

PUBLIC INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2016

An account of the Public Income and Expenditure of Northern Ireland in the year ended 31 March 2016, together with the balance in the Consolidated Fund on 1 April 2015, the receipts and payments (not being public income and expenditure) in the year ended 31 March 2016, and the balance in the Consolidated Fund on that day.

Laid before the Northern Ireland Assembly by the Department of Finance and Personnel under Section 2(2) of the Exchequer and Financial Provisions Act (Northern Ireland) 1950, as amended by Article 3 of the Financial Provisions (Northern Ireland) Order 1998

28 September 2016

PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31 MARCH 2016

Foreword

1. This account is prepared under Section 2(1) of the Exchequer and Financial Provisions Act (Northern Ireland) 1950, as amended by Article 3 of the Financial Provisions (Northern Ireland) Order 1998.
2. The Northern Ireland Consolidated Fund (NICF) is primarily concerned with cash movements therefore these accounts are prepared on a receipts and payments rather than an accruals basis. This information is supplemented by the inclusion of a balance sheet.
3. Issues are made to finance Supply services, meet standing services directly charged by Statute and finance NICF borrowings, mainly from the National Loans Fund (NLF).
4. During 2015-2016 expenditure on Supply services amounted to £14,927m, transfers to district councils in respect of district rates amounted to £571m and interest payments from the NICF amounted to £76m. Expenditure was financed by regional and district rates of £1,216m, interest and other receipts £171m, and grant under the Northern Ireland Act of £13,979m.
5. The NICF makes advances for capital expenditure to district councils and other public bodies. Total amounts outstanding at 31 March are shown at Notes 10 and 11. Notes 2 and 3 provide an analysis of miscellaneous receipts into the Fund. Note 14 details any outstanding liabilities which may give rise to a charge on the Fund.
6. The NICF made advances from the Consolidated Fund in respect of Civil Contingencies during the year to OFMDFM, DCAL and DFP Pensions. All repaid the advances (£65m) in full during the year.
7. The account is audited by the Comptroller and Auditor General for Northern Ireland and his certificate and report appears on pages 5 to 6.

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDING 31 MARCH 2016**

**Statement of Responsibilities of the Department of Finance and the
Accounting Officer**

Under Section 2(1) of the Exchequer and Financial Provisions Act (Northern Ireland) 1950 as amended by Article 3 of the Financial Provisions (Northern Ireland) Order 1998, the Department of Finance (formerly Department of Finance and Personnel) is responsible for the preparation and transmission to the Comptroller and Auditor General, on or before the 30 June after the expiration of every financial year, of accounts showing, by reference to the actual receipt and issue of monies into and out of the account of the Exchequer at the Exchequer bank during that financial year:

- all public income and expenditure; and
- the balance to the credit of the Exchequer at the end of that financial year.

The relevant responsibilities of the Accounting Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in Managing Public Money Northern Ireland issued by the Department of Finance.

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GOVERNANCE STATEMENT

Context

As set out in the Statement of Responsibilities the Department of Finance (DoF) (formerly Department of Finance and Personnel (DFP)) is responsible for the management of the Northern Ireland Consolidated Fund (NICF) and the preparation of the Public Income and Expenditure Account.

The Permanent Secretary as Departmental Accounting Officer is responsible for the proper handling and use of public money under the main principles set out in Managing Public Money NI and for establishing and maintaining a sound system of internal control for the management of resources under his control.

The NICF is managed within the DoF's overall risk and governance framework as set out in the Annual Report and Accounts 2015-16, details of which can be found at <https://www.finance-ni.gov.uk/publications/dfp-resource-accounts>.

Government Accounts Branch within the Public Spending Directorate in DoF is responsible for the day to day running of the NICF.

Risk and Control Framework

The Head of Government Accounts Branch has overall responsibility on a day to day basis for risk management of these funds managed by GAB. Members of the team are responsible for ensuring that the tasks in their areas are compliant with operational policies and procedures and legislation. Significant risk issues are recorded in a risk register and are assessed by likelihood and impact. The risk register is reviewed on a regular basis.

Risks are considered in conjunction with the departmental risk register as part of the DoF corporate performance report. The Key risk in managing the NICF is irregularity of transactions, including fraudulent or erroneous payments. Controls include clear separation of duties, enforced by appropriate user permissions and payment approval panels. Policy and procedures manuals, including job instructions are readily available to all staff. Net Supply issued to departments to finance expenditure is approved by the Assembly in the relevant Budget Act. GAB input these limits onto the accounting system, which ensures the limits are adhered to. Separately the Comptroller and Audit General, via the Central Services Branch, approves NICF payments in advance and reconciles NICF transactions on a daily basis.

Level of Assurance

The Accounting Officer is responsible for reviewing the effectiveness of the system of internal control. This review is informed by the information provided in stewardship statements from Directors bi-annually. These stewardship statements are based on assurances provided by managers within business areas on risk management, financial management, compliance with approvals and delegations and on the implementation of Internal Audit recommendations. Further assurance is provided by the Head of Internal Audit on compliance with the controls and actions recommended in audit assignments which have been conducted and from comments made by external auditors in their management letter and other reports.

During the year Internal Audit carried out a review of GAB. The purpose of the review was to provide the Accounting Officer, via divisional management, with an opinion on the adequacy and effectiveness of the system of internal control, established by management, to facilitate the achievement of business objectives.

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The scope of the audit encompassed a review of the following activities:

- Cash Supply;
- Investments;
- Paymaster General Account and NI Consolidated Fund;
- Government Lending System; and
- Review of Risk and Control Frameworks for all system areas.

The final report was published on 30 June 2016 and a satisfactory audit opinion was received.

Internal Control Issues

No significant internal control issues, including data related issues, have been identified in 2015-16.

Conclusion

Taking into account the arrangements set out in the DoF governance statement and this governance statement, I conclude there are appropriate governance structures and systems of internal.

APPROVED AND SIGNED



DAVID STERLING
Accounting Officer
Department of Finance

22 September 2016

Public Income and Expenditure Account 2015-16

THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Public Income and Expenditure account for the year ended 31 March 2016 under the Exchequer and Financial Provisions Act (Northern Ireland) 1950 as amended by Article 3 of the Financial Provisions (Northern Ireland) Order 1998. The financial statements comprise the statements of Public Income and Expenditure, Capital Receipts and Issues, Balance Sheet and the related notes. These financial statements have been prepared on a cash basis.

Respective responsibilities of Department of Finance (formerly Department of Finance and Personnel), Accounting Officer and auditor

As explained more fully in the Statement of Responsibilities of the Department of Finance (formerly DFP) and the Accounting Officer, they are responsible for the preparation of the financial statements and for being satisfied that they properly present the receipts and payments during the year. My responsibility is to audit and express an opinion on the financial statements in accordance with the Exchequer and Financial Provisions Act (Northern Ireland) 1950 as amended by Article 3 of the Financial Provisions (Northern Ireland) Order 1998. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting guidance is appropriate to the Public Income and Expenditure's circumstances and have been consistently applied and adequately disclosed; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the receipts and payments reported in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the receipts and payments recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements properly present the receipts and payments of the Public Income and Expenditure account for the year ended 31 March 2016 and the balances at that date; and
- the financial statements have been properly prepared in accordance with the Exchequer and Financial Provisions Act (Northern Ireland) 1950 as amended by Article 3 of the Financial Provisions (Northern Ireland) Order 1998.

Opinion on other matters

In my opinion:

- The information given in the Foreword to the Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance's (formerly DFP) guidance.


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

27 September 2016

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDING 31 MARCH 2016**

PUBLIC INCOME AND EXPENDITURE

	NOTE	2015-16 £000	2014-15 £000
<u>PUBLIC INCOME</u>			
Receipts from the United Kingdom Government		13,979,000	13,963,000
Regional and District Rates Received		1,215,927	1,175,134
Interest Received	1	57,091	62,545
Other Central Receipts	2	13,191	1,879
Other Departmental Receipts	3	101,196	24,327
TOTAL PUBLIC INCOME		15,366,405	15,226,885
<u>PUBLIC EXPENDITURE</u>			
Payment of Supply to Departments (a)		14,927,494	14,768,393
Transfer of District Rates to Local Councils		570,787	539,937
Interest Paid on Public Debt	4	75,518	76,754
Other Services	5	9,233	8,921
TOTAL PUBLIC EXPENDITURE		15,583,032	15,394,005
EXCESS OF PUBLIC EXPENDITURE OVER PUBLIC INCOME		(216,627)	(167,120)

(a) Of this £28.8m relates to prior year supply monies (31 March 2015: £17.9m). At 31 March 2016, the balance of grants for Supply services remaining unissued from the Consolidated Fund was £872m (31 March 2015: £896m).

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDING 31 MARCH 2016**

CAPITAL RECEIPTS AND ISSUES

	NOTE	2015-16 £000	2014-15 £000
<u>CAPITAL RECEIPTS</u>			
Public Debt - Sums Borrowed	6	323,079	285,058
Loan Repayments Received	7	84,785	85,373
Amounts Returned from Temporary Investment		2,297,000	1,799,000
Repayment of Advances from NI Consolidated Fund		65,013	38,475
TOTAL CAPITAL RECEIPTS		2,769,877	2,207,906
<u>CAPITAL ISSUES</u>			
Public Debt – Sums Repaid	8	159,031	154,664
Issue of Government Loans	9	31,758	48,874
Amounts Placed on Temporary Investment		2,297,000	1,799,000
Issue of Advances from the NI Consolidated Fund		65,013	38,475
Excess of Public Expenditure over Public Income		216,627	167,120
TOTAL CAPITAL ISSUES		2,769,429	2,208,133
EXCESS OF CAPITAL RECEIPTS OVER CAPITAL ISSUES / (EXCESS OF CAPITAL ISSUES OVER CAPITAL RECEIPTS)		448	(227)

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDING 31 MARCH 2016**

BALANCE SHEET

	NOTE	2015-16 £000	2014-15 £000
ASSETS			
Outstanding Loans	10	813,052	866,079
Balance in the Consolidated Fund	12	686	238
TOTAL ASSETS		813,738	866,317
LIABILITIES			
Public Debt	13	2,073,394	1,909,346
TOTAL LIABILITIES		2,073,394	1,909,346
NET LIABILITIES		(1,259,656)	(1,043,029)
Net Liabilities at 1 April		(1,043,029)	(875,909)
Excess of Public Expenditure over Public Income		(216,627)	(167,120)
NET LIABILITIES AT 31 MARCH		(1,259,656)	(1,043,029)



DAVID STERLING
Accounting Officer
Department of Finance

22 September 2016

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDING 31 MARCH 2016**

NOTES TO THE ACCOUNT

1. ANALYSIS OF INTEREST RECEIVED

	2015-16 £000	2014-15 £000
Interest Received on Loans from the Consolidated Fund		
Northern Ireland Housing Executive	29,248	34,469
Former New Towns Commissions	1,113	1,147
Temporary Investments	31	18
	<u>30,392</u>	<u>35,634</u>
Interest Received on Government Loans		
Local Councils	23,145	23,146
Port & Harbour Authorities	90	104
Northern Ireland Housing Executive	3,139	3,323
Housing Associations	1	1
Schools	324	337
	<u>26,699</u>	<u>26,911</u>
Total Interest Received	<u>57,091</u>	<u>62,545</u>

2. ANALYSIS OF OTHER CENTRAL RECEIPTS

	2015-16 £000	2014-15 £000
OFCOM	6,790	35
Northern Ireland Housing Executive	95	90
Miscellaneous	6	4
Continental Shelf	1,571	1,750
Transfer of EU Funds held in PMG	4,729	-
Total Central Receipts	<u>13,191</u>	<u>1,879</u>

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
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NOTES TO THE ACCOUNT (CONTINUED)

3. ANALYSIS OF OTHER DEPARTMENTAL RECEIPTS

Department	Misc Non-EU	Excess Accruing Resources	Misc EU	Total 2015-16	Total 2014-15
	£000	£000	£000	£000	£000
Agriculture & Rural Development	43	-	-	43	-
Culture, Arts & Leisure	31	5	-	36	354
Education	2,918	-	-	2,918	2,988
Enterprise, Trade & Investment	154	-	-	154	122
Environment	70	827	-	897	20
Employment & Learning	45	2,917	-	2,962	811
Finance & Personnel	108	66	-	174	2,410
Health, Social Services & Public Safety	39,945	38,731	-	78,676	1,963
Regional Development	188	-	227	415	401
Social Development	5,099	463	-	5,562	6,003
Northern Ireland Assembly	54	11	-	65	62
Northern Ireland Audit Office	-	31	-	31	92
Northern Ireland Authority for Utility Regulation	1,665	-	-	1,665	1,441
Office of the First Minister & Deputy First Minister	135	197	-	332	122
Assembly Ombudsman & Commissioner for Complaints	-	-	-	-	1
Justice	7,265	1	-	7,266	7,537
Public Prosecution Service	-	-	-	-	-
Total Departmental Receipts	57,720	43,249	227	101,196	24,327

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDING 31 MARCH 2016**

NOTES TO THE ACCOUNT (CONTINUED)

4. ANALYSIS OF INTEREST PAID

	2015-16 £000	2014-15 £000
National Loans Fund		
Advances From National Loans Fund	20,369	25,636
Advances From National Loans Fund in respect of the Reinvestment and Reform Initiative (RRI)	55,077	51,038
	<u>75,446</u>	<u>76,674</u>
Other		
Ulster Savings Certificates	22	43
Internal Departmental Funds	50	37
	<u>72</u>	<u>80</u>
Total Interest Paid	<u>75,518</u>	<u>76,754</u>

5. ANALYSIS OF OTHER SERVICES

	2015-16 £000	2014-15 £000
Payment of Statutory Salaries	8,973	8,710
Pensions and Other Allowances	214	211
	<u>9,187</u>	<u>8,921</u>
Thiepval War Memorial Fund	46	-
	<u>46</u>	<u>-</u>
Total Other Services	<u>9,233</u>	<u>8,921</u>

6. ANALYSIS OF SUMS BORROWED IN THE YEAR

	2015-16 £000	2014-15 £000
National Loans Fund in respect of the Reinvestment and Reform Initiative (RRI) (a)	294,276	259,243
Internal Departmental Funds	28,803	25,815
Total Sums Borrowed	<u>323,079</u>	<u>285,058</u>

(a) At 31 March 2016, undrawn borrowings in respect of RRI amounted to £100m
(31 March 2015: £67.5m restated due to calculation error in 2014-15)

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDING 31 MARCH 2016**

NOTES TO THE ACCOUNT (CONTINUED)

7. ANALYSIS OF LOAN REPAYMENTS RECEIVED

	2015-16 £000	2014-15 £000
Repayment of Consolidated Fund Loans		
Northern Ireland Housing Executive	51,323	57,662
Former New Towns Commissions	422	388
	<u>51,745</u>	<u>58,050</u>
Repayment of Government Loans		
Local Councils	29,360	23,799
Northern Ireland Housing Executive	2,890	2,777
Housing Associations	6	10
Schools	320	288
Port and Harbour Authorities	464	449
	<u>33,040</u>	<u>27,323</u>
Total Loan Repayments Received	<u>84,785</u>	<u>85,373</u>

8. ANALYSIS OF LOANS REPAYED

	2015-16 £000	2014-15 £000
National Loans Fund		
National Loans Fund	55,209	63,625
National Loans Fund in respect of the Reinvestment and Reform Initiative (RRI)	80,182	69,516
	<u>135,391</u>	<u>133,141</u>
Other		
Ulster Savings Certificates	13	19
Internal Departmental Funds	23,627	21,504
	<u>23,640</u>	<u>21,523</u>
Total Loans Repaid	<u>159,031</u>	<u>154,664</u>

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDING 31 MARCH 2016**

NOTES TO THE ACCOUNT (CONTINUED)

9. ANALYSIS OF GOVERNMENT LOANS ISSUED IN THE YEAR

	2015-16 £000	2014-15 £000
Local Councils	27,723	48,861
Port and Harbour Authorities	3,500	-
Schools	535	13
Total Government Loans Issued	31,758	48,874

10. ANALYSIS OF LOANS OUTSTANDING

	2015-16 £000	2014-15 £000
Consolidated Fund Loans		
Northern Ireland Housing Executive	289,086	340,410
Former New Towns Commissions	12,606	13,027
Total Consolidated Fund Loans	301,692	353,437
Government Loans		
Local Councils	459,349	460,986
Northern Ireland Housing Executive	40,731	43,621
Port and Harbour Authorities	6,068	3,032
Housing Associations	2	8
Schools	5,210	4,995
Total Government Loans (Note 11)	511,360	512,642
Total Loans Outstanding	813,052	866,079

In addition to the assets listed above a loan from the Consolidated Fund to the Northern Ireland Housing Executive which is treated as public expenditure was outstanding. This amounted to £0.36m at 31 March 2016 (31 March 2015: £0.45m).

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
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NOTES TO THE ACCOUNT (CONTINUED)

11. ANALYSIS OF GOVERNMENT LOANS OUTSTANDING

	2015-16 £000	2014-15 £000
Local Councils		
Antrim & Newtownabbey Borough Council	49,549	52,946
Ards & North Down Borough Council	47,861	50,292
Armagh, Banbridge & Craigavon District Council	42,259	44,629
Belfast City Council	34,762	27,699
Causeway Coast and Glens District Council	55,963	59,426
Derry City & Strabane District Council	52,279	52,732
Fermanagh & Omagh District Council	11,471	12,558
Lisburn & Castlereagh City Council	31,577	32,762
Mid & East Antrim Borough Council	64,876	66,306
Mid Ulster District Council	10,700	5,219
Newry, Mourne & Down District Council	58,052	56,417
Total Local Councils	459,349	460,986
Northern Ireland Housing Executive	40,731	43,621
Port and Harbour Authorities		
Warrenpoint Harbour Authority	391	494
Londonderry Port and Harbour Authority	5,677	2,538
Total Port and Harbour Authorities	6,068	3,032
Housing Associations	2	8
Schools	5,210	4,995
Total Government Loans Outstanding	511,360	512,642

The Local Government Act (Northern Ireland) 2014 reduced the number of local councils from 26 to 11. The new councils were created under a transfer by absorption of the functions of predecessor councils, functions between new councils as a result of boundary changes and transfer from central government on 1 April 2015.

To aid comparison to current year balances, the 2014-15 comparatives have been restated to reflect the position as at 1 April 2015 on the creation of the new councils.

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
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NOTES TO THE ACCOUNT (CONTINUED)

**12. RECONCILIATION OF CASH HELD IN THE CONSOLIDATED FUND BANK
ACCOUNT**

	2015-16 £000	2014-15 £000
Balance in the Consolidated Fund at 1 April	238	465
Excess of Capital Receipts over Capital Issues / (Excess of Capital Issues over Capital Receipts)	448	(227)
Balance in the Consolidated Fund at 31 March	<u>686</u>	<u>238</u>

13. ANALYSIS OF PUBLIC DEBT

	2015-16 £000	2014-15 £000
National Loans Fund		
National Loans Fund	253,641	308,851
National Loans Fund in respect of the Reinvestment and Reform Initiative (RRI)	1,796,302	1,582,208
	<u>2,049,943</u>	<u>1,891,059</u>
Other		
Ulster Savings Certificates (a)	1,650	1,663
Ulster Development Bonds	12	12
Internal Departmental Funds(b)	21,789	16,612
	<u>23,451</u>	<u>18,287</u>
Total Public Debt	<u>2,073,394</u>	<u>1,909,346</u>

(a) An additional £3.4m (31 March 2015: £3.4m) of public debt, relating to interest on Ulster Savings Certificates, is liable to be paid as and when certificate holders redeem their savings.

(b) An additional £0.09m (31 March 2015: £0.09m) of public debt, relating to interest on Internal Departmental Funds, is liable to be paid as and when landowners reclaim their ground rent payments.

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDING 31 MARCH 2016**

NOTES TO THE ACCOUNT (CONTINUED)

**14. STATEMENT OF CONTINGENT LIABILITIES OF THE NORTHERN IRELAND
CONSOLIDATED FUND**

The normal convention is for contingent liabilities that would fall to the Northern Ireland Consolidated Fund to be reported in the appropriate departmental Annual Report and Accounts. The contingent liabilities which fall outside the scope of IAS 37, as the possibility of an outflow of resources is remote, are now also required to be reported in the departmental Annual Report and Accounts in the Other Accountability Disclosures contained in the Accountability Report. As a result there are no further liabilities to report in this account.

15. Related Parties

The Northern Ireland Consolidated Fund has transactions with most Government Departments and other Government bodies. The Department of Finance (formerly DFP) has a custodian role within the NICF which is outside the scope of IAS 24.

Date of Authorisation for Issue of Accounts

The Accounting Officer authorised these financial statements for issue on
17 September 2016.