McNabb, EIS Head of Operations from 17 October 2016
- Neill Jackson, Head of Executive and Central Advisory Division
- Stephen Boyd, Director of Finance replaced by Peter Toogood, Director of Finance and Corporate Services from 5 September 2016

Management

Responsibility for the Department was jointly exercised by the First Minister, Arlene Foster and deputy First Minister, Martin McGuinness until his resignation on 9 January 2017. They were supported by two Junior Ministers Emma Pengelly and Jennifer McCann who were replaced by Alastair Ross and Megan Fearon following the 5 May 2016 elections until the 2 March 2017 elections. Malcolm McKibbin has held the position of Head of the Civil Service and Permanent

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Secretary since 17 October 2011. Mark Browne was appointed as Departmental Accounting Officer from 8 April 2013.

Departmental Reporting Cycle

This report provides a summary of the Department's performance and key achievements during 2016-17. The Department's original Estimates for the year were set out in *Northern Ireland Main Estimates 2016-17*. This document is available at <https://www.finance-ni.gov.uk/publications/estimates-publications> or from *The Stationery Office, TSO*. As a result of the dissolution of the NI Assembly on 26 January 2017, Spring Supplementary Estimates did not get presented to the Assembly.

Pension Liabilities

The treatment of pension costs and liabilities is disclosed in the Remuneration Report and Note 1.7 to the departmental resource accounts.

Register of Interests

No members of the Departmental Board held any positions outside the Department which may have conflicted with their management responsibilities. The Department's register of interest is available at <https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/ofmdfm/ofmdfm-register-interests-2016-17.pdf>.

Personal Data Related Incidents

The Departmental Security Officer continued to review and report to the Departmental Board on data resilience, vulnerabilities and risks during the year. There were no departmental personal data breaches.

Auditors

The Department's Accounts are audited by the Comptroller and Auditor General for Northern Ireland in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. The audit of the financial statements for 2016-17 resulted in a notional audit fee of £55,000 and is included in the administration costs in the statement of comprehensive net expenditure. During the year the Department purchased the following non-audit services from its auditor, Northern Ireland Audit Office (NIAO): £1,261 for the National Fraud Initiative.

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITY

Under the Government Resources and Accounts Act (Northern Ireland) 2001 the DoF has directed TEO to prepare for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

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In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- Observe the Accounts Direction issued by DoF including the relevant accounting and disclosure requirement, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts; and
- Prepare the accounts on a going concern basis.

The Permanent Secretary is normally appointed by the Department of Finance as Accounting Officer of a Department. However, due to the unique circumstances in TEO where the Permanent Secretary of the Department is also the Head of the Civil Service, the role of Accounting Officer has been delegated to a Deputy Secretary.

The responsibilities of an Accounting Officer, including the responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum issued by DoF and published in *Managing Public Money Northern Ireland (MPMNI)*.

So far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Department's auditors are aware of that information. The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

GOVERNANCE STATEMENT

Introduction

This statement is given in respect of the Departmental Resource Account for 2016-17. It reflects the Department's governance, risk management and internal control arrangements for directing and controlling its functions and how assurance is provided to support me in my role as Accounting Officer for TEO.

TEO was established on 9 May 2016 as part of the restructuring of the Northern Ireland Civil Service Departments. Before restructuring, the Department was responsible for 14 Arm's Length Bodies (ALBs). However, as part of the restructuring exercise, responsibility for the Planning Appeals Commission and Water Appeals Commission for Northern Ireland (PACWAC) transferred to the Department of Justice, whilst the Commissioner for Children and Young People (NICCY) and the Commissioner for Older People for Northern Ireland (COPNI) transferred to the Department for Communities.

The ALBs include independent bodies and executive Non-Departmental Public Bodies which sit both inside and outside the Department's accounting boundary. Oversight of the ALBs is managed by

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sponsor divisions responsible for the provision of advice on, and monitoring of adherence to, all aspects of accountability and good governance.

Ilex Urban Regeneration Company Limited (Ilex) closed for business on 31 March 2016 and is scheduled to be formally dissolved during 2017-18.

The Historical Institutional Abuse Inquiry published its report on 20 January 2017 and as such, it is anticipated it will complete its activities and cease operation in 2017-18.

The following statement, whilst primarily focussing on the Department, incorporates key issues from within its ALBs.

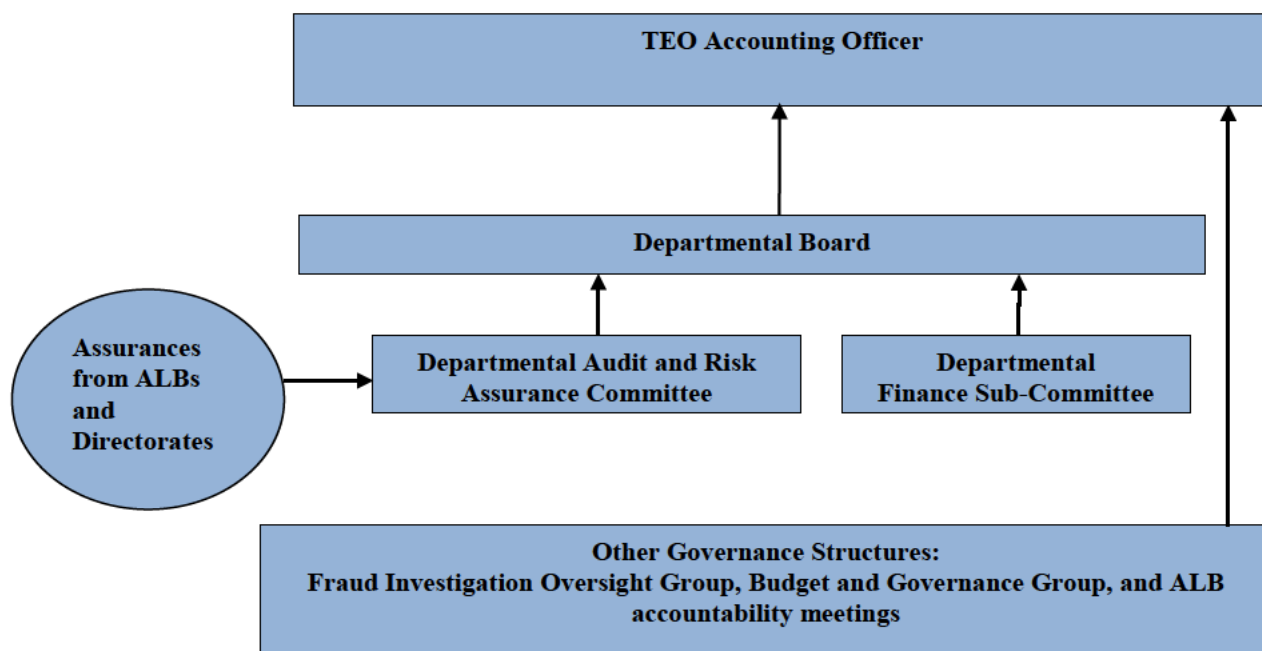
Compliance with Corporate Governance Code

NI Government Departments are expected to apply the principles of the DoF's *Corporate governance in central government departments: Code of good practice (2013)* ('the Code') unless good governance can be achieved by other means. The Department complies with the principles of good practice in the Code, as confirmed by the recent Internal Audit evaluation of the Department's Corporate Governance and Risk Management, which indicated that these arrangements operated at a satisfactory level. Internal Audit highlighted one departure from the Code whereby TEO Board has only one Non-Executive Board Member (NEBM) who acts as Chair of the Audit and Risk Assurance Committee (ARAC). Although ARAC has two additional non-executive members neither is a member of the Board as prescribed in Paragraph 3.1 and 5.7 of the Code. The Department continues to further strengthen its governance arrangements through the ongoing development of support and guidance for staff, including: ALB sponsorship forums; regular team brief articles; and the development of communication and engagement channels between policy and support functions.

Corporate Governance Framework

Corporate Governance refers to the way in which organisations are directed, controlled and led. TEO's governance framework, which ensures the effectiveness of the direction and control of the Department, is summarised in the following paragraphs. In compliance with the Code, TEO has established key organisational structures which support the delivery of Corporate Governance in the Department, including: the Ministers; the Accounting Officer; the Departmental Board; the Audit and Risk Assurance Committee (ARAC); and the Finance Sub-Committee (FSC).

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These key organisational structures within the Department's Corporate Governance Framework, including the governance and accountability procedures in relation to its ALBs and the assurance that these provide, are discussed in the relevant section below.

Corporate Governance Responsibilities and Performance

Ministers

The First Minister and the deputy First Minister (acting jointly) lead the Department and are responsible and accountable to the Northern Ireland Assembly for the policies, programmes and actions of TEO, including its ALBs. They may designate their Junior Ministers to assist them in carrying out their duties. On 9 January 2017, the deputy First Minister resigned from office which triggered the dissolution of the joint office. There are currently no Executive Ministers in post.

Accounting Officer

As Accounting Officer, I have responsibility for maintaining a sound system of internal governance that supports the achievement of the Department's policies, aims and objectives. I also have responsibility for the propriety and regularity of the public finances voted to the Department and for safeguarding those public funds and Departmental assets, in accordance with the responsibilities assigned to me in DFP's (now DoF) guidance Managing Public Money Northern Ireland (MPMNI). In my role as Accounting Officer, I am supported by the Departmental Board ('the Board').

In addition, I am required to combine my Accounting Officer role with my responsibilities to the Ministers, which include providing advice on the allocation of departmental resources and the setting of appropriate financial and non-financial performance targets for ALBs. My responsibilities to the Board include highlighting specific business issues or risks and, where appropriate, their implications and/or the mitigating measures that could be employed to manage these risks.

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Departmental Board

The Departmental Board supports the delivery of effective Corporate Governance and operates within best practice guidelines outlined in *Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013 ('the Code')*. It does not decide policy nor exercise the powers of a Minister, as policy is decided by Ministers on advice from officials. The Board advises on the operational implications and effectiveness of policy proposals and takes an objective long-term view of the business of the Department, leading its strategic planning process and assisting the Permanent Secretary and the Accounting Officer in meeting their corporate governance responsibilities for the Department. It also provides support and advice to those members who have corporate responsibility for Executive matters such as the Programme for Government and the Legislative programme. The Board is supported by a secretariat, located within the HOCS office, which is responsible for organising the agenda for monthly Board meetings and ensuring that HOCS and Board members are provided with timely information to support full discussion at each meeting. These requirements are set out in the Board Operating Framework. In order to achieve the Board's objectives, a forward plan is maintained which schedules matters for its consideration.

The Board Operating Framework is in compliance with the Code and makes clear the Board's responsibility to establish and oversee the Department's Corporate Governance arrangements.

The Board advises on the five key areas set out in the Code:

- Strategic Clarity – the Board is responsible for ensuring that all TEO activities, either directly or indirectly, contribute towards the vision of the organisation. It is also responsible for ensuring that strategic decisions are based on a collective understanding of policy issues; and that, through the appointment of its Independent Board Member, the Department is challenged on its outcomes;
- Commercial Sense – the Board is responsible for ensuring sound financial management; scrutinising the allocation of financial and human resources to achieve the business plan; and ensuring that the organisation and structure supports the delivery of TEO's PfG commitments and strategic objectives. It sets the risk appetite and ensures that controls are in place to manage risk and evaluation of the Board and its members;
- Organisational and Staff Capability – the Board is responsible for ensuring that TEO has the capability to deliver and to plan to meet current and future needs;
- Results Focus – the Board agrees the draft business plan for submission to Ministers including objectives, targets and actions. It monitors performance against plan, scrutinises the performance of the Department's arm's length bodies and holds senior staff to account for their performance; and
- Management Information – the Board is responsible for ensuring clear, consistent, comparable performance information is used to drive improvement.

Individual Board Roles and Responsibilities

The Chair

HOCS, acting in his capacity as Permanent Secretary of TEO chairs the Departmental Board and:

- Facilitates Board meetings;
- Ensures that systems are in place to provide Board members with accurate and timely information of good quality to allow the Board to consider properly all matters before it;

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- Ensures that an evaluation of the Board's effectiveness is performed annually with independent input at least every three years, and that results are acted upon; and
- Ensures adherence to the principles of good governance as set out in the Corporate Governance Framework and the 2013 Code of Good Practice.

Executive Board Members

Each Executive Board Member:

- Is the main policy advisor to Ministers for their area of responsibility, subject to the overall direction of HOCS;
- Participates in the high-level corporate decision-making process as a member of the Board;
- Contributes to corporate governance arrangements within the Department; and
- Supports HOCS.

Independent Board Member

The Board includes one Independent Board Member (IBM), appointed on merit in line with the Commissioner for Public Appointments' guidance. His appointment for a one-year fixed term is renewed annually, subject to approval by the First Minister and deputy First Minister.

He:

- Uses his experience to challenge and support the Board, acting corporately and not simply reflecting their own functions;
- Ensures that the Board obtains and considers all appropriate information relating to the performance and progress of the Department, including the use of human and financial resources;
- Challenges the Board on the operational and delivery implications of policy proposals;
- Maintains a critical overview of the Department's financial controls and procedures for assessing and managing risk;
- Chairs the Audit and Risk Assurance Committee (ARAC); and
- Provides input to the appraisal of the Chair of the Board.

Membership and attendance at the Departmental Board

Ten Departmental Board meetings were held in 2016-17. The members and their records of attendance are set out below.

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Board Member	Role	Meetings Attended (10)
Sir Malcolm McKibbin	Head of the NI Civil Service: TEO Permanent Secretary and Secretary to the Executive	8/10
Stephen Boyd*	Director of Finance to 8 May 2016; Director of Finance and Corporate Services from 9 May 2016 to 2 September 2016	4/4
Mark Browne*	Accounting Officer; Director of Finance, Strategic Planning and Social Change to 8 May 2016; Director of Strategic Policy, Equality and Good Relations from 9 May 2016	10/10
Katrina Godfrey	Director of Programme for Government and NICS of the Future from 4 July 2016	8/9
Stephen Grimason	Director of the Executive Information Service to 14 October 2016	3/5
Neill Jackson*	Head of Executive Division to 8 May 2016; Head of Executive and Central Advisory Division from 9 May 2016	6/10
Brenda King	Head of the Office of the Legislative Counsel	8/10
Mary Madden	Joint Secretary (North), North South Ministerial Council Joint Secretariat from 3 January 2017	3/3
Chris McNabb	Executive Information Service Head of Operations from 17 October 2016	4/5
Colm Shannon	Joint Secretary (North), North South Ministerial Council Joint Secretariat to 18 November 2016; Director of Executive Support and International Relations from 21 November 2016	9/10
George Thorley	Independent Board Member	9/10
Peter Toogood	Director of Finance and Corporate Services from 5 September 2016	6/6

* These Board members roles changed following the establishment of the Executive Office on 9 May 2016 and the resultant internal restructuring.

Board Decisions and Reporting

The Board offers rigorous challenge and collectively scrutinises the performance of TEO and its ALBs. It takes strategic decisions on:

- The Departmental and ALBs business plans for submission to Ministers;

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- Financial, physical and human resources required to implement the business plan and long-term capability of the Department;
- Budget and resource allocation across TEO business areas;
- Appropriate operational strategies to best implement policies set by Ministers and ensure coherence of policy across TEO business areas;
- Key business risks that might affect the delivery of the Department's priorities;
- Corporate leadership of the Department;
- Issues of strategic importance to the management of TEO and its business areas.

The Departmental Board also plays a key role in:

- Informing Ministers of any changes likely to impact on strategic direction; performance and delivery of departmental priorities;
- Ensuring that Section 75 and Human Rights issues have been fully considered; and
- Reviewing the scope and content of the Governance Statement.

Day-to-day operational matters are the responsibility of Directors and Heads of Divisions in TEO.

Quality of the Data used by the Board

Following a strategic review of the Departmental Board, a standard Board agenda was developed which includes:

- **TEO matters:**
 - Discussion of strategic issues (led by the proposing Board Member);
 - The Departmental Business Plan;
 - Budget issues;
 - Governance issues;
 - Corporate Communications; and
 - International Relations /Intergovernmental Relations.
- **Executive matters:**
 - Programme for Government;
 - Legislative Programme; and
 - Executive Business.
- **Other matters:**
 - Brexit; and
 - NICS of the Future.

In addition, a standard reporting template was introduced to provide a high level strategic update on headline issues at each Departmental Board meeting.

All reports/papers conform to a standard layout to ensure the appropriate focus on key issues. Financial and performance data is extracted from the accounting and operational systems and is

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therefore subject to regular, planned internal quality assurance checks, independent audits and external assurance.

The Board considers the information provided to be sufficient to allow it to discharge its strategic planning and corporate governance responsibilities.

The Board also reviews, prior to publication, the Departmental Annual Report and Accounts and the Governance Statement.

Review of Board Effectiveness

In line with best practice, the operational procedures of the Departmental Board are kept under continuous review. In the current financial year, the Board's review of its own effectiveness took the form of a strategic review which took place on 5 July 2016, two months after the establishment of the Executive Office. The results of the review were favourable and led to a refocusing of the Board's attention on strategic issues and resulted in a change to the standard Departmental Board agenda, encompassing a more strategic approach. The Board also agreed to a new Statement of Purpose and specific Board commitments. The Board Operating Framework was updated in 2016-17 to reflect the outcomes of the strategic review.

Conflicts of Interest

The Code requires the publication of identified actual and potential Board Member conflicts of interest within the annual governance statement and how these have been managed. The Board Operating Framework includes guidance on conflicts of interest. Conflicts of interest are identified via the requirement to declare actual and potential conflicts on induction to the Department and as and when they arise thereafter. Board and ARAC members are required to declare any conflicts of interest with the business to be discussed at the start of each meeting. After declaration, consideration is given to what action is needed to ensure they are managed appropriately. However, no such action was required during 2016-17.

Board Sub-Committees

The Board is supported and advised in its role by two sub-committees - an Audit and Risk Assurance Committee and a Finance Sub-Committee.

Departmental Audit and Risk Assurance Committee

The Departmental Audit and Risk Assurance Committee (ARAC) does not have executive powers and its membership is independent of the Department. Its purpose is to support the Board and the Accounting Officer by monitoring the Departmental risk, control and governance systems (including financial reporting). Additionally, the Committee will give advice to the Accounting Officer on the adequacy of the coverage of audit arrangements (internal and external) to provide the required assurances.

The Terms of Reference of the Committee are reviewed on a biennial basis in accordance with best practice contained in the DoF Audit and Risk Assurance Committee Handbook (NI) 2014 and in consultation with the Committee and Departmental Board members. The Terms of Reference were reviewed in 2016-17 and were updated to reflect changes in key TEO personnel and amendments to the procedures for handling conflicts of interest at ARAC meetings.

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Membership of the TEO ARAC in 2016-17 comprised a Chairman, who is also the independent board member, and two independent members. The Committee met four times during 2016-17. A summary of ARAC members' attendance is detailed below.

ARAC Member	Role	Meetings Attended (4)
George Thorley	Independent Board Member & Chair	4/4
Deep Sagar	Independent ARAC Member	4/4
Glyn Capper	Independent ARAC Member	4/4

A minimum of two members of the ARAC is required to form a quorum and all meetings in 2016-17 were deemed quorate. ARAC meetings are normally attended by the Accounting Officer, Director of Finance and Corporate Services, the Head of Internal Audit and a representative from the Northern Ireland Audit Office. The ARAC may ask any other Departmental officials to attend to assist with its discussions on any particular matter. In line with best practice set out in the DoF Handbook, the Chair set an agreed core work programme for each of the Committee's meetings. The components of the core work programme are illustrated below.

TEO ARAC Core Work Programme



In addition to its core work programme, the ARAC also scrutinises the Department's annual report and accounts, advising on the content of the Governance Statement. The Accounting Officer reports annually to the ARAC on the operation of the Department's whistle-blowing arrangements. The Department's whistle-blowing arrangements are set out in its Fraud Prevention Policy and Fraud Response Plan and separately on the TEO intranet.

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In 2016-17, the ARAC also considered and commented on individual issues of internal governance and their implications for wider governance arrangements. These included: reports on the test drilling of business cases and post project evaluations; the system in place for employees to gain access to the NICS Standards of Conduct for Employees; lessons learned from the oversight of TEO fraud investigation cases; TEO's implementation of the Code of Practice for Reducing Bureaucracy in Government Funding to the Voluntary and Community Sector; and reports on the processes for the implementation and outcomes of the National Fraud Initiative (NFI). TEO did not find any cases of actual, suspected or attempted fraud in its NFI investigations and takes positive assurance from this on the effectiveness of its internal control environment.

The Chair of the Committee presented regular reports to the Departmental Board throughout the year on the work of ARAC and the main governance issues considered by it. The Chair of the Committee also presents an annual report to the Departmental Board, based on the ARAC's annual work plan and performance. In its annual report, the Committee recognised 2016-17 as being a period of considerable change, which included the restructuring of the NICS Departments, a new approach to the Programme for Government and the refocusing of the Departmental Board. Throughout this period of change, the Committee acknowledged the rigour with which the Department approached financial management, the challenge of the diverse nature of its ALBs, the investigations of suspected fraud and the quality of reporting on governance matters. These factors helped to inform the ARAC's opinion that:

- The Departmental systems of internal control are satisfactory;
- The ARAC operated in accordance with UK Treasury guidance; and
- There are no major issues that the Committee considers should be brought to the attention of the Accounting Officer.

The ARAC considers its own effectiveness annually, using guidelines issued by the National Audit Office. Findings of the self-assessment are presented to ARAC for action as appropriate. The overwhelming assessment of the Committee members is that it operates in accordance with the good practice principles set out by the National Audit Office.

Finance Sub-Committee

The Finance Sub-Committee (FSC) of the Departmental Board has the overall objective of improving financial management within TEO, through the challenge of significant expenditure proposals on behalf of the Board. Expenditure proposals are presented to a quorum of three Departmental Board members and the meeting is normally chaired by TEO's Accounting Officer. In addition to the members, attendance by finance and economist representatives brings a professional perspective to the casework scrutiny process. This provides an independent perspective as well as facilitating the sharing of knowledge/ experiences/lessons gained from across the Department which is of particular relevance in TEO, given its wide remit.

In 2016-17, the FSC met 14 times to consider expenditure proposals submitted for the Social Investment Fund, redevelopment at the Ebrington site and Peace IV Programme proposals. Updates and findings from the FSC meetings were reported to the Board by the Accounting Officer.

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Internal Control and Risk Management

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

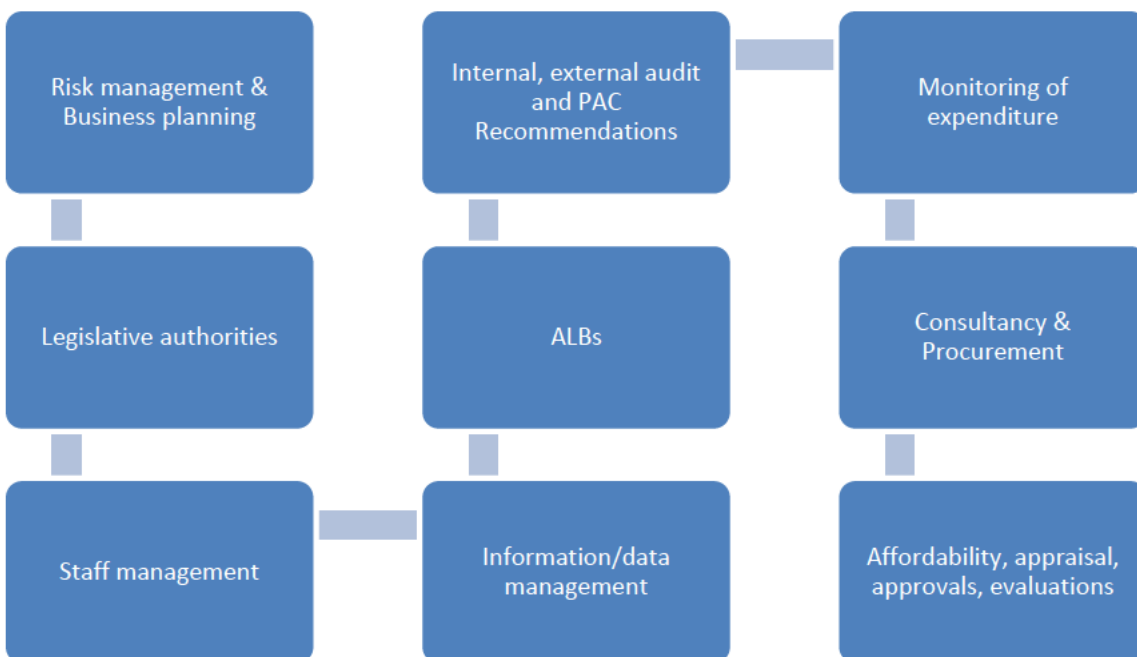
The system of internal control is based on an ongoing process designed to:

- Identify and prioritise the risks to the achievement of departmental policies, aims and objectives;
- Evaluate the likelihood of those risks being realised and the impact should they be realised; and
- Manage those risks efficiently, effectively and economically.

All relevant internal control considerations and risks are taken into account in the development of Departmental policies, aims and objectives, and where necessary, are brought to the attention of the Ministers. The system of internal control has been in place in the Department for the year ended 31 March 2017 and up to the date of approval of the Annual Report and Accounts, and accords with DoF guidance.

A key element of the system of internal control is the Assurance Statement process. These statements provide assurance to the Accounting Officer that robust systems of internal control are in place and adhered to for the period of the statement. By signing the assurance statement, officials are confirming their responsibility for maintaining a robust system of internal control whilst safeguarding public funds and assets under their control. They are also confirming that a thorough risk assessment has been completed against each of the risk factors set out in the Assurance Statement Checklist. The Assurance Statement checklist includes the following:

TEO Assurance Statement – Key Internal Controls



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Each Director and the Accounting/Senior Accountable Officer in the Department's ALBs are required to provide a quarterly assurance statement, informed by those prepared by their staff in the Department and ALBs. These statements are used as a basis for the authorisation of the annual Governance Statement by the Principal Accounting Officer.

Other Governance Structures

There are a number of other policies and processes which also contribute to corporate governance in the Department:

- Corporate Governance Branch continues to provide advice and support to officials across the Department;
- Guidance on the policy and procedures for the approval of Departmental expenditure and delegated limits are kept under review and disseminated throughout the Department;
- Test drilling exercises undertaken by both DoF and the Department, of approximately 10% of all business cases/post project evaluations, highlighting lessons to be learned and the embedding of good practice across this discipline;
- Governance is reinforced through the Sponsorship and ALB Accounting Officers' Forums, which are led by Grade 3s and which share best practice and guidance across the Department and its ALBs;
- The Performance Management System;
- HR policies designed to ensure the Department complies with employment law and has the appropriate numbers of staff with suitable skills to meet its objectives;
- Budgets & priorities setting and the In-Year Monitoring process;
- The development and monitoring of the Department's Business Plan, which identifies key Departmental priorities and provides a basis for the allocation of resources;
- The Departmental Fraud Prevention Policy and Response Plan (incorporating TEO's arrangements for whistle-blowing), which details responsibilities for the prevention of fraud and the procedures to be followed in the event of a fraud being detected or suspected. This document relates to fraud and loss both within the Department and its ALBs; and
- The Fraud Investigation Oversight Group (which met four times in 2016-17) to oversee the investigation of whistle-blowing allegations, allegations of financial irregularity, relevant PSNI action and options for action if funds have been obtained fraudulently.

Risk Management

Managing risk is particularly important in TEO, since the Department undertakes a wide range of services and activities either directly or via its ALBs, many of which are within sensitive and challenging operational areas. This influences the mechanisms deployed to manage risk and the Department's risk appetite. A number of initiatives under the T:BUC, SIF and Urban Villages programmes has led to innovative methods of collaborative working, which accelerated project implementation. The Department's robust risk management structure provides the mechanism to manage the risks associated with such innovative projects and initiatives.

The risk appetite defines the level of exposure that the Department is willing to accept. If the risk appetite is low, the Board will not be prepared to accept risks which have been assessed as having a high or medium rating.

The Departmental Board has a low appetite for risks that are likely to:

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- Endanger or significantly impact upon the delivery of the Department's Programme for Government commitments or other strategic objectives; or
- Create significant adverse publicity or reputational damage for Ministers or the Department; or
- Result in an overspend or under spend of significant proportions.

The Board tolerates a degree of risk towards projects or initiatives:

- That are innovative;
- That have the potential for significant additional benefit to the delivery of Programme for Government commitments;
- Where the risks have been fully stated and accepted with an appropriate business case agreed; and
- Where the risks will be fully managed.

To assist in the Risk Management Process, the Department has developed a Corporate Risk Register which is scrutinised through a quarterly Corporate Performance Report to the Departmental Board. The Register:

- Identifies the Department's high level risks; and
- Analyses the risks related to the current TEO Departmental Business Plan.

The Corporate Risk Register identifies the risk owner for each of these risks and reinforces the inextricable link between risk management and the business planning process. Directors are required to review their Directorate Risk Register on a quarterly basis as part of the Corporate Performance Report, report any amendments to the Departmental Board, and review and revise the Risk Register as necessary. All new business activities are assessed for key risks and controls to mitigate them are then put in place.

The Corporate Risk Register is endorsed by the Accounting Officer and Departmental Board and is subject to regular revision and the inclusion of lessons learned from the previous reporting year. Assurance on the mitigation of identified risks is provided to the Accounting Officer, through the quarterly assurance statement process. Scrutiny of the risk register forms part of the ARAC core work programme. The Board has continued to focus on the five strategic corporate risks with one additional risk being identified in the final quarter of the 2016-17 year in relation to the outcome of the Referendum on the UK's membership of the European Union.

In terms of Information Risk Assurance, the Department continued to strengthen its information security processes and procedures through the implementation of the Information Assurance Action Plan and the accreditation of all information systems used by the Department and its sponsored bodies. These measures will ensure the continuing protection, assurance, legitimate processing and secure disposal of sensitive business and personal information within a secure environment. The Senior Information Risk Owner continues to lead in this important work.

In addition to the established requirement for Information Risk to be included in quarterly assurance statements, the Department now carries out an annual Security Health Check, which includes all of its sponsored ALBs. With a view to maintaining the accuracy of corporate data held on Divisional Information Asset Registers, Information Management and Central Advisory Branch is planning to co-ordinate an exercise to update the data in the forthcoming financial year.

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The Departmental Security Officer continued to review and report to the Departmental Board on resilience, vulnerabilities and risks. There were no personal data breaches.

Review of Effectiveness of the System of Internal Governance

As Accounting Officer, I have responsibility for reviewing the effectiveness of TEO's system of internal governance. My review of the effectiveness of this system is informed by the work of the Internal Audit Service and the executive directors within the Department, who have responsibility for the development and maintenance of the internal control framework. I also consider the comments made by NIAO in its Report to Those Charged with Governance and other reports. I have been advised by the Departmental Board and the Audit and Risk Assurance Committee regarding the implications of the results of this review, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Sources of Independent Assurance

The Department relies on Independent Assurance from the following sources:

- Internal Audit Service; and
- the Northern Ireland Audit Office (NIAO).

Internal Audit

Internal Audit Service (IAS) provides independent assurance by giving an independent opinion on the adequacy and effectiveness of the Department's system of internal control to the Accounting Officer and Audit and Risk Assurance Committee.

The Internal Audit work programme includes the assessment of the completeness and effectiveness of TEO's corporate governance arrangements. The Department's Internal Audit Service during 2016-17 was provided by DoF's Internal Audit Unit.

The Accounting Officer and the Board are independently advised by the DoF Head of Internal Audit, who operates in accordance with Public Sector Internal Audit Standards (PSIAS). The primary role of Internal Audit is to provide the Accounting Officer and the Board with an independent and objective opinion on risk management, control and governance, by measuring and evaluating their effectiveness in achieving the Department's agreed objectives.

Internal Audit has played a crucial role in this review in TEO by:

- Focusing audit activity on the key business risks;
- Being available to guide managers and staff through improvements in internal controls;
- Auditing the application of risk management and control as part of Internal Audit reviews of key systems and processes; and
- Providing advice to management on internal governance implications of proposed and emerging changes.

During 2016-17, Internal Audit reported on eight risk-based assignments (two reports are currently in draft), undertook four follow ups, validated the output of the Departmental Security Healthcheck, and undertook a special investigation into the SIF. They also provided advice on a range of issues, to include the closure of Ilex.

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In previous years, the classification for Internal Audit Assurance fell within one of four categories: Substantial; Satisfactory; Limited and Unacceptable. However, during 2016-17, DAO (DoF) 07/16, “Internal audit opinions and prioritisation of recommendations”, introduced a revised system which has resulted in the removal of the top category (Substantial) and the definition of the remaining evaluations being reworded.

In 2016-17, the Head of Internal Audit provided a satisfactory opinion in eight areas and a limited opinion in one area in relation to governance within the Department’s Verification and Vouching Unit. All of the recommendations within this report have been accepted and changes have already been made to improve the governance in the unit. This includes additional checks in the payments process and the placing of additional staff in the unit to lead on revising the procedures further.

Internal Audit was satisfied that the provision of an internal audit service to TEO’s ALBs generally operated within the Public Sector Internal Audit Standards (PSIAS). IAS was also satisfied that ALBs have established properly constituted Audit and Risk Assurance Committees and that these are complying with DoF’s Guidance and Dear Accounting Officer (DAO) advice and that TEO operates a sound corporate governance framework within the requirements of DoF.

On the basis of work undertaken during 2016-17 and taking into consideration work undertaken in previous years, the Head of Internal Audit has provided a satisfactory audit opinion for the Department.

During 2016-17, Internal Audit carried out an NICS-wide assurance review of the management of IT security and information risk on which it provided a limited opinion. The report has been considered by the cross-Departmental Information Governance and Innovative Board (IGIB), which is currently assessing how the issues identified in the report can be effectively addressed across the NICS.

Northern Ireland Audit Office (NIAO)

The Department is also subject to independent scrutiny from the NIAO. The NIAO is independent of Government and is tasked by the Assembly to hold the Northern Ireland Departments and their Agencies to account for their use of public money. As Head of the NIAO, the Comptroller and Auditor General works closely with the Assembly’s Public Accounts Committee, which can require Accounting Officers and senior officials to account for their actions in relation to the stewardship of public funds.

Governance and Accountability of TEO’s ALBs

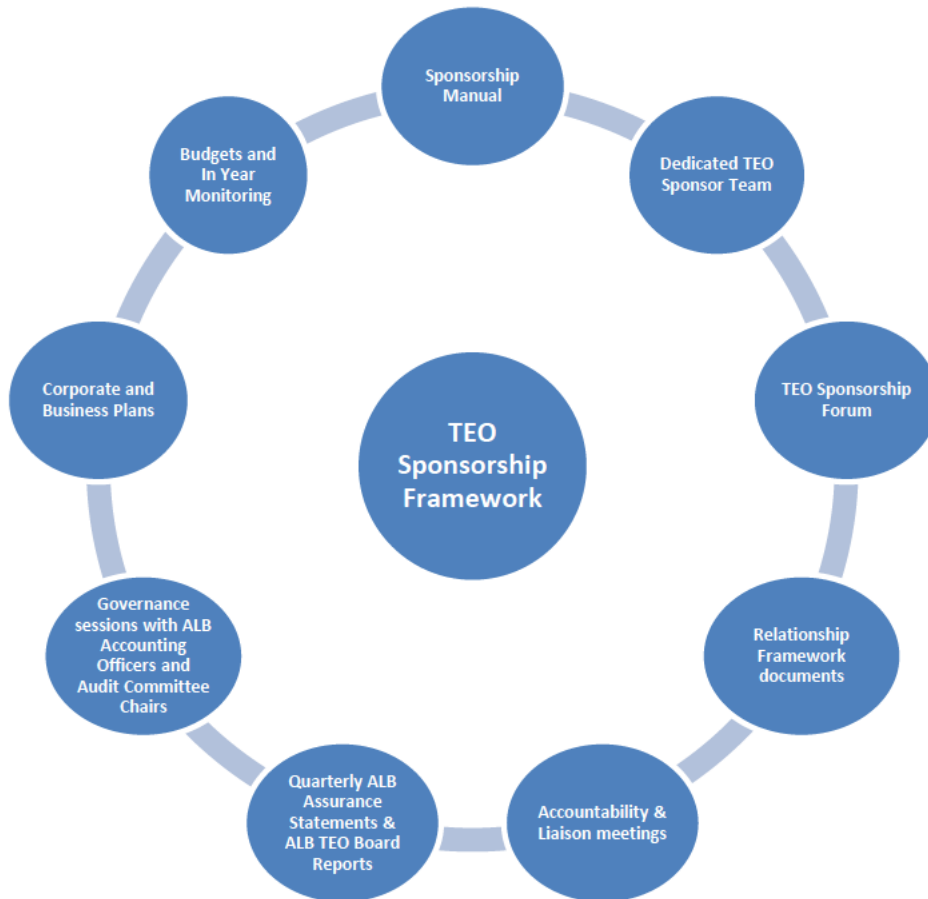
The Department’s ALBs are key to the delivery of its objectives and strong governance of them is critical to the Department.

ALBs use their own governance structures developed in line with: MPMNI; the requirements of the Department and others; and other relevant guidance. Each ALB which sits outside the Departmental Accounting Boundary publishes its own governance statement within its Annual Report and Accounts. ALB Boards have corporate responsibility for ensuring that their organisation fulfils its statutory responsibilities and the aims and objectives set by the Department/Ministers, including promoting the efficient, economic and effective use of staff and other resources. As Principal Accounting Officer, I have a duty to satisfy myself that all ALBs have adequate governance systems and procedures in place to promote the effective, efficient conduct of their business and to safeguard financial propriety and regularity.

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In fulfilling the sponsorship and oversight role, the following key governance arrangements are in place to provide effective sponsorship of the Department's ALBs and assurance to Ministers and the Accounting Officer:

TEO Sponsorship Framework



The relationship between the Department and each of its ALBs is set out in a Management Statement/Financial Memorandum, or Memorandum of Understanding, and is managed through a nominated sponsor team within the Department. Specific risk-based delegated authority levels have been set for each ALB.

Departmental sponsor teams are guided by an ALB Sponsorship Manual. It has been developed to meet the responsibilities placed on the Department, under MPMNI, for the sponsorship of ALBs operating under its control.

The performance of ALBs is reviewed by the Departmental Board, through the ALB Performance report, on a quarterly basis. These reports include: performance against plans; finance; risk management; consultancy expenditure; and staffing matters. Using a risk based approach; the Board considers annual business plans for the larger ALBs in advance of their submission for Ministerial approval.

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Quarterly Assurance Statements from all ALBs are completed by the ALB Accounting/ Senior Accountable Officers and are reviewed by the sponsor team and Corporate Governance Branch. Any significant issues are escalated through inclusion in the Senior Sponsor Departmental Assurance Statement.

Accountability and Liaison meetings are held on a quarterly basis (or more frequently if considered necessary) between the Senior Sponsor and the ALB Accounting/Senior Accountable Officer. The quarterly meetings are structured to cover all relevant governance issues affecting the organisation and provide an accountability mechanism to support this Governance Statement.

Three separate Governance sessions involving ALBs were held in 2016-17. In November 2016, the Department met with the Chairs of the ALB Audit Committees to share best practice and provide an update on current governance guidance. In February 2017, a Sponsorship Forum was held for those branches from the Department with ALB sponsorship responsibility. The Forum was seen as an opportunity to discuss how to best work with ALBs for better delivery and to explore the key lessons learned to date. In March 2017, a meeting was held with ALB Accounting Officers to discuss the ongoing financial situation and the Budget position. Collectively these actions provide the Department with the assurance that individual ALBs are effectively discharging their functions and that public money is being properly used to deliver the objectives and targets set, while ensuring compliance with the requirements for regularity, propriety and value for money.

Adherence to Procedures

Adherence to Appraisal Procedures

Further progress has been made in the overall awareness of governance procedures and in the quality of the content of businesses cases and post project evaluations prepared. This is evidenced in the Department's test drilling exercises undertaken in 2016-17, which concluded that progress has been made in the standard of business cases and post project evaluations completed by the Department and its ALBs when compared to those approved in previous years.

Whistle Blowing and Investigations

Within the Department, the Fraud Investigation Oversight Group (FIOG) meets on a quarterly basis to oversee the investigation of whistle-blowing allegations, as well as allegations of financial irregularity, relevant PSNI action and options for action if funds have been obtained fraudulently. During 2016-17, FIOG oversaw 29 investigations, 10 of which were reported in the current financial year. The investigations related to TEO's funding, either directly; via the Community Relations Council, the Northern Ireland Memorial Fund or Victims & Survivors Service, or through third party organisations in the Victims' and Community Relations' sectors. Following investigation, 4 cases were closed during the year, with conclusive evidence of fraud or irregularity found in only 1 of those cases. 25 cases will be carried forward into the next financial year. No cases have been written off in the current year and eight cases have been referred to the PSNI. The Department managed 4 whistle blowing cases in 2016-17, none of which were reported in the current financial year.

Divergences – Prior Year

VSS - The Department became aware in December 2015 that VSS took the decision not to undertake the 10% spot checks on existing clients for their 2014-15 Financial Assistance Scheme (FAS). The Department requested that spot checks be re-instated for 2015-16, however the grants for the 2015-16

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Scheme had already been awarded and payments made without spot checks being completed on ineligibility. In 2015-16, VSS reviewed the grants made to determine an estimate of the potential value of ineligible awards. An extrapolated estimated value of £376k was therefore included in the 2015-16 Departmental annual resource accounts. The expenditure was not considered material and did not affect the C&AG's audit opinion on the TEO Accounts, however the VSS audit opinion on regularity for 2015-16 was qualified. Further verification checks on the 2015-16 Scheme, completed in 2016-17, confirmed that the potential extrapolated error was £280k, £96k less than the previously reported error. Additional processes were put in place for the 2016-17 Scheme to tighten controls in this area and VSS has introduced controls to prevent a recurrence of this issue.

Divergences – Current Year

VSS – as noted above, VSS implemented the additional processes requested by the Department for the 2016-17 scheme and spot checks have shown that the error rate reduced.

SIF – TEO raised concerns regarding participant eligibility in an employment project within the SIF programme. In addition to conducting its own review, the Department took advice from IA, DoF and DSO and concluded that the expenditure incurred met the MPMNI requirements for regularity and propriety.

A number of requests for retrospective approval have been made during 2016-17, some of which secured approvals (including DoF where appropriate), two others did not secure DoF approval however the related expenditure was not considered material. TEO has taken steps to prevent a recurrence of these issues which includes the development and issue of a retrospective approval policy to complement its Summary Policy and Procedures for the approval of Departmental Expenditure.

An ongoing issue in relation to pension allowances paid to the staff of the NI Community Relations Council has resulted in irregular expenditure of approximately £26k. The allowance was paid to ensure that staff at the Council, on terms and conditions analogous to the Northern Ireland Civil Service, were not disadvantaged by membership of the pension scheme to which they belonged. Work is progressing to address the issue.

Internal Audit provided a limited assurance report in relation to governance within the Department's Verification and Vouching Unit. As noted above, all of the recommendations within this report have been accepted and changes have already been made to improve the governance in the unit. This includes additional checks in the payments process and the placing of additional staff in the unit to lead on revising the procedures further.

With the exception of the issues identified above, no significant issues have arisen.

Ministerial Directions

No Ministerial Directions were issued during 2016-17.

2017-18 Budget Position

The Northern Ireland Assembly was dissolved as from 26 January 2017 for an election which took place on 2 March, on which date Ministers also ceased to hold office. An Executive was not formed following the election within the period specified in the legislation. As a consequence, a Budget Act

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is not yet in place for 2017-18. In the absence of a budget for 2017-18 determined by an Executive, Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 provide for the Permanent Secretary of the Department of Finance to issue cash to departments from the NI Consolidated Fund. These powers are an interim measure designed to ensure that services can be maintained until such times as a budget is agreed and a Budget Act passed.

Conclusion

TEO has a rigorous system of accountability on which I rely, as Accounting Officer, to form an opinion on the probity and use of public funds, as detailed in Managing Public Money Northern Ireland.

Having considered the corporate governance framework within which the Department and its Arm's Length Bodies operated and in conjunction with assurances given to me by the Audit and Risk Assurance Committee, I am content that the Department has operated a sound system of internal governance during the period 2016-17.

REMUNERATION AND STAFF REPORT

The remuneration and staff report sets out the Department's remuneration policy for ministers and senior civil servants, reports on how the policy has been implemented and sets out the amounts awarded to ministers and senior civil servants.

Departmental Remuneration Report

Remuneration Policy

The Minister of Finance approves the pay remit for Senior Civil Service (SCS) staff. The SCS remuneration arrangements are based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance. In 2012, upon creation, there were 11 points on each scale. The minimum point has been removed in each year from 2014 to 2016 (the scales now have 8 pay points) to allow progression through the pay scales within a reasonable period of time.

The Permanent Secretary of the Department is also Head of the Civil Service. Pay of the Permanent Secretary of the Department is determined as part of the Permanent Secretary remuneration arrangements in DoF.

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

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Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at www.nicscommissioners.org.

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Ministers and most senior management of the Department.

Remuneration (including salary) and pension entitlements

Ministers (Audited)

	2016-17				2015-16			
	Salary £'s	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest £1000)	Total (to nearest £1000)	Salary £'s	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest £1000)	Total (to nearest £1000)
Mrs Arlene Foster (<i>from 11/01/16 to 09/01/17</i>)	55,742	NIL	19,000	75,000	16,065	NIL	6,000	22,000
Mr M McGuinness (<i>to 09/01/17</i>)	55,742	NIL	19,000	75,000	72,000	NIL	24,000	96,000
Mr P Robinson** (<i>to 10/09/15 and from 20/10/15 to 11/01/16</i>)	-	-	-	-	48,452	NIL	18,000	66,000
Mr Alastair Ross (<i>from 25/05/16 to 02/03/17</i>)	4,645	NIL	2,000	7,000	-	-	-	-
Ms Megan Fearon (<i>from 25/05/16 to 02/03/17</i>)	4,645	NIL	1,000	6,000	-	-	-	-
Mrs Emma Pengelly (<i>from 28/10/15 to 05/05/16</i>)	1,161	NIL	-	1,000	5,129	NIL	2,000	7,000
Ms Jennifer McCann (<i>to 05/05/16</i>)	1,161	NIL	-	1,000	12,000	NIL	4,000	16,000
Mr Jonathan Bell (<i>to 10/05/15</i>)	-	-	-	-	1,621	NIL	1,000	2,000
Ms Michelle McIlveen (<i>from 11/05/15 to 10/09/15</i>)	-	-	-	-	4,011	NIL	2,000	6,000

* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights.

**Mr Peter Robinson stood aside from his role as First Minister on 10 September 2015 and resumed his role on 20 October 2015, he did not receive his office holder's allowance as First Minister during this period. Mrs Arlene Foster received no remuneration in addition to her office holder's allowance as Minister for Enterprise Trade and Investment and her salary as an MLA while she was standing in for Mr Robinson.

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Senior Civil Servants (Audited)

	2016-17					2015-16				
	Salary £'000	Bonus Payments * £'000	Benefits in kind (to nearest £100)	Pension Benefits ** (to nearest £1000)	Total (£'000)	Salary £'000	Bonus Payments * £'000	Benefits in kind (to nearest £100)	Pension Benefits * *(to nearest £1000)	Total (£'000)
Dr Malcolm McKibbin <i>Head of the Department</i>	155-160	NIL	NIL	69,000	225-230	150-155	NIL	NIL	71,000	220-225
Ms Brenda King <i>Director</i>	145-150	NIL	NIL	32,000	175-180	140-145	NIL	NIL	55,000	195-200
Dr Mark Browne <i>Director</i>	90-95	NIL	NIL	33,000	120-125	85-90	NIL	NIL	34,000	120-125
Mrs Katrina Godfrey <i>Director (from 04/07/16)</i>	65-70 (85-90 full year equivalent)	NIL	NIL	35,000	100-105	-	-	-	-	-
Mr Neill Jackson <i>Director</i>	75-80	NIL	NIL	29,000	100-105	70-75	NIL	NIL	31,000	100-105
Mr Peter Toogood <i>Director (from 05/09/16)</i>	40-45 (70-75 full year equivalent)	NIL	NIL	18,000	55-60	-	-	-	-	-
Mr Colm Shannon <i>Director</i>	75-80	NIL	NIL	81,000	155-160	65-70	NIL	NIL	29,000	95-100
Mr Chris McNabb <i>Director (from 17/10/16)</i>	30-35 (70-75 full year equivalent)	NIL	NIL	15,000	45-50	-	-	-	-	-
Mrs Mary Madden <i>Director (from 03/01/17)</i>	20-25 (80-85 full year equivalent)	NIL	NIL	-	20-25	-	-	-	-	-
Mr Stephen Grimason <i>Director (to 14/10/16)</i>	50-55 (100-105 full year equivalent)	NIL	NIL	47,000	100-105	95-100	NIL	NIL	29,000	125-130
Mr Stephen Boyd <i>Director (to 02/09/16)</i>	25-30 (70-75 full year equivalent)	NIL	NIL	13,000	40-45	65-70	NIL	NIL	34,000	100-105
Mr Henry Johnston <i>Director (from 01/04/15 to 31/03/16)</i>	-	-	-	-	-	85-90	NIL	NIL	202,000	285-290
Mrs Elizabeth Elliott <i>Director (from 2 March 2015)</i>	-	-	-	-	-	50-55	NIL	NIL	108,000	160-165

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	2016-17					2015-16				
	Salary £'000	Bonus Payments* £'000	Benefits in kind (to nearest £100)	Pension Benefits** (to nearest £1000)	Total (£'000)	Salary £'000	Bonus Payments* £'000	Benefits in kind (to nearest £100)	Pension Benefits** (to nearest £1000)	Total (£'000)
Mr George Thorley <i>Independent Non Executive Board Member</i>	5-10	NIL	NIL	-	5-10	5-10	NIL	NIL	-	5-10

* Bonus payments are not applicable to departments but may be applicable to other organisations

** The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

Pay Multiples (Audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

	2016-17	2015-16
		Restated
Band of Highest Paid Director's Total Remuneration	£160-£165k	£155-160k
Median Total Remuneration	£31,465	£32,554
Ratio	5.16	4.84

The banded remuneration of the highest-paid director in TEO in the financial year 2016-17 was £160,000-£165,000 (2015-16: £155,000-£160,000). This was 5.16 times (2015-16: 4.84 times) the median remuneration of the workforce, which was £31,465 (2015-16: £32,554).

In 2016-17, one employee (2015-16: one employee) received remuneration in excess of the highest-paid director. As only one employee is involved in each of the last two years, provision of a remuneration range would allow identification of the amount received by the individual. This could be challenged under the Data Protection Act. Accordingly, it has been decided not to disclose the amount received.

Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The movement in the ratio between 2016-17 and 2015-16 is primarily the result of the median pay decreasing as a result of the special advisors not being in post and an increase in the banded remuneration of the highest-paid director in TEO.

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Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any ex-gratia payments.

The Executive Office was under the joint direction and control of the First Minister, Arlene Foster and the deputy First Minister, Martin McGuinness during the financial year until Martin McGuinness resigned on 9 January 2017. This resulted in the resignation of Arlene Foster under the power sharing agreement and a new election on 2 March 2017. Their salaries and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in these resource accounts. These amounts do not include costs relating to the Ministers' roles as MLAs which are disclosed elsewhere.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. None of the above received any benefits in kind.

Pension Benefits

Ministers (Audited)

	Accrued pension at pension age as at 31/03/17	Real increase in pension at pension age	CETV at 31/03/17	CETV at 31/03/16	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Mrs Arlene Foster (<i>to 09/01/17</i>)	10-15	0-2.5	99	84	5
Mr M McGuinness (<i>to 09/01/17</i>)	10-15	0-2.5	264	247	12
Mr Alastair Ross (<i>from 25/05/16 to 02/03/17</i>)	0-5	0-2.5	3	3	-
Ms Megan Fearon (<i>25/05/16 to 02/03/17</i>)	0-5	0-2.5	-	-	-
Mrs Emma Pengelly (<i>to 05/05/16</i>)	0-5	0-2.5	1	1	-
Ms Jennifer McCann (<i>to 05/05/16</i>)	0-5	0-2.5	18	18	-

Ministerial pensions

Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2012 (AMPS). In 2011 the Assembly passed the Assembly Members (Independent Financial Review and Standards) Act (Northern Ireland) establishing a Panel to make determinations in relation to the salaries, allowances and pensions payable to members of the Northern Ireland Assembly. In April 2016 the Independent Financial Review Panel issued The Assembly Members (Pensions) Determination (Northern Ireland) 2016 which introduced a Career Average Revalued Earnings scheme for new and existing members. Existing members born on or before 1 April 1960 retain their Final Salary pension arrangements under transitional protection until 6 May 2021. The

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new scheme is named Assembly Members' Pension Scheme (Northern Ireland) 2016 and replaces the 2012 scheme.

As Ministers will be Members of the Legislative Assembly they also accrue an MLA's pension under the AMPS (details of which are not included in this report). Pension benefits for Ministers under transitional protection arrangements are provided on a "contribution factor" basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate (1/50th or 1/40th) multiplied by the cumulative contribution factors and the relevant final salary as a Member. Pension benefits for all other Ministers are provided on a career average (CARE) basis.

Benefits for Ministers are payable at the same time as MLA's benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Ministers pay contributions of either 9% or 12.5% of their Ministerial salary, depending on the accrual rate. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose and representing the balance of cost. This is currently 14.4% of the Ministerial salary.

The accrued pension quoted is the pension the Minister is entitled to receive when they normal pension age for their section of the Scheme. Ministers under transitional protection arrangements may retire at age 65. Ministers in the CARE scheme have a pension aligned to their State Pension Age.

Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total office holder service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This is the increase in accrued pension due to the Department's contributions to the AMPS, and excludes increases due to inflation and contributions paid by the Minister and is calculated using valuation factors for the start and end of the period.

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Pension Entitlements

Senior Civil Servants (Audited)

	Accrued pension at pension age as at 31/03/17 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/17	CETV at 31/03/16	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Dr Malcolm McKibbin (Head of the Department)	70-75 plus lump sum of 220-225	2.5-5 plus lump sum of 10-12.5	1,678	1,601	69	-
Ms Brenda King Director	55-60 plus lump sum of 165-170	2.5-5 plus lump sum of 7.5-10	1,076	1,002	24	-
Mr Stephen Grimason Director (to 14/10/16)	15-20 plus lump sum of 95-100	0-2.5 plus lump sum of 2.5-5	543	481	55	-
Dr Mark Browne Director	35-40 plus lump sum of 105-110	0-2.5 plus lump sum of 5-7.5	811	745	32	-
Mr Neill Jackson Director	35-40 plus lump sum of 105-110	0-2.5 plus lump sum of 2.5-5	825	793	29	-
Mr Stephen Boyd Director (to 02/09/16)	15-20 plus lump sum of 45-50	0-2.5 plus lump sum of 0-2.5	288	278	6	-
Mr Colm Shannon Director	45-50 plus lump sum of nil	0-2.5 plus lump sum of nil	884	772	78	-
Mrs Katrina Godfrey Director (from 04/07/16)	25-30 plus lump sum of 80-85	2.5-5 plus lump sum of 0-2.5	550	507	20	-
Mr Peter Toogood Director (from 05/09/16)	10-15 plus lump sum of nil	Nil plus lump sum of nil	200	183	8	-
Mr Chris McNabb Director (from 17/10/16)	10-15 plus lump sum of 35-40	Nil plus lump sum of nil	238	221	7	-
Mrs Mary Madden* Director (from 03/01/17)	-	-	-	-	-	-

*Mrs M Madden chose not to be covered by the Northern Ireland Civil Service pension schemes during the reporting year.

Northern Ireland Civil Service (NICS) Pension Schemes

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by the Assembly each year. From April 2011 pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage

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rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are reviewed annually in line with changes in the cost of living.

A new pension scheme, alpha, was introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements have also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is also a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate will be 2.32%. CARE pension benefits are reviewed annually in line with changes in the cost of living.

Increases to public service pensions are the responsibility of HM Treasury. Pensions are reviewed each year in line with the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2016 was 1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2017.

Employee contribution rates for all members for the period covering 1 April 2017 – 31 March 2018 are as follows:

Scheme Year 1 April 2017 to 31 March 2018

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – Classic members or classic members who have moved to alpha	Contribution rates – All other members
From	To	From 1 April 2017 to 31 March 2018	From 1 April 2017 to 31 March 2018
£0	£15,000.99	4.6%	4.6%
£15,001.00	£21,422.99	4.6%	4.6%
£21,423.00	£51,005.99	5.45%	5.45%
£51,006.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.7% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**. The normal pension age in alpha will be linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension schemes can be found at the website <https://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni>.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Compensation for loss of office (Audited)

Stephen Grimason left under Voluntary Exit terms on 14 October 2016. He received a compensation payment of £92k.

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Staff Report

Senior Civil Servants

The number of Senior Civil Service staff (or equivalent) by salary band at 31 March is as follows:

Salary Band	2016-17	2015-16
	Number	Restated Number
Pay Scale 4 £153,933-£180,496	1	1
Pay Scale 3 £114,047-£133,327	1	1
Pay Scale 2 £88,596-£101,092	4	5
Pay Scale 1 £68,961-£79,058	23	22
Special Advisors £63,736-£91,809	0	7

*The figures above exclude a senior civil servant currently on a career break.

Staff numbers and related costs (Audited)

Staff costs comprise of:

	Permanently employed staff*	Others	Ministers**	2016-17	2015-16
				Total	Restated Total
	£000	£000	£000	£000	£000
Wages and salaries	13,093	947	123	14,163	14,304
Social security costs	1,378	43	15	1,436	1,201
Other pension costs	2,813	96	19	2,928	3,054
Sub Total	17,284	1,086	157	18,527	18,559
Less recoveries in respect of outward secondments	(147)	-	-	(147)	(189)
Total net costs***	17,137	1,086	157	18,380	18,370

Of which:	Charged to Administration £000	Charged to Programme £000	Total £000
Core department	11,558	6,822	18,380

*Permanently employed staff includes the cost of the Department's Special Advisers, all of whom are paid in the band £63,736-£91,809 (2015-16: £63,736-£91,809). The 2016-17 pay award for Special Advisers is currently outstanding.

**Ministers' salary costs are notional.

***Of the total, £000 has been charged to capital.

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The Northern Ireland Civil Service pension schemes are unfunded multi-employer defined benefit schemes, but the Executive Office is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2017.

For 2016-17, employers' contributions of £2,906,551 were payable to the NICS pension arrangements (2015-16: £2,920,341) at one of three rates in the range of 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of alpha from April 2015. For 2017-18, the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2016-17 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2015-16: £nil) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2015-16: 3% to 14.7%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £nil, 0.5% (2015-16: £nil, 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the **partnership** pension providers at the reporting period date were £nil. Contributions prepaid at that date were £nil.

Two persons (2015-16: no persons) retired early on ill-health grounds, the total additional accrued pension liabilities in the year amounted to £3,311.10 (2015-16: £nil).

Average number of persons employed (Audited)

The average number of whole-time equivalent persons employed during the year was as follows. These figures include those working in the Department as well as other bodies included within the Departmental Annual Report and Accounts.

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					2016-17	2015-16
	Permanently employed staff Number	Other staff Number	Ministers Number	Special Advisers Number	Total Number	Restated Total Number
Core Departmental staff in post	257	26	4	8	295	297
North South Ministerial Council	9	-	-	-	9	10
Commissioner for Public Appointments for Northern Ireland	2	-	-	-	2	2
The Inquiry into Historical Institutional Abuse	16	8	-	-	24	34
Attorney General for Northern Ireland	13	-	-	-	13	16
Staff engaged on capital projects*	-	-	-	-	-	-
Total for RfR A	297	34	4	8	343	359

* The Department does not employ any staff exclusively for capital projects.

Staff Composition at 1 April 2016 and 1 April 2017 (Audited)

The number of persons of each gender who were directors, senior managers, and employees of TEO at 1 April 2016 and 1 April 2017 is as follows;

	2016-17		2015-16	
	Male	Female	Restated Male	Restated Female
Directors (Departmental Board)	7	3	8	2
Senior Managers (Grade 5 and above)	18	10	22	12
Employees (All other staff)	117	170	112	180
Total	142	183	142	194

Special Advisers are included in senior managers when employed, none were employed at 1 April 2017.

Absence management

The table below shows sick absence statistics for the last three years. Validated end of year information for 2016-17 is not yet available but provisional figures from February 2017 suggest the Departmental result may be 7.9 days. Given the restructuring of the NICS Departments in May 2016, absence targets were not set for the 2016-17 year.

TEO continued to place a high priority on absence management and had a wide variety of support mechanisms in place to help staff who were sick, including Occupational Health Service, Welfare Services and Inspire Workplace Services (formerly Carecall) who provide independent counselling

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services. A Workplace Health and Fitness programme ran throughout the year, with 18 health and fitness events including medical fitness checks and a range of awareness sessions. As part of its commitment to improving the health and wellbeing of staff TEO continues to plan and promote events and work alongside the NICS Well programme.

OFMDFM and NICS Sick Absence Statistics

Data provided by Northern Ireland Statistics and Research Agency (NISRA).

	2015-16		2014-15		2013-14	
	OFMDFM	NICS	OFMDFM	NICS	OFMDFM	NICS
Days Lost per Staff Year	7.3	11.7	8.3	10.8	8.9	10.1
% of Staff with no recorded absence	53.5	50.0	58.9	52.1	60.2	55.3
Long term absence						
% of staff with one or more long-term absence	7.6	11.9	6.5	11.2	7.7	10.4
% of working days lost due to long-term absence	62.6	73.8	69.3	73.6	69.7	73.0
Average duration (working days)	52.4	60.2	70.5	60.2	65.6	59.8

Following departmental restructuring in May 2016, the Office of the First Minister and deputy First Minister became The Executive Office. The figures given for sick absence statistics have not been restated. Consequently, the figures given for 2013-14, 2014-15 and 2015-16 are the figures previously reported for the Office of the First Minister and Deputy First Minister. Figures for 2016-17 are not available yet and will be reported on the new Executive Office.

Staff Policies

Disabled Persons

The Department's Equal Opportunities policy applies to the employment of people with a disability. The Department is committed to ensuring that its policies and practices comply with the requirements of the Disability Discrimination Act 1995. The Department has a Disability Focus Group and a network of Disability Contact Officers who have received disability awareness training, and is an accredited member of Employers for Disability NI.

Equal Opportunities

As an Equal Opportunity employer TEO is fully committed to the elimination of all forms of discrimination, harassment and victimisation. It has a statutory obligation under Section 75 and Schedule 9 of the Northern Ireland Act 1998 to ensure that it carries out its various functions having due regard to the need to promote equality of opportunity between nine social categories, including persons of different religious belief, political opinion, racial group, age, marital status, sexual orientation, gender, persons with/without a disability and persons with/without dependants. It is also required to have regard to the desirability of promoting good relations between persons of different religious belief, political opinion, and racial group.

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These statutory obligations are implemented through the Equality Scheme which shows how TEO proposes to fulfil these duties, by carrying out equality screening and, where necessary, equality impact assessments on policies. This is to ascertain whether the policy has any potential positive or negative implications for equality of opportunity on one or more of the nine listed categories. TEO's equality scheme covering the period 2013-18 has been approved by the Equality Commission.

Employee Involvement

TEO places considerable reliance on engagement and involvement of its employees. It makes every effort to ensure that staff are kept informed of plans and developments through a formal monthly team briefing process, Departmental intranet, circulars and publication of corporate and business plans. Staff have access to the NICS Welfare Services, an Employee Assistance Programme and trade union membership.

TEO has achieved Investors in People Bronze level award and has continued to engage with staff during the year. It is anticipated that greater employee engagement/involvement will take place in the development of the Departmental Business Improvement Plan for the forthcoming year.

The Department continues to use the established Whitley process for staff consultation. The Departmental Whitley Committee provides an agreed forum for discussion. Meetings take place quarterly and are attended by both employer and trade union representatives.

Learning and Development

During 2016-17 there was significant emphasis on improving collaborative leadership, change management, and policy development and a high uptake of learning & development opportunities was maintained across the Department.

Health and Safety

The Department is committed to applying all existing health and safety at work legislation and regulations to ensure that staff and visitors enjoy the benefits of a safe environment.

Expenditure on consultancy and temporary staff

Expenditure on consultancy and temporary staff is as follows;

	2016-17 £000	2015-16 Restated £000
Consultancy Costs	121	19
Agency staff	444	495
Seconded in staff	643	696
Total Temporary Staff	<u>1,087</u>	<u>1,191</u>

The movement in consultancy costs is mainly due to a review of CVSNI, streamlining of finance processes and the strategic investment and regeneration proposal.

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The movement in agency and seconded staff costs is the result of a reduction in headcount.

Off Payroll Payments Engagements

The Department had no ‘off-payroll’ engagements at a cost of over £58,200 per annum in place during 2016-17.

Reporting of Civil Service and other compensation schemes – exit packages (Audited)

Exit package costs band	Number of compulsory redundancies		Number of other Departures agreed		Total number of exit packages by cost band	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated	2016-17	2015-16 Restated
<£10,000	-	-	-	2	-	2
£10,000-£24,999	-	-	3	5	3	5
£25,000-£49,999	-	-	5	2	5	2
£50,000-£99,999	-	-	1	-	1	-
£100,000-£149,999	-	-	-	-	-	-
£150,000-£200,000	-	-	-	-	-	-
Total number of exit packages	-	-	9	9	9	9
Total resource cost/£000	-	-	359	219	359	219

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the year of departure. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

In 2016-17, eight Special Advisers (2015-16: three Special Advisers) received exit packages in accordance with the Code Governing the Appointment of Special Advisers under the Civil Service (Special Advisers) Act (Northern Ireland) 2013.

Disclosures of the maximum (highest), minimum (lowest) and median values of the payments would conflict with a legal obligation arising as a result of the Data Protection Act 1998.

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ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

The Assembly accountability and audit report brings together the key Assembly accountability documents within the annual report and accounts.

Statement of Assembly Supply (Audited)

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires TEO to prepare a Statement of Assembly Supply (SOAS) and supporting notes to show resource outturn against the Supply Estimate presented to the Assembly, in respect of each request for resources.

As a result of departmental restructuring during 2016-17, the prior year comparative figures in the IFRS-based primary statements have been restated in accordance with FRM accounting requirements. However, the prior year comparatives for the Statement of Assembly Supply have not been restated as this statement is indelible. As no Supply Estimate was presented to the Assembly for the 2015-16 year for the new Executive Office, the prior year comparatives in the SOAS for 2016-17 have been shown as zero.

Summary of Resource Outturn 2016-17

Request for Resources	Note	Estimate			Outturn			2016-17	2015-16
		Gross expenditure £000	Accruing Resources £000	Net Total £000	Gross expenditure £000	Accruing Resources £000	Net Total £000	Net total outturn compared with estimate: saving/(excess) £000	Net Total £000
RfR A	SOAS1	65,196	(113)	65,083	100,739	(113)	100,626	(35,543)	-
Total Resources	SOAS2	65,196	(113)	65,083	100,739	(113)	100,626	(35,543)	-
Non-operating cost									
Accruing Resources				-			-	-	-

Net cash requirement 2016-17

	Note	Estimate £000	Outturn £000	2016-17	2015-16
				Net total outturn compared with estimate: saving/(excess) £000	Outturn £000
Net cash requirement	SOAS3	63,964	98,131	(34,167)	-

The notes on pages 79 to 102 form part of these accounts.

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Statement of Assembly Supply continued

Summary of income payable to the Consolidated Fund

In addition to Accruing Resources, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics).

	Note	Forecast 2016-17		Outturn 2016-17	
		Income £000	<i>Receipts</i> £000	Income £000	<i>Receipts</i> £000
Total	SOAS4	<u>-</u>	<u>-</u>	<u>4,518</u>	<u>3,742</u>

The Department has incurred a technical Excess of £35,543k. This Excess arose due to the Assembly being dissolved in January 2017 and therefore the process of approving 2016-17 Spring Supplementary Estimates and associated Budget Bill did not take place. Consequently, the Supply Estimate position shown in the Statement of Assembly Supply is the Main Estimates position. Had the Spring Supplementary Estimates and associated Budget Bill been approved by the Assembly to reflect changes to departmental budgets that had previously been agreed by the Executive or changes that could reasonably have been expected to have been agreed in the January Monitoring Round, this excess would not have occurred.

Explanation of variances between Estimate and Outturn are given in Note SOAS1 and in the Performance Report.

The notes on pages 79 to 102 form part of these accounts.

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Notes to the Departmental Resource Accounts (Statement of Assembly Supply) (Audited)

SOAS1 Analysis of net resource outturn by function

	Outturn						Estimate		2016-17	2015-16
	Admin £000	Other current £000	Grants £000	Gross resource expenditure £000	Accruing Resources £000	Net Total £000	Net Total £000	Net Total outturn compared with estimate £000	Net Total compared with estimate adjusted for virements £000	Prior - year outturn £000
Request for resources A: Departmental Expenditure in DEL										
A1	12,081	10,217	1,887	24,185	(113)	24,072	22,678	(1,394)	(272)	-
A2	-	-	2,413	2,413	-	2,413	3,469	1,056	-	-
DSC	-	357	-	357	-	357	-	(357)	(357)	-
TBUC	-	1,165	4,266	5,431	-	5,431	-	(5,431)	(5,431)	-
SIF	-	722	16,553	17,275	-	17,275	-	(17,275)	(17,275)	-
A3	46	833	130	1,009	-	1,009	965	(44)	(44)	-
A4	1,291	-	-	1,291	-	1,291	1,357	66	-	-
EU	-	-	792	792	-	792	-	(792)	(792)	-
Annually Managed Expenditure (AME)										
A5	-	1,480	-	1,480	-	1,480	2,000	520	520	-
A6	175	1	-	176	-	176	6	(170)	(170)	-
Non-Budget										
A7	-	-	5,588	5,588	-	5,588	6,088	500	-	-
A8	-	-	859	859	-	859	881	22	-	-
A9	-	-	1,021	1,021	-	1,021	1,090	69	-	-
A10	-	-	1,489	1,489	-	1,489	1,215	(274)	(274)	-
A11	-	-	13,778	13,778	-	13,778	13,220	(558)	(558)	-
A12	-	-	16,992	16,992	-	16,992	5,220	(11,772)	(11,094)	-
A13	-	-	2,926	2,926	-	2,926	2,926	-	-	-
A14	-	-	913	913	-	913	1,000	87	-	-
NIMF	-	-	-	-	-	-	-	-	-	-
A15	2,764	-	-	2,764	-	2,764	2,968	204	204	-
Resource Outturn	16,357	14,775	69,607	100,739	(113)	100,626	65,083	(35,543)	(35,543)	-

*Excess arising from Accruing Resources Outturn being less than the amount included in the Estimate.

The notes on pages 79 to 102 form part of these accounts.

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Notes to the Departmental Resource Accounts (Statement of Assembly Supply) continued

Key to Request for Resources

A1	Executive Support and Policy Development
A2	Community Relations
DSC	Delivering Social Change
TBUC	Together: Building a United Community
SIF	Social Investment Fund
A3	North-South Ministerial Council
A4	Attorney General for Northern Ireland
EU	EU Programme for Peace and Reconciliation
A5	<i>Strategic Sites</i>
A6	<i>Provisions</i>
A7	Equality Commission for Northern Ireland
A8	Commission for Victims and Survivors for Northern Ireland
A9	Northern Ireland Judicial Appointments Commission
A10	Maze/Long Kesh Development Corporation
A11	Victims and Survivors Service Limited
A12	Strategic Investment Board Limited
A13	Northern Ireland Community Relations Council
A14	Ilex Urban Regeneration Company Limited
NIMF	Northern Ireland Memorial Fund
A15	Notional Charges

Request for Resources A

Driving investment and sustainable development, making people's lives better through support for equality, human rights and community relations; and the effective operation of the institutions of Government.

As a result of the dissolution of the NI Assembly on 26 January 2017, Spring Supplementary Estimates did not get presented to the Assembly; Supplementary Estimates seek authority for additional resources and/or cash to that sought in the Main Estimates for the financial year. Therefore in the absence of Spring Supplementary Estimates for 2016-17, performance is being reported against Main Estimates.

The Department had a total resource overspend of £35.543 million, (54.61%), against Main Estimates.

The net cash requirement for 2016-17 was £98.062 million. This is £34.098 million higher than the estimated Main estimates net cash requirement of £63.964 million.

Detailed explanations of the variances are given in the Financial Performance section (pages 17 to 19) of the Performance Analysis.

The notes on pages 79 to 102 form part of these accounts.

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Notes to the Departmental Resource Accounts (Statement of Assembly Supply) continued

SOAS2 Reconciliation of net resource outturn to net operating cost

		2016-17		2015-16
	Note	Outturn £000	Supply Estimate £000	Outturn £000
Net Resource Outturn	SOAS1	100,626	65,083	-
Non-supply income (CFERs)	SOAS4	(3,316)	-	-
Non-supply expenditure (unrealised foreign exchange gain)		386	-	-
Net Operating Cost in Consolidated Statement of Comprehensive Net Expenditure		97,696	65,083	-

The notes on pages 79 to 102 form part of these accounts.

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Notes to the Departmental Resource Accounts (Statement of Assembly Supply) continued

SOAS3 Reconciliation of net resource outturn to net cash requirement

	Note	Estimate	Outturn	Net total outturn compared with Estimate: Saving/ (excess)
		£000	£000	£000
Resource Outturn	SOAS1	65,083	100,626	(35,543)
Capital:				
- Acquisition of property, plant and equipment	6,7	5,000	2,548	2,452
Non-operating Accruing Resources:				
- Net book value of asset disposals		-	-	-
Accruals to cash adjustments:				
<i>Adjustments to remove non-cash items:</i>				
- Depreciation (includes impairments/revaluations)	3,4	(3,145)	(1,998)	(1,147)
- New provisions and adjustments to previous provisions	15	(6)	(175)	169
- Other non-cash items	3,4	(2,968)	(2,770)	(198)
- Changes in working capital other than cash	13,14	-	(131)	131
- Changes in payables falling due after more than one year	14	-	16	(16)
- Use of provisions	15	-	15	(15)
Excess cash receipts surrenderable to the Consolidated Fund	SOAS4	-	-	-
Net cash requirement		63,964	98,131	(34,167)

The notes on pages 79 to 102 form part of these accounts.

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Notes to the Departmental Resource Accounts (Statement of Assembly Supply) continued

SOAS4 Analysis of income payable to the Consolidated Fund

In addition to Accruing Resources, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics).

	Note	Forecast 2016-17 Income £000	Receipts £000	Outturn 2016-17 Income £000	Receipts £000
Operating income and receipts – excess Accruing Resources		-	-	34	<i>18</i>
Other operating income and receipts not classified as Accruing Resources		-	-	3,282	<i>2,522</i>
Subtotal	SOAS5	-	-	3,316	<i>2,540</i>
Non-operating income and receipts – excess Accruing Resources	SOAS6	-	-	-	-
Other non-operating income and receipts not classified as AR		-	-	1,110	<i>1,110</i>
Amounts collectable on behalf of the Consolidated Fund		-	-	92	<i>92</i>
Excess cash surrenderable to the Consolidated Fund	SOAS3	-	-	-	-
Total income payable to the Consolidated Fund		-	-	4,518	<i>3,742</i>

SOAS5 Reconciliation of income recorded with the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

	Note	2016-17 £000	2015-16 £000
Operating income	5	3,429	-
Gross income		3,429	-
Income authorised to be Accruing Resources	SOAS1	113	-
Operating income payable to the Consolidated Fund	SOAS4	3,316	-

SOAS6 Non-operating income – Excess Accruing Resources

	Note	2016-17 £000	2015-16 £000
Proceeds on disposal of property, plant and equipment		-	-
Other miscellaneous income		-	-
Non-operating income – excess Accruing Resources		-	-

The notes on pages 79 to 102 form part of these accounts.

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Other Assembly Accountability Disclosures (Audited)

Entities outside the Accounting Boundary

The Department provides funding to a number of non-departmental public bodies and sponsored bodies which are outside the Departmental accounting boundary, as listed below. Each of these bodies produces its own published annual reports and accounts, and their financial performance is not consolidated into the Department's resource accounts.

- **Northern Ireland Community Relations Council**

The Community Relations Council was established with government support in 1990. It is an executive non-departmental public body and formed as an independent company with charitable status. Its strategic aim is to support the development and implementation of the good relations outcomes and objectives specified in the Programme for Government including the administration and allocation of good relations funding to third party delivery organisations. Further information, including its Annual Report and Accounts, can be obtained at www.community-relations.org.uk.

- **Commission for Victims and Survivors for Northern Ireland**

The Commission for Victims and Survivors for Northern Ireland was established as an executive non-departmental public body in June 2008. The principal aim of the Commission is to promote the interests of victims and survivors. Its duties include promoting an awareness of, and safeguarding matters relating to the interests of victims and survivors, and keeping under review the adequacy and effectiveness of law and practice and services provided for victims and survivors. Further information on the Commission's work can be obtained at www.cvsni.org.

- **Equality Commission for Northern Ireland**

The Equality Commission for Northern Ireland is an executive non-departmental public body established under the Northern Ireland Act 1998 with statutory functions which include working towards eliminating unlawful discrimination and to promote equality of opportunity on the grounds of disability, sex, race and religious belief/political opinion. The Commission also has responsibilities under Section 75 of the Northern Ireland Act 1998 in relation to the public sector equality duties. Further information, including its Corporate Plan and Annual Report and Accounts can be obtained at www.equalityni.org.

- **Ilex Urban Regeneration Company Limited**

Ilex was established as an executive non-departmental public body limited by guarantee on 17 July 2003. An independent review of Ilex was completed in October 2015, which recommended the closure of Ilex by April 2017. This was brought forward and the Company closed for business in March 2016. There are a number of steps required to formally wind up the company; these are in hand.

- **Maze/Long Kesh Development Corporation**

The Maze/Long Kesh Development Corporation was established as an executive non-departmental public body on 10 September 2012. The overall aim of the Corporation is to secure the regeneration of the Maze/Long Kesh site. The Corporation has its own Board and is funded by TEO. More information is available on <http://mazelongkesh.com/>

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- **Northern Ireland Judicial Appointments Commission**

The Northern Ireland Judicial Appointments Commission is a non-departmental public body which was established on 15 June 2005 under the Justice (Northern Ireland) Act 2002 as amended by the Justice (Northern Ireland) Act 2004. It is currently responsible for selecting and appointing, or recommending for appointment, applicants in respect of all listed judicial offices up to and including High Court Judge. Further information, including the Commission's Annual Report and Accounts, can be obtained at www.nijac.gov.uk.

- **Strategic Investment Board Limited**

The Strategic Investment Board Limited is an executive non-departmental public body and formed as a company limited by guarantee. It prepares and oversees the Investment Strategy for Northern Ireland, supports the successful delivery of major and complex infrastructure projects, fosters reform in public sector systems and processes and advises on the effective use of public sector property assets. It supports projects and programmes across central government and its ALBs and provides help and support to District Councils and other public sector bodies on major investment programmes. It has its own Board and is funded by TEO. Further details of the work of the Strategic Investment Board, the projects in which it is involved and other information can be obtained at www.sibni.org.

- **Victims and Survivors Service Limited**

The Victims and Survivors Service is an executive non-departmental public body and formed as a company limited by guarantee. It was established by TEO's predecessor OFMDFM to administer funding and support to victims and survivors and opened in April 2012. The Service provides funding to both individual victims and survivors through the provision of goods, services and financial assistance, and Victims Groups. Further information on the Victims and Survivors Service can be obtained at www.victimsservice.org.

Regularity of Expenditure

i. Losses and special payments

	2016-17	2016-17	2015-16	2015-16
	Number	£000	Restated Number	Restated £000
Total – Losses	42	161	25	374

There were no cases over £250,000 in 2016-17.

In 2015-16, £370k of the losses are made up of a write off, of an amount potentially due from a funded group which the Department has now assessed as not being recoverable. However the Department reserves the right to recover funds at a later date where possible. The remainder of the losses are made up of non refundable charges and non-capital equipment write offs.

ii. Fees and Charges

There were no fees and charges.

The Executive Office

iii. Remote Contingent Liabilities

There were no remote contingent liabilities.

Approved and signed

A handwritten signature in black ink, appearing to read "Mark Browne", with a long horizontal line extending from the end of the signature.

Mark Browne (Dr)
Accounting Officer

28 June 2017

The Executive Office

The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly

I certify that I have audited the financial statements of The Executive Office for the year ended 31 March 2017 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Assembly Supply and the related notes and the information in the Remuneration and Staff Report and the Assembly Accountability Disclosures that is described in that report and disclosures as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

The Executive Office

Basis for qualified opinion on regularity arising from breach of an Assembly control total

In 2016-17 The Executive Office expended more resources than the Assembly had authorised in Request for Resource (RfR) A resulting in an excess vote. Net resource outturn for RfR A of £100,625,900 was £35,542,900 in excess of the £65,083,000 limit authorised by the Assembly.

Also in 2016-17, The Executive Office required more cash than the Assembly had authorised in Net Cash Requirement resulting in an excess vote. Net Cash Requirement of £98,130,441 was £34,166,441 in excess of the £63,964,000 limit authorised by the Assembly. These excesses arose because the Assembly dissolved at the end of January 2017 and therefore the process of considering and approving the 2016-17 Spring Supplementary Estimates by way of a Budget Bill could not take place. Had the Assembly approved these Estimates the excesses would not have occurred.

Qualified Opinion on regularity

In my opinion, except for the breaches described in the basis for qualified opinion paragraphs above, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2017 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2017 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Assembly Accountability disclosures to be audited have been properly prepared in accordance with Department of Finance directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

The Executive Office

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the in the Remuneration and Staff Report and the Assembly Accountability Disclosures to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance's guidance.

Report

My audit highlighted an employment project within the Social Investment Fund (SIF) which the Department had concerns may have incurred ineligible expenditure at project level. The Department identified that a robust, clearly documented process of validating and evidencing eligibility had not been consistently implemented and as a result, it was concerned that some participants did not meet the full eligibility criteria.

The Department suspended any further payments to the project while it considered the regularity of expenditure, which it estimated could have amounted to at least £750k in total over three years from 2015-16. The Department identified ambiguities in the eligibility criteria within the project documentation and took advice from Internal Audit the Department of Finance and the Departmental Solicitors Office. In light of that advice, the Department concluded that the project still met the key objectives of the Social Investment Fund and therefore it considered sufficient authority existed for the expenditure incurred.

I have not qualified my regularity opinion on the financial statements however I have noted the concerns raised by the Department regarding the design of project documentation and the internal controls and I agree. The Department has advised me that improvements have been made in the operation of the employment project and that lessons have been learned.

At present, my staff are conducting a Value for Money study on the Social Investment Fund which is due to be completed in early 2018. I will consider this matter further as part of my study.

Other than as outlined in the basis for qualified opinion paragraphs above, I have no further observations to make on these financial statements.



*KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU
29 June 2017*

THE FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2017

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the value of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

	Note	2016-17 Total £000	2015-16 Restated Total £000
Operating income	5	(3,429)	(1,063)
Total Operating Income		(3,429)	(1,063)
Staff costs	3,4	18,527	18,559
Purchase of goods and services	3,4	10,818	10,382
Depreciation and impairment charges (includes revaluation and disposal)	3,4	1,998	2,115
Provision expenses	3,4	175	143
Other operating expenditure	4	69,607	64,044
Total Operating Expenditure		101,125	95,243
Net Operating Expenditure	SOAS2	97,696	94,180
Finance Income		-	-
Finance Expense		-	-
Net expenditure for the year		97,696	94,180
Other comprehensive net expenditure			
Items that will not be reclassified to net operating costs:			
- Net (gain)/loss on revaluation of Property, Plant and Equipment	6	(72)	31
- Net (gain)/loss on revaluation of Intangible Assets	7	(1)	(1)
Items that may be reclassified to net operating costs:			
- Net (gain)/loss on revaluation of Investments		-	-
Comprehensive Net Expenditure for the year ended 31 March 2017		97,623	94,210

The 2015-16 figures have been restated to exclude expenditure of £7,564k and income of £303k relating to the transfer of functions to NICTS, DE, DoF, DfI and DfC. The impact of this transfer has been disclosed in note 1.16.


The notes on pages 79 to 102 form part of these accounts.

The Executive Office

Statement of Financial Position as at 31 March 2017

This statement presents the financial position of TEO. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

		2016-17	2015-16	As at 01 April 2015
	Note	£000	Restated £000	Restated £000
Non-current assets				
Property, plant and equipment	6	8,885	8,306	9,981
Intangible assets	7	22	33	56
Total non-current assets		<u>8,907</u>	<u>8,339</u>	<u>10,037</u>
Current assets				
Assets classified as held for sale	11	363	1,424	2,700
Trade and other receivables	13	2,138	622	5,393
Cash and cash equivalents	12	195	124	140
Total current assets		<u>2,696</u>	<u>2,170</u>	<u>8,233</u>
Total assets		<u>11,603</u>	<u>10,509</u>	<u>18,270</u>
Current liabilities				
Trade and other payables	14	(51,894)	(15,623)	(10,570)
Provisions	15	(314)	(164)	(19)
Total current liabilities		<u>(52,208)</u>	<u>(15,787)</u>	<u>(10,589)</u>
Total assets less current liabilities		<u>(40,605)</u>	<u>(5,278)</u>	<u>7,681</u>
Non-current liabilities				
Other payables	14	(10)	(26)	(41)
Provisions	15	(156)	(146)	(149)
Total non-current liabilities		<u>(166)</u>	<u>(172)</u>	<u>(190)</u>
Total assets less total liabilities		<u>(40,771)</u>	<u>(5,450)</u>	<u>7,491</u>
Taxpayers' equity and other reserves				
General fund		(41,323)	(6,291)	6,507
Revaluation reserve		552	841	984
Total equity		<u>(40,771)</u>	<u>(5,450)</u>	<u>7,491</u>



Mark Browne (Dr)
Accounting Officer

28 June 2017

The 2015-16 figures have been restated to exclude net liabilities of £2,889k relating to the transfer of functions to NICTS, DE, DoF, DfI and DfC. The impact of this transfer has been disclosed in note 1.16. The notes on pages 79 to 102 form part of these accounts.

The Executive Office

Statement of Cash Flows for the year ended 31 March 2017

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Department during the reporting period. The statement shows how the Department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Departments' future public service delivery.

	Note	2016-17 £000	2015-16 Restated £000
Cash flows from operating activities			
Net operating cost	SOAS2	(97,696)	(94,180)
Adjustments for non-cash transactions	3,4	4,943	5,027
(Increase)/Decrease in trade and other receivables	13	(1,516)	4,771
Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure	13	(136)	(362)
Increase/(Decrease) in trade and other payables	14	36,255	5,039
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	14	(34,409)	1,153
Use of provisions	15	(15)	(9)
Net cash outflow from operating activities		(92,574)	(78,561)
Cash flows from investing activities			
Purchase of property, plant and equipment	6,7,14	(3,016)	(2,552)
Proceeds on disposal of property, plant and equipment		1,110	2,700
Net cash outflow from investing activities		(1,906)	148
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		63,964	78,347
From the Consolidated Fund (Supply) – prior year		136	498
Advances from the Contingencies Fund		29,761	14,730
Repayments to the Contingencies Fund		-	(14,730)
Net financing		93,861	78,845
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		(619)	432
NDPB CFERs due to be paid over to the Consolidated Fund		92	-
Payments of amounts due to the Consolidated Fund		(22)	(87)
		70	(87)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(549)	345
Cash and cash equivalents at the beginning of the period	12	(48)	(393)
Cash and cash equivalents at the end of the period	12	(597)	(48)

The 2015-16 figures have been restated to exclude expenditure of £7,564k and income of £303k relating to the transfer of functions to NICTS, DE, DoF, DfI and DfC. The impact of this transfer has been disclosed in note 1.16.

The notes on pages 79 to 102 form part of these accounts.

The Executive Office

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2017

This statement shows the movement in the year on the different reserves held by TEO, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of a department, to the extent that the total is not represented by other reserves and financing items.

	Note	General Fund	Revaluation Reserve	Total Reserves
		Restated £000	Restated £000	Restated £000
Balance at 31 March 2015		9,708	990	10,698
Prior Period Adjustment		(3,201)	(6)	(3,207)
Restated Balance at 31 March 2015		6,507	984	7,491
Net Assembly Funding		78,347	-	78,347
Supply (payable)/receivable adjustment	13	136	-	136
CFERs payable to the Consolidated Fund	SOAS4	3	-	3
CFERs payable to the Consolidated Fund written off		91	-	91
CFERs payable to other departments following restructuring*		(68)	-	(68)
SIB FTC loan repayment received	10	180	-	180
SIB FTC loan repayment paid to the Consolidated Fund	10	(180)	-	(180)
Comprehensive Net Expenditure for the year		(94,180)	(30)	(94,210)
Auditors remuneration	3	58	-	58
Non-cash charges – other notional costs	3	2,702	-	2,702
Transfers between reserves		113	(113)	-
Balance at 31 March 2016		(6,291)	841	(5,450)
Net Assembly Funding		63,964	-	63,964
Advances from the NI Contingencies Fund		29,761	-	29,761
Amounts payable to the NI Contingencies Fund	14	(29,761)	-	(29,761)
CFERs payable to the Consolidated Fund	SOAS4	(4,426)	-	(4,426)
SIB FTC loan repayment received	10	580	-	580
SIB FTC loan repayment paid to the Consolidated Fund	10	(580)	-	(580)
Comprehensive Net Expenditure for the year		(97,696)	73	(97,623)
Auditors remuneration	3	55	-	55
Non-cash charges – other notional costs	3	2,709	-	2,709
Transfers between reserves		362	(362)	-
Balance at 31 March 2017		(41,323)	552	(40,771)

*Payment due in respect of CFERs received in 2015-16 that were transferred to other departments to pay over to the Consolidated Fund following restructuring.

The 2015-16 figures have been restated to exclude expenditure of £7,564k and income of £303k relating to the transfer of functions to NICTS, DE, DoF, DfI and DfC. The impact of this transfer has been disclosed in note 1.16.

The notes on pages 79 to 102 form part of these accounts.

The Executive Office

Notes to the Departmental Resource Accounts

1. *Statement of accounting policies*

These financial statements have been prepared in accordance with the 2016-17 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of TEO for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare one additional primary statement. The *Statement of Assembly Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

1.1 *Accounting convention*

These accounts have been prepared under the historical cost convention modified to account for the revaluation of assets and liabilities to fair value as determined by the relevant accounting standards, and subject to the interpretations and adaptations of those standards in FReM.

1.2 *Property, Plant and Equipment and Intangible Assets*

The minimum level for capitalisation of a tangible fixed asset is £1,000. Computer systems (bespoke software) which have been developed internally have been capitalised at the full cost incurred. Where material, assets have been pooled/grouped so as to reflect property, plant and equipment holdings more accurately.

On initial recognition property, plant and equipment and intangible assets are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition. Items classified as "under construction" are recognised in the balance sheet to the extent that money has been paid or a liability has been incurred.

All property, plant and equipment and intangible assets are carried at fair value. Land and buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Standards prepared and published by the Royal Institution of Chartered Surveyors (RICS). Full professional valuations of land and buildings are undertaken at specific intervals, but at least every five years. Land and buildings are revalued annually, either by reassessment or using indices provided by Land and Property Services (LPS). All valuations are carried out by LPS, an external valuer, as defined in the Appraisal and Valuation Standards referred to above.

Operational properties are valued on the basis of existing use value, unless they are specialised, in which case they are valued on a depreciated replacement cost basis. Properties surplus to requirements are valued on the basis of open market value less any material directly attributable selling costs. With the exception of the above and items under construction, fair value is estimated by restating the value annually by reference to indices compiled by the Office for National Statistics (ONS).

The Executive Office

Notes to the Departmental Resource Accounts continued

Surpluses and deficits arising on revaluation are taken to the revaluation reserve. Where appropriate, permanent reductions in the value of fixed assets are charged to the Statement of Comprehensive Net Expenditure. Revaluations below historic cost which are not temporary fluctuations in market value are treated as an impairment in accordance with IAS 36, Impairment of Assets, and charged in full to the Statement of Comprehensive Net Expenditure. Impairment reviews of property, plant and equipment are performed annually and additionally where there is an indication of an impairment as defined by IAS 36. The impairment of assets in note 8 relates to assets under construction and additions.

Assets paid for on behalf of TEO by other Northern Ireland Civil Service Departments have also been capitalised and depreciated in line with current policy, and have been credited to the general fund.

1.3 Depreciation

Property, plant and equipment are depreciated at rates calculated to write them down to estimated residual value on a straight line basis over their estimated useful lives. Depreciation is charged in the month of acquisition. No depreciation is provided on freehold land since they have unlimited or very long estimated useful lives. Items under construction are not depreciated until they are commissioned.

Properties that are surplus to requirements and not in use are not depreciated. Capital expenditure on leasehold improvements is depreciated over the remaining term of the lease.

Asset lives are normally in the following ranges:

Computer Equipment	3-6 years
Computer Systems	6-10 years
Freehold Buildings	25 years
Furniture and Fittings	2-15 years
Motor Vehicles	4 years
Leasehold Buildings	length of lease
Office Equipment	3-11 years
Plant and Machinery	3-20 years
Telecoms Equipment	2-10 years

The overall useful life of the Department's buildings takes account of the fact that different components of those buildings have different useful lives. This ensures that depreciation is charged on these assets at the same rate as if separate components had been identified and depreciated at different rates.

1.4 Operating income including income receivable from the European Union

Operating income is income which related directly to the operating activities of the Department. It principally comprises fees and charges for services provided on a full-cost basis to external customers, as well as public sector repayment work. It includes not only accruing resources of the

The Executive Office

Notes to the Departmental Resource Accounts continued

Estimate but also income to the Consolidated Fund, authorised by the Department of Finance to be treated as operating income. Operating income is stated net of VAT.

All receipts from the EU are separately identified and shown as income in the notes to the Statement of Comprehensive Net Expenditure. EU income is received in arrears, expenditure having been initially funded by the Department.

1.5 Administration and programme expenditure

The Statement of Comprehensive Net Expenditure is analysed between operating income and expenditure. Expenditure is analysed between administration and programme expenditure in notes 3 and 4. Administration costs reflect the costs of running the Department. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the department, as well as certain staff costs where they relate directly to service delivery. The classification of expenditure and income as administration or as programme follows the definition of administration costs set by the Department of Finance.

1.6 Foreign exchange

Transactions which are denominated in a foreign currency and which are covered by a related forward contract are translated into sterling at the exchange rate specified in the contract. Transactions which are not covered by a related forward contract are translated into sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for the period is used. Monetary assets and liabilities denominated in foreign currency at the Statement of Financial Position date are translated at the rates ruling at that date. These translation differences are dealt with in the Statement of Comprehensive Net Expenditure.

1.7 Employee Benefits including Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme Northern Ireland (PCSPS (NI)) which are described in the Staff Report. The defined benefit schemes are unfunded. The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). In respect of the defined contribution schemes, the department recognises the contributions payable for the year. A separate scheme statement is prepared for PCSPS (NI) as a whole.

1.8 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Department, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Statement of Comprehensive Net Expenditure over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

The Executive Office

Notes to the Departmental Resource Accounts continued

1.9 Grants payable

The Department is responsible for the payment of a number of Government Grants, both discretionary and mandatory. These grants are recorded in the period in which the recipient carries out the activity which created the entitlement. The recognition of entitlement will vary according to the details of the individual scheme. Unpaid and unclaimed grants may represent obligations to be recognised as liabilities. Where the amount of the claim is not known at the Statement of Financial Position date, an estimate will be made. Overpayments of grants are shown as receivables at the Statement of Financial Position date.

1.10 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently between -2.70% and -0.80% depending on when the cash flow occurs).

1.11 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the department discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of *Managing Public Money Northern Ireland*. These comprise:

- items over £250,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to the Assembly by Departmental Minute prior to the Department entering into the arrangement; and
- all items (whether or not they arise in the normal course of business) over £250,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the FReM to be noted in the resource accounts.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

1.12 Value Added Tax

Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of property, plant and equipment. VAT is recoverable on a departmental basis.

The Executive Office

Notes to the Departmental Resource Accounts continued

1.13 *Disclosure of Figures*

The Executive Office have no other entities within the accounting boundary which require consolidation. The accounts have been presented as a single entity.

1.14 *Financial Instruments*

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial instrument is recognised when, and only when, the entity becomes a party to the contractual provisions of the instrument. A previously recognised financial asset is derecognised when, and only when, either the contractual rights to the cash flows from that asset expire, or the entity transfers the asset such that the transfer qualified for derecognition. A financial liability is derecognised when, and only when, it is extinguished.

The Department has financial instruments in the form of trade receivables and payables and cash and cash equivalents.

In accordance with IAS 39 Financial Instruments: Recognition and Measurement trade receivables, cash and other receivables are classified as 'loans and receivables'. Loans and receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment.

The Department assesses at each Statement of Financial Position date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired.

The Department measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making the collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics. Impairment losses are recognised in the Statement of Comprehensive Net Expenditure and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

When a financial asset is deemed unrecoverable the amount of the asset is reduced directly and the impairment loss is recognised in the Statement of Comprehensive Net Expenditure to the extent that a provision was not previously recognised.

The Executive Office

Notes to the Departmental Resource Accounts continued

Financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

1.15 Comparatives

Comparative figures for the 2015-16 year are shown for those items listed in the primary schedules and associated notes, in compliance with the disclosure requirements of FReM unless otherwise stated.

The Stormont House Agreement contained a commitment to reduce the number of NICS Departments from 12 to 9 on 9 May 2016 involving the creation of 9 new departments aimed at better aligning functions and ensuring that government works more efficiently. Under the agreement, OFMDFM became TEO. TEO now includes a new strategic policy and innovation unit and retains many of its existing functions with the exception of a range of policy responsibilities, a number of sponsor branches and some functions relating to strategic investment and regeneration. The principal activities have been restructured to comprise: "Executive Support and Programme for Government" and "Strategic Policy, Equality and Good Relations", as detailed in Note 2 to the accounts. More detail can be found in the Departments Act (Northern Ireland) 2016 and the Departments (Transfer of Functions) Order (Northern Ireland) 2016.

As a result of this, comparative figures throughout the financial statements have been changed to reflect the transfer of functions. The opening Statement of Financial Position for 2014-15 has been restated in line with FReM. The Statement of Assembly Supply is indelible and has not been restated.

1.16 Transfer of Functions

Comparative figures have been restated to exclude 2015-16 expenditure of £7,564k and income of £303k relating to the transfer of functions from OFMDFM to NICTS, DE, DoF, DfI and DfC. A breakdown of comparative figure transfers is detailed below.

Receiving Department	Expenditure £000	Income £000	Net asset/ (liability) £000	Function
NICTS	2,300	87	(74)	Planning Appeals Commission and Water Appeals Commission
DE	573	0	(21)	Policy Responsibility for Childcare Strategy
DoF	838	48	(72)	NI Direct Central Editorial Team and Government Advertising Unit
DfI	1,216	168	3,076	Crumlin Road Gaol project management and St Lucia ex-MOD site
DfC	2,637	0	(20)	Policy Responsibility for Older People, Active Aging Strategy, Disability Strategy, Anti Poverty, Child Poverty, and Gender and Sexual Orientation. Sponsor branches and Arms' Length Bodies for Commissioner for Older People and Commissioner for Children and Young People.
Total	7,564	303	2,889	

The Executive Office

Notes to the Departmental Resource Accounts continued

1.17 IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The IASB issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards were effective with EU adoption from 1 January 2014.

Accounting boundary IFRS' are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2020-21, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may change as a result of the new Standards.

Management has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. Management consider that these are unlikely to have a significant impact on the period of initial application.

The Executive Office

Notes to the Departmental Resource Accounts continued

2 Statement of Operating Costs by Operating Segment

The principal activities of the Department comprise: Support for the Executive and Human rights, equality and community relations. This is reflected in the high-level structure under which the Department reports performance to the DoF and HM Treasury.

"Executive Support and Programme for Government" ("Executive Support") embraces provision of advice and guidance to Ministers, managing the Programme for Government, maintaining a presence in Brussels, China and Washington and delivering an integrated investment strategy. "Strategic Policy, Equality and Good Relations" ("Strategic Policy") comprises the development and implementation of a cross-departmental strategy to tackle poverty and social exclusion, promote equality and improve people's lives. It also includes the regeneration of former military and security sites and the Historical Institutional Abuse Inquiry. The Accounting Officer receives detailed monthly reports for each business area in the Department which are aggregated to show performance over principal activities.

There are no transactions between reportable segments and there is no reliance on major customers.

	Note	2016-17					2015-16
		Executive Support	Strategic Policy	Total	Executive Support	Strategic Policy	Restated Total
		£000	£000	£000	£000	£000	£000
Gross Expenditure	3,4	17,469	83,656	101,125	16,516	78,727	95,243
Income	5	(248)	(3,181)	(3,429)	(158)	(905)	(1,063)
Net Expenditure		<u>17,221</u>	<u>80,475</u>	<u>97,696</u>	<u>16,358</u>	<u>77,822</u>	<u>94,180</u>
Total assets	6,7,11,12,13,14,15	1,250	10,353	11,603	1,281	9,228	10,509

2.1 Reconciliation between Operating Segments and SoCNE

	Note	2016-17					2015-16
		Executive Support	Strategic Policy	Total	Executive Support	Strategic Policy	Restated Total
		£000	£000	£000	£000	£000	£000
Total net expenditure reported for operating segments		17,221	80,475	97,696	16,358	77,822	94,180
Reconciling items:							
Income		-	-	-	-	-	-
Expenditure		-	-	-	-	-	-
Total net expenditure per the Statement of Comprehensive Net Expenditure		<u>17,221</u>	<u>80,475</u>	<u>97,696</u>	<u>16,358</u>	<u>77,822</u>	<u>94,180</u>

The Executive Office

Notes to the Departmental Resource Accounts continued

2.2 Reconciliation between Operating Segments and SoFP

Note	2016-17			2015-16 Restated		
	Executive Support	Strategic Policy	Total	Executive Support	Strategic Policy	Total
	£000	£000	£000	£000	£000	£000
Total assets reported for operating segment	1,250	10,353	11,603	1,281	9,228	10,509
Reconciling items:						
Income	-	-	-	-	-	-
Expenditure	-	-	-	-	-	-
Total assets per the Statement of Financial Position	1,250	10,353	11,603	1,281	9,228	10,509

3 Other Administration Costs

	2016-17 £000	2015-16 Restated £000
Staff Costs ¹ :		
Wages and salaries	8,847	9,092
Social security costs	932	789
Other pension costs	1,926	2,060
Staff related costs (including travel and subsistence and training)	413	262
Office Services (including advertising, communications and stationery)	366	338
Contracted Out Services	343	333
Professional Costs ²	224	140
Other (including hospitality)	159	134
Accommodation costs	120	203
Rentals under operating leases	101	115
Consultancy	72	-
Non Capital purchases	8	11
Non-cash items:		
Office accommodation	1,399	1,178
Other notional charges	1,153	1,314
Increase/(Decrease) in provision	174	(2)
Depreciation	63	92
Auditors' remuneration ² and expenses	55	58
Disposal of property plant and equipment	1	1
Amortisation	1	-
Permanent diminution in value of property plant and equipment	-	354
Total	16,357	16,472

¹Further analysis of staff costs is located in the Staff Report on page 58. Staff Costs includes ministers' notional salary costs at £157k (2015-16: £211k).

²Auditors' remuneration relates fully to audit work. During the year the Department purchased the following non-audit services from its auditor, NIAO: £1,261 for the National Fraud Initiative under Professional Costs.

The Executive Office

Notes to the Departmental Resource Accounts continued

4 Programme Costs

	2016-17	2015-16
	£000	Restated £000
Staff Costs ¹ :		
Wages and salaries	5,316	5,212
Social security costs	504	412
Other pension costs	1,002	994
Grants	68,934	63,250
Other ²	1,902	2,403
Office Services	930	760
Rentals under operating leases	915	822
Contracted Out Services	771	832
Professional Costs	763	748
EU Programme Spend	673	794
Accommodation Costs	533	395
Staff related costs	374	302
Consultancy Costs	49	19
Non Capital Purchases	13	15
Non-cash items:		
Diminution in value of property, plant and equipment	1,491	1,229
Depreciation	466	412
Bad debt written off	155	-
Amortisation	17	27
Increase in Provision	1	145
Profit on disposal of property, plant and equipment ³	(41)	-
Total	84,768	78,771

¹Further analysis of staff costs is located in the Staff Report on page 58.

²Other includes an exchange loss of £407,841 (2015-16: exchange loss of £623,067).

³Profit on disposal is due to cost of sales reducing the carrying value of Shackleton when the asset was transferred to assets held for sale in 2015-16 (see note 11).

5 Income

	2016-17	2015-16
	£000	Restated £000
EU Income	673	794
Vulnerable Person's Relocation Scheme	2,307	-
Recovery of Seconded Costs	147	189
Commercial Legal services	60	-
Rental Income	116	56
Miscellaneous Other Operating Income	126	24
Operating Income	3,429	1,063

The Executive Office

Notes to the Departmental Resource Accounts continued

6 Property, plant and equipment

	Land	Buildings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Payments on Accounts & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2016	4,782	3,854	61	649	215	412	-	9,973
Additions	157	596	21	111	38	13	1,604	2,540
Reclassifications	130	1,461	-	13	-	-	(1,604)	-
Transfers	(7)	-	-	-	-	-	-	(7)
Disposals	-	-	-	(21)	(18)	(10)	-	(49)
Impairment (a)	25	(1,677)	-	(24)	-	-	-	(1,676)
Revaluation charged to SoCNE (a)	425	(356)	-	-	-	-	-	69
Revaluation (a)	128	(101)	1	17	2	1	-	48
At 31 March 2017	5,640	3,777	83	745	237	416	-	10,898
Depreciation								
At 1 April 2016	-	998	31	272	148	218	-	1,667
Charged in period	-	353	17	70	30	59	-	529
Reclassifications	-	-	-	-	-	-	-	-
Disposals	-	-	-	(20)	(17)	(6)	-	(43)
Impairment (a)	-	44	-	(2)	-	-	-	42
Revaluation charged to SoCNE (a)	-	(162)	-	4	-	-	-	(158)
Revaluation (a)	-	(25)	1	3	(3)	-	-	(24)
At 31 March 2017	-	1,208	49	327	158	271	-	2,013
Carrying amount								
At 31 March 2016	4,782	2,856	30	377	67	194	-	8,306
At 31 March 2017	5,640	2,569	34	418	79	145	-	8,885
Asset financing:								
Owned	5,640	2,569	34	418	79	145	-	8,885
Carrying amount at 31 March 2017	5,640	2,569	34	418	79	145	-	8,885

- (a) Revaluations were undertaken in respect of Ebrington Barracks; Shackleton Ballykelly; and the Crisis Management Centre as at 31 March 2017 by Land & Property Services. Valuations reflect the current situation in the property market in Northern Ireland. Previous year valuations are shown in brackets. Ebrington was valued at £5,515,000 (£4,656,500) for land and £2,115,000 (£2,205,000) for buildings. Shackleton was valued at £390,000 (£390,000) for 85.8 acres of land (transferred to assets held for sale in 2015-16, see note 11). The Crisis Management Centre was valued at £125,000 (£125,000) for land and £125,000 (£125,000) for buildings.

The Executive Office

Notes to the Departmental Resource Accounts continued

6 Property, plant and equipment continued

	Land	Buildings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Payments on Accounts & Assets under Construction	Total
	Restated £000	Restated £000	Restated £000	Restated £000	Restated £000	Restated £000	Restated £000	Restated £000
Cost or valuation								
At 1 April 2015	6,275	4,061	61	555	199	392	-	11,543
Additions	72	419	-	153	47	18	1,160	1,869
Reclassifications	(1,235)	895	-	(43)	(2)	-	(1,160)	(1,545)
Disposals	-	(627)	-	(11)	(30)	-	-	(668)
Impairment (a)	72	(386)	-	-	-	-	-	(314)
Revaluation charged to SoCNE (a)	(382)	(524)	-	(7)	-	-	-	(913)
Revaluation (a)	(20)	16	-	2	1	2	-	1
At 31 March 2016	4,782	3,854	61	649	215	412	-	9,973
Depreciation								
At 1 April 2015	-	997	16	238	136	175	-	1,562
Charged in period	-	348	15	60	32	49	-	504
Reclassifications	-	-	-	(13)	(1)	-	-	(14)
Disposals	-	(627)	-	(11)	(29)	-	-	(667)
Impairment (a)	-	311	-	-	11	-	-	322
Revaluation charged to SoCNE (a)	-	(72)	-	-	-	-	-	(72)
Revaluation (a)	-	41	-	(2)	(1)	(6)	-	32
At 31 March 2016	-	998	31	272	148	218	-	1,667
Carrying amount								
At 31 March 2015	6,275	3,064	45	317	63	217	-	9,981
At 31 March 2016	4,782	2,856	30	377	67	194	-	8,306
Asset financing:								
Owned	4,782	2,856	30	377	67	194	-	8,306
Carrying amount at 31 March 2016	4,782	2,856	30	377	67	194	-	8,306

- (a) Revaluations were undertaken in respect of Ebrington Barracks; Shackleton Ballykelly; and the Crisis Management Centre as at 31 March 2016 by Land & Property Services. Valuations reflect the current situation in the property market in Northern Ireland. Previous year valuations are shown in brackets. Ebrington was valued at £4,656,500 (£4,650,000) for land and £2,205,000 (£1,955,000) for buildings. Shackleton was valued at £1,500,000 (£1,500,000) for land (transferred to assets held for sale in 2015-16, see note 11). The Crisis Management Centre was valued at £125,000 (£125,000) for land and £125,000 (£125,000) for buildings.

The Executive Office

(b) Notes to the Departmental Resource Accounts continued

6 Property, plant and equipment continued

	Land	Buildings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Payments on Accounts & Assets under Construction	Total
	Restated £000	Restated £000	Restated £000	Restated £000	Restated £000	Restated £000	Restated £000	Restated £000
Cost or valuation								
At 1 April 2014	9,826	2,286	81	395	171	888	-	13,647
Additions	134	606	-	162	33	83	1,601	2,619
Reclassifications	(2,682)	2,154	-	7	-	(578)	(1,601)	(2,700)
Disposals	-	-	(20)	(11)	(6)	(2)	-	(39)
Impairment (a)	(61)	(1,295)	-	-	-	-	-	(1,356)
Revaluation charged to SoCNE (a)	(859)	(92)	-	-	-	-	-	(951)
Revaluation (a)	(83)	402	-	2	1	1	-	323
At 31 March 2015	6,275	4,061	61	555	199	392	-	11,543
Depreciation								
At 1 April 2014	-	551	7	202	124	312	-	1,196
Charged in period	-	270	17	49	23	83	-	442
Reclassifications	-	209	-	-	-	(209)	-	-
Disposals	-	-	(8)	(11)	(6)	(2)	-	(27)
Impairment (a)	-	(54)	-	-	-	-	-	(54)
Revaluation charged to SoCNE (a)	-	(28)	-	-	-	-	-	(28)
Revaluation (a)	-	49	-	(2)	(5)	(9)	-	33
At 31 March 2015	-	997	16	238	136	175	-	1,562
Carrying amount								
At 31 March 2014	9,826	1,735	74	193	47	576	-	12,451
At 31 March 2015	6,275	3,064	45	317	63	217	-	9,981
Asset financing:								
Owned	6,275	3,064	45	317	63	217	-	9,981
Carrying amount at 31 March 2015	6,275	3,064	45	317	63	217	-	9,981

- (a) Revaluations were undertaken in respect of Ebrington Barracks; former St Patrick's Barracks, Ballymena; Shackleton Ballykelly; St Lucia Omagh and the Crisis Management Centre as at 31 March 2015 by Land & Property Services. Valuations reflect the current situation in the property market in Northern Ireland. Previous year valuations are shown in brackets. Ebrington was valued at £4,650,000 (£4,650,000) for land and £1,955,000 (£970,000) for buildings. St Patrick's was valued at £2,700,000 (£3,550,000) for land (transferred to assets held for sale in 2014-15, see note 11). Shackleton was valued at £1,500,000 (£1,500,000) for land. The Crisis Management Centre was valued at £125,000 (£125,000) for land and £125,000 (£125,000) for buildings.
- (b) The Former HMP Belfast (Crumlin Road Gaol) valued at £1,665,000 (£1,665,000) for land and £835,000 (£835,000) for buildings and St Lucia valued at £775,000 (£680,000) for land transferred to DFI as part of departmental restructuring and therefore are excluded from the figures above.

The Executive Office

Notes to the Departmental Resource Accounts continued

7 Intangible Assets

	Software Licenses £000	Developed Software £000	Web Sites £000	Total £000
Cost or valuation				
At 1 April 2016	5	98	6	109
Additions	6	-	2	8
Disposals	(1)	(34)	-	(35)
Revaluations charged to SoCNE	-	-	-	-
Revaluations	-	2	-	2
At 31 March 2017	10	66	8	84
Amortisation				
At 1 April 2016	1	71	4	76
Charged in period	2	14	2	18
Disposals	(1)	(32)	-	(33)
Revaluations charged to SoCNE	-	-	-	-
Revaluations	-	1	-	1
At 31 March 2017	2	54	6	62
Carrying amount at 31 March 2016	4	27	2	33
Carrying amount at 31 March 2017	8	12	2	22
Asset Financing				
Owned	8	12	2	22
Finance Leased Contracts	-	-	-	-
Carrying amount at 31 March 2017	8	12	2	22

The Executive Office

Notes to the Departmental Resource Accounts continued

7 Intangible Assets continued

	Software Licenses Restated £000	Developed Software Restated £000	Web Sites Restated £000	Total Restated £000
Cost or valuation				
At 1 April 2015	3	97	5	105
Additions	2	-	1	3
Disposals	-	-	-	-
Revaluations charged to SoCNE	-	1	-	1
Revaluations	-	-	-	-
At 31 March 2016	5	98	6	109
Amortisation				
At 1 April 2015	-	47	2	49
Charged in period	1	24	2	27
Disposals	-	-	-	-
Revaluations charged to SoCNE	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2016	1	71	4	76
Carrying amount at 31 March 2015	3	50	3	56
Carrying amount at 31 March 2016	4	27	2	33
Asset Financing				
Owned	4	27	2	33
Finance Leased	-	-	-	-
Contracts	-	-	-	-
Carrying amount at 31 March 2016	4	27	2	33

The Executive Office

Notes to the Departmental Resource Accounts continued

7 Intangible Assets continued

	Software Licenses Restated £000	Developed Software Restated £000	Web Sites Restated £000	Total Restated £000
Cost or valuation				
At 1 April 2014	-	96	5	101
Additions	3	-	-	3
Disposals	-	-	-	-
Revaluations charged to SoCNE	-	-	-	-
Revaluations	-	1	-	1
At 31 March 2015	3	97	5	105
Amortisation				
At 1 April 2014	-	19	-	19
Charged in period	-	27	2	29
Disposals	-	-	-	-
Revaluations charged to SoCNE	-	-	-	-
Revaluations	-	1	-	1
At 31 March 2015	-	47	2	49
Carrying amount at 31 March 2014	-	77	5	82
Carrying amount at 31 March 2015	3	50	3	56
Asset Financing				
Owned	3	50	3	56
Finance Leased Contracts	-	-	-	-
Carrying amount at 31 March 2015	3	50	3	56

8 Impairments

	2016-17 £000	2015-16 Restated £000
Amounts charged to the Statement of Comprehensive Net Expenditure	1,718	740

Impairments include the works carried out during the financial year on LPS valued land and buildings. 2015-16 impairments also include cost of sales for the sale of Shackleton in compliance with IFRS 5, see Note 11.

The Executive Office

Notes to the Departmental Resource Accounts continued

9 Capital and other commitments

9.1 Capital Commitments

	2016-17 £000	2015-16 Restated £000
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Property, plant and equipment	1,885	184
Total	1,885	184

9.2 Commitments under leases

9.2.1 Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2016-17 £000	2015-16 Restated £000
Buildings:		
Not later than one year	904	884
Later than one year and not later than five years	3,085	2,258
Later than five years	1,834	1,333
	5,823	4,475
Other :		
Not later than one year	38	37
Later than one year and not later than five years	23	57
Later than five years	-	-
	61	94

9.2.2 Finance leases

The Department has no finance lease commitments.

9.3 Commitments under PFI contracts and other service concession arrangements

The Department has no commitments under PFI contracts.

The Executive Office

Notes to the Departmental Resource Accounts continued

9.4 Other financial commitments

The Department has entered into non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangements), relating to grant payments and amounts committed in relation to contracted services. The payments to which the Department is committed are as follows:

	2016-17	2015-16
	£000	Restated £000
Not later than one year	-	18
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>18</u>

10 Financial Instruments

As the cash requirements of the Department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk.

In exception to the above, the Department made a £9.4 million grant in aid payment to the Strategic Investment Board Limited (SIB) to enable them to provide a loan to Queens University Belfast (QUB) in 2016-17 (2015-16: £14.5m) in respect of the University's for the School of Law and Student Hub, Computer Science Facilities and Consolidation of Biological Sciences under the Financial Transactions Funding (FTC) Scheme. The contractual loan agreement is between QUB and SIB who have accounted for this transaction in their accounts. Therefore as the Department is not exposed to any risk this transaction is only shown as a grant in aid payment in the SoCNE.

In line with the Memorandum of Understanding QUB, £580k repayment of FTC was received in 2016-17 (2015-16: £180K).

11 Assets Held for Sale

	2016-17	2015-16	2014-15
	£000	£000	£000
At 1 April	1,424	2,700	-
Transfer in from non current assets	-	1,424	2,700
Transfer out to non current assets	-	-	-
Transfer of carrying value	-	-	-
Disposal of carrying value	(1,061)	(2,700)	-
At 31 March	<u>363</u>	<u>1,424</u>	<u>2,700</u>

The Executive Office

Notes to the Departmental Resource Accounts continued

A Ministerial direction was issued on 12 May 2015, regarding the disposal of the Shackleton site (valued at £1.5m). The former Shackleton Barracks site at Ballykelly was gifted, as part of the Hillsborough agreement by the Ministry of Defence, to TEO's predecessor OFMDFM in October 2011. The entire Shackleton site, was agreed for sale with the main part (c. 621.5 acres) of the site being sold to the MJM Group in April 2016. 8.7 acres were sold to the Department of Agriculture, Environment and Rural Affairs for its new headquarters. The remaining 85.8 acres of the site are due to be sold in the 2017-18 financial year to NI Water.

2014-15 Assets held for sale comprises land at the former St Patrick's Barracks (valued at £2.7m). The sale to the Department for Social Development now part of the Department for Communities was completed in the 2015-16 financial year.

Under IFRS 5 cost of sales are impaired from the value of the asset when it is transferred to assets held for sale. Assets held for sale are included within the "Executive Support" operating segment.

12 Cash and Cash Equivalents

	2016-17	2015-16	As at 01
	£000	£000	April 2015
			£000
Balance at 1 April	(48)	(393)	(2,088)
Net change in cash equivalent balances	(549)	345	1,695
Balance at 31 March	(597)	(48)	(393)
The following balances at 31 March were held at:			
Commercial banks and cash in hand	(597)	(48)	(393)
Balance at 31 March	(597)	(48)	(393)
The balance comprises			
Cash	195	124	140
Overdraft	(792)	(172)	(533)
	(597)	(48)	(393)

The bank balance at 31 March is not physically overdrawn, it is the reconciled balance which is overdrawn. £880k of the overdrawn balance (2015:16 £353k) relates to payments issued from the bank account at the end of March which cleared post year end.

The Executive Office

Notes to the Departmental Resource Accounts continued

13 Trade receivables, financial and other assets

	2016-17	2015-16	As at 01
		Restated	April 2015
	£000	£000	Restated
			£000
Amounts falling due within one year:			
Trade receivables	134	34	351
Deposits and Advances	792	19	1,087
Other Receivables	159	44	86
Prepayments & Accrued Income	864	131	1,073
Amounts due from the Consolidated Fund in respect of supply	-	136	498
Amounts due from EU	-	54	2,065
VAT	177	186	213
	<u>2,126</u>	<u>604</u>	<u>5,373</u>
Amounts falling due after more than one 1 year:			
Deposits and Advances	12	18	18
Other Receivables	-	-	2
	<u>2,138</u>	<u>622</u>	<u>5,393</u>

Trade receivables and other current assets contains £777,598 (2015-16: £1,991) which will be surrendered to the Consolidated Fund when received.

14 Trade payables and other current liabilities

	2016-17	2015-16	As at 01
		Restated	April 2015
	£000	£000	Restated
			£000
Amounts falling due within one year:			
Bank Overdraft	792	172	533
Trade payables	44	34	10
Other payables	68	68	17
Accruals and deferred income	10,690	9,337	8,107
Non Current Asset Accruals	553	1,020	1,700
Amounts due to EU	5,468	4,971	1
Amounts repayable to the NI Contingencies Fund	29,761	-	-
Amounts issued from the Consolidated fund for supply but not spent at year end	-	-	-
Consolidated fund extra receipts due to be paid to the Consolidated Fund			
Received	3,740	19	41
Receivable	778	2	161
	<u>51,894</u>	<u>15,623</u>	<u>10,570</u>
Amounts falling due after one year:			
Other payables, accruals and deferred income	10	26	41
	<u>51,904</u>	<u>15,649</u>	<u>10,611</u>

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Notes to the Departmental Resource Accounts continued

15 Provisions for liabilities and charges

2016-17	Equal Pay	Injury	Other	Total
	£000	Award	Provisions	£000
		£000	£000	
Balance at 1 April 2016	10	155	145	310
Provided in the year	-	19	156	175
Provisions not required written back	-	-	-	-
Provisions utilised in the year	-	(9)	(6)	(15)
Balance at 31 March 2017	10	165	295	470

Analysis of expected timing of discounted flows

Not later than one year	10	9	295	314
Later than one year and not later than five years	-	34	-	34
Later than five years	-	122	-	122
Balance at 31 March 2017	10	165	295	470

2015-16	Equal Pay	Injury	Other	Total
	Restated	Award	Provisions	Restated
	£000	Restated	Restated	£000
		£000	£000	
Balance at 1 April 2015	10	158	-	168
Provided in the year	-	6	145	151
Provisions not required written back	-	-	-	-
Provisions utilised in the year	-	(9)	-	(9)
Balance at 31 March 2016	10	155	145	310

Analysis of expected timing of discounted flows

Not later than one year	10	9	145	164
Later than one year and not later than five years	-	33	-	33
Later than five years	-	113	-	113
Balance at 31 March 2016	10	155	145	310

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Notes to the Departmental Resource Accounts continued

2014-15	Equal Pay Restated £000	Injury Award Restated £000	Other Provisions Restated £000	Total Restated £000
Balance at 1 April 2014	10	-	-	10
Provided in the year	-	160	-	160
Provisions not required written back	-	-	-	-
Provisions utilised in the year	-	(2)	-	(2)
Balance at 31 March 2015	10	158	-	168

Analysis of expected timing of discounted flows

Not later than one year	10	9	-	19
Later than one year and not later than five years	-	33	-	33
Later than five years	-	116	-	116
Balance at 31 March 2015	10	158	-	168

15.1 Equal Pay

This provision represents the department's share of the settlement pay made to staff at AA, AO, EO11 and analogous grades in the NICS as the result of an agreement with NIPSA in respect of Equal Pay.

The bulk of staff has now agreed to the settlement and the associated taxation obligations to HMRC were discharged. The provision for equal pay at 31 March 2017 represents the expected future equal pay costs for TEO as advised by DoF.

15.2 Injury Award

The provision represents the future costs of monthly payments in settlement of an injury claim by a former employee. Payments are expected to continue for the lifetime of the claimant, increasing in line with the Consumer Prices Index.

The amount of the provision is calculated using the current monthly payment and actuarial tables which show average life expectancy.

Future costs have been discounted at the 0.24% per annum discount rate applicable to post-employment benefits according to HM Treasury guidance.

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Notes to the Departmental Resource Accounts continued

15.3 Other Provisions

This provision represents the weighted average cost informed by the Departmental Solicitors Office estimate of potential compensation, medical and legal costs for ongoing cases regarding alleged incidents at one of the Department's properties and two inquests.

16 Contingent liabilities

The Department has entered into the following unquantifiable contingent liabilities.

16.1 Legal issues

The Department is considering one legal issue and the potential for any financial implications it may have. The Department considers that the obligation cannot be regarded as probable and that a reliable estimate cannot be made, at this point in time, of the potential liability. This is as a result of the complexities associated including establishing clearly the extent to which valid claims may be made and the size of any resulting payments. Consequently, the Department does not consider that it is appropriate to make a provision under the criteria set out in IAS 37.

In addition to the above the Department is awaiting the outcome from Sir Anthony Hart's report into the Historical Institutional Abuse Inquiry. It is within the gift of the Ministers whether and how they implement recommendations coming from this report.

The Department has not entered into any quantifiable guarantees, indemnities or provided letters of comfort.

17 Related-party transactions

The Executive Office has had a number of material transactions with other government departments and central government bodies.

No ministers, board members or other related parties have undertaken any material transactions with the Department during the year. The Department is also the sponsor of NDPBs and companies limited by guarantee, as referred to in the Annual Report.

18 Third-party assets

The Department has no third-party assets.

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Notes to the Departmental Resource Accounts continued

19 Entities within the Departmental boundary

The entities within the boundary during the period were as follows:

- (a) Supply financed agencies None
- (b) Other entities North/South Ministerial Council
Office of the Commissioner for Public Appointments for
Northern Ireland (www.ocpani.gov.uk)
Office of the Attorney General for Northern Ireland
(www.attorneygeneralni.gov.uk)

20 Events after the Reporting Period

There have been no significant events since the balance sheet date that would affect these accounts.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 29 June 2017.

Copies available from:

<https://www.executiveoffice-ni.gov.uk/financial-information>

Published and printed by DoF, Digital Print Services,
Craigantlet Buildings, Stoney Road, Belfast BT4 3SX
Tel: 028 9016 3397

978-1-908820-99-0

