

PUBLIC INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2015

An account of the Public Income and Expenditure of Northern Ireland in the year ended 31 March 2015, together with the balance in the Consolidated Fund on 1 April 2014, the receipts and payments (not being public income and expenditure) in the year ended 31 March 2015, 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

30 September 2015

PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31 MARCH 2015

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 2014-2015 expenditure on Supply services amounted to £14,768m, transfers to district councils in respect of district rates amounted to £540m and interest payments from the NICF amounted to £77m. Expenditure was financed by regional and district rates of £1,175m, interest and other receipts £89m, and grant under the Northern Ireland Act of £13,963m.
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 the 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. OFMDFM repaid the advances (£38.4m) 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 13 to 14.

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDING 31 MARCH 2015**

**Statement of Responsibilities of the Department of Finance and
Personnel 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 and Personnel is responsible for the preparation and transmission to the Comptroller and Auditor General, on or before the 30th 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 and Personnel.

PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31 MARCH 2015

GOVERNANCE STATEMENT

The Department of Finance and Personnel is one of twelve Northern Ireland departments created as part of the Northern Ireland Executive by the Northern Ireland Act 1998, the Departments (Northern Ireland) Order 1999 and the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. The Department is governed under a model with the following responsibilities:

- the Minister for Finance and Personnel reports to the Northern Ireland Executive on all of the functions of the Department;
- the Permanent Secretary has responsibility to the Minister for the day-to-day operation of the departmental functions and as Accounting Officer for the managing and controlling of the resources used by the Department; *and*
- the Departmental Board (the Board) provides collective leadership, strategic direction and has responsibility for operational delivery of the functions of the Department.

This Governance Statement, which has been agreed by the Board, sets out how these responsibilities have been discharged during 2014-15.

Context

The context in which the Department's governance arrangements are required to operate is set out in the DFP Corporate Plan 2012-15 which contains the strategic priorities for DFP over the period. The DFP Business Plan 2014-15 sets out the Department's vision, objectives and targets and how the Department will work to deliver its Departmental level objectives. This plan has been published on the Department's internet site and can be downloaded at www.dfpni.gov.uk.

As the Department with responsibility for securing and allocating the resources available to Northern Ireland through the block grant, DFP plays a key role in fulfilling the Northern Ireland Executive's aim of rebalancing and rebuilding the NI economy and is taking forward a number of key commitments within Programme for Government 2011 - 2015 in this regard, namely:

- continuing to work with the UK government to examine the administrative arrangements and full financial consequences for devolution of the powers to vary the rate of Corporation Tax;
- eliminating Air Passenger Duty on long haul flights from Northern Ireland; *and*
- implementing proposals for the rating of commercial properties which includes enhancements to the Small Business Rates Relief scheme and the Introduction of a Large Retail Levy.

In addition to these important economic measures, DFP is also taking forward further commitments in relation to:

- providing guidance to Departments on the inclusion of social clauses in procurement contracts for supplies, services and construction;
- further reductions in the levels of sickness absence across the Northern Ireland Civil Service; *and*
- improving online access to government services by the citizen.

The Department of Finance and Personnel's operational business plan for 2015-16 is a one-year stand-alone plan that draws on the existing Programme for Government

PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31 MARCH 2015

commitments and the strategic objectives set in our 2012-15 Corporate Plan. It will be followed by a multi-year corporate plan in line with the next PFG.

Accounting Officer

The Permanent Secretary as Departmental Accounting Officer is responsible to the Minister and to the Assembly for the proper handling and reporting of the use of public money by the Department 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.

At the beginning of the financial year, the Accounting Officer delegated responsibility to each of his Directors and Chief Executives for the management of budgets within their respective business areas. He receives formal assurances twice yearly from each Director and Chief Executive on risk management, governance, financial management and delegations within their respective areas of responsibility in the format of stewardship statements. Key issues emanating from those statements are reflected in this Governance Statement.

Departmental Board

The Accounting Officer chairs the Board which in 2014-15 met on 11 occasions. In addition to the Permanent Secretary, the Board comprises the Departmental Solicitor, Directors and Chief Executives who head the Department's directorates and agency, including the Director of Finance and the Director of Corporate Services. The Board is further strengthened by the inclusion of two independent members who bring a wide range of skills, experience and external challenge to the work of the Department. Minutes of all Board meetings are published on the departmental website.

During 2014-15 the Board held regular discussions on finance and HR issues, performance against business plan objectives, fraud and whistleblowing, management of departmental risks and articles for the Staff Brief. In addition, the Board also considered and discussed papers in relation to, for example:

- Budget Savings;
- Internal Review actions;
- Customer Survey Report;
- Well Being at Work Survey 2014 – Stress Report and Action Plan;
- Energy Efficiency/Carbon Reduction Plan 2014-17;
- Northern Ireland Digital Transformation Programme;
- Cyber Security;
- Innovation Lab on Procurement;
- Formation of a DFP Casework Committee;
- Information Assurance;
- LPS rate collection;
- Community Planning;
- NICS Live; *and*
- Staff Innovation Scheme.

It is envisaged that the Board will discuss similar issues covering the breadth of the Department's areas of responsibility during 2015-16, including the impact of the Voluntary Exit Scheme and future budget reductions.

PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31 MARCH 2015

The Board is fully committed to the highest standards of corporate governance and complies to the relevant extent with the best practice set out in "*Corporate governance in central government departments: Code of good practice (NI) 2013*" issued under DAO (DFP) 06/13 in April 2013.

Attendance of non-executive and executive members at Board meetings during 2014-15:

	Number of Meetings attended
Non-executive members	
Stephen Hodgkinson	10 of 11
Dolores O'Reilly	10 of 11
Executive members	
Stephen Peover	2 of 2
David Sterling	9 of 9
Des Armstrong	9 of 11
Colum Boyle	6 of 6
Anne Breen	11 of 11
Michael Brennan	8 of 11
Norman Caven	9 of 11
Colin Lewis	10 of 11
Oswyn Paulin	10 of 11
Colin Sullivan	10 of 11
Paul Wickens	8 of 11
John Wilkinson	4 of 5
Brigitte Worth	10 of 11

A formal review of the Board's effectiveness, including a review of the quality of data received, was conducted in March 2014 by the Corporate Improvement Centre. An Improvement Plan was drawn up and agreed by the Board and this is currently being implemented.

Declarations of Interest

Departmental HR maintains a "Register of Interests" for members of the Senior Civil Service, including both Executive and non-Executive Directors on the DFP Board. Declarations include anything which may give rise to conflict with the position of Board member, including:

- Private occupations, such as sitting on the boards of other public bodies;
- Payment for private work;
- Relationships with suppliers and/or consultants with whom DFP does business;
- Gifts or benefits received in connection with work in DFP;
- Membership of professional institutes and/or committees; *and*
- Any other interests that could have a conflict.

For 2014-15, the Accounting Officer has been provided with assurance that no Board members have declared any conflict of interest with the business of the Department.

PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31 MARCH 2015

Relationships with Agencies and Other Bodies

The Permanent Secretary has designated the Chief Executive of the Northern Ireland Statistics and Research Agency (NISRA) as Agency Accounting Officer with responsibility for the propriety and regularity of Agency expenditure.

The Department also has joint responsibility for one North/South body, Special European Union Programmes Body (SEUPB). SEUPB is a grant aided body and expenditure is accounted for in the Departmental accounts via the issue of a grant.

The Chief Executive Officer of SEUPB is the Accountable Person responsible for the efficient and effective administration of the Body. The responsibilities of the Chief Executive are set out in the Financial Memorandum and include ensuring that appropriate financial and other management controls are in place to safeguard public funds and conform to the requirements of propriety, regularity and financial management. The Chief Executive Officer is responsible for signing the SEUPB accounts and ensuring they are prepared in accordance with relevant guidance.

Departmental Audit and Risk Committee

The Departmental Audit and Risk Committee (DARC) supports the Accounting Officer and the Board on issues of risk, control and governance. In addition, DARC provides assurances and advice to the Accounting Officer on the adequacy of audit coverage both internal and external. DARC is chaired by one of the independent members and operates under the best practice guidance contained within the Audit and Risk Assurance Committee Handbook (NI) issued under DAO (DFP) 05/14 in March 2014.

The Committee met on 4 occasions during the course of 2014-15. The Corporate Risk Register was provided to all meetings and the Committee reviewed in detail departmental level risks in relation to:

- Departmental budgets and managing the risk of over and under spends;
- Levels of collection and debt recovery in relation to domestic and non-domestic rates;
- Managing sickness absence within both the NICS and DFP;
- Implementation of the interim rate rebate scheme;
- Levels of assurance in relation to information risk within NICS;
- Public Sector Reform;
- Reform of Public Service Pension Schemes;
- Peace IV and Interreg VA Programmes;
- Regularity of payments in relation to EU Programmes 2007-13 for which DFP is the Accountable Department; *and*
- Equal Pay vulnerabilities.

The risk profile for the Department has also been reviewed regularly by the Board and DARC, and during the course of the year new controls and management actions have been put in place to mitigate the risks and to minimise the impact should they materialise. This has resulted in the re-grading of risk status, and the inclusion and removal of risks at departmental level as necessary.

The Departmental Board has agreed a Risk Appetite Statement which articulates the amount of risk the Department is prepared to accept, tolerate or be exposed to in pursuit of its strategic objectives or from other inherent issues which although not

PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31 MARCH 2015

directly linked to the strategic objectives have an impact on the risk profile of the Department.

In addition to the risk register, the DARC considered papers in relation to a range of corporate governance and internal control issues, including, for example:

- Progress against internal audit plans and development of future plans;
- Progress against internal audit recommendations;
- Departmental Resource Accounts;
- Stewardship Statements provided by all Business Area Directors;
- Reports to Those Charged with Governance and Value for Money reports provided by NI Audit Office;
- Accountability Grids in relation to Public Accounts Committee recommendations; *and*
- Fraud and whistleblowing.

The Chair of the DARC presents the minutes of each DARC meeting to the Departmental Board, and prepares an annual report outlining the work undertaken by the Committee and providing assurance on the systems of internal control in operation across DFP.

A review of DARC effectiveness was undertaken in February 2015 and an Action Plan was drawn up and agreed by the DARC and is currently being implemented.

All meetings of DARC are attended by representatives from the Northern Ireland Audit Office (NIAO) and the Chair of the Committee holds independent meetings separately with the NIAO and Head of Internal Audit to discuss any particular issues of concern.

Financial Management

Financial Management reporting to the Board plays a significant part in the effective monitoring and management of the Department's financial performance. The Board regularly reviews actual income and expenditure against budgets to form the basis of collective Board decisions about the allocation and use of resources and to ensure that the Department's financial management target of avoiding overspend and managing underspend within a tolerance of 1.5% is met.

The Finance Director provides monthly financial management reports to the Board and provides advice and recommendations on the allocation of departmental resources. This is supported by business areas providing actual and forecast information and analysis of variance against budgets which enables the Board to assess the extent to which corrective action is needed to address the Department's financial position.

As a result of a recommendation highlighted in the March 2014 review of Board Effectiveness, the Board established a process whereby business cases involving significant expenditure are reviewed by a "casework committee" comprising of 3 Departmental Board members who are independent of the business area proposing the project prior to approval being granted. This process commenced in November 2014 and reviewed 7 projects in the period to 31 March 2015.

PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31 MARCH 2015

Governance and Control Framework

The Department's Governance and Control Framework is the system by which the work of the Department is directed and controlled. This includes how the Department plans, sets and monitors achievement of its corporate objectives, how the risks to the achievement of those corporate objectives are identified and managed and what controls are in place to provide assurance that the Board is in control of the risks to achieving the stated objectives.

The Governance and Control Framework contains advice and guidance to business areas on corporate governance and financial management including the approvals necessary for various types of expenditure. It also contains sources of information on the departmental approach to issues such as anti-fraud measures, charging, information security, procurement and whistleblowing arrangements.

A key element of the Governance and Control Framework is the DFP Policy and Framework for Risk Management which sets out the approach to the identification and management of risk at all levels across the Department. The Departmental Board regularly reviews and manages departmental risks on the Corporate Risk Register, by evaluating each risk to determine the likelihood and impact of the risk occurring, and ensuring that controls and mitigating actions are in place. The Corporate Risk Register is supported by further risk registers at Directorate and Agency level.

Departmental Performance

The DFP Operational Plan 2014-15 sets out the targets and objectives for the year against which performance is reported and monitored. Progress has been reported quarterly to the Board as part of the Corporate Performance Report using a RAG status assessment of each target and narrative on the actions taken to deliver the expected outcomes.

As part of the Corporate Performance Reports, the Board also receives, thoroughly reviews and seeks improvements to information on key departmental statistics in relation to performance in responding to Assembly Questions, FOI and Data Protection requests, prompt payment to suppliers, workforce planning, resourcing and absence management, compliance with performance management framework, procurement and contract activity and expenditure on areas of interest such as external consultancy and hospitality.

Progress against targets in the Operational Plan is also reported twice yearly to the Minister and scrutinised by the Committee for Finance and Personnel at oral evidence sessions with the Permanent Secretary. Other key senior officials also attend evidence sessions on specific areas of departmental business as requested by the Committee.

The Department's Programme for Government commitments have been reported on a quarterly basis to the Office of the First Minister and Deputy First Minister (OFMDFM), and where necessary, further information has been provided of the mitigating actions being taken to minimise the risk of failure to deliver the desired outcomes.

PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31 MARCH 2015

The Operational Plan is supported by lower level plans at Directorate, Agency and Divisional level and is cascaded further into individual staff Personal Performance Agreements.

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.

The Department's internal audit function has conducted a programme of work during 2014-15 which has enabled the provision of opinions on the systems of internal control in operation across the Department. The reports by internal audit to senior managers provide an objective and independent assessment of the systems of internal control in operation across DFP together with prioritised recommendations to strengthen controls and implement further improvements.

In his Annual Assurance Report, the Head of Internal Audit provided an overall **satisfactory** opinion on the governance, risk management and control arrangements across DFP. A synopsis of the main findings from each audit was provided to DARC, and the majority of audits were provided with a **satisfactory**, and in some cases, a **substantial** audit opinion.

However, **limited** opinions were provided in the following areas:

- **Accounts Payable;** The issues identified in Accounts Payable were the controls over the recording of cheques in the Valuables Log and handover to Bill to Cash, no easily accessible central record of manual payment requests, no check on lift-off requests and the unavailability and/or adequacy of procedural guidance. Account NI management has taken positive steps to address all the issues identified.
- **Properties Division -Estate Management Unit;** The main areas of concern were non-retention of Fire Safety Work Progress Monitoring Forms and no evidence of the forms being sent to the Fire Officer and Property Management Branch (PMB) Job Officer, non-retention of Business Case Approvals for requests exceeding £1,500 nor is there a record of submission and approval of the Business Case, no project evaluation upon project completion, TRIM containers with agreements and correspondence in relation to leases not appropriately restricted and the Properties Division Cyclical Maintenance List was inaccurate and not up to date. Properties Division developed an action plan to monitor the implementation of recommendations made and arrangements have been made for Internal Audit to carry out a follow up Audit commencing in June 2015.
- **Central Procurement Directorate (CPD) – Direct Award Contracts;** CPD's processes and quality management system are designed for competitive tendering. Procurement Guidance Note (PGN) 03/11 (Award of a contract without a competition) introduced new processes for the treatment of Direct

PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31 MARCH 2015

Award Contracts (DACs) including the requirement for Accounting Officer approval before CPD formalise the contract. The internal audit on DACs was carried out against the processes designed for competitive tendering and therefore a number of non compliances were found (e.g. absence of business case approval, absence of tender documents, incomplete quality plans, a lack of formal acceptance of the contractual terms and conditions by both the client and the contractor). Following the audit CPD developed a new quality plan for DACs more applicable to a process which did not involve a tendering procedure and recognising that not all of the issues identified were totally within the control of CPD. Internal Audit conducted a follow up on this review and is satisfied with the positive action taken by management and as such the limited opinion no longer applies.

- DSO – Litigation; The main issues identified were the lack of guidance for use of the Civil Panel List, use of a fees account with Northern Ireland Court and Tribunal Service (NICTS) and the timeliness and authorisation of billing amounts, the absence of Service Level Agreements (SLAs) with clients, inadequate documentation of quality review of cases, plaintiff's professional fees for High Court cases not agreed to detailed supporting documentation, clients not being invoiced on a timely basis, use of retrospective purchase orders and file storage capacity at Centre House. Internal Audit conducted a follow up on this report and although only three recommendations had been fully implemented Internal Audit were satisfied that a timetable for implementation had been developed and will be monitored by DSO senior management.

Internal Audit conducted follow-ups in those areas where a limited audit opinions had been provided in 2013-14, namely ESS HRConnect – Recruitment, CPD Strategic IT Management, CPD Supplies and Service, HRConnect Information Management, NISRA – Economic Labour Market Survey, NISRA – Corporate Services HR and NISRA – Regional Reporting and since most recommendations have been implemented the limited opinions are no longer applicable. Internal Audit also conducted a follow-up in Properties Division – Minor Works, which had received a limited opinion in 2013-14, and reported that management has fully implemented three recommendations, partially implemented six recommendations whilst nine recommendations had not been implemented. However, Internal Audit has met with Properties Division since the follow up and is satisfied that very positive progress is being made towards full implementation.

DSO – Commercial and Property Division received a limited audit opinion in 2012-13. Internal Audit conducted a follow-up review to this report but management had only partially implemented two of the seven recommendations made. Internal Audit has since conducted another full audit and many of the same recommendations remain outstanding. The report is still in draft but Internal Audit considers a limited opinion is still appropriate.

Internal Audit also conducted a follow-up to the reports on DSO – Advisory 1-4, DSO Corporate Services and CPD – Business Support Unit where an unacceptable audit opinion had been provided. Many recommendations in the DSO audits have not yet been implemented and so a limited audit opinion now prevails but Internal Audit was satisfied that a satisfactory audit opinion is now appropriate for the Business Support Unit.

PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31 MARCH 2015

DARC was provided with further assurances from the heads of the respective business areas of DSO, NISRA, CPD and ESS that action plans were in place to implement the majority of Internal Audit recommendations made during these audits.

Management was agreed that these audits did not contain control weaknesses which were significant enough to affect the overall audit opinion for DFP.

The Head of Internal Audit reported that he is generally satisfied that senior management has taken action to implement the recommendations made by internal audit to address any control weaknesses identified.

The DARC receives a summary position of the Recommendations Register, which details all agreed Internal Audit Recommendations, at each meeting. This supports DARC in identifying those recommendations which are past due or which require further discussion at DARC level.

The Departmental Security Officer ensures that the risks in relation to personal, physical and IT security are effectively managed and has conducted routine inspections of building and office security, reporting any breaches to senior management for appropriate action.

The Senior Information Risk Owner (SIRO) is a Board member and has clearly defined reporting responsibilities in providing an annual assessment of information risk performance to the Accounting Officer. An Information Risk Register is now operational in the Department and is designed to provide the Board and the SIRO with an oversight of corporate and operational information risks, including risks associated with both the manual and electronic processing of personal and sensitive data.

The Department has an Information Assurance (IA) Framework in place which supports sound governance arrangements. The Department has also adopted the HMG Information Assurance Maturity Model (IAMM) and the Security Policy Framework in developing a strategic approach to IA. The Departmental Board instigated a review in 2014 with the objective that each Business Area achieves Level 3 compliance with the IAMM.

Internal Control Issues

In September 2007 an administrative error in the Lands Register occurred when a caseworker cancelled an existing Lender's mortgage entry relating to a Lands Folio in the Land Register, when a discharged mortgage entry should have been cancelled. This resulted in a case being brought against DFP by a Lender to recoup losses. At the request of management, DFP Internal Audit undertook a review of LPS' processes for the Registration and Release of Mortgages and Charges on the Land Register. LPS Registration Directorate has conducted a review of cases dating back a number of years, including examining five thousand 2014 completed charge cases, a review of charges relating to companies from the period 2005 to 2014 and the isolation and review of incoming correspondence from Solicitors. In addition, LPS Registration Directorate has introduced a Quality Assurance process for current registrations to mitigate any associated risk. Training arrangements and Quality Assurance updates to staff through team briefs remain a priority. Internal Audit considers that the exercises undertaken provide assurance that the historical risk of potential error within the Registration and Release of Mortgages and Charges on the Land Register is minimal. Furthermore the introduction of a dedicated Quality

PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31 MARCH 2015

Assurance team and the associated processes that have been developed should ensure that the level of error in ongoing and new cases will be further reduced.

The Department has entered into a number of legal settlements during the year, some of which have included confidentiality clauses. During the Department's year-end audit processes it has been recognised that all such clauses should be subject to Accounting Officer and DFP Supply approval following a commitment made to the PAC in 2010-11. DFP is consulting with the NIAO on this issue as it has become clear that further guidance to all departments is necessary to ensure that there is clarity and consistency around the requirements in this area. In the meantime the Department will take steps to ensure that all further agreements are subject in advance to approval by the Accounting Officer and DFP Supply.

Fraud prevention and awareness

The DFP Fraud Working Group continued to meet and correspond during 2014-15 to consider issues in relation to fraud, raise awareness of anti-fraud measures and disseminate information pertinent to the prevention and detection of fraud. Actions taken during 2014-15 include the update of business area fraud risk assessments and the departmental Fraud Risk Register, the update of the DFP Anti Fraud Policy and Fraud Response Plan, and the commencement of the National Fraud Initiative 2014.

The Department takes a zero tolerance approach to fraud, reporting instances of fraud to the police as necessary. The Department also participates fully in the National Fraud Initiative by investigating matches in relation to payroll, pensions, trade creditors, rates and housing benefit data.

Whistleblowing arrangements are in place and can be used to raise concerns about alleged impropriety, wrongdoing, corruption, fraud or malpractice.

NIAO Value for Money Reports

The Northern Ireland Audit Office presented no value for money studies within DFP during 2014-15.

Conclusion

Taking into account all of the arrangements set out in this Governance Statement, the Department has effective corporate governance structures in place and has satisfactory systems of internal control which have operated effectively during 2014-15.

APPROVED AND SIGNED



DAVID STERLING
Accounting Officer
Department of Finance and Personnel

23 September 2015

Public Income and Expenditure Account 2014-15

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

I certify that I have audited the financial statements of the Public Income and Expenditure account for the year ended 31 March 2015 under the Exchequer and Financial Provisions Act (Northern Ireland) 1950 as amended by Article 3 of the Financial Provisions (NI) Order 1998. These 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 Accounting Officer and auditor

As explained more fully in the Statement of Responsibilities of the Department of Finance and Personnel 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 examine, certify and report 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 (NI) 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 policies are appropriate to the Public Income and Expenditure's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Department of Finance and Personnel 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.

In addition, 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 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 2015 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 (NI) 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 and Personnel'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

30 September 2015

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDING 31 MARCH 2015**

PUBLIC INCOME AND EXPENDITURE

	NOTE	2014-15 £000	2013-14 £000
<u>PUBLIC INCOME</u>			
Receipts from the United Kingdom Government		13,963,000	13,783,000
Regional and District Rates Received		1,175,134	1,138,097
Interest Received	1	62,545	68,823
Other Central Receipts	2	1,879	8,972
Other Departmental Receipts	3	24,327	116,699
TOTAL PUBLIC INCOME		<u>15,226,885</u>	<u>15,115,591</u>
<u>PUBLIC EXPENDITURE</u>			
Payment of Supply to Departments (a)		14,768,393	14,619,185
Transfer of District Rates to Local Councils		539,937	536,670
Interest Paid on Public Debt	4	76,754	79,306
Other Services	5	8,921	9,099
TOTAL PUBLIC EXPENDITURE		<u>15,394,005</u>	<u>15,244,260</u>
EXCESS OF PUBLIC INCOME OVER PUBLIC EXPENDITURE / (PUBLIC EXPENDITURE OVER PUBLIC INCOME)		<u>(167,120)</u>	<u>(128,669)</u>

(a) Of this £17.9m relates to prior year supply monies (31 March 2014: £48.5m).
At 31 March 2015, the balance of grants for Supply services remaining unissued from
the Consolidated Fund was £896m (31 March 2014: £960m).

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDING 31 MARCH 2015**

CAPITAL RECEIPTS AND ISSUES

	NOTE	2014-15 £000	2013-14 £000
<u>CAPITAL RECEIPTS</u>			
Public Debt - Sums Borrowed	6	285,058	222,475
Loan Repayments Received	7	85,373	89,148
Amounts Returned from Temporary Investment		1,799,000	2,349,000
Repayment of Advances from NI Consolidated Fund		38,475	11,683
Excess of Public Income over Public Expenditure		-	-
TOTAL CAPITAL RECEIPTS		2,207,906	2,672,306
<u>CAPITAL ISSUES</u>			
Public Debt – Sums Repaid	8	154,664	156,031
Issue of Government Loans	9	48,874	26,479
Amounts Placed on Temporary Investment		1,799,000	2,349,000
Issue of Advances from the NI Consolidated Fund		38,475	11,683
Excess of Public Expenditure over Public Income		167,120	128,669
TOTAL CAPITAL ISSUES		2,208,133	2,671,862
(EXCESS OF CAPITAL ISSUES OVER CAPITAL RECEIPTS) / EXCESS OF CAPITAL RECEIPTS OVER CAPITAL ISSUES		(227)	444

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDING 31 MARCH 2015**

BALANCE SHEET

	NOTE	2014-15 £000	2013-14 £000
ASSETS			
Outstanding Loans	10	866,079	902,578
Balance in the Consolidated Fund	12	238	465
TOTAL ASSETS		866,317	903,043
LIABILITIES			
Public Debt	13	1,909,346	1,778,952
TOTAL LIABILITIES		1,909,346	1,778,952
NET ASSETS/(LIABILITIES)		(1,043,029)	(875,909)
Net Liabilities at 1 April		(875,909)	(747,240)
Excess of Public Income over Public Expenditure / (Excess of Public Expenditure over Public Income)		(167,120)	(128,669)
NET LIABILITIES AT 31 MARCH		(1,043,029)	(875,909)



DAVID STERLING
Accounting Officer
Department of Finance and Personnel

23 September 2015

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDING 31 MARCH 2015**

NOTES TO THE ACCOUNT

1. ANALYSIS OF INTEREST RECEIVED

	2014-15 £000	2013-14 £000
Interest Received on Loans from the Consolidated Fund		
Northern Ireland Housing Executive	34,469	40,239
Former New Towns Commissions	1,147	1,177
Temporary Investments	18	28
	<u>35,634</u>	<u>41,444</u>
Interest Received on Government Loans		
Local Councils	23,146	23,465
Port & Harbour Authorities	104	83
Northern Ireland Housing Executive	3,323	3,502
Housing Associations	1	1
Schools	337	328
	<u>26,911</u>	<u>27,379</u>
Total Interest Received	<u>62,545</u>	<u>68,823</u>

2. ANALYSIS OF OTHER CENTRAL RECEIPTS

	2014-15 £000	2013-14 £000
OFCOM	35	7,174
Northern Ireland Housing Executive	90	85
Miscellaneous	4	4
Continental Shelf	1,750	1,709
Total Central Receipts	<u>1,879</u>	<u>8,972</u>

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDING 31 MARCH 2015**

NOTES TO THE ACCOUNT (CONTINUED)

3. ANALYSIS OF OTHER DEPARTMENTAL RECEIPTS

Department	Misc Non-EU	Excess Accruing Resources	Misc EU	Total 2014-15	Total 2013-14
	£000	£000	£000	£000	£000
Agriculture & Rural Development	-	-	-	-	860
Culture, Arts & Leisure	346	8	-	354	51
Education	264	-	2,724	2,988	6,559
Enterprise, Trade & Investment	122	-	-	122	1,139
Environment	20	-	-	20	523
Employment & Learning	548	263	-	811	5,422
Finance & Personnel	380	232	1,798	2,410	16,481
Health, Social Services & Public Safety	104	1,859	-	1,963	62,932
Regional Development	401	-	-	401	1,956
Social Development	6,003	-	-	6,003	12,157
Northern Ireland Assembly	62	-	-	62	50
Northern Ireland Audit Office	92	-	-	92	100
Northern Ireland Authority for Utility Regulation	1,441	-	-	1,441	271
Office of the First Minister & Deputy First Minister	95	27	-	122	409
Assembly Ombudsman & Commissioner for Complaints	1	-	-	1	1
Justice	7,508	29	-	7,537	7,788
Public Prosecution Service	-	-	-	-	-
Total Departmental Receipts	17,387	2,418	4,522	24,327	116,699

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDING 31 MARCH 2015**

NOTES TO THE ACCOUNT (CONTINUED)

4. ANALYSIS OF INTEREST PAID

	2014-15 £000	2013-14 £000
National Loans Fund		
Advances From National Loans Fund	25,636	31,976
Advances From National Loans Fund in respect of the Reinvestment and Reform Initiative (RRI)	51,038	47,246
	<u>76,674</u>	<u>79,222</u>
Other		
Ulster Savings Certificates	43	54
Internal Departmental Funds	37	30
	<u>80</u>	<u>84</u>
Total Interest Paid	<u>76,754</u>	<u>79,306</u>

5. ANALYSIS OF OTHER SERVICES

	2014-15 £000	2013-14 £000
Payment of Statutory Salaries	8,710	8,824
Pensions and Other Allowances	211	206
	<u>8,921</u>	<u>9,030</u>
Thiepval War Memorial Fund	-	69
	<u>-</u>	<u>69</u>
Total Other Services	<u>8,921</u>	<u>9,099</u>

6. ANALYSIS OF SUMS BORROWED IN THE YEAR

	2014-15 £000	2013-14 £000
National Loans Fund in respect of the Reinvestment and Reform Initiative (RRI) (a)	259,243	195,936
Internal Departmental Funds	25,815	26,539
Total Sums Borrowed	<u>285,058</u>	<u>222,475</u>

(a) At 31 March 2015, undrawn borrowings in respect of RRI amounted to £117.5m (31 March 2014: £111.9m)

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDING 31 MARCH 2015**

NOTES TO THE ACCOUNT (CONTINUED)

7. ANALYSIS OF LOAN REPAYMENTS RECEIVED

	2014-15 £000	2013-14 £000
Repayment of Consolidated Fund Loans		
Northern Ireland Housing Executive	57,662	62,792
Former New Towns Commissions	388	357
	<u>58,050</u>	<u>63,149</u>
Repayment of Government Loans		
Local Councils	23,799	22,637
Northern Ireland Housing Executive	2,777	2,815
Housing Associations	10	10
Schools	288	249
Port and Harbour Authorities	449	288
	<u>27,323</u>	<u>25,999</u>
Total Loan Repayments Received	<u>85,373</u>	<u>89,148</u>

8. ANALYSIS OF LOANS REPAYED

	2014-15 £000	2013-14 £000
National Loans Fund		
National Loans Fund	63,625	69,593
National Loans Fund in respect of the Reinvestment and Reform Initiative (RRI)	69,516	57,615
	<u>133,141</u>	<u>127,208</u>
Other		
Ulster Savings Certificates	19	20
Internal Departmental Funds	21,504	28,803
	<u>21,523</u>	<u>28,823</u>
Total Loans Repaid	<u>154,664</u>	<u>156,031</u>

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDING 31 MARCH 2015**

NOTES TO THE ACCOUNT (CONTINUED)

9. ANALYSIS OF GOVERNMENT LOANS ISSUED IN THE YEAR

	2014-15 £000	2013-14 £000
Local Councils	48,861	24,017
Port and Harbour Authorities	-	1,700
Schools	13	762
Total Government Loans Issued	48,874	26,479

10. ANALYSIS OF LOANS OUTSTANDING

	2014-15 £000	2013-14 £000
Consolidated Fund Loans		
Northern Ireland Housing Executive	340,410	398,072
Former New Towns Commissions	13,027	13,415
Total Consolidated Fund Loans	353,437	411,487
Government Loans		
Local Councils	460,986	435,924
Northern Ireland Housing Executive	43,621	46,398
Port and Harbour Authorities	3,032	3,481
Housing Associations	8	18
Schools	4,995	5,270
Total Government Loans (Note 11)	512,642	491,091
Total Loans Outstanding	866,079	902,578

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 £0.45m at 31 March 2015 (31 March 2014: £0.54m).

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDING 31 MARCH 2015**

NOTES TO THE ACCOUNT (CONTINUED)

11. ANALYSIS OF GOVERNMENT LOANS OUTSTANDING

	2014-15 £000	2013-14 £000
Local Councils		
Antrim Borough Council	14,079	13,671
Ards Borough Council	4,575	5,053
Armagh District Council	24,569	26,074
Ballymena Borough Council	23,682	24,592
Ballymoney Borough Council	14,778	10,486
Banbridge District Council	18,780	19,714
Belfast City Council	23,158	23,937
Carrickfergus Borough Council	21,753	21,674
Castlereagh Borough Council	19,968	18,293
Coleraine Borough Council	19,931	18,493
Cookstown District Council	1,212	1,295
Craigavon Borough Council	1280	1,345
Derry City Council	46,517	31,538
Down District Council	28,663	30,370
Dungannon District Council	4,006	4,450
Fermanagh District Council	2,923	2,619
Larne Borough Council	20,872	19,286
Limavady District Council	15,021	13,155
Lisburn City Council	17,334	17,997
Magherafelt District Council	-	-
Moyle District Council	9,697	8,786
Newry and Mourne District Council	27,754	21,747
Newtownabbey District Council	38,866	41,807
North Down Borough Council	45,717	47,664
Omagh District Council	9,636	8,758
Strabane District Council	6,215	3,120
Total Local Councils	460,986	435,924
Northern Ireland Housing Executive	43,621	46,398
Port and Harbour Authorities		
Warrenpoint Harbour Authority	494	594
Londonderry Port and Harbour Authority	2,538	2,887
Total Port and Harbour Authorities	3,032	3,481
Housing Associations	8	18
Schools	4,995	5,270
Total Government Loans Outstanding	512,642	491,091

**PUBLIC INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDING 31 MARCH 2015**

NOTES TO THE ACCOUNT (CONTINUED)

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

	2014-15 £000	2013-14 £000
Balance in the Consolidated Fund at 1 April	465	21
(Excess of Capital Issues over Capital Receipts) / Excess of Capital Receipts over Capital Issues	(227)	444
Balance in the Consolidated Fund at 31 March	238	465

13. ANALYSIS OF PUBLIC DEBT

	2014-15 £000	2013-14 £000
National Loans Fund		
National Loans Fund	308,851	372,475
National Loans Fund in respect of the Reinvestment and Reform Initiative (RRI)	1,582,208	1,392,482
	1,891,059	1,764,957
Other		
Ulster Savings Certificates (a)	1,663	1,682
Ulster Development Bonds	12	12
Internal Departmental Funds(b)	16,612	12,301
	18,287	13,995
Total Public Debt	1,909,346	1,778,952

(a) An additional £3.4m (31 March 2014: £3.5m) 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 2014: £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 2015**

NOTES TO THE ACCOUNT (CONTINUED)

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

This statement summarises actual and contingent liabilities of the Northern Ireland Consolidated Fund reported by the Northern Ireland Departments, excluding:-

- (a) cases involving £250,000 or less
- (b) cases arising in the normal course of Departments' business

Statute	Nature of Liability	Amount Outstanding at 31.3.15	Amount Outstanding at 31.3.14
		£m	£m
Statutory Liabilities Charged Directly on the NI Consolidated Fund			
Non-Statutory Liabilities Charged to Votes			
	As part of the arrangements for the transfer of training centres to Further Education Colleges, the Department of Employment and Learning agreed that, for staff transferred who become redundant in the future, it would fund any difference between their redundancy payment and that which they would have received had they remained in the Northern Ireland Civil Service.	Unquantifiable	Unquantifiable
	Department of Culture, Arts and Leisure Contingent Liability relating to potential legal action and winding-up costs of Northern Ireland Events Company.		0.2
	Department of Culture, Arts and Leisure Contingent Liability relating to Northern Ireland Events Company Limited	Unquantifiable	Unquantifiable