

The Executive Office
Annual Report and Accounts
For the year ended 31 March 2018

*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 2018



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31 March 2018**

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2017-18 ANNUAL REPORT

THE PERFORMANCE REPORT

OVERVIEW

The purpose of the overview is to provide a description of The Executive Office (TEO), 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 Annual Report and Accounts for TEO. The 2017-18 financial year, has not been without its challenges, including the absence of an Executive and Assembly and the complex legislative, policy and resource implications that need to be considered for Northern Ireland (NI) as a result of the United Kingdom's (UK) decision to leave the European Union (EU).

Despite this difficult operating environment, TEO has remained fully committed to continued delivery of government services. During 2017-18, 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.

In the absence of ministers, TEO has led and co-ordinated a programme to maintain momentum on the draft Programme for Government (PfG) outcomes previously agreed through the political process and to build capacity that will enable effective implementation. We have also ensured that arrangements are in place for the provision of early advice on an outcomes-based PfG to incoming ministers.

During the year we have also taken forward the Northern Ireland Civil Service (NICS) of the Future enabling agenda, which aims to build the capacity of our people to deliver the PfG. This has included reviewing and aligning leadership programmes across the NICS and working closely with NICS HR on the early development of a new NICS People Strategy.

I am 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 NI. 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.

STATEMENT OF THE PURPOSE AND ACTIVITIES OF THE DEPARTMENT

The vision 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.*

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Underpinning this vision, the overall aim of TEO is to contribute to and oversee the co-ordination of Executive policies and programmes to deliver a peaceful, fair, equal and prosperous society.

TEO's vision and aim are supported through the following key functions and objectives:

- The effective operation of the institutions of government in the delivery of an agreed PfG;
- Delivering the Executive's Good Relations strategy: *Together: Building a United Community (T:BUC)*;
- Tackling Disadvantage and Promoting Equality of Opportunity; and
- Driving investment and sustainable development, including promotion of the Executive's policy interests internationally.

Departmental Boundary

The Accounts of the Department comprise a consolidation of the income, expenditure, assets and liabilities of those entities within the Departmental resource accounting boundary as follows (see Note 20 of the Departmental Resource Accounts):

- Core Department;
- Historical Institutional Abuse Inquiry;
- Office of the Commissioner for Public Appointments for NI; and
- Office of the Attorney General for NI.

Bodies outside of the Departmental Boundary

The Department has lead policy responsibility for the following bodies outside the Departmental boundary that are classified as, or analogous to, an executive Non Departmental Public Body (NDPB):

- NI Community Relations Council;
- Commission for Victims and Survivors for NI;
- Equality Commission for NI;
- Ilex Urban Regeneration Company Limited;
- Maze/Long Kesh Development Corporation;
- Northern Ireland Judicial Appointments Commission;
- Strategic Investment Board Limited; and
- Victims and Survivors Service Limited.

These entities prepare a separate annual report and accounts that are audited by the Comptroller and Auditor General (C&AG).

Programme for Government

The Fresh Start Agreement endorsed an outcomes-focused basis for developing the PfG. This will enable a joined up approach to be taken to tackling the needs of citizens across central government, local government and beyond, including the private, voluntary and community sectors.

TEO has led the development of a draft PfG which focuses on achieving economic and societal outcomes aimed at "improving wellbeing for all by tackling disadvantage and driving economic

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growth". Extensive consultation has been conducted, initially on a draft PfG framework and then on a fuller draft programme document. There has also been a sustained programme of engagement with key partners and stakeholders and with civic society to explore the issues that matter most to people and to gather views on the proposed outcomes.

The PfG team in TEO has worked closely with the NICS Board to enhance the capacity of the wider Civil Service to develop and deliver the PfG and its associated monitoring arrangements.

Under the Programme, TEO is itself responsible for preparing delivery plans to increase levels of respect, reconciliation and shared space; as well as enhance our international reputation as a partner region and visitor destination. The Department will continue to refine these plans during 2018-19.

KEY ISSUES AND RISKS

A key challenge in 2017-18 has been to maintain service delivery during a period of political uncertainty.

The Department has continued to focus on its key policy areas:

- Implementing the Executive's Good Relations strategy **T:BUC**. This 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;
- **Delivering Social Change**: Implementation of the Social Investment Fund (SIF) and the four Delivering Social Change (DSC) Signature Programmes (which are co-funded with Atlantic Philanthropies and lead departments), to ensure that disadvantaged areas and vulnerable groups continue to be targeted to address persistent patterns of poverty and disadvantage.
- Implementing the **Transitioning Communities Strategy** as part of the Executive Action Plan on 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*'. TEO is working with the Department of Justice (DoJ) to develop an area based approach to support communities in transition.
- Implementing the **Racial Equality Strategy** and related actions, including the proposed launch of a Refugee Integration Strategy: The Racial Equality Strategy establishes a framework for Government departments (and others) to: tackle racial inequalities; eradicate racism and hate crime; and along with T:BUC, to promote good race relations and social cohesion. It commits Government to ethnic monitoring and to reviewing racial equality legislation. It also outlines a 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.

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- Ensuring the continued delivery of effective **victim-centred services**: Addressing the needs of victims and survivors continues to be a priority area for both the Department and the Executive. The Department will continue to support the provision of services to meet the needs of individual victims and survivors and support the groups and organisations which work in this sector.
- The **Historical Institutional Abuse Inquiry (HIAI) Report** and findings were published in January 2017 and remains a high priority for TEO. Since publication, officials have been undertaking the necessary preparatory and planning work for presentation of advice to Ministers for decision. In the current absence of political direction from Ministers, this work is premised on full implementation of the HIAI Report's recommendations, including preparation of the necessary underpinning legislation to establish a Redress Board and the Commissioner for Survivors of Institutional Childhood Abuse.
- **Peace IV**: TEO is an Accountable Department for three of the four thematic objectives of the PEACE IV Programme, including the Local Authority action plans, the regional element of Building Positive Relations and the provision of services for victims and survivors.
- **International Relations**: TEO is responsible for driving implementation of the Executive's International Relations Strategy. The NI Bureau in Beijing helps to 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 ensure that our profile remains high and our interests continue to be promoted in these influential locations.
- Ensuring delivery of key actions in the Executive's **Investment Strategy, Asset Management Strategy** and **Buy Social Strategy** through the sponsorship of the Strategic Investment Board.
- **Infrastructure Investment**: The remaining portion of the site at Shackleton, Ballykelly, was sold to NI Water in July 2017. The Department progressed the development of the Ebrington site during the year, including works to buildings and essential maintenance/infrastructure works. This development will continue into 2018-19. The Department is currently in the process of agreeing with a developer the construction of Grade A Office accommodation on the site. In 2017-18, capital expenditure allocations progressed infrastructure development in Urban Village areas to support the delivery of key shared future objectives.
- **EU Future Relations**: TEO will continue to lead on and co-ordinate a range of cross-departmental activities designed to analyse and understand the impacts and implications of the UK's exit from the EU. This includes engagement with UK Government departments to progress discussion on all aspects of EU exit to ensure, as far as possible, that the UK Government and the EU fully recognise NI's unique circumstances, including the economic and social linkages between NI and Ireland, as the only part of the UK which shares a land border with another EU country.

TEO's budget allocation for 2018-19 was cut by 4% compared to 2017-18, and follows similar cuts that were applied in previous years. In such a constrained financial climate, there is a clear requirement for the Department 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.

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Going Concern

The Statement of Financial Position as at 31 March 2018 shows net liabilities of £37,814k, 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

One of TEO's key objectives is to secure the effective operation of the institutions of government in the delivery of the Executive's PfG. However, following the Assembly election on March 2017, no Executive was formed. There has therefore been no Executive and no functioning Assembly in place throughout 2017-18. Similarly, without Executive Ministers in place, the North South Ministerial Council (NSMC) has been unable to meet.

One Joint Ministerial Committee (JMC) plenary meeting took place during the year in March 2018. Attendees considered UK security, exiting the EU, and intergovernmental relations.

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.

International Relations

EU Future Relations

A key focus of the Department's work has been to prepare for NI's future relations with the EU following the UK's decision to exit the EU. In the absence of Ministers, TEO has sought to ensure, as far as possible, that the UK Government's negotiation strategy for leaving the EU is informed by a full understanding of the NI issues and the implications for NI legislation, policy and resources.

This work is led by the EU Future Relations Project Board, chaired by the Head of the Civil Service (HOCS), and comprises, amongst others, the Director General for International Relations and the Permanent Secretaries of the four Departments most directly impacted by the UK's decision to leave the EU. The Board has met 11 times during this financial year. The functioning of the Project Board is being reviewed and a new Implementation Board met for the first time in March 2018 with the existing membership being expanded to include the Permanent Secretaries of Health and Infrastructure.

Four JMC European Negotiations meetings have taken place during the year, at which NI has been represented by senior officials. The meetings have provided a forum for UK and devolved Ministers to discuss:

- Progress in the negotiations between the UK and the EU;
- Domestic issues, primarily related to the EU Withdrawal Bill and development of common frameworks; and

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- Migration and the devolved administrations engagement with the Migration Advisory Committee.

Detailed bilateral work has continued at official level with Whitehall Departments and high level engagement has taken place with the Irish Government.

Wider International Relations

The first NI Executive International Relations Strategy dated 2014-17 is currently under review. The updated International Relations Strategy will contribute to and help deliver the PfG outcomes of prospering through a strong economy and a confident, welcoming outward looking society. It will also confirm the importance of increasing our international activities and addressing a changed international operating environment.

During 2017-18 the International Relations Unit facilitated 26 senior international visits and was heavily involved in the organisation of the UK China Summit in December. The International Relations Unit is responsible for managing the relations with the Foreign and Commonwealth Office (FCO) and has continued to support the 'Day at the FCO' seminars. A second Heads of Mission visit from the FCO for Ambassadors taking up their first Ambassadorial post was held in March. This provided the opportunity to enhance our positive international reputation and promote our international objectives.

The International Relations Working Group established to coordinate and focus international relations activities across the Executive, met twice during 2017-18. The first meeting was attended by the Director of the Executive's Beijing Bureau, and the Director of the Washington Bureau. The second meeting introduced TEO's new Director General of International Relations.

NI Bureau, Washington DC

In 2017-18, the Bureau strengthened NI's profile and visibility in the United States and Canada, despite the absence of Ministers (and the access this provides to key opinion leaders) and a period of six months without a First Secretary.

The Bureau exceeded its objectives. The Bureau supported a total of 30 visits by approximately 260 individuals to Canada and the United States. These included visits by HOCS, the Chief Constable of the Police Service of NI (PSNI), and representatives from investment funds, restorative justice programs and NI universities. The Bureau also supported 10 outward visits, hosting a series of briefings and networking receptions, and represented NI at over 100 events, demonstrating the region's commitment to a range of sectors. 40 events were organised and/or supported throughout the United States and Canada, ensuring visibility of the NI brand via speeches, promotional materials, and direct networking to over 12,500 people. By the end of the year, we increased our public profile by 52% on social media, adding 563 new Twitter followers and 109 Facebook followers.

The highlight of the year was the Bureau's annual Saint Patrick's Breakfast, which was attended by 385 guests (up 22% on last year). During his keynote address, David Sterling emphasised the progress NI has made in the twenty years since the signing of the Good Friday Agreement and showcased achievements related to tourism and investment.

In terms of impact, notable areas of success included: lobbying on the Bombardier-Boeing case; ensuring a strong and balanced message about NI as part of the events marking the 20th anniversary

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of the Good Friday Agreement; briefing politicians on Brexit and the current political impasse; contributing to the discussion regarding the appointment of a U.S. special envoy; continuation of U.S. funding to the International Fund for Ireland; a visit to NI by a senior United States judge to advise on drug and alcohol courts; reopening the Mitchell Scholarship programme; and identifying and securing links between United States and NI universities. Through extensive engagement with politicians, special advisors, universities, schools and civic society, the Bureau continued to expand American and Canadian understanding of the opportunities to live, work and study in NI, and have influenced how the United States and Canada can best support progress in NI.

Key priorities for next year are to ensure that our messages continue to receive high visibility and direct access through effective networks, ensure representation remains closely targeted to our priorities, and deliver increased opportunities (and value for money) through partnering with other organisations/embassies.

Executive Bureau in Beijing

The Executive Bureau in Beijing continued to build on its relationship with central and provincial governments and influencing organisations in China. Plans for the first three years of operation in China were exceeded, having secured and delivered a very successful UK-China Regional leaders Summit. This involved the largest contingent of Chinese leaders to visit the UK and resulted in formal agreements with two Chinese provinces, two sister city agreements, a commercial agreement worth £1 million and the offer of bringing trade missions, investment visits, and student exchanges to NI. Over 100 senior officials came from China and the delegation included over 50 government leaders led by two vice governors and two mayors, 30 business and economic organisations, 12 university and 12 education leaders. Senior representatives from the FCO and the Department for International Trade also attended.

Our work in China also secured a number of other internal visits to NI during the year including one of the government's major think tank organisations, Liaoning Party Congress and businesses from life & health sciences, agriculture and IT. The Bureau contributed significantly in securing final approval to sell NI pork produce in China. We worked closely with Department of Agriculture, Environment and Rural Affairs (DAERA) and took every opportunity to meet with agriculture officials in China to emphasise the quality of NI pork and our other food exports.

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. This included promoting the universities and colleges at education and research events in four cities, providing briefings on opportunities for partnerships and funding programmes and identifying matchmaking opportunities.

Promoting NI's capabilities as a tourism destination is part of our ongoing work and included using the Game of Thrones to promote tourism at three major public events as well as highlighting our creative industries sector. Game of Thrones events were held with Tourism Ireland in Beijing and Shanghai in May in two shopping centres which also generated significant media interest.

The Bureau is working with the Chinese provincial governments, and our NI organisations, to follow up on the outcomes of the Summit and this will be the major focus of our activity in 2018-19. This will also require significant participation from Invest NI, Tourism NI, government departments and the universities to capitalise on the opportunities presented by the Summit.

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European Division including the Office of the NI Executive in Brussels

During 2017-18, the Brussels office produced four Brussels Reports, providing a detailed overview of senior official visits, office and cultural events and EU policy developments. The office also produced 21 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 13 visits from senior officials from NICS Departments to Brussels, Strasbourg, Luxembourg and Switzerland, and hosted 39 workshops/seminars, 6 major cultural events and welcomed over 2,160 visitors, including at least 445 from NI. The office also collaborated with the UK and Irish Embassies to the Kingdom of Belgium to commemorate the centenary of the Battle of Messines Ridge and facilitated the attendance of HOCS at the commemoration.

During 2017-18 European Policy and Co-ordination Unit was responsible for the circulation of almost 5,000 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 NI's views in more than 880 Explanatory Memorandums. The Unit provided the Secretariat to the JMC (Europe), which is the formal vehicle for NI to input its views to the UK Government on ongoing EU business matters.

During the year key achievements of the Division included:

- Organising extensive engagement programmes in Brussels for HOCS and the co-chairs of the Interdepartmental Group on EU Future Relations post EU referendum;
- Organising a two-day visit programme in Belfast for the UK Deputy Permanent Representative to the EU;
- Organising two briefing seminars in Dublin, in conjunction with the Department of Foreign Affairs and Trade, on the policy priorities of the Estonian and Bulgarian Presidencies of the European Council;
- Leading and coordinating engagement with Brussels-based decision makers to support the planned EU exit and planning for a new relationship with the EU by engaging extensively inter alia with the UK Permanent Representation, the Scottish and Welsh offices, the Irish Permanent Representations, Permanent Representation of other EU Member States and Missions of third Countries, and the EU institutions;
- Maximising opportunities to engage with key decision makers in Brussels and across the EU by facilitating 13 senior civil servants visits to Brussels, Strasbourg, Luxembourg and Switzerland, including a HOCS-led visit of three Permanent Secretaries;
- Raising the positive profile of NI in Europe by participating with partners from other EU regions in the European Week of Regions and Cities with a workshop entitled "Towards a more effective regional policy";
- Providing up-to-date, accurate and tailored advice to Departments on EU Policy and legislation of significance to NI by producing monthly update emails to departments that focus on particular areas of policy; and
- Raising the profile of NI by hosting a successful networking breakfast on 16 March 2018 attended by seven Ambassadors and senior officials from the EU institutions, in addition to a cultural programme that included culture night, tradfest, a screening of the film "In the Name of Peace", in conjunction with the Irish Embassy, and a showcase of NI produce at the Rond Pont Schuman Light-Up Christmas event.

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Executive Information Service

The Executive Information Service (EIS) provides communications 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, Government Advertising Unit and NIDirect. These teams are managed by the EIS Head of Operations. During the year EIS handled the communications for a number of high profile events including the Holocaust Memorial Day and the China Summit; major incidents including Storm Ophelia; and taken forward significant work on social media.

Civil Contingencies

During 2017-18, the Department again built upon collective emergency capability and resilience across the public sector through the work of the multi-agency Civil Contingencies Group (NI), which is the principal emergency preparedness body for the public sector in NI, and oversaw the delivery of a cross-departmental work programme.

The Department also worked successfully with key partner organisations to maintain the effective delivery of civil contingencies arrangements at local level following the reform of local government structures in April 2015. In parallel, TEO worked intensively with stakeholders to agree and implement substantive arrangements for the longer term which meet the collective need. The ‘go-live’ date for the new delivery model was 15 January 2018.

The Office of the Legislative Counsel (OLC)

OLC drafts 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 NI. Notwithstanding the absence of Ministers, OLC worked on 22 Assembly bills and 32 Westminster Bills during 2017-18.

This work reflects a continuing high level of productivity, particularly compared with other, larger, drafting offices in the UK and Ireland. Although bills could not be enacted by the Assembly, due to the ongoing absence of an Executive, OLC has ensured that bills are ready for inclusion in a Legislative Programme to be agreed by the Executive on its return. The Legislative Programme will be aligned with the Executive’s planned PfG to achieve objectives which require legislation for implementation.

OLC provided significant input to the EU (Withdrawal) Bill, drafting complex technical amendments to ensure that the NI Statute book will continue to function effectively after the UK’s withdrawal from the EU. One of OLC’s lawyers led a UK wide project to improve policy making for legislation. This project achieved runner-up position in the NICS Awards and the UK wide awards. The project was shared with drafters from Dublin as part of the Attorney General’s Summer School.

OLC has a wider role in relation to legislative stewardship and is involved in a number of projects to improve access to the law. OLC has initiated a programme of consolidation of the law which Ministers will be able to progress on their return.

First Legislative Counsel was elected President of the Commonwealth Association of Legislative Counsel in April 2017 and holds that position until April 2019. This is a significant role, part of which involves the promotion of good law making across the Commonwealth. First Legislative

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Counsel has co-operated with the Commonwealth Secretariat throughout 2017-18, contributing to the Commonwealth Legislative Drafting Manual and addressing the Law Ministers of Commonwealth countries on how improvements to law making might be achieved.

The performance of the Statutory Publications Office (SPO) during 2017-18 was exceptional. SPO brought the revised version of NI primary legislation on the www.legislation.gov.uk website up to date. SPO continues to maintain this legislation while exploring new ways of enhancing the coverage of legislation on that website. The coverage of NI legislation on the website is now much more extensive than that provided by commercial databases.

OLC has 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 Members of the Legislative Assembly (MLAs). First Legislative Counsel was invited to give the keynote 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 SPO 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.

Strategic Investment and Regeneration

Ebrington

The Department is responsible for all aspects of the Ebrington site. The development of the site will lever private sector investment and provide new jobs delivering economic benefits to both the local community and beyond.

To develop the site, TEO continues to focus on three main strategic elements:

- Capital projects - delivering and progressing a range of separate build or civil engineering projects to enable private sector investment on the site and protect the existing listed buildings; and
- Progressing the marketing and legal arrangements to allow the delivery of a number of projects on the site including a hotel, distillery and offices; and
- Completing the procurement of, and legal arrangements with, the successful developer to construct a Grade A office building on Ebrington.

A project board is in place to manage the transfer of the site to Derry City and Strabane District Council, as Ministers agreed its development should ultimately be in local hands.

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Maze/Long Kesh

At the Maze/Long Kesh site, the relocation and commissioning of the Royal Ulster Agricultural Society (RUAS) 'Eikon' Pavilion building has provided additional capacity for the Agricultural Show and for additional events throughout the year. This has been so successful that the RUAS is constructing a further pavilion which will significantly enhance the capacity to host major exhibitions and conferences, with potential for significant economic and tourism benefits for the area. The Maze/Long Kesh Development Corporation (MLKDC) has supported the RUAS to obtain planning and other permissions for the development. As a result of the continuing success of the Show, the RUAS extended the 2017 show to four days, attracting some 115,000 visitors, and is expected to continue to do so.

In 2017 the Air Ambulance Northern Ireland (AANI) became operational from the MLKDC site in July 2017, providing a fast-response, doctor-led Helicopter Emergency Medical Service capability for response to medical emergencies. By March 2018 the AANI had attended over 270 medical emergencies.

In September 2017 the MLKDC Board completed its first term of office. The Chair and Members were re-appointed for a period of one year to allow for future decisions on the way forward with the site.

Shackleton/Ballykelly

The remaining 85.8 acres of the Shackleton site at Ballykelly were sold in July 2017 for use by NI Water as a constructed wetland waste water treatment facility. This will replace the current outdated and inefficient facility, which will generate sustainable environmental and recreational benefits for the area.

Strategic Investment Board

During 2017-18 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; to support the implementation of the Investment Strategy, the Asset Management Strategy and the Buy Social Strategy; and to support reform and innovation in the delivery of major programmes. In particular, in 2017-18 SIB has:

- Provided information on the delivery of the Investment Strategy and delivered strategic infrastructure planning models in key sectors; which help its partners to plan and deliver more economically and operationally sustainable infrastructure to meet citizens' contemporary and future needs across the region;
- Helped partner organisations to maximise the return on available Capital budgets by supporting them to deliver larger and better project procurements and efficient and effective infrastructure programme and project delivery capability, with £2.2 billion of projects having SIB input;
- Met targets set for the use of Financial Transactions Capital (including supporting the establishment and operation of the NI Investment Fund);
- Supported the delivery of total financial benefits worth around £128.4 million for the NI Executive, including around £20.9 million from the realisation of property assets; £11.3 million of annual recurring operational efficiency savings from Asset Management Plans

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(2016-17 figures); and £45.9 million of additional investment over and above traditional capital budgets;

- Supported 930 construction jobs, including 66 apprentice opportunities, and 800 supply chain jobs from spend on SIB managed projects; and
- Worked to ensure that sustainable development principles, including Social Value, guide capital investment decisions on all major publicly funded buildings and infrastructure projects.

Social Investment Fund

TEO is delivering 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 at least 115 premises and are focused on employment/education and early intervention with some additional mental health, capacity building, fuel poverty and social economy support. 63 of the projects have commenced and 35 of these are currently operational. These include 17 capital projects delivering an enhanced range of health, social economy, training, education and youth services to local people.

Over 17,000 local people are engaged in SIF projects and receiving targeted support focused on employment/training, early intervention and education. Over 900 are availing of paid work placements with 553 having secured jobs to date. It is anticipated that this will increase as more participants complete placements over the remainder of the project periods.

Strategic Planning and Social Change

Delivering Social Change Framework

Six initial Signature Programmes (£27m) which sought to tackle key issues being faced by parents, children and families were completed during 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 TEO with a total investment worth £62.7m. 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 relevant lead department.

The Shared Education Programme (£25m) aims to increase the level of sharing in education and improve education and reconciliation outcomes. To date, 383 schools and 160 partnerships have been approved in principle for the programme. 47,007 individual pupils were involved in shared activity in term 1 (2017-18). 3,258 teachers were involved in shared activity in term 1.

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 2020-21 financial year.

Tackling Paramilitary Activity, Criminality and Organised Crime

TEO is taking forward a commitment within the Executive Action Plan (Action B4) 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.” The Department has engaged a strategic partner to work with communities to develop bespoke transition plans to support communities in transition in the eight geographical areas identified as those most vulnerable to paramilitary activity and coercive control. The strategic partner has engaged with a broad range of community-based organisations and stakeholders to gather evidence to help inform the development of the plans, which will be subject to approval by the DOJ-led Tackling Paramilitarism Programme Board (TPPB). Once the transition plans have been approved by the TPPB, TEO will work with the strategic partner to ensure the transition plans are implemented.

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

Racial Equality

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. 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. Over £1 million 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.

Since 1 April 2017, 6 further groups of Syrian refugees were resettled under the Vulnerable Persons Relocation scheme (VPRS). The last of these groups arrived in February 2018. Groups have been resettled under the VPRS 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 April 2018. The Red Cross was appointed to administer the Crisis Fund for 2017-18 which provides support to minority ethnic individuals in emergency situations and help them avoid destitution. In the longer run, this helps to save money.

A new team has recently been established within TEO to conduct the review of the Race Relations Order 1997 (The Order) in line with the commitment made in the Racial Equality Strategy 2015-25. The overall objective of this workstream is to undertake a review of the Order to assess the extent that it aligns with the approach in Great Britain and the Republic of Ireland.

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Historical Institutional Abuse Inquiry (HIAI)

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. 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; and
- Financial compensation to be paid out to all those who suffered abuse or who were subject to a harsh environment. The tariff ranges from £7,500 to £100,000. Special provision was made for those children sent to Australia under the Child Migrant Scheme.

In the absence of an Executive to discuss and agree the nature or level of any potential redress (financial or the provision of services) following receipt of the report, TEO is doing as much preparatory work as possible to enable swift implementation once Ministers take a decision. The main focus of this preparatory work is drafting the necessary primary legislation, without prejudice, to establish a Redress Board and a Commissioner for Survivors of Institutional Childhood Abuse in due course. TEO is also working towards appointing an interim advocate to support HIAI victims and survivors until such times as a statutory Commissioner might be appointed.

Throughout 2017-18 TEO has also continued to provide support services to victims and survivors and grant funding to victims and survivors groups to aid their provision of low level social support.

Cross-community youth programmes

Approximately 4,000 young people took part in 115 cross-community camps as part of the T:BUC Camps Programme 2017-18 and, to date, feedback has been very positive with reported increases from pre to post Camp Programme in the percentage of young people who:

- Felt favourable towards people from other communities;
- Had friends from a different religious tradition/background;
- Felt able to talk openly with others about their sense of identity and culture; and
- Said they had a good understanding of other cultural traditions and backgrounds.

All those who took part in the 2017-18 programme were also offered the opportunity to attend one of six T:BUC Camps in the Community events spread across NI. The events were designed to give the young people another opportunity to strengthen and embed the friendships they made at Camp, celebrate their achievements, have fun and give back to local communities through social action activities. The 2018-19 Programme opened for applications in January 2018 and 128 applications for funding have been received.

The tendering process to award contracts to key delivery partners for the next stage of the Cross Community Youth Sports Programme (rebranded as Uniting Communities through Sport & Creativity) in Colin and Eastside, and Erne East. The Phase 3 programme continues for the United Champions in Erne East. The 11-16yr old workshops have commenced and are led by the United

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Champions. A Multi-Cultural Day was held on 8 February 2018 in Lisnaskea Library and had over 950 attendees. Within Colin and Eastside there are currently 30 young leaders engaged with a target group of approximately 240 participants aged 11-16yrs old. An intense programme of activities took place from January – March 2018 for both the young leaders and participants which ended with a celebration event in CS Lewis Square on 24 March 2018.

Peace4Youth (previously United Youth) is an integrated programme which develops participants' good relations and citizenship capabilities, personal capacity and employability, using an intensive, precise and professionally-founded youth work approach. All Peace4Youth projects are now operational. Phase 1 of the programme will conclude at the end of October 2018, with Phase 2 running until the end of 2021 subject to a positive evaluation of Phase 1.

Shared education and housing

To date, five projects have been announced under the Shared Education Campuses programme. A Project Board has been established to take forward the design phase of the Limavady Shared Education Campus Project and the design contract has been awarded. A number of other projects are also being progressed. Arrangements for the announcement of the successful projects under the third call for proposals are currently under discussion within the Department.

Seven developments under the Shared Neighborhoods programme are now complete providing 320 new homes in total. A further three schemes are on site and due to be completed by the end of 2018.

Urban Villages

A series of stakeholder events were held throughout the UV areas in early 2017. 49 community led projects are being supported across the 5 UV areas in 2017-18. Identified projects within each UV area will enhance local partnerships and better ways of working together. The process for identifying community led revenue projects for 2018-19 closed on 16 February 2018. A further call has opened and will close at the end of March 2018. A potential 58 new "Capital Pipeline Projects" within the UV Capital Programme have been identified bringing the total to 83 projects, 14 of which are already completed.

Interfaces

Engagement with communities living at interfaces continues in Belfast, Portadown/Lurgan and Derry-Londonderry. The number of structures has been reduced from 59 to 46 with sections of five other structures removed. In 2017-18, 2 fences were removed and a further 2 have been reclassified. Work on a physical improvement scheme at the Woodvale side of the Crumlin Road progressed during the year and is close to completion.

Good Relations/ T:BUC

Almost £9m was distributed for good relations projects through TEO. £486k was administered through the Education Authority and Belfast City Council to support planned intervention work during the summer. In 2017-18 the Department worked with both organisations to develop new outcomes for the programme which would contribute to the T:BUC Population-level Outcomes.

The North Belfast Strategic Good Relations Programme (NBSGRP) has made significant progress in embedding an outcomes focus in all aspects of planning and reporting. The £670k budget for the

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2017-18 NBSGRP was transferred to the Community Relations Council as part of the wider funding provided to the organisation from TEO. The programme funded 54 projects. A video showcase and Programme newsletter outlined the outcomes of the Programme for 2017-18.

£3m was allocated to the District Councils Good Relations Programme with a further £1m provided from Council resources. The programme funded 179 programmes, defined and measurable outcomes were 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 2017-18.

£1.3m was allocated to the Programme Administrator, the Education Authority, in 2017-18 for the delivery of the T:BUC headline action in respect of T:BUC Camps. 115 Camps were delivered across NI in 2017-18 with over 4000 young people aged between 11 and 19 years of age taking part. The Programme operates on an outcomes based approach which facilitates the gathering of information to assess the extent to which individual Camps, and the overall Programme, have delivered on the agreed outcomes. In addition to the Camps, four Camps in the Community events involving young people who took part in the T:BUC Camps Programme were delivered across Belfast, Fermanagh and Killyleagh in February/March. This included various social action activities in local communities.

TEO is the Accountable Department for parts of three of the four thematic objectives of the PEACE IV Programme, including the local authority action plans, the regional element of Building Positive Relations and the provision of services for victims and survivors. TEO is accountable for €115.2m across these areas. All local authority plans have been issued with a process of re-bidding for unallocated funding currently under way. 14 Regional projects have been agreed with a further 5 under negotiation.

The Central Good Relations Fund (CGRF) is a small central scheme designed to distribute funding in year. It is open to properly constituted community groups and voluntary organisations. The 2017-18 CGRF awarded £3.4m to 107 projects. The 2018-19 CGRF opened for applications on 8 January 2018. The closing date for project funding was on 23 February 2018, it received 158 applications.

Victims and Survivors

Over the past three years the Department, in conjunction with the Commission for Victims and Survivors (CVS) and the Victims and Survivors Service (VSS), has taken forward a Collaborative Design Programme of work to review and improve the service delivery model for victims and survivors. The outcome of this programme has been the implementation of a new VSS Delivery Model which aims to provide better outcomes for victims while securing services for the future. The new model, which came into effect from 3 April 2017, reflects feedback from the victims' sector gained through the Collaborative Design Programme and the key proposals contained in the Victims' Commissioner's policy advice paper on the Delivery Model for 2017-20 submitted to Ministers in August 2016.

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).

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The new VSS Delivery Model has been designed to sit alongside and complement the Victims PEACE IV funding and the development of an integrated Mental Trauma Service, now known as the Regional Trauma Network (RTN).

The establishment of a RTN, as announced by then Minister for Health, Social Services and Public Safety (now Department of Health) on the 10 September 2015, aims to develop capacity to address unmet mental health needs. The Trauma Network will provide an integrated range of services both from within the community and in clinical settings, dealing with a spectrum of severity and providing additional capacity to address the unmet need including those created by the conflict.

VSS is the lead partner for the €17.6m victims and survivors element of the EU's PEACE IV Programme (Shared Spaces and Services). The project aims to enhance the capacity for the delivery of comprehensive shared services for victims and survivors in NI and the border region, for the first time in an all-inclusive and co-ordinated way. This will include a focus on improving the health and well-being of victims and survivors and their families through the development, implementation and co-ordination of new and innovative initiatives such as: a Health and Well-Being Caseworker Network; an Advocacy Support Programme; a Resilience Programme and work in the area of Research and Standards. Applications for PEACE IV funding became accessible from April 2017 and the project will continue to be delivered until 31 July 2021.

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.

PERFORMANCE ANALYSIS

In the 2017-18 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 2018-19 TEO, in line with an outcomes focused PfG, 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

Table 1: TEO Outturn against Estimate by Category of Spend

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

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2017-18	Estimate £m	Outturn £m	Underspend/ (Overspend) £m/%	
Administration Costs	15.851	14.908	0.943	5.95%
Grants/Grant-in-Aid	112.209	110.947	1.262	1.12%
Other Current (including accruing resources)	15.189	16.017	(0.828)	-5.45%
Total Resources	143.249	141.872	1.377	0.96%
Capital	3.565	3.547	0.018	0.49%
Departmental Total	146.814	145.419	1.395	0.95%

The Department's total Resource Outturn for the 2017-18 financial year was £141.872 million against an Estimate of £143.249 million. Total Capital Outturn for the 2017-18 financial year was £3.547 million against an Estimate of £3.565 million.

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

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 £110.947 million representing 87% of non-administration cost expenditure.

Resource Outturn

The Department had a total resource underspend against Estimate provision of £1.377 million, 0.96% of the budget for the year. The Department is committed to improving its overall financial performance and reducing the level of year end underspend.

Analysis of Resource Underspend by Request for Resource

Table 2: Summary of Resource Outturn by Request for Resource

Request for Resource (RfR)	Estimate	Outturn	Underspend	
	£m	£m	£m	%
RfRA	143.249	141.872	1.377	0.96%
Departmental Total	143.249	141.872	1.377	0.96%

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 net underspend against RfR A of £1.377 million is due to the combined impact of underspends and managed overspends in a range of business areas.

The Department recorded an Administration cost underspend of £0.943 million (5.95%). This underspend arose primarily as a consequence of the absence of the Executive. Proactive budget management actions utilised this underspend to absorb pressures and maximise Resource programme and grant expenditure for the financial year.

The Department recorded a net Resource underspend of £0.434 million (0.34%) mainly due to the following movements:

- Executive Support and Policy Development (£0.631 million) overspend: primarily relating to settling pending legal cases and realised Foreign Exchange Loss,

Offset by following underspends;

- SIF (£0.677 million): relating to slippage across a number of projects due to a range of unforeseen issues;
- VSS Limited (£0.200 million): relating to reduction in cash required to fund Pension transfer in respect of CRC TUPE staff; and
- Equality Commission for NI (£0.117 million): relating to reduction in cash required due to creditor payments being accrued at year end and paid after year end.

Capital Outturn

Analysis of Capital Overspend by Request for Resource

Table 3: Summary of Capital Outturn by Request for Resource

Request for Resource (RfR)	Estimate	Outturn	Underspend/ (Overspend)	
	£m	£m	£m	%
RfR A	3.565	3.547	0.018	0.49%
Departmental Total	3.565	3.547	0.018	0.49%

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 Estimate provision of £0.018 million, (0.49%) due to minor underspends across a number of business areas.

Assets Valuation

TEO Land and Buildings are valued annually by Land and Property Services. In the 2017-18 financial year TEO impaired its land and buildings by £3.295 million (Note 8) which was funded by Annually Managed Expenditure budget.

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Net Cash Requirement

The net cash requirement for 2017-18 was £142.147 million. This is £0.189 million lower than the estimated net cash requirement of £142.336 million.

The reduction of £0.189 million was a result of, the Resource Outturn underspend, of £1.377 million, the total capital underspend of £0.018 million and changes in working capital and non cash costs of £1.206 million.

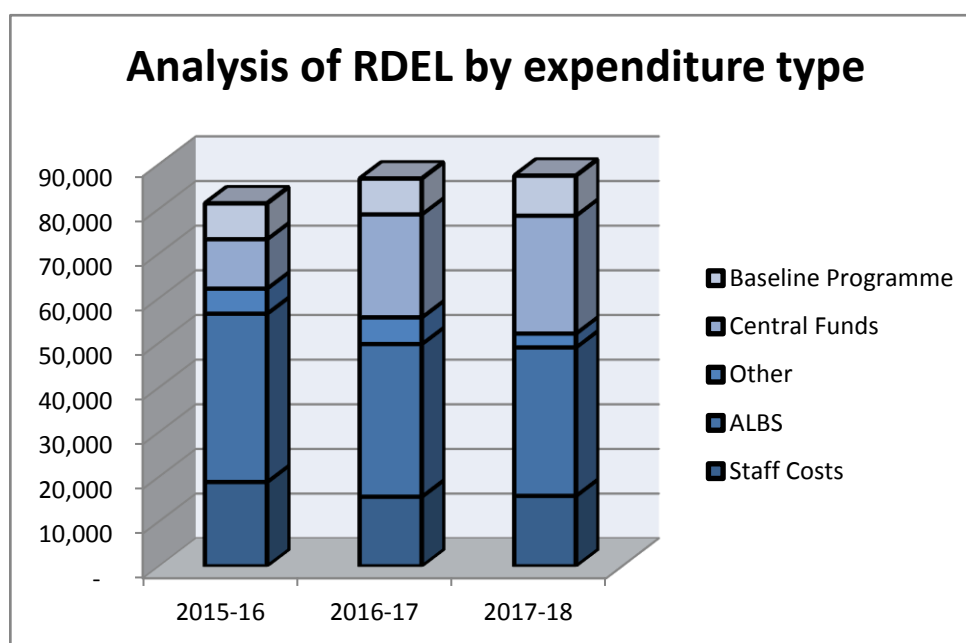
Long Term Expenditure Trends

Following departmental restructuring in May 2016, the Office for the First Minister and Deputy First Minister (OFMDFM) became TEO. The figures given for long term expenditure trends have not been restated. Consequently, the figures given for 2015-16 are the figures previously reported for OFMDFM. Figures for 2016-17 and 2017-18 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, Department for Communities, Department of Finance, Department of Education and Northern Ireland Courts and Tribunal Service.

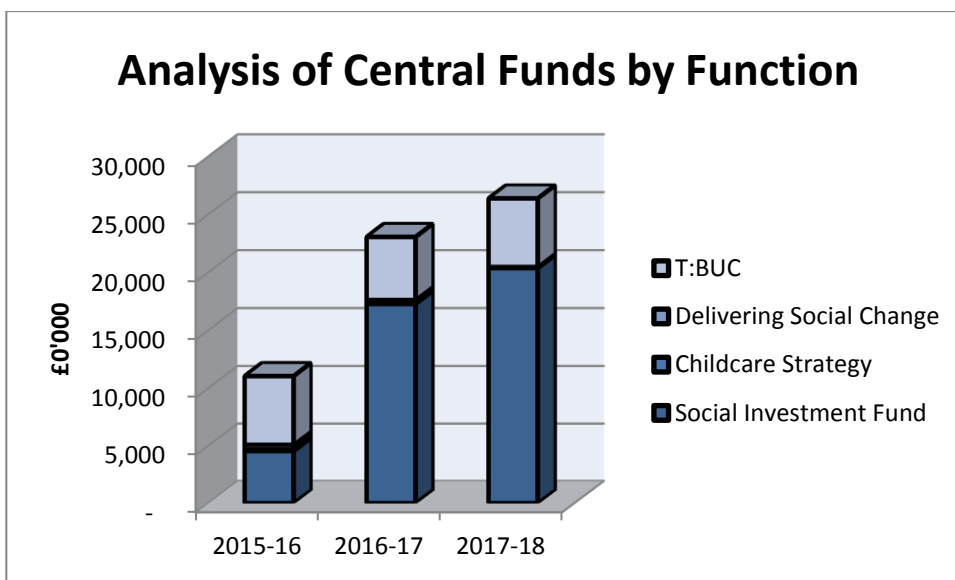
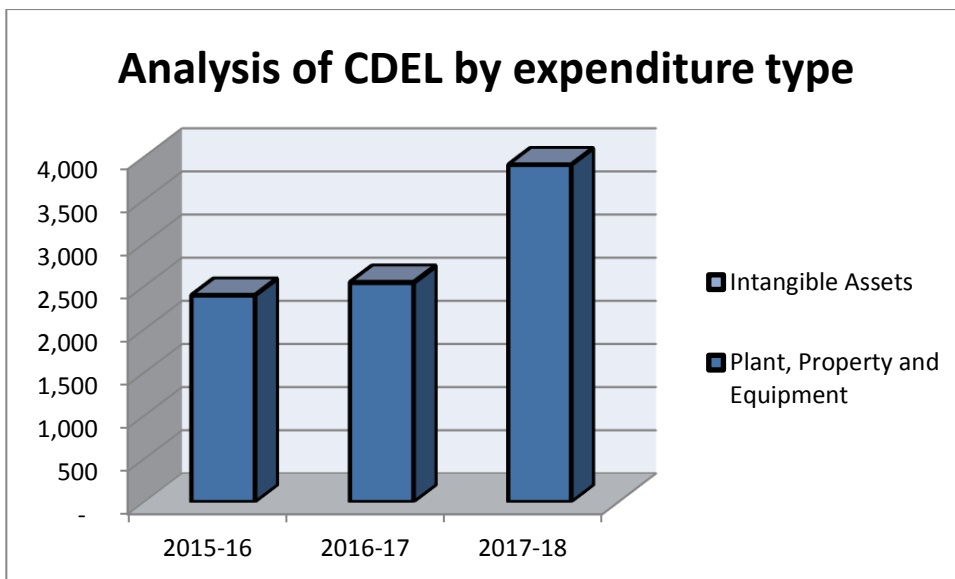
Total Departmental Spending	Outturn 2015-16 £000	Outturn 2016-17 £000	Outturn 2017-18 £000
Resource DEL (including Non Budget)			
RfR A	81,266	86,825	87,474
Of Which			
Staff Costs	18,889	15,609	15,783
ALBS	37,701	34,185	33,252
Other	5,620	5,971	3,111
Central Funds	11,047	23,063	26,383
Baseline Programme	8,009	7,997	8,945
Total resource DEL	81,266	86,825	87,474
Resource AME			
RfR A	1,808	1,656	3,696
Of Which			
Diminution of Value of PPE	1,656	1,480	3,411
Provision for Bad Debt	-	-	-
Increase in Provision	152	176	285
Settlement of NICS Equal Pay Claims	-	-	-
Total resource AME	1,808	1,656	3,696

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	Outturn 2015-16 £000	Outturn 2016-17 £000	Outturn 2017-18 £000
Of Which Depreciation	2,659	549	507
Capital DEL			
RfR A	2,398	2,548	3,910
Of Which			
Plant, Property and Equipment	2,396	2,540	3,909
Intangible Assets	2	8	1
Total Capital DEL	2,398	2,548	3,910
Capital AME			
RfR A	-	-	-
Of Which	-	-	-
Total Capital AME	-	-	-
Total Departmental Spending Of Which			
Total DEL	83,664	89,373	91,384
Total AME	1,808	1,656	3,696



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NON-FINANCIAL PERFORMANCE

Human Rights

TEO aims to promote a culture of rights and responsibilities within the civil service and to promote awareness of other human rights considerations under international instruments to which the UK is a signatory.

TEO has specific responsibility for responding to the United Nations on:

- The international covenant on civil and political rights;
- The international covenant on economic, social and cultural rights; and
- The convention on the elimination of racial discrimination.

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Anti-corruption and anti-bribery matters

There were no allegations of corruption or bribery raised during 2017-18. The Department continues to strengthen its anti-corruption and anti-bribery arrangements through the sharing of best practice with Departmental staff and Arm's Length Bodies (ALBs). The recent NI Audit Office (NIAO) Good Practice Guide on this issue was also considered in year by the Departmental Audit and Risk Assurance Committee (ARAC).

Freedom of Information

In the 2017 calendar year, TEO received 95 Freedom of Information (FOI) and five Environmental Information Regulation requests, compared to 163 FOI requests received in the previous year. Of the requests received, 48% came from members of the public and 29% from the media. The remainder came from businesses, campaigning groups, public representatives, researchers and solicitors. Seven internal reviews were carried out following appeals from requesters. In addition, two subject access requests were responded to under the Data Protection Act 1998. As HR functions were passed to NICS HR (in the Department of Finance (DoF)) during the year, staff-related subject access requests also transferred with them. There were no complaints to the Information Commissioner against the Department under access to information legislation. The Department continues to play a lead FOI policy role for all departments and continues to compile and publish an annual FOI report, detailing performance in complying with the FOI Act 2000 and the Environmental Information Regulations 2004. With a view to adding new NI 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. It is also worthwhile noting that 172 historical files from 1991 and 1992, for which the Department is functionally responsible, were released into the public domain through the Public Record Office of NI in August and December 2017.

Information Assurance and Management

The Department, through its Information Management and Central Advisory Branch, continued to monitor and implement information management policies and procedures. A number of special projects were also undertaken, including: the identification and provision of records relevant to the Renewable Heat Incentive Inquiry; the facilitation of retention and disposal actions for the records of the HIAI; and the endorsement of a Data Sharing Agreement between the Group Internal Audit and Fraud Investigation Service (DoF) and the Department, resulting in the transfer of TEO internal audit records from DoF to TEO file plan containers. 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. In compliance with the Data Protection Act 1998, the Department renewed its registration with the Information Commissioner's Office as a 'data controller'. There were no breaches of that Act reported to the Commissioner.

Data Protection Reform

Over the past year, extensive preparations have been underway to ensure compliance with new Data Protection legislation, which came into force on 25 May 2018. The Data Protection Bill was announced in the Queen's Speech on 21 June 2017. It updates data protection laws in the UK, supplementing the General Data Protection Regulation (EU) 2016/679 (GDPR), implementing the

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EU Law Enforcement Directive, as well as extending data protection laws to areas which are not covered by the GDPR. It is intended to provide a comprehensive package to protect personal data.

The new law requires public (and private) bodies to review their approach to information governance, and how they manage data protection as a corporate issue. To this end, TEO is working alongside the other departments in reviewing NICS policies and procedures to ensure compliance. Within the Department a number of key preparatory steps have been taken, including the designation of a senior Data Protection Officer, the development of an Action Plan, and the review of Divisional Information Asset Registers. Briefings on preparations have been delivered to the Departmental Board, the Department's ARAC, and the ALB Audit and Risk Committee Chairs' meeting. A seminar on data protection reform, to which staff from the Information Commissioner's Office contributed, was also delivered to senior staff. Information and advice about the new data protection landscape have also been conveyed to all staff through the Departmental Brief publication, team brief meetings and the intranet site.

In June 2017 a note was issued by the Head of the Department to all staff advising them of the mandatory requirement to conduct Privacy Impact Assessments for all projects involving the processing of personal data, which is likely to result in a high risk to the rights and freedoms of individuals. This was followed up with a series of detailed advice and guidance notes to Information Asset Owners (Heads of Divisions), setting out the steps their business areas need to take to ensure compliance with data protection legislation. Furthermore, the Department's ALBs were advised about their statutory responsibilities and the need to carry out their own preparations, as they are separate (from TEO) and distinct legal entities under data protection laws.

In the lead up to and following implementation of data protection legislation, the Department will continue its preparations to ensure that privacy risks are minimised and that compliance with the law is maintained on an ongoing basis.

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.

No complaints were handled in the 2017-18 financial year.

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 latter.

In 2017-18, the Department's performance in relation to the payment of invoices within 30 days was an average of 98%; this is an improvement in performance compared to the previous year and

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exceeds the NICS average. In 2017-18 an average of 93% of invoices were paid within 10 days; this represents an increase on performance and exceeds the NICS average.

TEO Prompt Payment Performance 2017-18 and 2016-17

Prompt Payments Rates	2017-18		2016-17	
	TEO	NICS	TEO	NICS
Total number of invoice payments	2,706	189,878	3,728	190,232
Number of invoice payments within 30 days	2,643	183,295	3,612	183,079
Percentage paid within 30 days (%)	98%	97%	97%	96%
Number of invoice payments within 10 days	2,517	172,834	3,321	170,135
Percentage paid within 10 days (%)	93%	91%	89%	89%

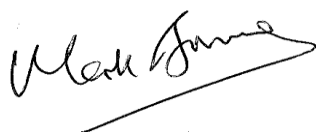
Greening Government Commitments

TEO is a participant in the Carbon Reduction Commitment 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 525 in the year 2017-18 (2016-17: 482), an increase of 9% 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.

Environmental Matters

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 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

29 June 2018

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 2018 as directed by the DoF 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 2017-18 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 NI**

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 NI 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 NI**

The post of Commissioner for Public Appointments for NI 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 NSMC brings together Ministers from the NI Executive and the Irish Government to develop consultation, co-operation and action on matters of mutual interest. The NSMC is supported by a Joint Secretariat, based in Armagh and staffed by civil servants from TEO and the Irish Civil Service. The NSMC Joint Secretariat (North) provides advice and support for Ministers in relation to their participation in the NSMC. Whilst the Council cannot meet at present, the day to day work of the North South Bodies and Areas for Co-operation continues, within previously agreed parameters. The NSMC Joint Secretariat continues to operate and oversee the work in the Bodies and Areas for Co-operation. Further details are available at www.northsouthministerialcouncil.org.

TEO Departmental Board

The Departmental Board is chaired by the HOCS 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 (Northern Ireland) 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 32.

During 2017-18 the Departmental Board comprised the following members:

- Sir Malcolm McKibbin, Permanent Secretary until 30 June 2017
- David Sterling, Permanent Secretary from 14 June 2017
- George Thorley, Independent Board Member until 26 July 2017
- Denis Power, Independent Board Member from 27 September 2017
- Andrew McCormick, Director General, International Relations from 19 February 2018
- 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
- Colm Shannon, Director of Executive Support and International Relations until his retirement on 19 January 2018
- Mary Madden, Joint Secretary (North), NSMC Joint Secretariat
- Chris McNabb, EIS Head of Operations
- Neill Jackson, Head of Executive and Central Advisory Division
- Peter Toogood, Director of Finance and Corporate Services

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Management

Malcolm McKibbin held the position of HOCS and Permanent Secretary from 17 October 2011 until 30 June 2017. David Sterling was appointed HOCS and Permanent Secretary on an interim basis from 14 June 2017. Mark Browne was appointed as Departmental Accounting Officer from 8 April 2013. There were no Ministers in place during the 2017-18 year.

Departmental Reporting Cycle

This report provides a summary of the Department's performance and key achievements during 2017-18. The Department's original Estimates for the year were set out in *NI Main Estimates 2017-18*. Revised Estimates were published in *NI Spring Supplementary Estimates 2017-18*. Both documents are available at <https://www.finance-ni.gov.uk/publications/estimates-publications> or from *The Stationery Office (TSO)*.

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/publications/teo-register-interests-2017-2018>.

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 NI in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. The audit of the financial statements for 2017-18 resulted in a notional audit fee of £63,500 and is included in the administration costs in the statement of comprehensive net expenditure.

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 DoF as Accounting Officer of a Department. However, due to the unique circumstances in TEO where the Permanent Secretary of the Department is also the HOCS, 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 2017-18. 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.

During 2017-18, the Department was responsible for 11 ALBs. The Historical Institutional Abuse Inquiry formally closed on 30 June 2017 and the Ilex Urban Regeneration Company Limited (Ilex) closed for business on 31 March 2016 (and is scheduled to be formally dissolved during 2018-19).

The 11 ALBs include independent bodies and executive NDPBs which sit both inside and outside the Department's accounting boundary. Oversight of the ALBs is managed by sponsor divisions responsible for the provision of advice on, and monitoring of adherence to, all aspects of accountability and good governance.

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

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Budget Position and Authority

The NI Assembly was dissolved from 26 January 2017 with an election taking place on 2 March 2017, on which date Ministers ceased to hold office. An Executive was not formed following the 2 March 2017 election. As a consequence, the NI Budget Act 2017 was progressed through Westminster, receiving Royal Assent on 16 November 2017, followed by the NI Budget (Anticipation and Adjustments) Act 2018 which received Royal Assent on 28th March 2018. The authorisations, appropriations and limits in these Acts provide the authority for the 2017-18 financial year, and a vote on account for the early months of the 2018-19 financial year as if they were Acts of the NI Assembly.

Compliance with Corporate Governance Code

NI Government Departments are expected to apply the principles of the Department of Finance and Personnel's (DFP) (now DoF) *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 an Internal Audit evaluation of the Department's Corporate Governance and Risk Management completed in December 2017, which indicated that these arrangements operated at a satisfactory level. Internal Audit highlighted one departure from the Code whereby the TEO Board has only one Non-Executive Board Member who acts as Chair of the ARAC. Although the 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: enhanced policies and procedures for whistleblowing and the approval of TEO expenditure; ALB sponsorship forums; regular team brief articles on governance matters; and the continued development of communication and engagement channels between policy and support functions.

Corporate Governance Framework

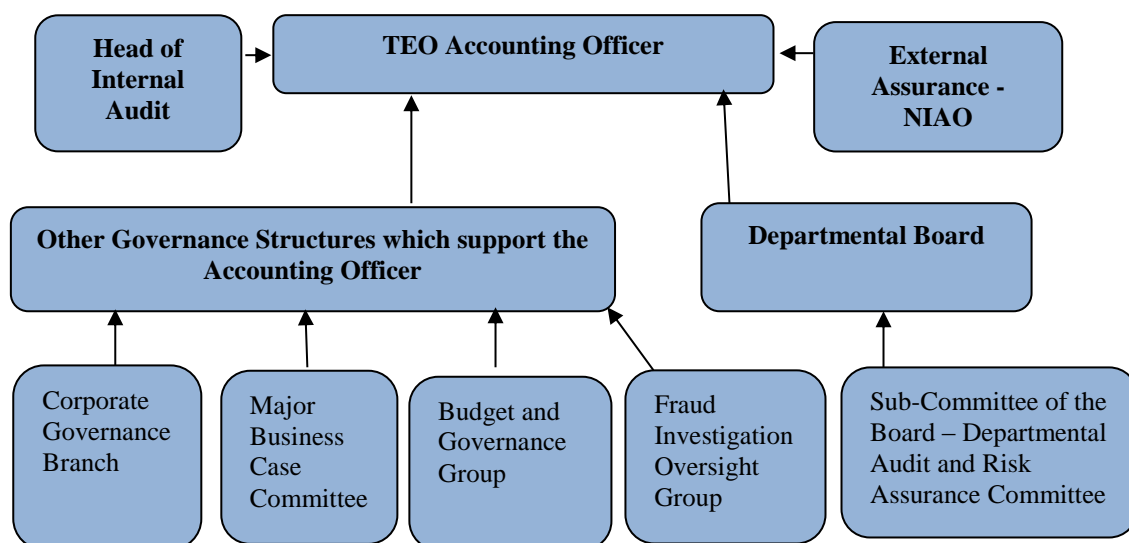
Corporate Governance refers to the way in which organisations are directed, controlled and led. TEO's governance framework, which ensures the effectiveness of the direction and control of the Department, is summarised in the following paragraphs. In compliance with the Code, TEO has established key organisational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

The Department's Corporate Governance Framework (CGF) was reviewed and updated during 2017-18 to reflect the latest Departmental structures, responsibilities and best practice. Key changes included: changes to the ARAC and the MBCC Terms of Reference; the requirement going forward for an annual review of the CGF; an update to the overall format and layout of the CGF; and the inclusion of diagrams to better illustrate the TEO corporate governance structures and processes.

The key structures which support the delivery of Corporate Governance in the Department are illustrated in the diagram below.

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TEO Corporate Governance Structures



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 NI 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 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 (Northern Ireland) 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 PfG and the Legislative programme. The Board is supported by a secretariat, provided by the Office of the HOCS, 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;
- *Talented People* – 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 ALBs 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

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

- Facilitates Board meetings and ensures the Board fulfils its responsibilities;

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- Ensures that the business of Board meetings is conducted efficiently and effectively, that there is open debate and that all views are heard;
- Sums up Board debates, seeks agreed decisions and controls the order of Board meetings;
- Notifies the Board of any matters that threaten the regularity, propriety, or value for money with which the Department carries out its business;
- Notifies the Board of any significant issues which may impact on the Department's leadership, medium-term capability and significant risks to delivery of policy, along with mitigating actions taken;
- Discloses all Ministerial Directions;
- 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;
- 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.

The Chair encourages all Board members to make full use of their skills and expertise in order to robustly challenge and thereby improve the standard of discussion in Board meetings.

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;
- Advises the Board of any matters that threaten the regularity, propriety or value for money with which the Department carries out its business;
- Notifies the Board of any significant issues which may impact on the Department's leadership, medium-term capability and significant risks to delivery of policy, along with mitigating actions;
- Contributes to corporate governance arrangements within the Department; and
- Supports HOCS.

The Board will not direct any of its Executive members as to how their business areas should be run. It will typically act in an advisory capacity, offering advice to the Accounting Officer, but it will also exercise a challenge function. It is expected that this will be applied constructively. Executive members of the Board will give due regard to the advice of the Board in exercising strategic direction and control over the policy development and service delivery roles of their divisions.

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 is for a two-year fixed term. The IBM's performance is reviewed on an annual basis by HOCS. The IBM:

- Uses his experience to challenge and support the Board, acting corporately and not simply reflecting their own functions;

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- 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;
- Supports the good corporate governance of the Department and contributes to decision making on corporate governance issues;
- Assists and advises on the development of departmental business and strategic plans;
- Monitors and challenges the Department's performance in relation to its objectives and commitments;
- Advises the Board of any matters that threaten the regularity, propriety or value for money with which the Department carries out its business;
- Advises the Board of any significant risks or issues which may impact on service delivery or on the Department's reputation;
- Adds rigour to Board processes;
- Provides a safe sounding board for new approaches;
- Provides an independent perspective on the monitoring of performance and progress of the Department, including the use of human and financial resources;
- Challenges the quality of the policy formulation process;
- Chairs the 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 2017-18. 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 (to 30 June 2017)	3/3
David Sterling	Head of the NI Civil Service: TEO Permanent Secretary and Secretary to the Executive (from 14 June 2017)	6/8
Andrew McCormick	Director General – International Relations (from 19 February 2018)	1/1
Mark Browne	Accounting Officer; Director of Strategic Policy, Equality and Good Relations	9/10
Katrina Godfrey	Director of Programme for Government and NICS of the Future (to 22 February 2018) and Director of Programme for Government and Executive Support (from 23 February 2018)	9/10
Brenda King	Head of the Office of the Legislative Counsel	9/10
Neill Jackson	Head of Executive and Central Advisory Division	10/10
Mary Madden	Joint Secretary (North), North South Ministerial Council Joint Secretariat	8/10
Chris McNabb	Executive Information Service Head of Operations	7/10
Colm Shannon	Director of Executive Support and International Relations (to 19 January 2018)	5/7
George Thorley	Independent Board Member (to 26 July 2017)	4/4
Denis Power	Independent Board Member (from 27 September 2017)	6/6
Peter Toogood	Director of Finance and Corporate Services	9/10

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;
- 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;

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- 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; and
- 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 in 2016-17, 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;
 - TEO People;
 - Corporate Communications; and
 - International Relations /Intergovernmental Relations.
- **Executive matters:**
 - PfG;
 - Legislative Programme; and
 - Executive Business.
- **Other matters:**
 - Updates on the current Political Position;
 - 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 therefore subject to regular, planned internal quality assurance checks, independent audits and external assurance.

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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 self-assessment which took place in March 2018. The results of the review are currently being analysed. The Board's effectiveness will be further assessed in the course of 2018-19 through an external independent review. The Board Operating Framework is currently under review by the Department.

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. No such action was required during 2017-18.

Board Sub-Committees

During 2017-18, the Board was supported and advised in its role by two sub-committees – the ARAC and a FSC. From 28 February 2018, and in line with a recommendation from Internal Audit, the FSC was no longer designated as a Sub-Committee of the TEO Board, given the executive management function that it fulfilled. The Committee was re-constituted as a MBCC to properly reflect the key aspect of its ongoing role of robustly scrutinising significant departmental business cases.

Departmental Audit and Risk Assurance Committee

The Departmental 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 an annual basis in accordance with best practice contained in the DFP (now DoF) ARAC Handbook (NI) 2014 (updated in 2018 with effect from 1 April 2018) and in consultation with the Committee and Departmental Board members. The Terms of Reference were reviewed in 2017-18 and were updated to reflect changes in key TEO personnel.

Membership of the TEO ARAC in 2017-18 comprised a Chairman, who is also the IBM, and two independent members. The IBM completed his term in office in June 2017 and in line with the terms

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of reference of the ARAC, a new IBM was appointed as Chairman of the ARAC on 27 September 2017.

The Committee met four times during 2017-18. A summary of the ARAC members' attendance is detailed below.

ARAC Member	Role	Meetings Attended (4)
George Thorley	Independent Board Member & Chair	1/1
Denis Power	Independent Board Member & Chair	3/3
Deep Sagar	Independent ARAC Member	3/4
Glyn Capper	Independent ARAC Member	3/4

A minimum of two members of the ARAC is required to form a quorum and all meetings in 2017-18 were deemed quorate. ARAC meetings are normally attended by the Accounting Officer, the Director of Finance and Corporate Services, the Head of Internal Audit and a representative from the NIAO. The ARAC may ask any other Departmental official to attend to assist with its discussions on any particular matter. In line with best practice set out in the DFP (now 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 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.

In 2017-18, the ARAC 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; a report on TEO's preparations for compliance with the

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GDPR; and a report on the outcomes of the 2016-17 National Fraud Initiative (NFI) for the Department. 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 2017-18 as being a challenging period given the continued absence of an NI Executive and Assembly; the focus on Brexit and EU Relations; the development of an Outcome Based Approach to the draft PfG, influencing the design and delivery of public sector services and the strategic development of TEO's Business Plan; and the emerging role and purpose of TEO. 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 have been improving and 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 that haven't been satisfactorily resolved.

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 overall assessment of the Committee members is that it operates in accordance with the good practice principles set out by the National Audit Office.

Major Business Case Committee (previously the Finance Sub-Committee)

The MBCC has the overall objective of improving financial management within TEO through the challenge of significant expenditure proposals. Expenditure proposals are presented to a quorum of three Departmental Board members and the MBCC meeting is normally chaired by the 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 2017-18, the Committee met nine times to consider expenditure proposals submitted for the SIF, redevelopment at the Ebrington site, the UVs Programme and a Peace IV Programme proposal. Updates and findings from the Committee meetings were reported to the Board by the Accounting Officer.

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:

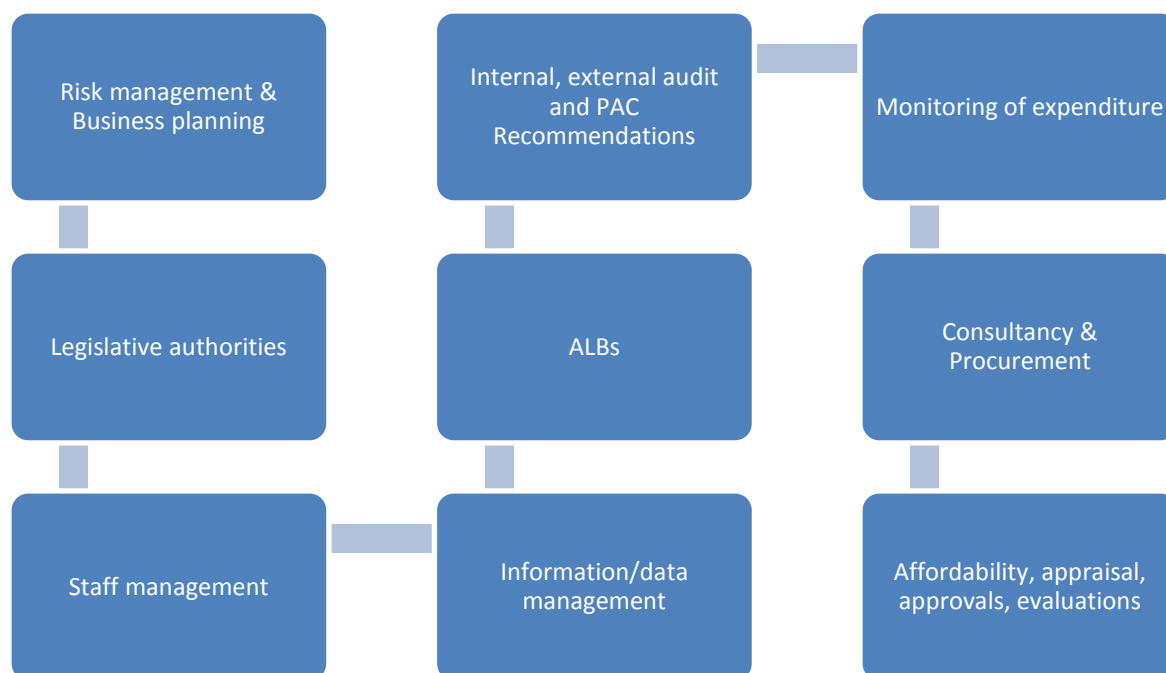
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- Identify and prioritise the risks to the achievement of departmental policies, aims and objectives;
- Evaluate the likelihood of those risks being realised and the impact should they be realised; and
- Manage those risks efficiently, effectively 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 2018 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



Each Director and the Accounting/Senior Accountable Officer in the Department’s ALBs are required to provide a quarterly assurance statement. These statements are used as a basis for the authorisation of the annual Governance Statement by the Departmental Accounting Officer. In line with DoF best practice, the quarterly assurance statements from ALBs were enhanced during 2017-18 to include the requirement for ALB Accounting Officers to confirm on a quarterly basis that they remain fit to carry out the Accounting Officer role.

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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, 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;
- The Fraud Investigation Oversight Group (which met twice in 2017-18) 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; and
- The Departmental Whistleblowing policy and Departmental procedures for staff involved in managing whistleblowing allegations.

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 UV programmes have 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:

- Endanger or significantly impact upon the delivery of the Department's PfG commitments or other strategic objectives; or

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- Create significant adverse publicity or reputational damage for Ministers or the Department; or
- Result in an overspend or underspend 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 PfG 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. The Register:

- Identifies the high level risks to the achievement of the Department's vision and overall aim; and
- Analyses the risks related to the Departmental Business Plan.

The Corporate Risk Register is informed by an assessment of risk at each level of the Department, including at Corporate, Directorate, Divisional and Branch/Project levels. A risk owner is identified for each of these risks which reinforces the inextricable link between risk management and the business planning process. The Risk Owner decides whether a risk is sufficiently serious to be escalated to the Corporate Risk Register. Directors are required to review their Directorate Risk Register on a quarterly basis, 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 Board and ARAC core work programme. The Corporate Risk Register is updated and reviewed by the TEO Board and the ARAC on a quarterly basis.

A fundamental rework of the Corporate Risk Register, to reflect best practice in Risk Management, was undertaken in 2017-18. This included liaison with the Chair of the ARAC, the Departmental Board and the NICS Group Head of Internal Audit. As a result of this review, eight key risks were identified (previously the Department had focused on six strategic corporate risks). The eight key risks identified during 2017-18 were in relation to;

- TEO's co-ordination arrangements do not effectively equip the NICS to deliver the PfG,
- Failure to operate within allocated budget: avoiding overspend and managing underspend within 1.5% target,
- TEO does not have sufficient staff with the required level of knowledge, skills and motivation to meet business need,
- TEO is in breach of its information governance obligations,
- TEO's co-ordination arrangements fail to ensure that the NI position in relation to EU Exit issues is adequately reflected to the UK Government,

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- TEO's co-ordination arrangements fail to respond quickly and effectively to serious civil contingencies,
- The T:BUC strategy fails to have a positive impact on Good Relations
- TEO's Transformational Programmes fail to effectively tackle disadvantage and promote equality of opportunity.

The format and content of the Corporate Risk Register was also revised to reflect best practice. As part of this review it was also agreed that all business areas in TEO would be invited to present their risk register to the Board to allow a deeper and more meaningful understanding and discussion of risks facing the Department.

A review of the TEO Risk Management policy is to be considered as part of the wider DoF-led review across the wider NICS.

In terms of Information Risk Assurance, the Department continued to strengthen its information security policies and procedures, particularly in relation to preparations for compliance with new GDPR, which came into effect on 25 May 2018. Measures included the designation of a senior Data Protection Officer, the development of an Action Plan, and the review of Divisional Information Asset Registers. In addition to the established requirement for Information Risk to be included in quarterly assurance statements, the Department carries out an annual Security Health Check, which includes all of its sponsored ALBs. These actions 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 provide the overall lead in this important work, while the Departmental Security Officer continues to review and report to the Departmental Board on resilience, vulnerabilities and risks.

There were no personal data breaches in 2017-18. However, during the first quarter of 2018-19 (and during the completion of this statement), a personal data breach occurred, which was caused by human error and which involved the release of private e-mail addresses. All those affected have been informed and the data breach has been notified to the Information Commissioner's Office.

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 ARAC 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 NIAO.

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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 2017-18 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.

IAS 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 2017-18, IAS reported on seven risk-based assignments (two reports are currently in draft), undertook three follow ups, validated the output of the Departmental Security Healthcheck, and undertook two special investigations in Historical Institutional Abuse and Racial Equality Branch. Internal Audit also provided advice to the Department on a range of issues on both a formal and informal basis.

In 2017-18, the Head of Internal Audit provided a satisfactory opinion in all areas.

IAS was satisfied that the provision of an internal audit service to TEO's ALBs generally operated within the PSIAS. IAS was also satisfied that ALBs have established properly constituted ARACs and that these are complying with DFP's (now DoF) 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 2017-18 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, IAS carried out an NICS-wide assurance review of the management of Information Technology (IT) security and information risk and a limited opinion was provided. The review considered the governance structures, processes, roles and responsibilities which underpin the Information Assurance Framework. While a number of instances of good practice were identified, the review highlighted significant issues that impacted systemically across all Departments. A further review of the issues highlighted in this report was completed in March 2018 and the review noted significant progress in the development of new processes and systems to improve the control

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framework. As a result of this work, the opinion has been raised to satisfactory and will be considered by the NICS Information Governance and Innovation Board (IGIB) in May 2018.

Northern Ireland Audit Office

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 NI 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.

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. 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.

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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.

Four separate Governance sessions involving TEO ALBs were held in 2017-18:

- A TEO Sponsorship Forum was held in June 2017 for ALBs and TEO sponsor branches. The Forum was seen as an opportunity to share recent best practice in relation to fraud awareness, board effectiveness, partnerships between Departments and recent guidance issued centrally by DoF;
- The Department met with the Chairs of the ALB Audit Committees in January 2018 to share best practice in relation to business plans and risk management, TEO's preparations for the introduction of the GDPR and the Review of Financial Process, and to provide an update on current governance guidance; and
- In December 2017 and February 2018, the Department met with the Accounting Officers of ALBs to discuss the ongoing financial situation and the emerging budget position for 2018-19.

Meetings also took place during the year with TEO Finance and ALB Finance teams in relation to preparations for the introduction of the Review of Financial Process.

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 2017-18, 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.

Whistleblowing and Investigations

Within the Department, the Fraud Investigation Oversight Group (FIOG) meets on a six monthly basis to oversee the investigation of whistleblowing allegations, as well as allegations of financial irregularity, relevant PSNI action and options for action if funds have been obtained fraudulently. During 2017-18, FIOG oversaw 38 investigations, 13 of which were reported in the current financial year. The investigations related to TEO's funding directly through the Northern Ireland Memorial Fund and the VSS, or through third party organisations in the Victims' and Community Relations' sectors. Following investigation, 20 cases were closed during the year, with conclusive evidence of irregularity found in 8 of those cases. 18 cases will be carried forward into the next financial year. No cases have been written off in the current year and one case has been referred to the PSNI. The Department managed two whistle blowing cases in 2017-18, both of which were reported in the current financial year.

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The Department undertook a review of the effectiveness of its whistleblowing arrangements in 2017-18. As a result of this review, the Department has launched new whistleblowing guidance for staff and external stakeholders and revised the Departmental arrangements for recording, reporting and monitoring whistleblowing allegations.

Divergences – Prior Year

VSS - As reported in previous years, a lack of adequate controls on the Financial Assistance Scheme (FAS) administered by VSS resulted in qualification by the C&AG of the VSS Annual Accounts in 2015-16. The VSS implemented the additional processes requested by the Department for the 2016-17 Scheme. Spot checks completed in 2017-18 have shown that the error rate has remained low. In 2016-17 the C&AG provided an unqualified opinion of the VSS Annual Accounts.

SIF - As previously reported, in 2016-17 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 Internal Audit, DoF and the DSO and concluded that the expenditure incurred met the MPMNI requirements for regularity and propriety. The employment project has now completed delivery with positive outcomes emerging. Fieldwork on a NIAO Value for Money study on SIF has completed and a report has been provided in draft form for a factual accuracy check. The draft report has not highlighted any further issues or recommendations in respect of the employment project.

Divergences – Current Year

Community Relations Council (CRC) - An ongoing issue in relation to pension allowances paid to the staff of the NI CRC has resulted in irregular expenditure of approximately £22k. 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.

Following the issue of a Departmental Retrospective Approval policy in 2016-17, the number of incidents where retrospective approval was required has reduced considerably in 2017-18. However a small number of requests for retrospective approval have been made during 2017-18, some of which require DoF approval. These requests are currently under consideration by DoF. TEO has taken steps to prevent a recurrence of these issues which includes revisions to its Summary Policy and Procedures for the Approval of Departmental Expenditure and drafting specific articles for the Departmental Brief on delegations and the TEO approval process.

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

Ministerial Directions

No Ministerial Directions were issued during 2017-18.

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 MPMNI.

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Having considered the corporate governance framework within which the Department and its ALBs operated and in conjunction with assurances given to me by the ARAC, I am content that the Department has operated a sound system of internal governance during the period 2017-18.

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 Senior Civil Service (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 pay remit (for the NI public sector and SCS) is normally approved by the Minister of Finance but in the absence of an Executive the DoF Permanent Secretary has set the 2017-18 NI public sector policy in line with the overarching HMT parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016-17.

The Permanent Secretary of the Department is also HOCS. 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.

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.

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Remuneration (including salary) and pension entitlements

Ministers (Audited)

	2017-18*				2016-17			
	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 (to 09/01/17)	-	-	-	-	55,742	NIL	19,000	75,000
Mr M McGuinness (to 09/01/17)	-	-	-	-	55,742	NIL	19,000	75,000
Mr Alastair Ross (from 25/05/16 to 02/03/17)	-	-	-	-	4,645	NIL	2,000	7,000
Ms Megan Fearon (from 25/05/16 to 02/03/17)	-	-	-	-	4,645	NIL	1,000	6,000
Mrs Emma Pengelly (from 28/10/15 to 05/05/16)	-	-	-	-	1,161	NIL	-	1,000
Ms Jennifer McCann (to 05/05/16)	-	-	-	-	1,161	NIL	-	1,000

* No Minister was in place during 2017-18.

** 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.

Senior Civil Servants (Audited)

	2017-18				2016-17			
	Salary £'000	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest £1000)	Total (£'000)	Salary £'000	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest £1000)	Total (£'000)
Dr Malcolm McKibbin Head of the Department (to 30/06/17)	60-65 (180-185 full year equivalent)	NIL	-93,000	(35)-(30)	155-160	NIL	69,000	225-230
Mr David Sterling Head of the Department (from 14/06/17)	125-130 (150-155 full year equivalent)	NIL	332,000	455-460	-	-	-	-
Ms Brenda King Director	145-150	NIL	58,000	200-205	145-150	NIL	32,000	175-180
Dr Andrew McCormick Director (from 19/02/18)	10-15 (125- 130 full year equivalent)	NIL	-1,000	10-15	-	-	-	-
Dr Mark Browne Director	90-95	NIL	3,000	95-100	90-95	NIL	33,000	120-125
Mrs Katrina Godfrey Director (from 04/07/16)	85-90	NIL	16,000	100-105	65-70 (85- 90 full year equivalent)	NIL	35,000	100-105

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	2017-18				2016-17			
	Salary £'000	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest £1000)	Total (£'000)	Salary £'000	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest £1000)	Total (£'000)
Mr Neill Jackson <i>Director</i>	75-80	NIL	-1,000	75-80	75-80	NIL	29,000	100-105
Mr Peter Toogood <i>Director (from 05/09/16)</i>	70-75	NIL	23,000	90-95	40-45 (70- 75 full year equivalent)	NIL	18,000	55-60
Mr Colm Shannon <i>Director (to 19/01/18)</i>	70-75 (85-90 full year equivalent)	NIL	124,000	195-200	75-80	NIL	81,000	155-160
Mr Chris McNabb <i>Director (from 17/10/16)</i>	70-75	NIL	22,000	90-95	30-35 (70- 75 full year equivalent)	NIL	15,000	45-50
Mrs Mary Madden <i>Director (from 03/01/17)</i>	80-85	NIL	-	80-85	20-25 (80- 85 full year equivalent)	NIL	-	20-25
Mr Stephen Grimason <i>Director (to14/10/16)</i>	-	-	-	-	50-55 (100- 105 full year equivalent)	NIL	47,000	100-105
Mr Stephen Boyd <i>Director (to 02/09/16)</i>	-	-	-	-	25-30 (70- 75 full year equivalent)	NIL	13,000	40-45
Mr Denis Power <i>Independent Non Executive Board Member (from 27/09/17)</i>	0-5 (5-10 full year equivalent)	NIL	-	0-5	-	-	-	-
Mr George Thorley <i>Independent Non Executive Board Member (to 26/07/17)</i>	0-5 (5-10 full year equivalent)	NIL	-	0-5	5-10	NIL	-	5-10

* 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.

Fair Pay Disclosures (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.

	2017-18	2016-17
Band of Highest Paid Director's Total Remuneration	£150-£155k	£160-£165k
Median Total Remuneration	£32,677	£31,465
Ratio	4.67	5.16

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The banded remuneration of the highest-paid director in TEO in the financial year 2017-18 was £150,000-£155,000 (2016-17: £160,000-£165,000). This was 4.67 times (2016-17: 5.16 times) the median remuneration of the workforce, which was £32,677 (2016-17: £31,465).

In 2017-18, one employee (2016-17: 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 2017-18 and 2016-17 is primarily the result of the median pay decreasing as a result of a decrease in the banded remuneration of the highest-paid director in TEO.

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 NI Assembly was dissolved from 26 January 2017 with an election taking place on 2 March 2017, on which date Ministers ceased to hold office. An Executive was not formed following the 2 March 2017 election. As a consequence, there have been no Ministers in place in the Department during the 2017-18 year.

Prior to the election on 2 March 2017, TEO was under the joint direction and control of the First Minister, Arlene Foster and the deputy First Minister, Martin McGuinness to 9 January 2017. Their salaries and allowances were paid by the NI Assembly and have been included as a notional cost in the prior year comparative figures within these 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)

No Ministers were in post for the reporting period.

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Pension Entitlements

Senior Civil Servants (Audited)

	Accrued pension at pension age as at 31/03/18 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/18	CETV at 31/03/17	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Dr Malcolm McKibbin (Head of the Department) (until 30/06/17)	60-65 plus lump sum of 370-375	(12.5)-(10) plus lump sum of 155-157.5	1,622	1,678	-73	-
Mr David Sterling (Head of the Department) (from 14/06/17)	70-75 plus lump sum of 220-225	12.5-15 plus lump sum of 42.5-45	1,673	1,318	331	-
Ms Brenda King Director	60-65 plus lump sum of 175-180	2.5-5 plus lump sum of 5-7.5	1,188	1,070	40	-
Dr Andrew McCormick Director (from 19/02/18)	70-75 plus lump sum of 105-110	0-2.5 plus lump sum of (2.5)-0	1,499	1,494	-1	-
Dr Mark Browne Director	35-40 plus lump sum of 110-115	0-2.5 plus lump sum of 0-2.5	869	811	3	-
Mr Neill Jackson Director	35-40 plus lump sum of 110-115	0-2.5 plus lump sum of 0-2.5	839	825	-1	-
Mr Colm Shannon Director (until 19/01/18)	50-55 plus lump sum of nil	5-7.5 plus lump sum of nil	1,059	884	124	-
Mrs Katrina Godfrey	30-35 plus lump sum of 80-85	0-2.5 plus lump sum of (2.5)-0	591	550	4	-
Mr Peter Toogood Director	15-20 plus lump sum of nil	0-2.5 plus lump sum of nil	223	200	8	-
Mr Chris McNabb Director	15-20 plus lump sum of 35-40	0-2.5 plus lump sum of (2.5)-0	264	238	8	-
Mrs Mary Madden* Director	-	-	-	-	-	-

*Mrs M Madden chose not to be covered by the NICS 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).

The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos 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 did 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 is 2.32%.

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New entrants joining can choose between membership of alpha 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 also a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%.

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). From April 2011, pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining the partnership pension account.

All pension benefits are reviewed annually in line with changes in 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 2017 was 3% and HM Treasury has announced that public service pensions will be increased accordingly from April 2018.

Employee contribution rates for all members for the period covering 1 April 2018 – 31 March 2019 are as follows:

Scheme Year 1 April 2018 to 31 March 2019

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 2018 to 31 March 2019	From 1 April 2018 to 31 March 2019
£0	£15,000.99	4.6%	4.6%
£15,001.00	£21,636.99	4.6%	4.6%
£21,637.00	£51,515.99	5.45%	5.45%
£51,516.00	£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 14.75% (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 their scheme 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 2015 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.

Staff Report

Senior Civil Servants

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

	2017-18	2016-17
Salary Band	Number	Number
Pay Scale 4 £153,933-£180,496	1	1
Pay Scale 3 £114,047-£133,327	2	1
Pay Scale 2 £88,596-£101,092	3	4
Pay Scale 1 £68,961-£79,058	23	23
Special Advisors £63,736-£91,809	0	0

The Executive Office

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**	2017-18	2016-17
	£000	£000	£000	Total £000	Total £000
Wages and salaries	12,674	599	0	13,273	14,163
Social security costs	1,333	30	0	1,363	1,436
Other pension costs	2,723	66	0	2,789	2,928
Sub Total	16,730	695	0	17,425	18,527
Less recoveries in respect of outward secondments	(89)	-	-	(89)	(147)
Total net costs***	16,641	695	0	17,336	18,380

Of which:	Charged to Administration £000	Charged to Programme £000	Total £000
Core department	10,543	6,793	17,336

*There were no costs incurred in respect of the Department's Special Advisers in 2017-18. The 2016-17 figures include the cost of the Department's Special Advisers who were paid in the band £63,736-£91,809.

**Ministers' salary costs are notional.

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

The Northern Ireland Civil Service main 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 Annual Report Accounts as at 31 March 2018.

For 2017-18, employers' contributions of £2,715,712 were payable to the NICS pension arrangements (2016-17: £2,906,551) 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 2018-19, the rates will also range from 20.8% to 26.3% however the salary bands differ. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

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Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2016-17: £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% (2016-17: 8% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £nil, 0.5% (2016-17: £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.

No persons (2016-17: two persons) retired early on ill-health grounds, the total additional accrued pension liabilities in the year amounted to £nil (2016-17: £3,311.10).

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.

					2017-18	2016-17
	Permanently employed staff Number	Other staff Number	Ministers Number	Special Advisers Number	Total Number	Total Number
Core Departmental staff in post	268	24	-	-	292	295
North South Ministerial Council	9	-	-	-	9	9
Commissioner for Public Appointments for Northern Ireland	2	-	-	-	2	2
The Inquiry into Historical Institutional Abuse	9	1	-	-	10	24
Attorney General for Northern Ireland	12	-	-	-	12	13
Staff engaged on capital projects*	-	-	-	-	-	-
Total for RfR A	300	25	-	-	325	343

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

The Executive Office

Staff Composition at 1 April 2018 and 1 April 2017

The number of persons of each gender who were directors, senior managers, and employees of TEO at 1 April 2018 and 1 April 2017 is as follows;

	2017-18		2016-17	
	Male	Female	Male	Female
Directors (Departmental Board)	6	3	7	3
Senior Managers (Grade 5 and above)	17	11	18	10
Employees (All other staff)	112	163	117	170
Total	135	177	142	183

Special Advisers are included in senior managers when employed; none were employed at 1 April 2018 and 1 April 2017.

Absence management

The table below shows sick absence statistics for the last three years. Validated end of year information for 2017-18 is not yet available but provisional figures from February 2017 suggest the Departmental result may be 7.4 days.

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 services. A Workplace Health and Fitness programme ran throughout the year, with 14 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.

TEO/OFMDFM and NICS Sick Absence Statistics

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

	2016-17		2015-16		2014-15	
	TEO	NICS	OFMDFM	NICS	OFMDFM	NICS
Days Lost per Staff Year	7.9	12.5	7.1	11.7	8.3	10.8
% of Staff with no recorded absence	62.7	49.5	53.5	50.0	58.9	52.1
Long term absence						
% of staff with one or more long-term absence	7.4	12.8	7.5	11.9	6.5	11.2
% of working days lost due to long-term absence	71.2	76.1	62.6	73.8	69.3	73.6
Average duration (working days)	56	62.5	52.4	60.2	70.5	60.2

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Following departmental restructuring in May 2016, OFMDFM became TEO. The figures given for sick absence statistics have not been restated. Consequently, the figures given for 2014-15 and 2015-16 are the figures previously reported for the OFMDFM. Figures for 2016-17 are reported on TEO.

Staff Policies

Other diversity issues and equal treatment in employment and occupation

The NICS has developed a People Strategy which details the people priorities over the period 2018 to 2021. It places diversity and inclusion at its centre and includes a range of actions that will help accelerate the NICS' ambition to have a truly inclusive workforce culture and to be a service that reflects the society we serve. In addition to these specific actions the NICS will ensure diversity and inclusion is central to everything it does, including how it communicates, recruits, promotes, develops and manages its workforce.

A diversity action plan has been drawn up to promote diversity and inclusion while additional action plans have been drawn up to address specific issues related to gender and disability.

Work on lesbian, gay, bisexual, and transgender (LGB&T) issues has included a survey of staff and the creation of the NICS LGB&T staff network. Further developments in the area are planned including membership of the Stonewall NI Diversity Champions network and the development of advice on Transgender issues.

The NICS continues to carry out its statutory obligations under fair employment legislation including the annual return to the Equality Commission for NI and the triennial reviews of the workforce profile which are published on the DoF website.

Employee Consultation and/or Participation; Trade Union Relationships

DoF is responsible for the policy on how the NICS consults and negotiates with its staff through industrial relations. The centralised human resource function, NICS HR, has continued to consult on central matters with all recognised Trade Unions (Non-industrial Trades Unions: NI Public Service Alliance (NIPSA), First Division Association, Prison Officers' Association (POA), Industrial Trades Unions: Unite the Union (Unite), GMB), throughout the year. Arrangements also exist at local level within each Department to consult on matters specific to that Department or individual business area.

A Review of NICS Trade Union Arrangements is ongoing. Phase 1 of the review culminated in a new Trade Union Arrangements chapter, published in the NICS HR Handbook in January 2016. Phase 2 of the Review is at the planning stage.

Human Capital Management

(i) Career Development

The NICS is committed to career development, acknowledging that skilled and engaged staff are an essential resource in meeting current and future business needs.

This NICS Career Development Policy emphasises that career development is a collaborative process between individual staff members, line managers, and Departments, and takes account of the NICS Competency Framework and Performance Management System. As well as the individual's role in

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managing their career development, the NICS provides opportunities to enhance the skills, capabilities and performance of staff so that they, in turn, can contribute to achieving corporate objectives.

There is a wide range of career development options available within the NICS and within the Career Development Policy that support various career development interventions including secondment and interchange opportunities, elective transfers, temporary promotion, job rotation, job shadowing, as well as mentoring.

In line with the NICS People Strategy 2018-21 further development in the area is planned, including Talent Management Proposals to support a more corporate approach to talent management across the NICS.

(ii) Learning & Development

The NICS HR Centre for Applied Learning (CAL) purpose is to enable the achievement of the PfG outcomes through the delivery of generic learning and development services aligned to the NICS People Strategy. The CAL approach to delivering its services is designed to respond to the changing needs of the NICS and includes the following components:

- Offering a variety of learning delivery channels to enable flexible access to learning;
- Providing an enhanced Learning and Development experience where staff can focus on their personal development using learning interventions that are aligned to corporate need, PfG, People Strategy, NICS of the Future and the NICS Competency Framework;
- Blending different learning solutions into coherent learning pathways;
- Value for money learning through the use of technology to provide concise and focused modules of learning;
- Develop practical capability for learners that incorporates the latest tools and techniques; and
- Work collaboratively with NICS HR colleagues, Suppliers, Departments and the NICS Professions to identify, develop and deliver current and future learning interventions.

(iii) Pay policy

Under the Civil Service (Northern Ireland) Order 1999, DoF is responsible for the pay arrangements of NICS civil servants (apart from those agencies, non-ministerial government departments and other bodies with an agreed pay delegation). The pay award system aims to:

- Be a system which will help to recruit, retain and motivate staff to perform efficiently the duties required of them;
- Encourage staff to improve their individual performance by providing a direct and regular link between satisfactory performance and pay;
- Ensure equity of treatment in respect of pay in accordance with legal requirements and the equal opportunities policy of the NICS;
- Secure the confidence of staff that their pay will be determined fairly;
- Secure the confidence of the public and their representatives in the system for determining the pay of the staff; and
- Enable the Government to reconcile its responsibilities for the control of public expenditure with its responsibilities as an employer.

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Current pay scales are available online. NI public sector pay guidance for 2017 is now in place and formal negotiations with trade unions on the 2017 pay award are ongoing.

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.

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.

In 2017 TEO obtained an extension to its Investors in People Bronze level award taking the Department through to May 2019. As a result of extensive employee engagement over 2017 TEO has developed a Business Improvement Plan which was approved by the Departmental Board for implementation in 2018-19.

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.

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.

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Expenditure on consultancy and temporary staff

Expenditure on consultancy and temporary staff is as follows;

	2017-18 £000	2016-17 £000
Consultancy Costs	136	121
Agency staff	150	444
Seconded in staff	545	643
Total Temporary Staff	831	1,087

The movement in consultancy is due to various one off consultancy expenditures in both years. 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 2017-18.

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	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
<£10,000	-	-	-	-	-	-
£10,000-£24,999	-	-	-	3	-	3
£25,000-£49,999	-	-	-	5	-	5
£50,000-£99,999	-	-	-	1	-	1
£100,000-£149,999	-	-	-	-	-	-
£150,000-£200,000	-	-	-	-	-	-
Total number of exit packages	-	-	-	9	-	9
Total resource cost/£000	-	-	-	359	-	359

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Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (NI), 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 2017-18, no Special Advisers (2016-17: eight 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 (FReM) 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.

Summary of Resource Outturn 2017-18

Request for Resources	Note	Estimate			Outturn			2017-18	2016-17
		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	146,928	(3,679)	143,249	145,358	(3,486)	141,872	1,377	100,626
Total Resources	SOAS2	146,928	(3,679)	143,249	145,358	(3,486)	141,872	1,377	100,626
Non-operating cost Accruing Resources				363			363	-	-

Net cash requirement 2017-18

	Note	Estimate	Outturn	2017-18	2016-17
		£000	£000	Net total outturn compared with estimate: saving/(excess) £000	Outturn £000
Net cash requirement	SOAS3	142,336	142,147	189	98,131

The notes on pages 81 to 100 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 2017-18		Outturn 2017-18	
		Income £000	<i>Receipts</i> £000	Income £000	<i>Receipts</i> £000
Total	SOAS4	<u>-</u>	<u>-</u>	<u>32</u>	<u>116</u>

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

The notes on pages 81 to 100 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

							2017-18		2016-17	
Outturn							Estimate			
							Net Total compared with estimate		Net Total compared with estimate adjusted for virements	
							Net Total compared with estimate		Prior - year outturn	
Admin	Other current	Grants	Gross resource expenditure	Accruing Resources	Net Total	Net Total	Net Total	Net Total	Net Total	Prior - year outturn
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Request for resources A: Departmental Expenditure in DEL										
A1	10,834	10,215	1,878	22,927	(318)	22,609	22,951	342	215	24,072
A2	-	-	2,446	2,446	-	2,446	2,399	(47)	-	2,413
A3	-	121	-	121	-	121	138	17	17	357
A4	-	660	5,240	5,900	-	5,900	5,933	33	33	5,431
A5	-	842	19,520	20,362	-	20,362	21,039	677	677	17,275
A6	44	881	79	1,004	-	1,004	1,007	3	3	1,009
A7	1,248	-	-	1,248	-	1,248	1,232	(16)	-	1,291
A8	-	-	3,700	3,700	(3,168)	532	590	58	58	792
Annually Managed Expenditure (AME)										
A9	-	3,411	-	3,411	-	3,411	3,384	(27)	-	1,480
A10	80	205	-	285	-	285	248	(37)	-	176
Non-Budget										
A11	-	-	5,261	5,261	-	5,261	5,378	117	98	5,588
A12	-	-	838	838	-	838	838	-	-	859
A13	-	-	1,023	1,023	-	1,023	1,033	10	10	1,021
A14	-	-	1,522	1,522	-	1,522	1,522	-	-	1,489
A15	-	-	13,810	13,810	-	13,810	14,010	200	200	13,778
A16	-	-	55,306	55,306	-	55,306	55,306	-	-	16,992
A17	-	-	3,478	3,478	-	3,478	3,459	(19)	-	2,926
A18	-	-	14	14	-	14	14	-	-	913
NIMF	-	-	-	-	-	-	-	-	-	-
A19	2,702	-	-	2,702	-	2,702	2,768	66	66	2,764
Resource Outturn	14,908	16,335	114,115	145,358	(3,486)	141,872	143,249	1,377	1,377	100,626

The notes on pages 81 to 100 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
A3	Delivering Social Change
A4	Shared Future
A5	Social Investment Fund
A6	North-South Ministerial Council
A7	Attorney General for NI
A8	EU Programme for Peace and Reconciliation
A9	<i>Strategic Sites</i>
A10	<i>Provisions</i>
A11	Equality Commission for NI
A12	Commission for Victims and Survivors for NI
A13	NI Judicial Appointments Commission
A14	Maze/Long Kesh Development Corporation
A15	Victims and Survivors Service Limited
A16	Strategic Investment Board Limited
A17	NI Community Relations Council
A18	Ilex Urban Regeneration Company Limited
NIMF	NI Memorial Fund
A19	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.

The Department had a total resource underspend against Estimate provision of £1.377 million, against Estimates.

The net cash requirement for 2017-18 was £142.147 million. This is £0.189 million lower than the estimated net cash requirement of £142.336 million.

Detailed explanations of the variances are given in the Financial Performance section (pages 17 to 20) of the Performance Analysis.

The notes on pages 81 to 100 form part of these accounts.

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

SOAS2 Reconciliation of outturn to net operating cost

		2017-18		Outturn compared with	2016-17
	Note	Outturn £000	Supply Estimate £000	Estimate £000	Outturn £000
Net Resource Outturn	SOAS1	141,872	143,249	1,377	100,626
Non-supply income (CFERs)	SOAS4	(29)	-	29	(3,316)
Non-supply expenditure (unrealised foreign exchange loss)		92	-	(92)	386
Net Operating Cost in Consolidated Statement of Comprehensive Net Expenditure		141,935	143,249	1,314	97,696

The notes on pages 81 to 100 form part of these accounts.

The Executive Office

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	143,249	141,872	1,377
Capital:				
- Acquisition of property, plant and equipment	6,7	3,928	3,910	18
Non-operating Accruing Resources:				
- Net book value of asset disposals		(363)	(363)	-
Accruals to cash adjustments:				
<i>Adjustments to remove non-cash items:</i>				
- Depreciation (includes impairments/revaluations)	3,4	(3,818)	(3,919)	101
- New provisions and adjustments to previous provisions	14	(248)	(285)	37
- Other non-cash items	3,4	(2,768)	(2,702)	(66)
- Changes in working capital other than cash	12,13	2,354	3,261	(907)
- Changes in payables falling due after more than one year	13	-	8	(8)
- Use of provisions	14	2	365	(363)
Excess cash receipts surrenderable to the Consolidated Fund	SOAS4	-	-	-
Net cash requirement		142,336	142,147	189

The notes on pages 81 to 100 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 Income £000	2017-18 Receipts £000	Outturn 2017-18 Income £000	Receipts £000
Operating income and receipts – excess Accruing Resources		-	-	6	20
Other operating income and receipts not classified as Accruing Resources		-	-	23	93
Subtotal	SOAS5	-	-	29	<i>113</i>
Non-operating income and receipts – excess Accruing Resources	SOAS6	-	-	-	-
Amounts collectable on behalf of the Consolidated Fund		-	-	3	3
Excess cash surrenderable to the Consolidated Fund	SOAS3	-	-	-	-
Total income payable to the Consolidated Fund		-	-	32	<i>116</i>

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

	Note	2017-18 £000	2016-17 £000
Operating income	5	3,515	3,429
Gross income		3,515	3,429
Income authorised to be Accruing Resources	SOAS1	3,486	113
Operating income payable to the Consolidated Fund	SOAS4	29	3,316

SOAS6 Non-operating income – Excess Accruing Resources

	Note	2017-18 £000	2016-17 £000
Proceeds on disposal of property, plant and equipment		-	-
Other miscellaneous income		-	-
Non-operating income – excess Accruing Resources		-	-

The notes on pages 81 to 100 form part of these accounts.

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Other Assembly Accountability Disclosures

Entities outside the Accounting Boundary

The Department provides funding to a number of NDPBs 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.

- **NI Community Relations Council**

The Community Relations Council was established with government support in 1990. It is an executive NDPB 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 PfG 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 NI**

The Commission for Victims and Survivors for NI was established as an executive NDPB 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 NI**

The Equality Commission for NI is an executive NDPB established under the NI 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 NI 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 NDPB 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 NDPB 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/>

- **NI Judicial Appointments Commission**

The NI Judicial Appointments Commission is a NDPB 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

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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 can be obtained at www.nijac.gov.uk.

- **Strategic Investment Board Limited**

The Strategic Investment Board Limited is an executive NDPB and formed as a company limited by guarantee. It prepares and oversees the Investment Strategy for NI, 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 NDPB 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 (Audited)

i. Losses and special payments

	2017-18	2017-18	2016-17	2016-17
	Number	£000	Number	£000
Total – Losses	45	27	42	161

There were no cases over £250,000 in 2017-18 (2016-17: no cases).

ii. Fees and Charges

There were no fees and charges.

iii. Remote Contingent Liabilities

EU Withdrawal

In 2016, the UK Government announced that the Government would guarantee the following EU funded projects after the UK has left the EU:

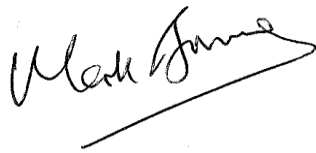
- a. All structural and investment fund projects signed before the Autumn Statement 2016;
- b. Structural and investment fund projects signed after the Autumn Statement and before we leave the EU, so long as they are good value for money and in line with domestic strategic priorities;

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- c. The payment of awards where UK organisations successfully bid directly to the European Commission on a competitive basis for EU funding projects while we remain in the EU; and
- d. The current level of agricultural funding under CAP Pillar 1 until 2020.

The financial settlement has now been signed-off by both UK and EU Commission negotiators in a draft Withdrawal Agreement and welcomed by the EU-27 at March European Council. The guarantee will therefore only be called in the event that the Withdrawal Agreement is not ratified. As a result, and due to the EU funding TEO provides, an unquantifiable remote contingent liability is disclosed.

Approved and signed

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

Mark Browne (Dr)
Accounting Officer

29 June 2018

The Executive Office

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

Opinion on financial statements

I certify that I have audited the financial statements of The Executive Office for the year ended 31 March 2018 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 Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31 March 2018 and of its net operating expenditure for the year then ended; and
- 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 regularity

In my opinion, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2018 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of The Executive Office in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Other Information

The Accounting Officer is responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in the report as having been audited, and

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my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report 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 Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer 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.

Auditor's responsibilities for the audit of the financial statements

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 am required to obtain 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, 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 Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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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 Accountability Report 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 the Department of Finance's guidance.

Report

I have no observations to make on these financial statements.



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

2 July 2018

THE FINANCIAL STATEMENTS

**Statement of Comprehensive Net Expenditure
for the year ended 31 March 2018**

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	2017-18 Total £000	2016-17 Total £000
Operating income	5	(3,515)	(3,429)
Total Operating Income		<u>(3,515)</u>	<u>(3,429)</u>
Staff costs	3,4	17,425	18,527
Purchase of goods and services	3,4	9,733	10,818
Depreciation and impairment charges (includes revaluation and disposal)	3,4	3,892	1,998
Provision expense	3,4	285	175
Other operating expenditure	4	114,115	69,607
Total Operating Expenditure		<u>145,450</u>	<u>101,125</u>
Net Operating Expenditure	SOAS2	<u>141,935</u>	<u>97,696</u>
Finance Income		-	-
Finance Expense		-	-
Net expenditure for the year		<u>141,935</u>	<u>97,696</u>
Other comprehensive net expenditure			
Items that will not be reclassified to net operating expenditure:			
- Net (gain)/loss on revaluation of Property, Plant and Equipment	6	(41)	(72)
- Net (gain)/loss on revaluation of Intangible Assets	7	(1)	(1)
Items that may be reclassified to net operating expenditure:			
- Net (gain)/loss on revaluation of Investments		-	-
Comprehensive Net Expenditure for the year ended 31 March 2018		<u>141,893</u>	<u>97,623</u>

The notes on pages 81 to 100 form part of these accounts.

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Statement of Financial Position as at 31 March 2018

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.

	Note	£000	2017-18 £000	2016-17 £000
Non-current assets				
Property, plant and equipment	6	8,932		8,885
Intangible assets	7	7		22
Total non-current assets			8,939	8,907
Current assets				
Assets classified as held for sale	10	-		363
Trade and other receivables	12	6,029		2,138
Cash and cash equivalents	11	131		195
Total current assets			6,160	2,696
Total assets			15,099	11,603
Current liabilities				
Trade and other payables	13	(52,521)		(51,894)
Provisions	14	(236)		(314)
Total current liabilities			(52,757)	(52,208)
Total assets less current liabilities			(37,658)	(40,605)
Non-current liabilities				
Other payables	13	(2)		(10)
Provisions	14	(154)		(156)
Total non-current liabilities			(156)	(166)
Total assets less total liabilities			(37,814)	(40,771)
Taxpayers' equity and other reserves				
General fund			(38,286)	(41,323)
Revaluation reserve			472	552
Total equity			(37,814)	(40,771)



Mark Browne (Dr)
Accounting Officer

The notes on pages 81 to 100 form part of these accounts.

29 June 2018

The Executive Office

Statement of Cash Flows for the year ended 31 March 2018

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	2017-18 £000	2016-17 £000
Cash flows from operating activities			
Net operating expenditure	SOAS2	(141,935)	(97,696)
Adjustments for non-cash transactions	3,4	6,878	4,943
Increase in trade and other receivables	12	(3,891)	(1,516)
Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure	12	-	(136)
Increase in trade and other payables	13	620	36,255
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	13	(211)	(34,409)
Use of provisions	14	(365)	(15)
Net cash outflow from operating activities		<u>(138,904)</u>	<u>(92,574)</u>
Cash flows from investing activities			
Purchase of non-financial assets	6, 7, 13	(3,520)	(3,016)
Proceeds from disposal of non-financial assets		390	1,110
Net cash outflow from investing activities		<u>(3,130)</u>	<u>(1,906)</u>
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		142,336	63,964
From the Consolidated Fund (Supply) – prior year		-	136
Advances from the Contingencies Fund		-	29,761
Net financing		<u>142,336</u>	<u>93,861</u>
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		<u>302</u>	<u>(619)</u>
NDPB CFERs payments of amounts due to the Consolidated Fund		3	92
NDPB CFERs paid to the Consolidated Fund		(95)	-
Payment of CFERs to other departments following restructuring		(68)	-
Payments of amounts due to the Consolidated Fund		-	(22)
		<u>(160)</u>	<u>70</u>
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		<u>142</u>	<u>(549)</u>
Cash and cash equivalents at the beginning of the period	11	<u>(597)</u>	<u>(48)</u>
Cash and cash equivalents at the end of the period	11	<u>(455)</u>	<u>(597)</u>

The notes on pages 81 to 100 form part of these accounts.

The Executive Office

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2018

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 £000	Revaluation Reserve £000	Taxpayers' Equity £000
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	13	(29,761)	-	(29,761)
CFERs payable to the Consolidated Fund		(4,426)	-	(4,426)
SIB FTC loan repayment received	9	580	-	580
SIB FTC loan repayment paid to the Consolidated Fund	9	(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)
Net Assembly Funding		142,336	-	142,336
Supply (payable)/receivable adjustment	13	(189)	-	(189)
CFERs payable to the Consolidated Fund		(29)	-	(29)
CFER exchange loss		22	-	22
CFER bad debt written off		8	-	8
SIB FTC loan repayment received	9	961	-	961
SIB FTC loan repayment paid to the Consolidated Fund	9	(961)	-	(961)
Comprehensive Net Expenditure for the year		(141,935)	42	(141,893)
Auditors remuneration	3	64	-	64
Non-cash charges – other notional costs	3	2,638	-	2,638
Transfers between reserves		122	(122)	-
Balance at 31 March 2018		(38,286)	472	(37,814)

The notes on pages 81 to 100 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 2017-18 *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 statement of financial position 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 -2.42% and -1.56% 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 2016-17 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.

1.16 *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 have changed 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, delivering an integrated investment strategy and preparing for Northern Ireland's future relations with the European Union following the UK's decision to exit the EU. "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	Executive Support	Strategic Policy	2017-18 Total	Executive Support	Strategic Policy	2016-17 Total
		£000	£000	£000	£000	£000	£000
Gross Expenditure	3,4	16,170	129,280	145,450	17,469	83,656	101,125
Income	5	(145)	(3,370)	(3,515)	(248)	(3,181)	(3,429)
Net Expenditure		16,025	125,910	141,935	17,221	80,475	97,696
Total assets	6,7,10,11,12	1,093	14,006	15,099	1,250	10,353	11,603

2.1 Reconciliation between Operating Segments and SoCNE

	Note	Executive Support	Strategic Policy	2017-18 Total	Executive Support	Strategic Policy	2016-17 Total
		£000	£000	£000	£000	£000	£000
Total net expenditure reported for operating segments		16,025	125,910	141,935	17,221	80,475	97,696
Reconciling items:							
Income		-	-	-	-	-	-
Expenditure		-	-	-	-	-	-
Total net expenditure per the Statement of Comprehensive Net Expenditure		16,025	125,910	141,935	17,221	80,475	97,696

The Executive Office

Notes to the Departmental Resource Accounts continued

2.2 Reconciliation between Operating Segments and SoFP

Note	Executive Support	Strategic Policy	2017-18 Total	Executive Support	Strategic Policy	2016-17 Total
	£000	£000	£000	£000	£000	£000
Total assets reported for operating segment	1,093	14,006	15,099	1,250	10,353	11,603
Reconciling items:						
Income	-	-	-	-	-	-
Expenditure	-	-	-	-	-	-
Total assets per the Statement of Financial Position	1,093	14,006	15,099	1,250	10,353	11,603

3 Other Administration Expenditure

	2017-18 £000	2016-17 £000
Staff Costs ¹ :		
Wages and salaries	7,983	8,847
Social security costs	856	932
Other pension costs	1,793	1,926
Contracted Out Services	352	343
Office Services (including advertising, communications and stationery)	260	366
Staff related costs (including travel and subsistence and training)	200	413
Professional Costs	130	224
Accommodation costs	125	120
Other (including hospitality)	118	159
Rentals under operating leases	116	101
Consultancy	108	72
Non Capital purchases	10	8
Non-cash items:		
Other notional charges	1,454	1,153
Office accommodation	1,184	1,399
Increase in provision	80	174
Depreciation	73	63
Auditors' remuneration ² and expenses	64	55
Disposal of property plant and equipment	-	1
Amortisation	2	1
Total	14,908	16,357

¹Further analysis of staff costs is located in the Staff Report on page 56. Staff Costs includes ministers' notional salary costs at £0k (2016-17: £157k).

²Auditors' remuneration relates fully to audit work.

The Executive Office

Notes to the Departmental Resource Accounts continued

4 Programme Expenditure

	2017-18	2016-17
	£000	£000
Staff Costs ¹ :		
Wages and salaries	5,291	5,316
Social security costs	506	504
Other pension costs	996	1,002
Grants	110,970	68,934
EU Programme Spend	3,145	673
Office Services	1,083	930
Professional Costs	1,062	763
Other ²	974	1,902
Rentals under operating leases	961	915
Contracted Out Services	574	771
Accommodation Costs	497	533
Staff related costs	405	374
Consultancy Costs	28	49
Non Capital Purchases	20	13
Non-cash items:		
Diminution in value of property, plant and equipment	3,411	1,491
Depreciation	419	466
Increase in Provision	205	1
Amortisation	13	17
Bad debt written off	8	155
Profit on disposal of property, plant and equipment	(26)	(41)
Total	<u>130,542</u>	<u>84,768</u>

¹Further analysis of staff costs is located in the Staff Report on page 56.

²Other includes an exchange loss of £277k (2016-17: exchange loss of £408k).

5 Income

	2017-18	2016-17
	£000	£000
EU Income	3,168	673
Vulnerable Person's Relocation Scheme	-	2,307
Recovery of Seconded Costs	89	147
Commercial Legal services	-	60
Rental Income	207	116
Miscellaneous Other Operating Income	51	126
Operating Income	<u>3,515</u>	<u>3,429</u>

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 2017	5,640	3,777	83	745	237	416	-	10,898
Additions	81	890	-	52	55	4	2,827	3,909
Reclassifications	377	2,450	-	-	-	-	(2,827)	-
Disposals	-	(1,068)	-	(7)	(23)	(2)	-	(1,100)
Impairment (a)	(78)	(3,180)	-	-	-	-	-	(3,258)
Revaluation charged to SoCNE (a)	(217)	(49)	-	-	-	-	-	(266)
Revaluation (a)	(113)	29	3	28	5	-	-	(48)
At 31 March 2018	5,690	2,849	86	818	274	418	-	10,135
Depreciation								
At 1 April 2017	-	1,208	49	327	158	271	-	2,013
Charged in period	-	297	21	72	52	50	-	492
Reclassifications	-	-	-	-	-	-	-	-
Disposals	-	(1,068)	-	(7)	(23)	(2)	-	(1,100)
Impairment (a)	-	37	-	-	-	-	-	37
Revaluation charged to SoCNE (a)	-	(150)	-	-	-	-	-	(150)
Revaluation (a)	-	(41)	(29)	-	(3)	(16)	-	(89)
At 31 March 2018	-	283	41	392	184	303	-	1,203
Carrying amount								
At 31 March 2017	5,640	2,569	34	418	79	145	-	8,885
At 31 March 2018	5,690	2,566	45	426	90	115	-	8,932
Asset financing:								
Owned	5,690	2,566	45	426	90	115	-	8,932
Carrying amount at 31 March 2018	5,690	2,566	45	426	90	115	-	8,932

- (a) Revaluations were undertaken in respect of Ebrington Barracks and the Crisis Management Centre as at 31 March 2018 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 £5,565,000 (£5,515,000) for land and £2,215,000 (£2,115,000) for buildings. 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 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

7 Intangible Assets

	Software Licenses £000	Developed Software £000	Web Sites £000	Total £000
Cost or valuation				
At 1 April 2017	10	66	8	84
Additions	1	-	-	1
Disposals	-	(66)	-	(66)
Revaluations charged to SoCNE	-	-	-	-
Revaluations	1	-	-	1
At 31 March 2018	12	-	8	20
Amortisation				
At 1 April 2017	2	54	6	62
Charged in period	4	10	1	15
Disposals	-	(64)	-	(64)
Revaluations charged to SoCNE	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2018	6	-	7	13
Carrying amount at 31 March 2017	8	12	2	22
Carrying amount at 31 March 2018	6	-	1	7
Asset Financing				
Owned	6	-	1	7
Finance Leased	-	-	-	-
Contracts	-	-	-	-
Carrying amount at 31 March 2018	6	-	1	7

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 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

8 Impairments

	2017-18 £000	2016-17 £000
Amounts charged to the Statement of Comprehensive Net Expenditure	3,295	1,718

Impairments include the works carried out during the financial year on LPS valued land and buildings.

The Executive Office

Notes to the Departmental Resource Accounts continued

9 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 £48 million grant in aid payment to the Strategic Investment Board Limited (SIB) to enable them to provide loans under the Financial Transactions Funding (FTC) Scheme (2016-17: £9.4 million). The contractual loan agreement is between the entity in receipt of the loan 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.

£961k repayment of FTC was received in 2017-18 (2016-17: £580k).

10 Assets Held for Sale

	2017-18 £000	2016-17 £000
At 1 April	363	1,424
Transfer in from non current assets	-	-
Transfer out to non current assets	-	-
Transfer of carrying value	-	-
Disposal of carrying value	(363)	(1,061)
At 31 March	<u>-</u>	<u>363</u>

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 in the 2016-17 financial year sold to the Department of Agriculture, Environment and Rural Affairs for its new headquarters. The remaining 85.8 acres of the site was sold in the 2017-18 financial year to NI Water.

The Executive Office

Notes to the Departmental Resource Accounts continued

11 Cash and Cash Equivalents

	2017-18	2016-17
	£000	£000
Balance at 1 April	(597)	(48)
Net change in cash equivalent balances	142	(549)
Balance at 31 March	(455)	(597)
The following balances at 31 March were held at:		
Commercial banks and cash in hand	(455)	(597)
Balance at 31 March	(455)	(597)
The balance comprises		
Cash	131	195
Overdraft	(586)	(792)
	(455)	(597)

The bank balance at 31 March is not physically overdrawn, it is the reconciled balance which is overdrawn. £927k of the overdrawn balance (2016-17: £880k) relates to payments issued from the bank account at the end of March which cleared post year end.

12 Trade receivables, financial and other assets

	2017-18	2016-17
	£000	£000
Amounts falling due within one year:		
Trade receivables	95	134
Deposits and Advances	1,683	792
Other Receivables	69	159
Prepayments	145	98
Accrued Income	1,586	766
Amounts due from the Consolidated Fund in respect of supply	-	-
Amounts due from EU	2,290	-
VAT	154	177
	6,022	2,126
Amounts falling due after more than one 1 year:		
Deposits and Advances	1	12
Other Receivables	6	-
	6,029	2,138

Trade receivables and other current assets contains £663k (2016-17: £778k) which will be surrendered to the Consolidated Fund when received.

The Executive Office

Notes to the Departmental Resource Accounts continued

13 Trade payables, financial and other current liabilities

	2017-18 £000	2016-17 £000
Amounts falling due within one year:		
Bank Overdraft	586	792
Trade payables	49	44
Other payables	2,968	68
Accruals	13,593	10,690
Non Current Asset Accruals	943	553
Deferred income	8	-
Amounts due to EU	-	5,468
Amounts repayable to the NI Contingencies Fund	29,761	29,761
Amounts issued from the Consolidated fund for supply but not spent at year end	189	-
Consolidated fund extra receipts due to be paid to the Consolidated Fund		
Received	3,761	3,740
Receivable	663	778
	52,521	51,894
Amounts falling due after one year:		
Other payables, accruals and deferred income	2	10
	52,523	51,904

14 Provisions for liabilities and charges

2017-18	Equal Pay £000	Injury Award £000	Other Provisions £000	Total £000
Balance at 1 April 2017	10	165	295	470
Provided in the year	-	7	278	285
Provisions not required written back	-	-	-	-
Provisions utilised in the year	-	(9)	(356)	(365)
Balance at 31 March 2018	10	163	217	390
Analysis of expected timing of discounted flows				
Not later than one year	10	9	217	236
Later than one year and not later than five years	-	35	-	35
Later than five years	-	119	-	119
Balance at 31 March 2018	10	163	217	390

The Executive Office

Notes to the Departmental Resource Accounts continued

14 Provisions for liabilities and charges continued

2016-17	Equal Pay £000	Injury Award £000	Other Provisions £000	Total £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

14.1 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 2018 represents the expected future equal pay costs for TEO as advised by DoF.

14.2 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 0.10% per annum discount rate applicable to post-employment benefits according to HM Treasury guidance.

The Executive Office

Notes to the Departmental Resource Accounts continued

14.3 Other Provisions

This provision represents the weighted average cost informed by the Departmental Solicitors Office estimate of potential compensation, medical and legal costs of three judicial review cases.

15 Contingent liabilities

The Department has entered into the following unquantifiable contingent liabilities.

15.1 Legal issues

The Department is considering one Employment case and one judicial review 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.

16 Leases

16.1 Finance leases

The Department has no finance lease commitments.

16.2 Operating leases

£1,077k (2016-17: £1,016k) was included as an expense on operating leases in the Statement of Comprehensive Net Expenditure.

The Executive Office

Notes to the Departmental Resource Accounts continued

16.2 Operating leases continued

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

	2017-18	2016-17
	£000	£000
Buildings:		
Not later than one year	930	904
Later than one year and not later than five years	3,023	3,085
Later than five years	1,503	1,834
	<u>5,456</u>	<u>5,823</u>
Other :		
Not later than one year	28	38
Later than one year and not later than five years	7	23
Later than five years	-	-
	<u>35</u>	<u>61</u>

17 Capital and other commitments

17.1 Capital Commitments

	2017-18	2016-17
	£000	£000
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Property, plant and equipment	4,372	1,885
Total	<u>4,372</u>	<u>1,885</u>

17.2 Other financial commitments

The Department has not entered into any 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.

18 Related-party transactions

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

No 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.

The Executive Office

Notes to the Departmental Resource Accounts continued

19 Third-party assets

The Department has no third-party assets.

20 Entities within the Departmental boundary

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

- Supply financed agencies None

- Other entities Historical Institutional Abuse Inquiry
Office of the Commissioner for Public Appointments for
Northern Ireland (www.ocepani.gov.uk)
Office of the Attorney General for Northern Ireland
(www.attorneygeneralni.gov.uk)

21 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 2 July 2018.