

Department of Finance Annual Report and Accounts
For the year ended 31 March 2019

*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*

3 July 2019



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DEPARTMENT OF FINANCE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

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PERFORMANCE REPORT

DEPARTMENT OF FINANCE

PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2019

OVERVIEW

The section outlines the Department's performance during the financial year and highlights the key issues and risks. It also includes the role and purpose of the Department of Finance.

Our role and purpose

The Department's aim is "to help the Executive secure the most appropriate and effective use of resources and services for the benefit of the community".

In pursuing this aim, the key objective of the Department is to deliver quality, cost effective and efficient public services and administration in the Department's areas of executive responsibility.

The Department of Finance (DoF) is one of nine Northern Ireland departments constituted under the Departments Act (Northern Ireland) 2016 and the Departments (Transfer of Functions) Order (Northern Ireland) 2016.

The Department plays a pivotal role in maintaining control over public expenditure in Northern Ireland. The Department provides a lead and enabling support function to the other Northern Ireland departments by providing:

- shared information technology, human resources, finance services and platforms as well as accommodation;
- legal advice and counsel;
- construction and procurement support;
- economic and fiscal policy advice;
- mapping, valuation, rates collection service and land registry services; and
- strategic human resources advice and services;
- internal audit and fraud investigation services; and
- research and statistical service.

Organisational structure

The Departmental group comprises the core Department (consisting of nine Directorates) and one Executive Agency. Note 21 of the Accounts provides a full list of entities within the departmental boundary. The Department's wide remit and its principal activities through these Directorates and Agency are set out in [Appendix 1](#).

**DEPARTMENT OF FINANCE
PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2019**

DoF organisation chart as at 31 March 2019

DEPARTMENT OF FINANCE
PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2019

Minister of Finance

**Permanent Secretary
and Accounting
Officer**
Sue Gray

**Head of Government
Legal Service**
Hugh Widdis

**Construction and
Procurement
Delivery (CPD)**
Des Armstrong

**Enterprise Shared
Services (ESS)**
Paul Wickens

**Land and Property
Services (LPS)**
Ian Snowden

**Strategic Policy and
Reform (SPAR)**
Bill Pauley

**Departmental
Solicitor's Office
(DSO)**
Claire Archbold

**Northern Ireland
Civil Service Human
Resources (NICSHR)**
Jill Minne

**Northern Ireland
Statistics and
Research Agency
(NISRA)**
Siobhan Carey

**Public Spending
directorate (PSD)**
Julie Thompson
(Joanne McBurney
from 1 April 2019)

**Group Internal Audit
and Fraud
Investigation Services
(GIAFS)**
Michelle Anderson

**Finance and
Corporate Services
(FCSD)**
Stewart Barnes

Independent Board Members

Elizabeth Ensor

John Smyth

Tom Taylor

**DEPARTMENT OF FINANCE
PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2019**

Accounting Officer's Introduction

I am delighted to introduce the Department of Finance (DoF) Annual report and Resource Accounts for the 2018-19 year. As I near the end of my first year as DoF Permanent Secretary, I am really pleased to set out the Department's progress for the year. This has been a challenging year. We operated within a reduced budget, without Ministers and prepared for the UK departure from the European Union. Despite these challenges, our people continued to provide a high level of service with professionalism and commitment, and I want to say thank you to them for their public service and for their support to me personally. I would also like to say thank you to my departmental Board colleagues and to the non-Executive Board Members who so ably support me. I appreciate all of the support. The Department has had many significant achievements during 2018-19 which are outlined in more detail in the performance report.

**SUE GRAY
Accounting Officer
Department of Finance**

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Non-Executive Directors' Report

Elizabeth Ensor, Tom Taylor and I were appointed as Non-Executive Directors' and members of the Departmental Audit and Risk Committee and NISRA Audit and Risk Committee on 1 September 2017. Sue Gray was appointed Permanent Secretary on 14 May 2018.

The past year has been challenging for the DoF with focus on improving customer service, digital transformation, critical risks and preparation for EU exit. In addition to Board and Committee Meetings the Non-Executive Directors have positive interaction with the Permanent Secretary and key officials.

Key projects ongoing in 2018-19 in DoF include:

- Digital transformation- Public Sector Shared Services Programme
- NICS People Strategy
- Census 2021
- Reform of Property Management
- Land and Property Services Transformation Programme
- Contingency planning for a No Deal Brexit and future relations with the EU.

The Board met 10 times and meetings have been held at various locations across the Province to provide an opportunity to learn about community initiatives including the NOW Group, Bouygues-UK/River Ridge Recycling, Barnardos and Inspire Wellbeing. Board meetings are a place of open transparent interaction where critical challenge and positive suggestions by Non-Executive Directors are accepted as constructive contributions by the DoF Board.

Departmental Audit and Risk Committee (DARC)

In addition to the usual 5 meetings per annum, the DARC met a further 4 times to place special attention on deep dives for key risks including the NI Direct Contract and the Reform of Property Management within Enterprise and Shared Services, contingency planning in the event of a No Deal Brexit, Land and Property Services Transformation Programme.

With the encouragement of the Permanent Secretary a meeting was held in September 2018 with Non-Executive Directors across the NICS at which it was agreed to establish a NICS wide Non-Executive forum which met for the first time in Stormont on 20 November 2018. The forum will provide an opportunity to facilitate cross Government working.

The DARC conducted a satisfactory effectiveness review using the NAO Audit Committee self-assessment checklist following the June 2018 meeting.

John Smyth

Non-Executive Director and Chair of the Departmental Audit and Risk Committee

DEPARTMENT OF FINANCE PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2019

Performance

At the start of the 2018-19 business year, the Department continued to be in a position where there was no Minister, Executive or budget for the year. Despite the difficulties faced the Department continued to deliver the majority of the business plan targets while maintaining service delivery in challenging times.

Progress was reported quarterly to the Board as part of the Corporate Performance Report using a Red, Amber or Green (RAG) status assessment of each target and narrative on the actions taken to deliver the expected outcomes.

Of the 33 targets, at year end 24 were achieved (Green), 5 on target (Amber) and 4 (Red) not achieved.

The key risks and issues to delivering our objectives are monitored through the reporting cycle noted below. There were **21** risks recorded in the last quarter of the 2018-19 year with 6 serious (red) risks namely:

- Failure to transform and future proof the delivery of its services ESS - Delivery of HR Shared Services by ESS beyond 2021;
- Failure to transform and future proof the delivery of its services ESS - Delivery of Finance Shared Services by ESS beyond 2020;
- Inadequate planning to ensure continuity of services following disruption. The Department's Business Continuity Plan is not fit for purpose;
- Failure to ensure internal governance processes are effective, including failure to initiate actions arising from RHI lessons learned, leads to governance failure;
- Inadequate planning or resourcing for the strategic and operational impact of BREXIT on staffing in NISRA; and
- Failure to transform and future proof the delivery of LPS services.

Six risks that were originally recorded as serious were monitored and managed to a less serious level through the period as follows;

- Inadequate planning or resourcing for the strategic and operational impact of BREXIT on staffing in DSO;
- Inadequate planning or resourcing for the strategic and operational impact of BREXIT on staffing in SPAR, on the Peace & INTERREG programmes and the financial impact of Brexit on NI spending and programmes.
- As a result of current pressure on capital across the NICS there is a risk that DoF will not deliver on its Office Investment Strategy, which will result in further revenue pressure for the Department in coming years.
- Cyber-attacks against ESS ICT systems could result in potential loss of sensitive personal data and unavailability of ICT systems for NICS and the wider public sector
- Risk of irregular expenditure due to lack of planning/monitoring around e-procurement and extensions to contracts.
- Inadequate planning or resourcing of the preparations for contingency planning in the event of a no deal Brexit.

Further detail on the performance of the Department is included in the performance analysis.

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PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2019

Departmental Reporting Cycle

The DoF Business Plan 2018-19 sets out the Department's objectives and targets and how the Department will work to deliver its Departmental level objectives. The plan was not published on the Department's internet site as it had not been approved by a Minister.

Progress against the Department's objectives and targets is reported and reviewed regularly by the Departmental Board, and the end of year results are set out in the Performance Analysis of this Annual Report.

The Department's budget for 2018-19 was set out in the Northern Ireland Budget 2018-19 document which was published in July 2018. The Department's 2018-19 Main Estimate reflects the opening position and was also published in July 2018. The Main Estimate sets out the resource and capital expenditure limits of the Department together with the limit placed on income which the Department can offset against expenditure. It includes additional detail on the services for which budgetary cover was provided, and sets out the financial reporting structure of the Department which aligns with Departmental objectives. The Department's budget position was updated during the year, following the outcome of in-year monitoring rounds. The budgetary changes arising from the outcome of the in-year monitoring rounds are reflected in the Department's 2018-19 Spring Supplementary Estimate, which was published in February 2019.

The 2018-19 Main and Spring Supplementary Estimates are available on the Department's internet site and were published by and are available from:

TSO, PO Box 29,
Norwich, NR3 1GN
Telephone orders/General enquiries: 0333 202 5070
Fax orders: 0333 202 5080
On-line orders: www.tsoshop.co.uk

DEPARTMENT OF FINANCE

PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2019

PERFORMANCE ANALYSIS

Performance During 2018-19

The Department's performance over the past financial year has been monitored and reported regularly to the Departmental Board, with the final quarter detailing the year's progress.

Achievement of Departmental Targets

The Department had **33** Departmental targets in 2018-19, of which 24 were reported as "**Green**", **5** were reported as "**Amber**" and **4** as "**Red**".

The Department has made significant progress during 2018-19 and notable achievements have included:

- Successful collection of over £1.343 billion in rates revenue and reducing the debt to the lowest level in 11 years;
- As part of an enhanced diversity and inclusion agenda for the NICS the first NICS participation in Pride and the development and launch of the NICS Trans policy and Transition at Work Guide;
- Preparations for the 2021 Census continuing with the publication of the 2021 Census Outputs Strategy on 3 April 2019;
- A 35% increase in digital transactions by the end of March 2019 surpassing the original 25% target;
- Implementing a new streamlined pay remit approval process for public sector pay in order that large numbers of public sector staff will receive their pay awards in a more timely fashion;
- Business areas across the Department received awards during the year including CPD for construction and procurement, Digital Transformation and MyNI teams in ESS, DoF Communications team and the Goodwood House Mental Health Awareness group;

Details on the four targets reported as "Red" are provided below:

IP1.02 Within DoF contain reduced requirements at the January monitoring round to less than 2% of the total following the first monitoring round.

The Department surrendered £8.5m current at October monitoring round and a further £6.7m current at January monitoring. This funding was made available for re-allocation to other Departments.

IP2.01 Reduce DoF office accommodation by 9,000 square metres by 31 March 2019.

The Department deferred the sale of Northland House to 2019/20 impacting the achievement of the target. As at 31 March 2019 over 8,000 square metres were vacated.

IP2.05 Implement 2018/19 NICS HR service improvement and capacity building to ensure NICS HR is equipped to effectively support the delivery of cross cutting corporate strategic priorities. This work will continue to ensure value for money and the embedding of the new HR model across the NICS.

Work is ongoing across the NICS to transform central government services. To assist with this, the department has established a HR-Payroll-Finance Transformation project aimed at improving end to end provision of these services. The scope of this project is being finalised and will inform the way forward for 2019-20.

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R1.01 Facilitate agreement to NI Departments' spending plans for 2019-20 by 31 January 2019.

This was always a challenging target, the 2019-20 Budget was agreed and announced by the Secretary of State on 28 February 2019.

Financial Review

The Department's 2018-19 opening resource departmental expenditure limit (DEL) position saw a decrease of 1.4% compared to the 2017-18 opening position. This was based on a 4% reduction in the Department's 2017-18 opening budget position, offset by some additional allocations for central ring fenced activities including RHI Inquiry, Collaborative Procurement and a Voluntary Exit Scheme for Legal Grades.

As set out in the Statement of Assembly Supply (in the Accountability Report section), the Department was voted Resource Estimate Provision of **£200.5m** for 2018-19. Details of the net resource estimate and outturn are given in Table 1.

Table 1

	Estimate	Outturn	Variance saving
	£000	£000	£000
Total Request for Resources A	200,462	189,807	10,655
Net Cash Requirement	201,272	191,580	9,692

The net resource outturn was **£189.8m** against an estimated provision of **£200.5m**.

The total underspend was **£10.7m**, split between the departmental expenditure limit (DEL) **£1.2m**, the annually managed expenditure (AME) **£9.2m** and non-budget **£0.3m**.

The DEL underspend of £1.2m was less than 1% of the Department's closing budget.

Of the AME underspend, £7.1m is in relation to the revaluation of the office estate, which was lower than anticipated. A further £2.1m was set aside to cover potential provisions that did not crystallise during the period. AME spend is by its nature unpredictable.

The Department's net cash requirement outturn was **£191.6m** against an estimated provision of **£201.3m**, a variance of **£9.7m**. The bulk of the variance (£8.2m) relates to the movement in working capital other than cash.

Detailed explanations of the variances are given in the Statement of Assembly Supply (SOAS) 1 in the Accountability Report section.

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Reconciliation of resource expenditure between Estimates, Accounts and Budgets
For the year ended 31 March 2018

A reconciliation of the Department's resource expenditure between Estimates, Accounts and Budgets is provided in Table 2 below.

Table 2

	Outturn 2018-19 £000s	Outturn 2017-18 £000s
Net Resource Outturn (Estimates)	189,807	197,285
Non-voted Expenditure in the Statement of Comprehensive Net Expenditure	-	352
Include Consolidated Fund Extra Receipts (CFER's) in the Statement of Comprehensive Net Expenditure	(64)	(119)
Net Operating Costs (Accounts)	189,743	197,518
Remove capital grants	-	(3,700)
Remove research & development expenditure	(52)	-
Remove Consolidated Fund Extra Receipts (CFER's) in the Statement of Comprehensive Net Expenditure	64	119
Include Excess Accruing Resources	(15)	(21)
Include non voted expenditure that is inside the resource budget	-	(352)
Include rate collection income	(8,056)	(8,530)
Remove notional costs	(235)	(268)
Remove SEUPB Non Budget Grant	(985)	(2,624)
Include SEUPB Running Costs	1,530	1,577
Resource Budget Outturn (Budget)	181,994	183,719
Of which:		
Departmental Expenditure Limit (DEL)	179,634	182,813
Annually Managed Expenditure (AME)	2,360	906

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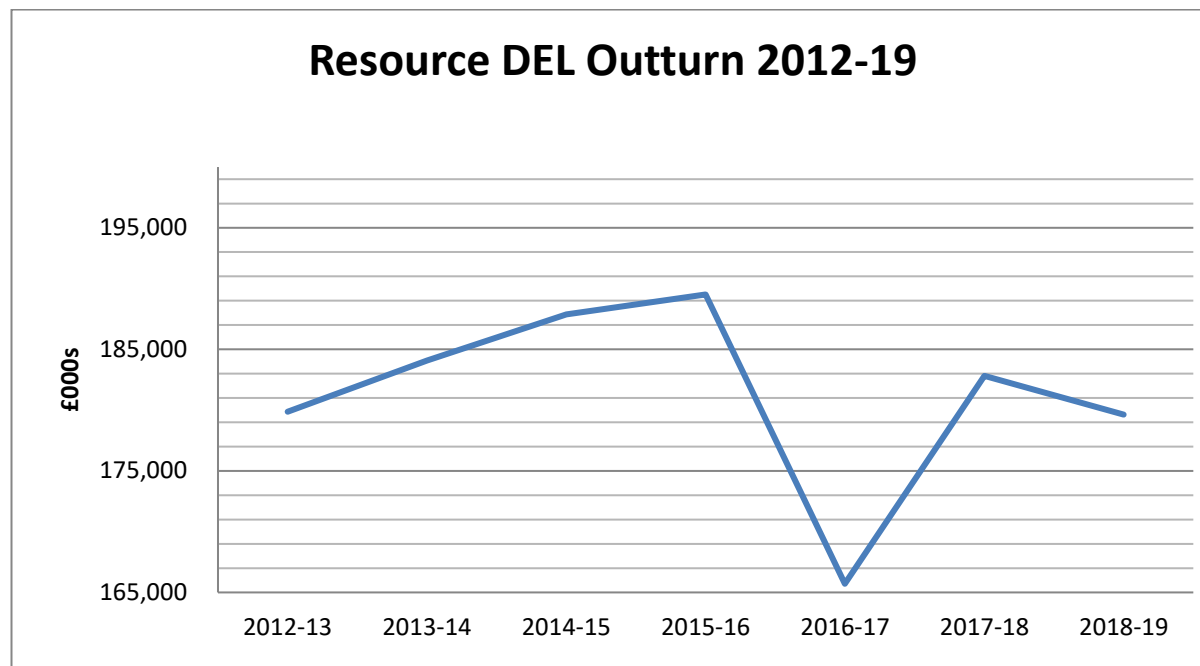
Long-term expenditure trend

Total departmental spending			
	£000		
	2018-19	2017-18	2016-17
	Outturn	Outturn	Outturn
Total Resource DEL	179,634	182,813	165,711
<i>Of Which:</i>			
- Staff Costs	154,384	145,715	128,593
- Other	114,927	113,679	112,496
- Depreciation & Impairments	36,009	31,655	31,839
- Income	(125,686)	(108,236)	(107,217)
Total Resource AME	2,360	906	(195)
<i>Of Which</i>			
- Staff costs	(49)	92	(52)
- Other	150	36	(22)
- Depreciation & Impairments	2,259	778	(121)
Total Resource Budget	181,994	183,719	165,516
<i>Of Which:</i>			
- Staff Costs*	154,335	145,807	128,541
- Other	115,077	113,712	112,474
- Depreciation & Impairments	38,268	32,433	31,718
- Income	(125,686)	(108,236)	(107,217)
Total Capital DEL	36,489	31,384	34,121
<i>Of Which:</i>			
Capital grants	-	3,700	(2,025)
Total Capital AME	-	-	-
Total Capital Budget	36,489	31,384	34,121
Total departmental spending	218,483	215,103	199,637
<i>Of Which:</i>			
- Total DEL	216,123	214,197	199,821
- Total AME	2,360	906	(195)

*Difference in staff costs within the long term expenditure trends budget outturn and the remuneration report is attributable to the NI share of SEUPB staff costs amounting to £616k.

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Following a technical exercise in 2012-13 the Department's baseline increased in 2013-14 and 2014-15 by around £4m in each year due to transfers in from other Departments. This included a transfer of function from Department for the Economy (formerly Department for Enterprise, Trade and Investment) to NISRA for the collection and production of official labour market and economic statistics and a transfer from Department of Justice (DoJ) for work carried out by both Account NI and Properties Division. In addition there were in-year technical transfers of around £4.2m and £4.1m in 2013-14 and 2014-15 respectively. These included a transfer from DoJ to ITAssist for services provided and a transfer to LPS from Department for Communities (formerly Department for Social Development) for the rate rebate replacement programme. The Department also received additional funding of £3.6m in 2014-15 to take forward two strands of the Executive's Asset Management Strategy – Collaborative Procurement and the Reform of Property Management.

In 2015-16 the Department received £4.4m in technical transfers and also had additional spend of £16.3m as a result of the Voluntary Exit Scheme (VES) compensation payments.

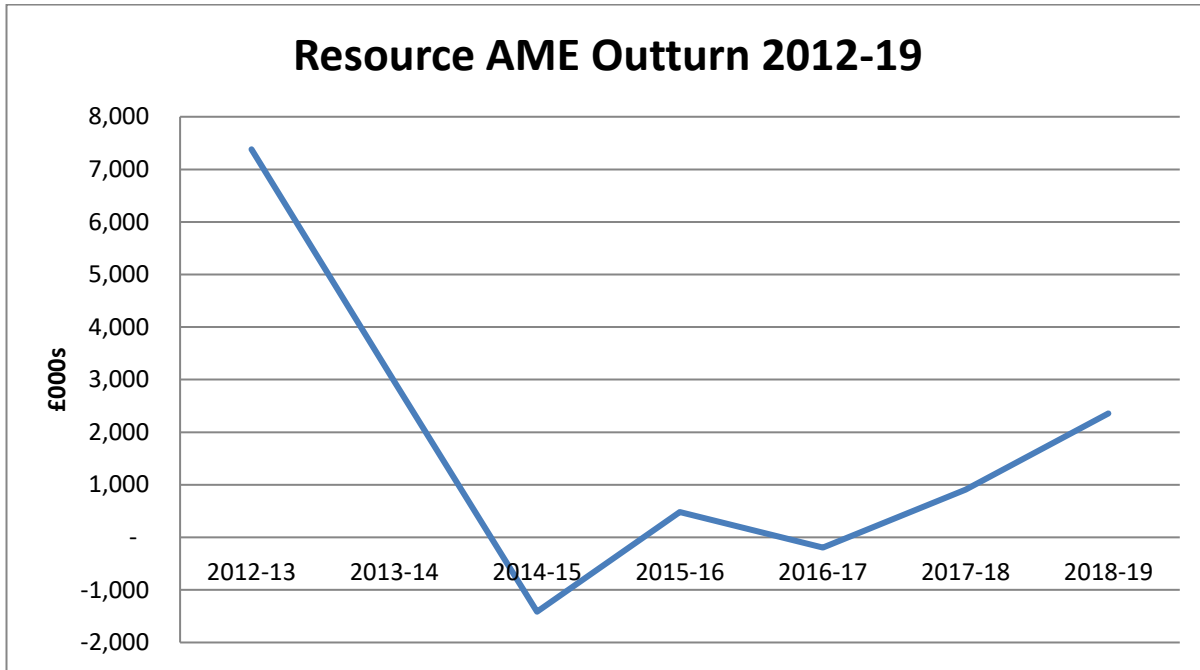
In 2016-17 the decrease is mainly because there were no VES compensation payments and also due to a decrease in staff costs following the VES scheme.

In 2017-18 the increase is mainly in relation to the Department's new responsibility of providing a shared NICS Human Resources function to all NICS departments. In addition the Department received allocations of £7.3m to take forward the Rate Rebate Replacement Programme, the Reform of Property Management Project and Census. Funding was also provided to enable the RHI Inquiry to proceed.

2018-19 net position saw a small decrease due to increased levels of income generated.

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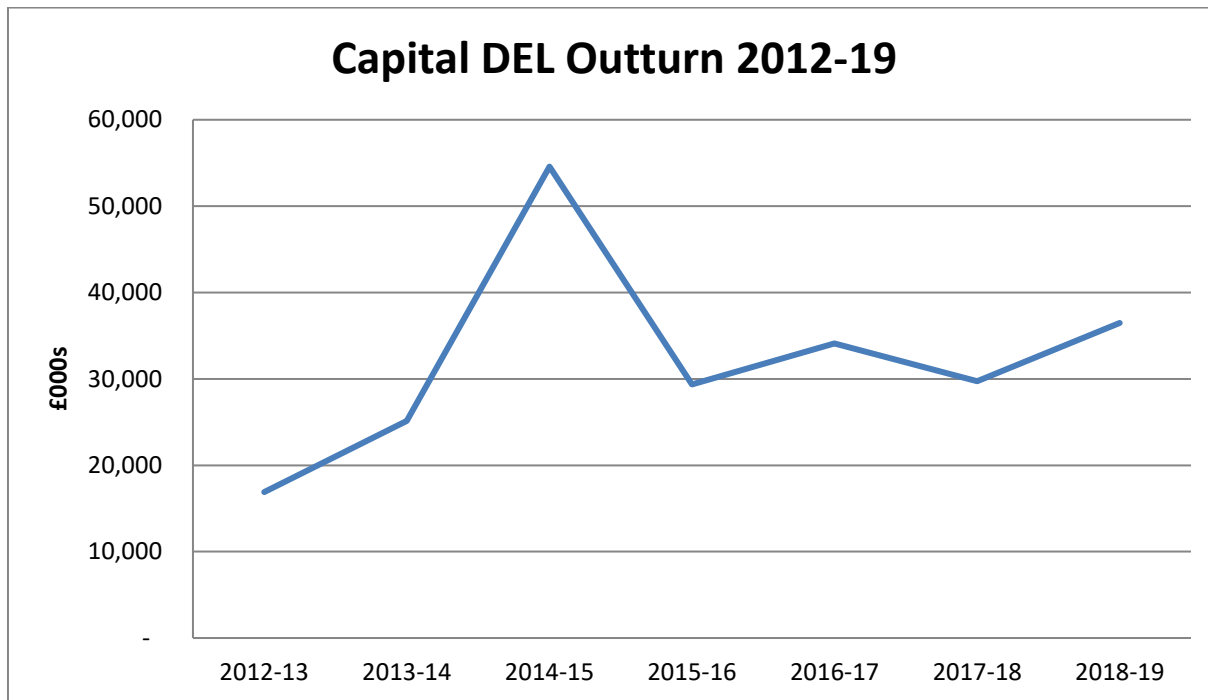
PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2019



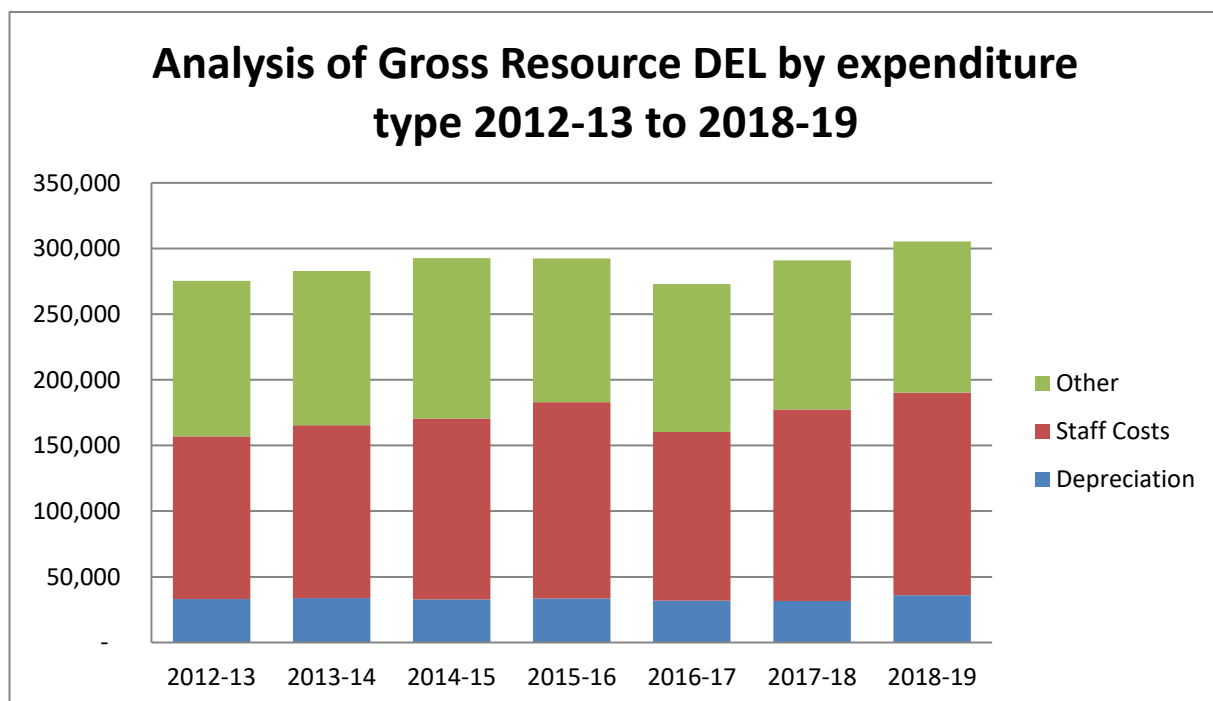
AME covers areas of expenditure that are more volatile including the revaluation of the office estate as a result of changes in market value and potential legal liabilities. The negative outturn in 2014-15 was as a result of the release of a number of provisions including the NICS equal pay claim. The 2016-17 negative outturn is as a result of the revaluation of the office estate being lower than anticipated.

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The large increase in 2014-15 was as a result of the Department taking forward the Reform of Property Management project including the purchase of a number of properties which were being leased in order to reduce ongoing revenue costs. The increase in 2018-19 is also as a result of the purchase of a property for office accommodation which was previously leased.



Over the 7 year period shown above:

1. *depreciation and impairment costs* – these had remained relatively constant until 2018-19 when there was an increase due to revaluations of assets;

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2. *staff costs* – these had increased steadily from 2012-13 to 2015-16. There was a decrease in 2016-17 due to the voluntary exit scheme to reduce staff numbers. There was an increase in staff costs in 2017-18 due to the new responsibility of a new shared NICS Human Resources and GIAFIS functions. The 2017-18 staff costs would have remained broadly at 2016-17 level had these services not been introduced within the Department. 2018-19 saw further increases in staff costs due to increased numbers to carry out work required in preparation for the UK’s exit from the EU; and
3. *Other costs* – these have remained relatively constant despite inflationary pressures and additional corporate functions

Future Developments

The Department of Finance’s operational business plan for 2019-20 will be a one-year stand-alone plan that draws on the existing strategic objectives set in our 2012-15 Corporate Plan. It is anticipated that it will be followed by a multi-year corporate plan in line with the draft Programme for Government (PfG).

Table 3 shows the net current and net capital baselines available to the Department in 2019-20. The Department’s opening baselines were announced by the Secretary of State on 28 February 2019 in the absence of the Assembly. The baselines were amended through a post budget exercise in April 2019 and these changes are reflected in the figures below.

Table 3

Spending Area	2019-20	
	Current	Capital
	Expenditure	Investment
	£m	£m
Finance and Personnel Policy	21.7	0.2
NICS Shared Services	77.1	17.5
NI Statistics & Research Agency	14.9	1.6
Land & Property Services	16.2	4.9
EU Programmes	0.5	-
Special EU Programmes Body	1.3	-
NICS Accommodation Services	60.5	11.1
TOTAL*	192.2	35.3

*There may be slight variations due to roundings.

Whilst the Department continues to face a challenging financial environment, savings delivery plans to date have been successfully delivered and the Department is therefore reasonably confident that it can continue to deliver its existing essential services within the resources that have been allocated.

Risks and Uncertainties

Risk management has been incorporated into the corporate planning process and decision-making processes of the Department. The Department has a Policy and Framework for Risk Management, which defines the framework and describes the process for identifying and managing risks. The policy was reviewed during 2018-19 and a new template and rating system introduced. Further details on the Department’s capacity to handle risk, the risk and control framework within which the Department operates, and a review of effectiveness of the Department’s system of internal control are provided in the Governance Statement.

Events after the Reporting Period

There are no events after the financial period requiring adjustment to or disclosure in these accounts.

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PUBLIC INTEREST AND OTHER

Payment to Suppliers

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

The Department's performance in relation to the payment of invoices within 30 days was 96% (2017-18: 96%). The Department did not incur any interest charges (2017-18: Nil) as a result of the late payment of bills.

In 2018-19 an average of 91% of DoF's invoices were paid within 10 days (2017-18: 90%).

Full details of performance in terms of paying invoices within 30 days and 10 days can be found at

<https://www.finance-ni.gov.uk/articles/account-ni-questions-and-answers>

Sustainability and Environmental Matters

Properties Division (PD) is into the second year of a Three Year Office Estate Energy Efficiency / Carbon Reduction Plan which runs from 2017-18 to 2019-20. It is on target to achieve the objective of a 5% reduction.

PD is a participant in the Carbon Reduction Commitment (CRC) Scheme, which aims to improve energy efficiency and cut carbon dioxide emissions. This commits the Department to collating information and submitting a report about its energy supplies; buying and surrendering allowances; report on any designated changes and maintain appropriate records.

The Department continues to make improvements to reduce the carbon footprint of its buildings by contributing to increasing energy efficiency, including the replacement of inefficient fluorescent lighting installation of efficient LED lighting at a number of locations. Properties Division prepares and regularly updates a premises officer guide for Departmental Premises Officers which advises departments on how they can promote, co-ordinate and implement green housekeeping measures, minimise energy usage, improve levels of recycling and advise on their responsibilities to adhere to guidance on waste management and to reduce their department's waste. A Public Sector Energy Management Manual is also provided to supply more detailed information.

In order to identify where energy savings can be made in buildings and to encourage behavioural change, Properties Division provides a metering and targeting system to provide a facility for departments to analyse the energy consumption associated with the central government office buildings they occupy. It also provides a building energy management interface for Premises Officers in larger buildings 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.

PD continues to support the emerging market for plug in electric vehicles by providing charge points under the eCar project for staff at a number of buildings.

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On the Stormont Estate, the 'Green Flag' Award was achieved for the fifth year. This is the benchmark standard that recognises well managed parks and green spaces in the United Kingdom. The Estate hosted over 50 events, including the Race for Life and Run in the Dark as well as a weekly park run attracting 200-300 participants. Work commenced on replacing the Boardwalk which is extensively used by walkers and runners and this will reopen to the public for summer 2019. Work continued on the Estate's Woodland Management Plan with the removal of invasive species to encourage regrowth of indigenous plants and a ten year biodiversity study was commissioned which will be complete in the autumn 2019.

PD introduced the Statutory Rule, 'The Energy Performance of Buildings (Certificates and Inspections) (Amendment) Regulations (Northern Ireland) 2019' which supports the promotion of awareness of energy efficiency of buildings.

Construction and Procurement Delivery (CPD) as Sponsor of the local construction industry, and in the development of Northern Ireland Public Procurement Policy, is committed to promoting Social, Economic and Environmental Sustainability via the inclusion of common minimum standards within Government construction contracts.

The publication and incorporation of model sustainability clauses by CPD, for use within these contracts, ensures that Government construction projects are designed and constructed in a way that minimises the impact they have on the environment. This is achieved by reducing the consumption of water and energy, as well as reducing waste generated and carbon produced in the delivery and operation of Government's construction projects.

To evidence the impact these clauses have had on improving sustainability, a new reporting system is being developed by CPD. This will enable specific sustainability information to be captured and recorded on government construction contracts across the construction Centres of Procurement Expertise. There will be a particular emphasis on the collection of environmental data around energy, carbon emissions, water consumption and waste to measure and demonstrate the positive impact that Government's construction sustainability policies have had.

This Performance Report is approved and signed



SUE GRAY
Accounting Officer
Department of Finance
Date: 25 June 2019

ACCOUNTABILITY REPORT

**DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019**

OVERVIEW

The Accountability Report comprises the following:

Corporate Governance Report

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

Remuneration and Staff Report

The remuneration and staff report sets out DoF's remuneration policy for directors, reports on how that policy has been implemented and sets out the amounts awarded to directors. In addition the report provides details on staff numbers, costs and staff-related policies.

Assembly Accountability and Audit Report

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

CORPORATE GOVERNANCE REPORT

DIRECTORS' REPORT

Introduction

The Department of Finance (DoF) presents its accounts for the financial year ended 31 March 2019.

Management

The Department of Finance did not have a Minister during 2018-19.

Hugh Widdis was interim Permanent Secretary and Accounting Officer of the Department to 13 May 2018. Sue Gray was appointed as the Permanent Secretary with responsibilities of Accounting Officer for the Department of Finance with effect from 14 May 2018.

Departmental Board

The Permanent Secretary has the assistance of the Departmental Board (the Board) to meet their responsibilities, including the development of the Department's strategic plans. The Board is a core element of corporate governance arrangements, agreeing the range of other governance elements and, through its scrutiny role, overseeing the policies, plans and effectiveness of those other elements. The Board is responsible for supporting the Permanent Secretary in ensuring that the Department's resources and corporate governance arrangements are directed towards the delivery of policy objectives and priorities.

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The Board is chaired by the Permanent Secretary. No deputy chair is formally designated, although the Permanent Secretary may nominate another Board member to chair a particular meeting in the event of their absence. In addition to the Permanent Secretary, Board Membership comprises the Departmental Solicitor, Deputy Departmental Solicitor, Chief Executives and Directors at Grade 3 level, the Director of Finance and Corporate Services, the DoF Senior HR Business Partner and three Non-Executive Board Members.

The Board is supported by a Board Secretary who, together with the Department’s Principal Information Officer and Head of Internal Communications, attends each meeting.

The Departmental Board members during the year were as follows:

Executive members	
Sue Gray	Permanent Secretary (from May 2018)
Hugh Widdis	Interim Permanent Secretary (until May 2018) Head of Government Legal Service (from May 2018)
Claire Archbold	Acting Head of Government Legal Service (until May 2018) Deputy Head of Legal Service (from May 2018)
Des Armstrong	Deputy Secretary, Construction and Procurement Delivery (CPD)
Stewart Barnes	Assistant Secretary, Finance & Corporate Services Division (FCSD)
Colum Boyle	Chief Executive, Land and Property Services (LPS) (until September 2018)
Siobhan Carey	Deputy Secretary, Northern Ireland Research and Statistics Agency (NISRA)
Jill Minne	Deputy Secretary, Northern Ireland Civil Service Human Resources (NICSHR)
Eugene O’Loan	Deputy Head of Legal Service (until May 2018)
Bill Pauley	Deputy Secretary, Strategic Policy and Reform Directorate (SPAR)
Ian Snowden	Chief Executive, Land and Property Services (from September 2018)
Julie Thompson	Deputy Secretary, Public Spending Directorate (PSD)
Paul Wickens	Deputy Secretary, Enterprise Shared Services (ESS)
Non-executive members	
Elizabeth Ensor	Non-executive Member
John Smyth	Non-executive Member
Tom Taylor	Non-executive Member (from September 2018)

Register of Interests

A Register of Interests is maintained by the Department and no Board members have declared any conflict of interest with the business of the Department.

Pension Liabilities

The treatment of pension costs and liabilities is disclosed in the Remuneration and Staff Report and in paragraph 1.12 of the Statement of Accounting Policies Note (Note 1 to the Accounts in the Financial Statement section).

Personal Data

The Department is fully committed to complying with the General Data Protection Regulation (GDPR) and Data Protection Act 2018, and has processes in place to ensure that all staff, contractors, agents, consultants and other parties who have access to personal information held by or on behalf of us are fully aware of and abide by their responsibilities under data protection legislation.

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019

Actions taken by the Department this year included:

- accountability and data protection by design built into all aspects of business planning and project management;
- an experienced Data Protection Officer has been appointed, who reports directly to our highest level of management and is given the required independence to perform their tasks;
- robust policies and guidance which support data protection requirements are in place;
- communication and awareness of data protection delivered to all staff;
- staff are adequately trained in data protection;
- holdings of personal data have been documented and are compliant with the GDPR principles;
- correct procedures are in place to detect, report and investigate data breaches;
- correct safeguards are in place to protect personal data held on Departmental IT systems; and
- correct safeguards are in place where personal data is shared with other organisations, particularly in the EU.

There were no reportable breaches of personal data between 1 April 2018 and 31 March 2019.

Cost allocation and charging

The Department has complied with the cost allocation and charging requirements set out in HM Treasury Fees and Charges guidance.

Auditors

The financial statements are audited by the Comptroller and Auditor General (C&AG) in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. He is head of the Northern Ireland Audit Office (NIAO). He and his staff are wholly independent of the Department and he reports his findings to the Northern Ireland Assembly.

Complaints Handling

The Department is committed to providing a high quality service and, as such, welcomes all feedback, both positive and negative, which is used to assist with the improvement of our services. DoF has a 2-stage complaint process, which is set out in our Customer Service Standards (Standard 9 – Having a Complaints Procedure) on the internet:

<https://www.finance-ni.gov.uk/publications/dof-customer-service-standards>

Each Directorate/Agency is responsible for keeping a register of complaints received and ensuring that these are investigated in line with the Departmental Complaints Procedure and appropriate responses are issued to each complainant. They will also evaluate any ‘lessons learned’ from individual cases and see if resulting improvements can be embedded into operating procedures.

In 2018-19 the Department dealt with 916 complaints (2017-18: 809 complaints). The percentages of complaints originated from:

	2018-19	2017-18
	%	%
Land and Property Services	48	49
ESS – CSP	6	5
ESS – HR Connect	32	26
ESS – DSS NI Direct	11	17
Others	3	3

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Rural Needs

The Rural Needs Act (Northern Ireland) 2016 (the Act) requires policy makers and public authorities to have due regard to rural needs when developing and implementing policies and when designing and delivering public services. In order to fulfil its obligations under Sections 1 and 3 of the Act, eleven Rural Needs Impact Assessments have been completed by policymakers within the Department of Finance between 1 April 2018 and 31 March 2019. Details of these assessments will be sent to DAERA for publication in the Rural Needs Annual Monitoring Report 2018-19.

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STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act (NI) 2001, the Department of Finance has directed the Department 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 income and expenditure, Statement of Financial Position and cash flows for the financial year.

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 the Department of Finance, including the relevant accounting and disclosure requirements, 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 financial statements;
- prepare the accounts on a going concern basis;
- confirm that, as far as she is aware, there is no relevant audit information of which the Department's auditors are unaware, and she has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the Department's auditors are aware of that information; and
- confirm that the annual report and accounts as a whole is fair, balanced and understandable and that she takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

The Department of Finance has appointed the Permanent Head of the Department as Accounting Officer of the Department.

The responsibilities of an Accounting Officer, including 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 of Finance's assets, are set out in the Accounting Officers' Memorandum issued by the Department of Finance and published in *Managing Public Money Northern Ireland*.

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019

GOVERNANCE STATEMENT

The Department of Finance is one of nine Northern Ireland departments. When the Executive is sitting the Department is governed under a model with the following responsibilities:

- the Minister for Finance 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.

The Department's organisation chart is as shown above on page 3 above of the Performance Report.

In the continuing absence of an Executive and a sitting Assembly the Northern Ireland Budget Act 2018 was progressed through Westminster, receiving Royal Assent on 20th July 2018, followed by the Northern Ireland Budget (Anticipation and Adjustments) Act 2019 which received Royal Assent on 15th March 2019. The authorisations, appropriations and limits in these Acts provide the authority for the 2018-19 financial year and a vote on account for the early months of the 2019-20 financial year as if they were Acts of the Northern Ireland Assembly.

In the absence of a Finance Minister it was not possible to secure North South Ministerial Council (NSMC) approval of 2018 and 2019 Business Plans for the Special European Union Programmes Body (SEUPB). While arrangements have been made with DoF to ensure legality of payments in the absence of business plans, expenditure will be irregular until the NSMC approves Business Plans.

This made the payments of £985k this financial year irregular. Full details of this spend is given in the Assembly Accountability and Audit Report. The payments can be retrospectively regularised once the NSMC approves the plan. This will take place as soon as the Northern Ireland Assembly is restored.

This Governance Statement, which has been agreed by the Board, sets out how these responsibilities have been discharged during 2018-19.

Ministerial Directions

There were no Ministerial Directions during the 2018-19 or 2017-18 financial year.

Context

The DoF Business Plan 2018-19 sets out the Department's priorities and targets and how the Department will work to deliver its Departmental level objectives. The plan was not published on the Department's internet site as it had not been approved by a Minister.

In June 2018 the Northern Ireland Civil Service (NICS) published an Outcomes Delivery Plan (the 'Plan') setting out the actions departments intended to take during 2018-19 to give effect to the previous Executive's stated objective of Improving wellbeing for all – by tackling disadvantage and driving economic growth. In doing so, the Plan sought to ensure the operational business of government was discharged as effectively as possible and in a co-ordinated manner, giving effect to the direction set previously by ministers.

The Plan's starting point was the framework of 12 outcomes developed by the previous Executive as a draft Programme for Government (PfG), consulted on and refined during 2016-17. Taken together, these outcomes provide a direction for the work of departments which fully reflects and respects the strategic direction set by the former Executive, has wide political support and is welcomed by people in every sector.

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019

It is a document which provides direction and clarity for those who deliver public services and which provides transparency and accountability around the operational business of government, particularly at a time when normal Assembly scrutiny is absent.

Working in a collaborative way across departmental boundaries to achieve impact reflects the challenge set for the NICS. The Plan's actions have been identified by outcome owners and their teams, through engagement and discussion with partners and stakeholders, as ones which will make the greatest possible difference to people's lives and wellbeing. Collaboration and co-design have continued during 2018-19, with a focus also on testing how actions have been implemented and whether they have had the positive impact envisaged. A full report on progress in delivering each of the actions listed at the mid-year point can be accessed [here](#) – work has commenced on reporting progress at the end-year point – and will help others see and hold departments accountable for progress.

This Department's Business Plans for 2017-18 and 2018-19 supports the principles, outcomes and actions detailed in the Plan.

In the continued absence of a Minister and Executive the Department of Finance's operational business plan for 2019-20 will be a one-year stand-alone plan that draws on the existing strategic objectives set in our 2012-15 Corporate Plan and also the draft 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 Northern Ireland (MPMNI)* and for establishing and maintaining a sound system of internal control for the management of resources under the Permanent Secretary's control.

At the beginning of the financial year, the Accounting Officer delegated responsibility to the Directors and Chief Executives for the management of budgets within their respective business areas. Formal assurances were received 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 assurance statements. Key issues emanating from those statements are reflected in this Governance Statement.

Departmental Board

The Accounting Officer chairs the Board, which met on 10 occasions in 2018-19. A number of these meetings were hosted by organisations that provide important public services and who Board Members were keen to learn about. Minutes of all Board meetings are published on the Departmental website. During the year Board members started to provide an update to staff via the Departmental intranet on what happened at Board in addition to the formally recorded minutes.

During 2018-19, the Board held regular discussions on:

- finance;
- HR;
- risk;
- performance; and
- communications

In addition, the Board also considered and discussed issues in relation to the Department's areas of responsibility.

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Compliance with the Corporate Governance in Central Government Departments: Code of Good Practice NI

An assessment of the Department’s compliance with the corporate governance in central government departments: Code of good practice (NI) was completed. The assessment found that the Department is compliant with the spirit and principles of the Code across the majority of its aspects. There are a number of exceptions. As noted in the Directors report the Department did not have a Minister during the 2018-19 year. In addition scrutiny of the performance of the Departments sponsored bodies is not a regular agenda item for the Board. Due to the relatively narrow scope of the activities and low levels of expenditure incurred by the majority of these bodies, the Board has delegated the oversight of the working relationships to the relevant Business Areas within the Department.

The DoF Departmental Board Operating Framework (April 2017) notes that Board effectiveness will be reviewed formally every three years as opposed to annually. The framework will be reviewed before the end of the first quarter of 2019. The Progress continued on the completion of the Action Plan following the Board’s effectiveness review in June 2017. A further 4 recommendations have been achieved. The remaining 5 actions are linked to the development of a longer term strategic plan for the Department.

Attendance of non-executive and executive members at Board and DARC meetings during 2018-19:

	Number of Board Meetings Attended (10 in total)	Number of DARC Meetings Attended (9 in total)
Executive members		
Sue Gray (Permanent Secretary from May 2018)	9	9
Hugh Widdis (as Interim Permanent Secretary until May 2018)	1	n/a
Claire Archbold (as interim Head of Government Legal Service until May 2018)	1	n/a
Claire Archbold (as Deputy Head of Legal Service from May 2018)	8	n/a
Des Armstrong	9	n/a
Stewart Barnes	7	8
Colum Boyle (until September 2018)	3	n/a
Siobhan Carey	8	n/a
Jill Minne	8	n/a
Bill Pauley	9	n/a
Ian Snowden (from September 2018)	6	n/a
Julie Thompson	10	n/a
Paul Wickens	9	n/a
Non-executive members		
Elizabeth Ensor	10	9
John Smyth	8	7
Tom Taylor (joined September 2018)	5	7

Declarations of Interest

Corporate Governance Branch maintains a “Register of Interests” for members of the Senior Civil Service, including both Executive and non-Executive Directors on the DoF 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 DoF does business;
- gifts or benefits received in connection with work in DoF;
- membership of professional institutes and/or committees; *and*

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- any other interests that could have a conflict.

For 2018-19, the Accounting Officer has been provided with assurance that no Board members have declared any conflict of interest with the business of the Department.

Management have introduced appropriate processes within the Department to manage any potential conflicts of interest between staff within the Department who were responsible for sponsorship activity connected to the RHI Inquiry as a body, and those staff within DoF who may be subject to the Inquiry process.

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.

The Department is responsible for making public appointments to the board of the Northern Ireland Authority for Utility Regulation (NIAUR). NIAUR is a non-ministerial body.

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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 non-executive Directors and operates under the best practice guidance contained within the Audit and Risk Assurance Committee Handbook (NI) issued under DAO (DoF) 03/18 in March 2018.

In order to provide more oversight of the key risks throughout the Department it was decided that the number of DARC meetings would increase. In total the Committee met on 9 occasions during the course of 2018-19 with five full agenda meetings and four deep dive meetings. The deep dive meetings concentrated on key risk areas including:

- the NI Direct contract;
- planning for Brexit;
- reform of Property Management; and
- LPS transformation programme

In July 2018 a session was held to review and rebase the existing risk register. A new version of a risk register was developed and agreed by the Board. The updated 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 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;
- Direct Award contracts;
- 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 DoF.

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.

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019

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 annual forecasts 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 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 expenditure 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.

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 DoF 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.

In January 2017, Máirtín Ó Muilleoir announced that an inquiry into the Non Domestic Renewable Heat Incentive (ND RHI) Scheme would commence on 1 February 2017 along with the terms of reference for the Inquiry.

The Department has the lead in developing and driving the NICS corporate response to the RHI Inquiry, including the action plan derived from our monitoring of the evidence provided to the Inquiry during 2017 and 2018. We await the publication of the report of the Inquiry later this year.

As is normal practice for an independent Inquiry and as stated on the RHI Inquiry's website, all costs of the RHI Inquiry will be disclosed and accounted for by the RHI Inquiry when it concludes.

Departmental Performance

The DoF Business Plan 2018-19 sets out the targets and objectives for the year against which performance is reported and monitored. Progress has been reported regularly to the Board using a RAG status assessment of each target and narrative on the actions taken to deliver the expected outcomes.

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

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019

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 assurance statements from Directors bi-annually. A review of this process took place in advance of the mid-year request for assurances. More detailed questions were included. The statements are based on assurances provided by managers within business areas on risk management, financial management, compliance with approvals and delegations, Procurement and contract management, Fraud & Whistleblowing, Information Management and Assurance, Business Continuity, declaration of interest and on the implementation of Independent review recommendations including Internal Audit. While there was full compliance in the majority of areas across the Department, there was partial compliance in the areas of business plans and post project evaluations and business continuity and disaster planning. Work is ongoing in relevant business areas to improve processes and progress will be monitored. 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 2018-19 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 DoF 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 DoF. A synopsis of the main findings from each audit was provided to DARC, and the majority of audits were provided with a **satisfactory** audit opinion.

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

- LPS Revenue and Benefits: There is currently no functionality to allow for pre-approval checks creating a greater risk of errors/ data breaches occurring within the process and there is inconsistency in the level of QA compliance checks; and
- NI Civil Service Pensions: The Hartlink System is still not fully implemented following 'go live' of payroll in April 2015 with many aspects of the system functionality still under development.

The Head of Internal Audit also raised concerns about governance and a lack of a strategic oversight of HRConnect. The department has accepted these concerns which are currently being addressed. Internal Audit conducted follow-ups in areas where limited audit opinions had been presented in 2017-18 and is satisfied that positive progress has been made in implementing recommendations made. 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.

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019

In preparation for the introduction of GDPR, DoF developed an implementation plan which ensured the Department was prepared to meet the requirements of the new data protection legislation. DoF has policies and processes in place to meet the obligations of the GDPR.

Internal Control Issues

LPS – Housing Benefit

The Land & Property Services (LPS) Trust Statement of Rate Levy Accruals Account “The Trust Statement” was introduced in 2010-11 and shows the revenue collected by LPS for the Consolidated Fund. LPS administer Housing Benefit on behalf of the Department for Communities (DfC).

Levels of fraud and error in Housing Benefit for owner occupiers are reported by the Standards Assurance Unit (SAU) within the Department for Communities (DfC). During the year ended 31 December 2018 the SAU estimates that total losses of £3.4 million have arisen through over and under payments of benefits to claimants due to fraud and error, £1.8 million due to error and £1.6m due to fraud.

As a result of this the Comptroller and Auditor General is expected to qualify his opinion on regularity due to material levels of fraud and error.

LPS – Rate Rebate Scheme

The Rate Relief Regulations (Northern Ireland) 2017 came into operation on 27 September 2017 aligning with the introduction of Universal Credit (UC) and sets the policy for LPS to administer a Rate Rebate Scheme for claimants in receipt of UC.

The regulations provide that the Rate Rebate Scheme is only available to claimants in receipt of UC. Those entitled to Rate Rebate receive a credit to the Rate Account to offset rating liability. The only exception to this is in respect to claimants who live in Housing Executive or Housing Association properties. Awards in these cases are made by a monthly payment to the Social Landlord through DoF Account NI.

As at 31 March 2019, LPS had received 13,199 claims for Rate Rebate, of which 7,219 claims were in payment equating to a value of £2.1m rate relief being paid.

Potential for customer fraud and customer error is minimised due to the policy requirement that awards are based on UC entitlement, using UC award details and verification of claimant details using the Department for Work and Pensions (DWP) Customer Information Services. LPS is aware of the potential risk for fraud and error within UC and has reported this to DfC. LPS attends the UC Programme Board and UC Risk Review Board to ensure continued awareness of the consequential outcomes stakeholders face due to UC being a gateway for fraud and error to enter LPS systems.

LPS has engaged the use of DfC Standard Assurance Unit (SAU) to conduct quarterly independent reviews of the Rate Rebate caseload, using similar methodology currently used in determining levels of fraud and error within the Housing Benefit caseload. LPS has also developed internal procedures to identify and reduce the risk of fraud and error. These procedures do not provide the statistical assurance or an estimated monetary value that will be gained from SAU reports. However, of 890 quality assurance checks completed, 173 were identified as requiring amendment.

Special EU Programmes Body Expenditure

The Special EU Programmes Body (SEUPB) is a North South Implementation Body sponsored by the Department of Finance in Northern Ireland and the Department of Public Expenditure & Reform in Ireland. Funding is provided to SEUPB by DoF. The funding requires a business plan to be approved by DoF and the North South Ministerial Council (NSMC). In the absence of a Finance Minister it was not possible to secure North South Ministerial Council (NSMC) approval of 2018 and 2019 Business Plans for SEUPB.

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019

While arrangements have been made with DoF to ensure legality of payments in the absence of business plans, expenditure of £985k in 2018-19 will be irregular until the NSMC approves Business Plans.

It is a legislative requirement under the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 that any grants paid to bodies by a Northern Ireland Sponsor Department must be approved by DoF. Where such an approval is absent any expenditure is illegal and retrospective consent cannot confer legality. No grant payments were made in the 2018-19 (2017-18: Nil) financial year without DoF approval.

Retrospective Approval – Business cases

During 2018-19 a number of business cases totalling some £1.50m were considered for retrospective approval. Two of those cases valued at £1.43m have received the relevant retrospective approvals from DoF Supply Division. Approval for one case of approximately £40k is being sought, leaving one case of £30k where it was not considered that the criteria for retrospective approval was met and should therefore be deemed as irregular.

Contract management

The first deep dive by the DARC was into the NI Direct contract management process. All involved found the meeting positive. Lessons learned were identified that were applicable in other areas of the department. Work has commenced to assess the contract management process and the available tools throughout the Department with a view to moving towards an end to end monitoring process to encompass the economic appraisal process through to approval, procurement and monitoring of expenditure. Corporate Governance staff and the Departmental Economist have been progressing this piece of work. During 2018-19 amendments were made to the approval of Direct Awards Contracts (DACs) process to allow a more robust challenge resulting a significant fall in the number of DACs awarded compared to previous years.

Fraud prevention and awareness

The DoF Fraud Working Group met in September 2018 to consider issues in relation to fraud, raise awareness of anti-fraud measures and disseminate information pertinent to the prevention and detection of fraud. Possible training was discussed and Internal Audit delivered a Fraud Awareness Seminar in January 2019 to members of the group.

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 (NFI) by investigating matches in relation to payroll, pensions, trade creditors, rates, housing benefit and lone pensioner data. In preparation for the 2018-19 exercise, the Department reviewed and updated the fair processing notices to ensure that they were GDPR compliant. Uploads commenced in October 2018 with matches available in early 2019. Investigations will continue during 2019 with outcome being reported later in the year.

NFI progress updates are included in each Fraud and Whistle blowing paper presented to the DARC. The paper is a standing agenda item. The Departmental Board receives the minutes of each DARC which record the discussions around fraud and whistle blowing in the Department.

Whistleblowing

Whistleblowing arrangements are in place and can be used to raise concerns about alleged impropriety, wrongdoing, corruption, fraud or malpractice. A thematic review of whistleblowing arrangements across the NICS was carried out by the Group Internal Audit Service. Feedback was provided to each department on the arrangements in operation within that department. In addition, the review identified a number of areas NICS wide where action could be taken to improve consistency and address a number of issues identified within individual departments. These areas relate to development of one NICS whistleblowing policy, ownership of the whistleblowing policy and staff training. In advance of updated central guidance on Whistleblowing an initial review of the departmental policy has been undertaken to take on board as many of the IA recommendations as possible. A group of staff with representatives from business areas

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attended training with the Head of the Group Internal Audit Service in early May 2019. The updated policy has been drafted to clarify roles and responsibilities and outline steps for non-staff members.

Concerns have been raised with the C&AG about the value for money of the Landweb system operated by LPS. This matter is currently under consideration by the NIAO and any issues emerging will be addressed by the Department in due course.

NIAO and NAO Value for Money (VFM) Reports

The NIAO published a report in November 2017 on Managing the Central Government Office Estate. An update on progress on the Report's Recommendations was provided by the Department to the NIAO during 2018-2019.

NIAO published a VFM report 'Managing the NI Direct Strategic Partner Project – helping to deliver Digital Transformation' on 14 June 2019. The report examined the extent to which expenditure under the optional services element of the strategic partnership contract was well managed, achieved value for money and was successful in achieving channel shift and moving citizens online. The Comptroller and Auditor General has found that it is not possible to conclude whether the major project helping to provide digital transformation has delivered value for money for citizens across Northern Ireland. The Department is working closely with NIAO in response to the report and has taken action to improve delivery and enhance future digital transformation programmes.

The Department's Audit and Risk Assurance Committee conducted an in-depth review in October 2018 to explore the financial and contractual position with the Strategic Partner Project. This review resulted in new arrangements being put in place to move existing services to new arrangements before the end of the current contract, this approach has been welcomed by the Audit Office. The Department has also added robust mechanisms to improve the monitoring of expenditure and now has a dedicated and skilled contract management resource in place.

In the absence of an Assembly it has been agreed in the circumstances that Departments will provide to the Secretary of State a copy of a management response to NIAO's Reports. The Secretary of State will then lodge the NIAO's Reports and corresponding responses in both libraries of the Houses of Parliament at Westminster.

The NAO published a report into devolved funding on 13 March 2019. The report aimed to establish how decisions on funding are reached and the different mechanisms and formulas that result in funding allocations to the Devolved Administrations. The Department met with the National Audit Office and assisted them with the collection of data used to inform the report's findings. The report was a factual piece and had no associated recommendations.

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 2018-19.

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REMUNERATION AND STAFF REPORT

DEPARTMENTAL REMUNERATION REPORT

Remuneration Policy

The pay remit for the Northern Ireland (NI) public sector, including senior civil servants (SCS), is normally approved by the Minister of Finance. In the absence of an Executive, the Department of Finance's Permanent Secretary has set the 2018-19 NI public sector pay 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 pay award for SCS staff for 2018-19 was finalised on 7 June 2019.

The pay of senior civil servants (SCS) is 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.

Service Contracts

The Civil Service Commissioners (NI) Order 1999 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Code published by the Civil Service Commissioners for Northern Ireland specifies the circumstances when appointments may be made otherwise.

Unless otherwise stated, the officials covered by this report hold appointments that 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 for Northern Ireland can be found at www.nicscommissioners.org

Salary and Pension Entitlements

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

Remuneration (including salary) and pension entitlements of the Minister (Audited Information)

There was no Minister in place during 2018-19 and 2017-18.

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Remuneration (including salary) and pension entitlements of DoF Departmental Board (Audited Information)

Officials	2018-19			2017-18		
	Salary £000	Pension Benefits* (to nearest £1,000)	Total £000	Salary £000	Pension Benefits* (to nearest £1,000)	Total £000
Sue Gray Permanent Secretary From 14 May 2018	115-120 (130-135 full time equivalent)	129	246-250 (260-265 full time equivalent)	N/A	N/A	N/A
Hugh Widdis Interim Permanent Secretary 1 April to 13 May 2018 Head of Government Legal Service From 14 May 2018	115-120	54	170-175	110-115	33	145-150
Claire Archbold Acting Head of Government Legal Service 1 April to 13 May 2018 Deputy Head of Legal Service From 14 May 2018	90-95	45	136-140	110-115	127	240-245
Des Armstrong, Deputy Secretary CPD	95-100	30	126-130	90-95	9	100-105
Mark Bailey Assistant Secretary Senior Human Resources Business Partner 1 April to 30 September 2018	70-75	20	90-95	70-75	19	90-95
Stewart Barnes Assistant Secretary FCSD	70-75	89	160-165	0-5 (65-70 full year equivalent)	Nil	0-5
Colum Boyle Chief Executive LPS 1 April to 2 September 2018	35-40 (90-95 full time equivalent)	30	66-70 (120-125 full time equivalent)	85-90	21	110-115
Siobhan Carey Deputy Secretary NISRA	96-100	9	106-110	90-95	27#	120-125
Jill Minne Deputy Secretary NICS HR	101-105	40	140-145	90-95 (full year equivalent 100-105)	38	130-135
Eugene O'Loan Acting Deputy Head of Legal Service 1 April to 13 May 2018	10-15 (76-80 full time equivalent)	-1	10-15 (76-80 full time equivalent)	0-5 (85-90 full year equivalent)	2	05-10

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Officials	2018-19			2017-18		
	Salary £000	Pension Benefits* (to nearest £1,000)	Total £000	Salary £000	Pension Benefits* (to nearest £1,000)	Total £000
William Pauley Deputy Secretary SPAR	90-95	84	176-180	40-45 (full year equivalent 85-90)	71	115-120
Ian Snowden Chief Executive LPS From 3 September 2018	40-45 (85-90 full time equivalent)	29	70-75 (116-120 full time equivalent)	N/A	N/A	N/A
Julie Thompson Deputy Secretary PSD To 31 March 2019	100-105	43	146-150	80-85 (full year equivalent 100-105)	21	105-110
Paul Wickens Deputy Secretary ESS	100-105	41	146-150	95-100	37	135-140

None of the Departmental Board members received any benefits in kind in 2018-19 or 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.

restated following revised information

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 Northern Ireland Assembly was dissolved on 26 January 2017. An Executive was not formed following the 2 March 2017 election, and from this date Ministers ceased to hold office. As a consequence, no Minister has been in place in the Department during 2018-19 and 2017-18.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs (HMRC) as a taxable emolument.

Bonuses

The Department did not make any bonus payments to its SCS staff in 2018-19 (2017-18: None).

Fair pay disclosure (Audited Information)

The Department is required to disclose the relationship between the remuneration of the highest-paid director in the Department and the median remuneration of the Department’s workforce.

The median remuneration of the Department’s staff is the total remuneration of the staff members lying in the middle of the linear distribution of the total staff, excluding the highest paid director. The median total

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is based on the annualised full-time equivalent remuneration of staff directly employed by the Department as at March 2019.

The comparative banded remuneration of the highest-paid director in the Department is as shown in (i) below. In 2018-19, this was 4.4 times the median remuneration of the workforce, which was £30,150.

	2018-19	2017-18
i. Band of Highest Paid Director's Total Remuneration	£130-135k	£110-115k
ii. Median Total Remuneration	£30,150	£29,850
iii. Remuneration ratio	4.4	3.8

The remuneration of the highest paid director in 2018-19 showed an increase on prior year of 15.2% due to an appointment in-year of a new Accounting Officer. The median remuneration has increased by 1.0% to £30,150 from £29,850 in the two years concerned. There is a 16.6% increase in the remuneration ratio between 2018-19 and 2017-18.

In 2018-19 and 2017-18, no employees included in this disclosure received remuneration in excess of the highest-paid director.

Remuneration ranged from £17,000 to £135,000 (2017-18: £17,000 to £115,000).

Remuneration of Independent Board Members

The remuneration for the independent board members is £12,500 for a commitment of twenty-five days plus expenses in relation to travel and subsistence incurred whilst on departmental business.

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Pension Entitlements – Officials (Audited Information)

Officials	Accrued pension at pension age as at 31/03/19 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/19 or date of leaving if earlier	CETV at 31/03/18 or start date if later*	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Sue Gray Permanent Secretary From 14 May 2018	65 – 70 plus a lump sum of 205 – 210	5 – 7.5 plus a lump sum of 17.5 – 20	1,607	1,407	130	N/a
Hugh Widdis Head of Government Legal Service From 14 May 2018	35-40 plus lump sum of 5-10	2.5-5 plus lump sum of 0-2.5	566	470	28	N/a
Claire Archbold Deputy Head of Legal Service From 14 May 2018	35-40 plus lump sum 85-90	2.5-5 plus lump sum of 0-2.5	662	565	25	N/a
Des Armstrong Deputy Secretary CPD	40-45	0-2.5	827	766	28	N/a
Mark Bailey, Assistant Secretary NICSHR 1 April to 30 September 2018	20-25	0-2.5	350	322	11	N/a
Stewart Barnes Assistant Secretary FCSD	30-35 plus lump sum of 95-100	2.5-5 plus lump sum of 10-12.5	703	565	85	N/a
Colum Boyle Chief Executive LPS 1 April to 14 August 2018	35 –40 plus lump sum of 95-100	0-2.5 plus lump sum of 0-2.5	679	651	20	N/a
Siobhan Carey Deputy Secretary NISRA	35-40 plus lump sum of 105 – 110	0-2.5 plus a lump sum of 0-2.5	851	792	10	N/a
Jill Minne Deputy Secretary NICSHR	0-5	0-2.5	55	24	21	N/a
Eugene O’Loan Acting Deputy Head of Legal Service 1 April to 13 May 2018	15-20	0-2.5	253	246	-1	N/a
William Pauley Deputy Secretary SPAR	35-40 plus lump sum of 115-120	2.5-5 plus lump sum of 10-12.5	922	771	86	N/a
Ian Snowden Chief Executive LPS From 3 September 2018	30-35 plus lump sum of 70-75	0-2.5 plus lump sum of 0-2.5	571	499	18	N/a
Julie Thompson Deputy Secretary PSD To 31 March 2019	40-45	2.5-5	619	529	23	N/a
Paul Wickens Deputy Secretary ESS	20-25	0-2.5	338	276	27	N/a

* where additional information becomes available CETV’s figures can change from the previously reported figures

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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 of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements 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 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%.

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 2018 was 2.4% and HM Treasury has announced that public service pensions will be increased accordingly from April 2019.

Employee contribution rates for all members for the period covering 1 April 2019 – 31 March 2020 are as follows:

Scheme Year 1 April 2019 to 31 March 2020

Annualised Rate of Pensionable Earnings		Contribution rates – All members
(Salary Bands)		
From	To	From 01 April 2019 to 31 March 2020
£0.00	£23,500.99	4.60%
£23,501.00	£54,500.99	5.45%
£54,501.00	£150,000.99	7.35%
£150,001.00 and above		8.05%

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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).

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. Scheme Pension age is 60 for members of classic, premium, and classic plus and 65 for members of nuvos. The normal scheme pension age in alpha is 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.

Compensation for loss of office (Audited Information)

No compensation for loss of office was payable in the year.

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STAFF REPORT

Number of senior civil service staff (or equivalent) by band (Audited Information)

The number of staff serving as senior civil servants (or equivalent) based on a full year equivalent as at 31 March 2019 is as follows:

Core Department & Agency		
Pay band	2018-19	2017-18
	Number	Number
£65,000-£69,999	5	26
£70,000-£74,999	30	10
£75,000-£79,999	4	1
£85,000-£89,999	1	4
£90,000-£94,999	2	2
£95,000-£99,999	2	1
£100,000-104,999	4	2
£110,000-£114,999	–	2
£115,000-£119,999	1	–
£130,000-£134,999	1	–
Total	50	48

Staff costs

Staff costs comprise:

	2018-19			2017-18
	£000			£000
	Permanent staff	Others	Minister	Total
Wages and salaries	109,714	8,502	–	118,216
Social security costs	11,009	–	–	11,009
Other pension costs	24,539	–	–	24,539
Sub Total	145,262	8,502	–	153,764
Less recoveries in respect of outward secondments	(10,702)	–	–	(10,702)
Total net costs	134,560	8,502	–	143,062

Of which:

	2018-19			2017-18
	Charged to Administration	Charged to Programme	Total	Total
Core Department	89,620	41,143	130,763	124,158
Agency	–	12,299	12,299	10,919
Total net costs	89,620	53,442	143,062	135,077

*There were no staff costs incurred in respect of the Department's Special Adviser in 2018-19 and 2017-18.

** Of the total, £1,169k has been charged to capital (2017-18: £818k restated).

*** Included within Wages and salaries for permanent staff are apprenticeship levy payments of £552k (2017-18:£516k).

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Staff costs increase of £8.5m is mainly attributable to pay award, promotion exercises, a full year costs for areas centralised in the second half of 2017-18 in DoF such as GIAFIS, one-off costs such as a Voluntary Exit Scheme for legal grades and new Brexit staff.

Pension Arrangements

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but Department of Finance is unable to identify its share of the underlying assets and liabilities. The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2012 scheme valuation was completed by GAD in February 2015. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2015 to 31 March 2019.

For 2018-19, employers' contributions of £24,264,557 were payable to the NICS pension arrangements (2017-18: £22,907,448) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands.

Work was completed on the 2016 valuation, based on the position as at 31 March 2016. The outcome of this scheme valuation informed employer contribution rates for 2019-20. Employer contribution rates payable will range from 28.7% to 34.2% of pensionable pay, based on salary bands. This change is primarily due to the reduction in the SCAPE discount rate (as announced at Budget 2018) to 2.4% pa above CPI. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £71,426 (2017-18: £72,866) 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% (2017-2018, 8% to 14.75%) of pensionable pay.

The partnership pension account offers the member the opportunity of having a 'free' pension. The employer will pay the age-related contribution and if the member does contribute, the employer will pay an additional amount to match member contributions up to 3% of pensionable earnings.

Employer contributions of £2,439, 0.5% (2017-18: £2,495, 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 (2017-18: £Nil).

Ill health retirements

12 persons (2017-18: 8 persons) retired early on ill health grounds during the year. The total additional accrued pension liabilities in the year amounted to £17,050 (2017-18: £45,787).

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Average number of persons employed (Audited Information)

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 in its agency and other bodies included within the consolidated departmental Annual Report and Accounts.

Activity	2018-19			2017-18
	Permanent staff	Others	Number Total	Number Total
Central Procurement Directorate	357	4	361	277
Finance and Corporate Services Division	165	20	185	191*
Departmental Solicitors Office	112	21	133	122
Enterprise Shared Services	694	45	739	718
Group Internal Audit	89	1	90	49
Land and Property Services	963	87	1,050	1,088
NICS Human Resources	361	23	384	459
Northern Ireland Statistics and Research Agency	409	132	541	474
Public Spending Directorate	50	–	50	55
Strategic Policy & Reform Directorate	88	27	115	109
Staff engaged on capital projects **	–	–	–	–
Total	3,288	360	3,648	3,541
<i>Of which:</i>				
Core Department	2,879	228	3,107	3,067
Agency	409	132	541	474

* Restated – to exclude staff on career break

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

There was no Minister or Special Adviser in place during 2018-19 and 2017-18.

Gender Analysis

The gender analysis is as at 31 March.

	2018-19			2017-18		
	Female staff	Male Staff	Total Staff	Female staff	Male Staff	Total Staff
Departmental Board	4	6	10	5	8	13
Senior Civil Service	20	20	40	17	18	35
DoF Employees	1,707	1,773	3,480	1,681	1,766	3,447
Total	1,731	1,799	3,530	1,703	1,792	3,495

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Sickness Absence Data

In 2018-19 the average number of working days lost was 10.2 (not validated) (2017-18: 11.0 days). Finalised figures will only be available on publication of the “Sickness Absence in the Northern Ireland Civil Service 2018-19” report later this year.

Staff policies

Equality of Opportunity and Good Relations

In carrying out its functions, powers and duties relating to Northern Ireland, the Department of Finance promotes equality of opportunity between certain specified groups, and promotes good relations between persons of different religious belief, political opinion or racial group, in accordance with Section 75 of the Northern Ireland Act 1998. In addition, as required by the Disability Discrimination Act 1995, the Department has due regard to the need to promote positive attitudes towards people with a disability and to encourage the participation of people with a disability in public life. The Department is committed to fulfilling its obligations and has mainstreamed these duties across all business areas.

The Department has outlined how it will fulfil its Section 75 obligations in its Equality Scheme and it submits Annual Progress reports to the Equality Commission in relation to this and on the progress made against the Department’s Disability Action Plan. The Department’s Revised Section 75 and Disability Action Plans for 2018-23 were finalised following the responses to the public consultation and published in October 2018.

Employment, training and advancement of disabled persons

The Northern Ireland Civil Service applies the recruitment principles as set out in the Recruitment Code of the Civil Service Commissioners for Northern Ireland, appointing candidates based on merit through fair and open competition. Recruitment and selection training, which includes raising awareness of unconscious bias, is offered to all chairs of NICS recruitment panels. The NICS also has mandatory unconscious bias training for all staff.

To maintain and promote a diverse and inclusive workforce, the NICS has policies in place to support any alterations to the working environment required by disabled persons.

The NICS has an active network of Diversity Champions and has appointed one of its’ Deputy Secretaries as the NICS Diversity Lead for Disability. The NICS has an active Disability Working Group and is a lead partner with Employers for Disability Northern Ireland. Through this collaboration the NICS is working towards creating a truly inclusive workplace where all staff feel valued. The NICS promotes a number of schemes for disabled staff, including a successful Work Experience Scheme for People with Disabilities.

Other employee matters

The 2018-21 [NICS People Strategy](#) sets out the shared view of the people priorities across the NICS under the following themes:

- A well-led NICS
- High performing NICS
- Outcomes-focused NICS
- An inclusive NICS in which diversity is truly valued – a great place to work

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Equality, Diversity and Inclusion

The [NICS People Strategy 2018-21](#) places diversity and inclusion at its centre and includes a range of actions that will help accelerate the NICS' ambition to be a service that reflects the society we serve.

The NICS continues to carry out its statutory obligations under fair employment legislation, including the annual return to the Equality Commission for NI. The NICS publishes a wide range of [NICS human resource statistics](#).

Health and safety

The Department of Finance has a Health and Safety Policy which complies with the requirements of the Health and Safety at Work (NI) Order 1978, the Management of Health and Safety at Work Regulation (NI) 2000, and all other relevant legislation. The Department regards it as an integral part of its duties and objectives to ensure, so far as is reasonable practicable, the health, safety and welfare of its employees at work and of all other persons who may be affected by the Department's undertakings.

Employee Consultation and Trade Union Relationships

The Department of Finance is responsible for the NICS Industrial Relations Policy. The centralised human resource function, NICSHR, consults on HR policy with all recognised Trade Unions and local departmental arrangements are in place to enable consultation on matters specific to a department or individual business area.

Human capital management

(i) Learning & Development

The NICS recognises the importance of having skilled and engaged employees and continues to invest in learning and development.

The NICS Centre for Applied Learning (CAL) is responsible for development and delivery of all generic staff training. It offers a variety of learning delivery channels to enable flexible access to learning, blending different learning solutions into coherent learning pathways that are aligned to both corporate need and the NICS Competency Framework.

The NICS offers a wide range of career development opportunities through mentoring, secondment and interchange opportunities, elective transfers, temporary promotion, job rotation and job shadowing.

Talent Management is a key theme of the NICS People Strategy and work is underway to develop a more corporate approach to managing talent across the NICS.

(ii) Pay policy

Under the Civil Service (NI) Order 1999, the Department of Finance 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:

- a. be a system which will help to recruit, retain and motivate staff to perform efficiently the duties required of them;
- b. encourage staff to improve their individual performance by providing a direct and regular link between satisfactory performance and pay;
- c. ensure equity of treatment in respect of pay in accordance with legal requirements and the equal opportunities policy of the NICS;

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- d. secure the confidence of staff that their pay will be determined fairly;
- e. secure the confidence of the public and their representatives in the system for determining the pay of the staff; and
- f. enable the Government to reconcile its responsibilities for the control of public expenditure with its responsibilities as an employer.

Consultancy and Temporary Staff Expenditure

Expenditure £000	2018-19	2017-18
External Consultancy	1,003	706
Temporary staff	8,502	5,592
	9,505	6,298

The Department uses professional service providers to support specialist work. This includes consultancy, contingent labour (temporary staff), legal advice and IT expertise. Consultants are hired to work on projects in a number of specific situations: where the Department does not have the skills set required; where the particular requirement falls outside the core business of civil servants; or where an external, independent perspective is required. When used appropriately, consultancy can be a cost effective and efficient way of getting the temporary and skilled external input that the Department needs. We are committed to the consistent application of the Department’s guidance on consultancy and other spending.

In particular, the consultancy spend was incurred mainly for the following:

ESS - The consultancy spend was for Public Sector Shared Services Programme – Outline Business Case Support.

LPS – A significant change programme to replace existing systems, to assist with the procurement process, provide legal advice and manage the associated risks, as well as the design of the overall services.

DSO - Due to the UK’s intended withdrawal from the EU, NI departments were required to undertake a legislative programme which was unparalleled in terms of scale and volume and the purpose of which was to ensure that the NI Statute Book would be in a position to operate effectively upon the UK’s withdrawal from EU. The project was made all the more difficult because of the ongoing uncertainty around the form that EU Exit would take and the impact this would have on the legislative changes required. The programme of work in relation to EU Exit generally is the largest undertaken by the UK and its devolved administrations in peacetime. Added to this the NI EU Exit legislation could not be made at the NI Assembly and instead had to be made at Westminster and consequently subject to the Westminster legislative timetable. This required the NI draft legislation to be ready within a significantly truncated time frame which was already hugely challenging for NI officials. Furthermore the legislation had to be drafted in Westminster format by way of Statutory Instruments (“SIs”), of which the departments and DSO have limited knowledge.

**DEPARTMENT OF FINANCE
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Off-payroll Engagements

The Department has no off-payroll engagement engagements for more than £245 per day and lasting 6 months or less.

The Department's off-payroll engagements for more than £245 per day and lasting longer than 6 months were:

	2018-19	2017-18 restated
Number of engagements at 1 April	4	4
Number of new off payroll engagements	–	–
Less:		
Number of engagements which have come onto the payroll	–	–
Number of engagements which have come to an end	–	–
Number whose earnings fell below the threshold in-year	–	–
Number of off payroll engagements at 31 March	4	4

Senior officials with significant financial responsibility

There are no off-payroll board members who are engaged with significant financial responsibilities.

All the executive members of the Departmental Board are on-payroll and have significant financial responsibilities:

On-payroll	2018-19
Current board members	12
Past board members	1
	13

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ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019

Exit packages – reporting of Civil Service and other compensation schemes (Audited Information)

Core Department and Agency

	2018-19			2017-18		
	Compulsory redundancies	Other departures	Total exit packages	Compulsory redundancies	Other departures	Total exit packages
Exit package cost band	Number	Number	Number	Number	Number	Number
<£10,000	–	–	–	–	1	1
£10,000 - £25,000	–	–	–	–	1	1
£25,000 - £50,000	–	3	3	–	–	–
£50,000 - £100,000	–	3	3	–	–	–
£100,000 - £150,000	–	1	1	–	–	–
£150,000 - £200,000	–	–	–	–	–	–
Total number of exit packages by type	–	7	7	–	2	2
Total resource cost/£000	£–	£486	£486	£–	£30	£30

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the Statement of Comprehensive Net Expenditure in the year departure is agreed. Disclosures above are made in relation to the year departed. 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.

**DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019**

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)

		Forecast 2018-19 £000		Outturn 2018-19 £000	
	Note	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Total	SOAS 4	70	<i>70</i>	64	<i>64</i>

Explanations of variances between Estimate and outturn are given in Note SOAS 1.

SOAS Notes 1 to 6 form part of these accounts.

DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019

SOAS 1. Analysis of net resource outturn by function (Audited Information)

							2018-19 £000	2017-18 £000		
							Estimate			
							Outturn			
							Net total outturn compared with Estimate, adjusted for virements			
							Net total outturn compared with Estimate			Prior Year Outturn
Admin	Other current	Grants	Gross resource expenditure	Accruing Resources	Net Total	Net Total				
Request for Resources A										
Departmental Expenditure in DEL										
1. Finance and Personnel										
Policy	39,823	4,570	47	44,440	(24,882)	19,558	19,998	440	440	18,757
2. NICS Shared Services										
	104,010	52	144	104,206	(30,664)	73,542	73,627	85	85	74,989
3. Northern Ireland Statistics and Research Agency										
	1,012	29,716	–	30,728	(17,268)	13,460	13,500	40	40	11,168
4. Land and Property Services										
	1,535	55,163	2,256	58,954	(39,234)	19,720	19,856	136	136	26,284
5. EU Peace Programmes										
	–	–	786	786	(668)	118	180	62	62	116
6. EU Community Initiatives										
	–	–	953	953	(810)	143	144	1	1	119
7. European Regional Development Fund										
	–	(161)	59	(102)	–	(102)	59	161	161	(365)
8. NICS Accommodation Services										
	63,942	–	–	63,942	(4,010)	59,932	60,209	277	277	62,535
Annually Managed Expenditure (AME)										
9. Provisions										
	–	(43)	–	(43)	–	(43)	2,010	2,053	2,053	12
10. Depreciation and Impairment										
	–	2,259	–	2,259	–	2,259	9,394	7,135	7,135	778
Non-Budget:										
11. Special EU Programmes Body										
	–	–	985	985	–	985	1,085	100	100	2,624
12. Notional Charges										
	235	–	–	235	–	235	400	165	165	268
Total	210,557	91,556	5,230	307,343	(117,536)	189,807	200,462	10,655	10,655	197,285

SOAS Notes 1 to 6 form part of these accounts.

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019

Key to Request for Resources

RfR A: To help the Executive secure the most appropriate and effective use of resources and services for the benefit of the community and deliver quality, cost effective and efficient public services and administration in the Department's areas of executive responsibility.

Explanation of the variation between Estimate and outturn (net total resources):

The net resource outturn was **£189.8m** against an estimated provision of **£200.5m**.

The total underspend was **£10.7m**, split between the departmental expenditure limit (DEL) **£1.2m**, the annually managed expenditure (AME) **£9.2m** and non-budget **£0.3m**.

Departmental expenditure limit (DEL)

The total cost of Finance and Personnel Policy was **£44.4m** (2017-18: £39.2m). This function comprises Construction and Procurement Delivery, the Departmental Solicitors Office, Group Internal Audit and Fraud Investigation services, Public Spending Directorate and Strategic Policy and Reform Division. Key activities include work to improve the overall management of public funds and the spending performance of departments, and professional legal and procurement services for the NICS and the wider public sector. The increased cost from last year was mainly as a result of Property Services Division moving from Accommodation Services to Construction and Procurement Delivery. The 2018-19 year also reflects the full cost of Group Internal Audit and Fraud Investigation Services which was only formed in October 2017.

The Department continues to deliver essential shared services to departments and other public bodies. During 2018-19 the total costs of NICS Shared Services (including Account NI, the Centre for Applied Learning, HR Connect, IT Assist, Enterprise Design Authority, Digital Transformation Service and NICS Human Resources) amounted to **£104.2m** (2017-18: £101.6m). The increased cost is mainly as a result of increased staff and depreciation costs.

The Department's main public-facing services are delivered by Land and Property Services and the Departments Agency, the Northern Ireland Statistics and Research Agency. NISRA produce its own Annual Reports and Accounts and further details of the Agency's financial performance can be found in its own financial review.

LPS's main functions are to collect rates on behalf of central government and Councils, maintain domestic and non-domestic rating valuation lists, record legal interests in land in the Land Registers, provide land information services relating to the Registers for conveyancing purposes, provide mapping services in NI, collect, manage and publish spatial data in NI for use by the public and private sectors, and deliver a property valuation, estate management and property data service to the public sector. 2017-18 saw LPS take on a new role in respect of rate rebate payments to those who qualify and are in receipt of Universal credit. The total costs of Land and Property Services was **£59.0m** (2017-18: £56.2m). The increased costs are mainly as a result of increased payments associated with the new rate rebate scheme following the introduction of Universal Credit.

The Department is responsible for the provision of office accommodation for staff employed in NICS government departments and their agencies. Gross resource expenditure on accommodation services was **£66.1m** (2017-18: £68.9m), which includes **£17.7m** (2017-18: £13.2m) of depreciation and impairment, and around **£34.6m** (2017-18: £36.6m) on rent, rates and maintenance of the estate. The decrease in spend is mainly in relation to the transfer of Property Services Division to Construction and Procurement Delivery. The Department continues to drive savings in this area through its accommodation strategy, with moves to modern office accommodation in 2018-19 facilitating the vacation in excess of 8,000

DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019

square meters of office space. Future plans continue to envisage use of capital allocations to undertake further such enhancements to the estate.

Annually Managed Expenditure (AME)

By definition AME covers areas of expenditure that are more volatile. Of the underspend, £7.1m is in relation to the revaluation of the office estate, which was lower than anticipated. A further £2.1m was set aside to cover potential provisions that did not crystallise during the period.

SOAS 2. Reconciliation of outturn to net operating cost (Audited Information)

				2018-19 £000	2017-18 £000
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn	SOAS 1	189,807	200,462	10,655	197,285
Non-supply income (CFERs)	SOAS 4, 5	(64)	–	64	(119)
Non-supply expenditure		–	–	–	352
Net Operating Expenditure in Consolidated Statement of Comprehensive Net Expenditure		189,743	200,462	10,719	197,518

SOAS Notes 1 to 6 form part of these accounts.

**DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019**

SOAS 3. Reconciliation of net resource outturn to net cash requirement (Audited Information)

	Note	Estimate £000	Outturn £000	Net Total outturn compared with Estimate: saving/ (excess) £000
Resource Outturn	SOAS 1	200,462	189,807	10,655
Capital				
Acquisition of property, plant and equipment	6, 7	37,325	36,882	443
Non-operating Accruing Resources				
Net book value of asset disposals		(455)	(455)	–
Accruals to cash adjustments:				
Depreciation, impairments and revaluations	3, 4	(45,652)	(38,268)	(7,384)
New provisions and adjustments to previous provisions		(2,010)	43	(2,053)
Notional charges		(400)	(235)	(165)
Other non-cash items		(1,000)	(1,022)	22
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables		13,000	(2,904)	15,904
(Increase)/decrease in payables falling due within one year		–	7,726	(7,726)
Use of provision	14	2	6	(4)
Net Cash Requirement		201,272	191,580	9,692

Explanation of the variation between Estimate and Outturn (net cash requirement):

The Department's net cash requirement outturn was £191.6m against an estimated provision of £201.3m, a variance of £9.7m. The bulk of the variance (£8.2m) relates to the movement in working capital other than cash.

SOAS Notes 1 to 6 form part of these accounts.

**DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019**

SOAS 4. Income payable to the Consolidated Fund (Audited Information)

SOAS 4.1 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).

SOAS 4.1 Analysis of income payable to the Consolidated Fund

	Note	Forecast 2018-19		Outturn 2018-19	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income and receipts – excess Accruing Resources		–	–	–	–
Other operating income and receipts not classified as Accruing Resources		70	<i>70</i>	64	<i>64</i>
		70	<i>70</i>	64	<i>64</i>
Non-operating income and receipts – excess Accruing Resources	SOAS 6	–	–	–	–
Amounts collectable on behalf of the Consolidated Fund	SOAS 4.2	–	–	–	–
Total income payable to the Consolidated Fund		70	<i>70</i>	64	<i>64</i>

SOAS 4.2 Consolidated Fund Income

Consolidated Fund income shown in note SOAS4.1 above does not include any amounts collected by the Department where it was acting as agent of the Consolidated Fund rather than as principal. Full details of income collected as agent for the Consolidated Fund are in the Department’s Trust Statements, published separately.

SOAS Notes 1 to 6 form part of these accounts.

**DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019**

SOAS 5. Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund (Audited Information)

	Note	2018-19 £000	2017-18 £000
Operating income	5	117,600	99,744
Adjustments for non-budget CFER income		(64)	(119)
Gross income		117,536	99,625
Income authorised to be used as Accruing Resources		(117,536)	(99,625)
Operating income payable to the Consolidated Fund	SOAS 4.1	–	–

SOAS 6. Non-operating income – Excess Accruing Resources (Audited Information)

	2018-19 £000	2017-18 £000
Proceeds on disposal of property, plant and equipment	–	5
Non-operating income – excess Accruing Resources	–	5

SOAS Notes 1 to 6 form part of these accounts.

OTHER ASSEMBLY ACCOUNTABILITY DISCLOSURES

REGULARITY OF EXPENDITURE

i. Special European Union Programmes Body Expenditure (SEUPB) (Audited Information)

The Special EU Programmes Body (SEUPB) is a North South Implementation Body sponsored by the Department of Finance in Northern Ireland and the Department of Public Expenditure & Reform in Ireland. Funding is provided to SEUPB by DoF. The funding requires a business plan to be approved by DoF and the North South Ministerial Council (NSMC).

In the absence of a Finance Minister it was not possible to secure North South Ministerial Council (NSMC) approval of 2018 and 2019 Business Plans for SEUPB. While arrangements have been made with DoF to ensure legality of payments in the absence of business plans, expenditure of £985k in 2018-19 will be irregular until the NSMC approves Business Plans.

It is a legislative requirement under the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 that any grants paid to bodies by a Northern Ireland Sponsor Department must be approved by DoF. Where such an approval is absent any expenditure is illegal and retrospective consent cannot confer legality. No grant payments were made in the 2018-19 (2017-18: £0k) financial year without DoF approval.”

ii. Retrospective approvals (Audited Information)

During 2018-19 a number of business cases totalling some £1.50m were considered for retrospective approval. Two of those cases valued at £1.43m have received the relevant retrospective approvals from DoF Supply Division. Approval for one case of approximately £40k is being sought, leaving one case of £30k where it was not considered that the criteria for retrospective approval was met and should therefore be deemed as irregular.

iii. Losses and special payments (Audited Information)

Losses Statement

In 2018-19 there were losses to the value of £938k which represented 14,024 cases, of which £936k representing 14,000 cases related to the core Department (2017-18: £1,355k which represented 18,095 cases, of which £1,353k representing 18,086 cases related to the core Department).

Special Payments

In 2018-19 there were special payments to the value of £54k which represented 37 cases, all of which related to the core Department.

No losses or special payments were in excess of £250k.

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ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019

iv. Fees and Charges (Audited Information)

This note is provided for fees and charges purposes and not for IFRS 8 purposes. Information is provided in relation to services where the full cost of the service is in excess of £1m.

Business Activity	Income	Full Cost	2018-19 £000 Surplus/ (deficit)	2017-18 £000 Surplus/ (deficit)	Financial Objective	Commentary
Central Management of the Civil Service Pension Scheme	2,011	2,011	–	1	To recover the full costs associated with the management of the Northern Ireland Civil Service Pension Schemes including the payment of pensions and associated arrangements.	Objective achieved.
Central Procurement Directorate	14,943	14,844	99	(31)	100% cost recovery on chargeable services in relation to professional procurement services to the NICS and other public sector bodies.	Includes 9 months income and costs relating to Property Services Division/Unit which transferred to CPD at October monitoring and was subsequently back dated to 1 July 2019. A small surplus was generated in the year ended 31/3/2019 which represents less than 1% of income.
Departmental Solicitor's Office – Litigation Division Commercial and Property Division	3,498	4,248	(750)	(1,122)	97% cost recovery on litigation and Commercial and Property services.	There are two primary reasons for the performance during this period: (i) staff were involved in a number of significant non-chargeable activities e.g. civil panel selection, legal services framework etc., and (ii) the Division's grading profile changed, and continues to change, throughout the period with a reduction in the number of senior staff impacting negatively on the amount and value of chargeable hours.
Employer Pension Services	3,607	3,442	165	143	To recover the full costs of providing pension services to current employees who are members of the Northern Ireland Civil Service Pensions Schemes on behalf of their employers.	Objective achieved.
Enterprise Shared Services – Service Management Division	11,175	13,488	(2,313)	(2,032)	To recover the full cost of the delivery of the HR Connect contract, with the exception of service management costs which are funded centrally through a baseline.	Management costs were covered by baseline funding which is not included in the income figure therefore objective was achieved.

DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019

Business Activity	Income	Full Cost	2018-19	2017-18	Financial Objective	Commentary
			£000	£000		
			Surplus/ (deficit)	Surplus/ (deficit)		
Group Internal Audit & Fraud Investigation Service (GIAFIS)	4,348	4,361	(13)	(203)	100% cost recovery on Departmental Internal Audit Services	Objective Achieved.
Land & Property Services – Client Services	2,406	2,459	(53)	(447)	To recover the full costs of services provided.	Objective achieved when £81k notional charges and cost of work carried out for parent Department is taken into account. This increases total income to £2,486k
Land & Property Services – Land Registration	25,182	12,592	12,590	4,286	To recover the costs of services in relation to land registers, registry of deeds and statutory charges registry.	Objective achieved.
Land & Property Services – Land Parcel Identification System (LPIS)	1,636	1,616	20	7	To recover the full cost of special project mapping work provided on behalf of DAERA.	Objective achieved.
Land & Property Services – Ordnance Survey	9,967	10,604	(637)	(583)	To recover the full cost of mapping services provided.	Objective achieved when recovery of notional charges and cost of work carried out for parent Department is taken into account.
Northern Ireland Statistics and Reserarch Agency	17,267	16,939	328	71	To recover the cost of activities in relation to the General Registry Office and NISRA statistics and out-posted statisticians, for which core funding is not provided by DoF.	Objective achieved.
Occupational Health Service	1,523	1,446	77	(208)	To recover the full costs associated with the management of NICS OHS and medical advisory services provided to the Departments, Driver and Vehicle Agency, HSC NI Pensions Scheme and Teachers Superannuation Scheme NI.	Objective has been achieved. DOF costs are not covered by Income.

**DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019**

v. Remote Contingent Liabilities (Audited Information)

Contingent Liabilities requiring disclosure under assembly reporting requirements and not under IAS 37

There were no contingent liabilities requiring disclosure under assembly reporting requirements. However, a number have been disclosed under IAS 37 in note 15.

Impact of BREXIT on EU funding

In July 2018, the UK Government announced an extension of its guarantee of EU-funded projects after the UK has left the EU. The guarantee was originally announced in 2016. The guarantee now covers the following:

- a) The full Multiannual Financial Framework allocation for structural and investment funds over the 2014-20 funding period, with payments to beneficiaries made up to the end of 2023;
- b) 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 (e.g. before Exit day), for the lifetime of the project;
- c) The payment of awards where UK organisations successfully bid to the European Commission on a competitive basis to participate as a 3rd country after Exit, and until the end of 2020, for the lifetime of the project; and,
- d) The current level of agricultural funding under CAP Pillar 1 until 31 December 2020.

The financial settlement was agreed in principle by both the UK and EU, as set out in the draft Withdrawal Agreement of 25 November 2018. The guarantee will therefore only be called in the event that the Withdrawal Agreement is not ratified in the case of no deal, and UK organisations are unable to access EU funding. As a result, and due to the EU funding the DoF provides, an unquantifiable contingent liability is disclosed.

This Accountability Report is approved and signed



**SUE GRAY
Accounting Officer
Department of Finance
Date: 25 June 2019**

**DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019**

DEPARTMENT OF FINANCE

**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 Department of Finance for the year ended 31 March 2019 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Consolidated Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. 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 2019 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 2019 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 Department of Finance 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. 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 my audit certificate and report. My opinion on

DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019

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's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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.

My objectives are 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 (UK) 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.

**DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2019**

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*

28 June 2019

FINANCIAL STATEMENTS

**DEPARTMENT OF FINANCE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2019**

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 values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

		2018-19	2017-18
			Restated
		Core	Core
		Department	Department
		& Agency	& Agency
	Note	£000	£000
Revenue from contracts with customers	5	(105,016)	(88,329)
Other operating income	5	(12,584)	(11,415)
Total operating income		(117,600)	(99,744)
Staff costs	3, 4	153,764	145,217
Purchase of goods and services	3, 4	105,547	106,644
Depreciation and impairment charges	3, 4	38,268	32,433
Provision expenses	3, 4	(43)	12
Other operating expenditure	3, 4	9,807	12,861
Total operating expenditure		307,343	297,167
Net operating expenditure		189,743	197,423
Finance expense	3, 4	–	95
		–	95
Net expenditure for the year		189,743	197,518
Other comprehensive net expenditure			
Items that will not be reclassified to net operating costs:			
- Net (gain)/loss on revaluation of property, plant and equipment	6	(2,342)	(4,898)
- Net (gain)/loss on revaluation of intangible assets	7	(747)	(1,476)
Comprehensive net expenditure for the year		186,654	191,144

2017-18 figures are re-stated to align with current year's presentation.

Notes 1 to 22 form part of these accounts.

**DEPARTMENT OF FINANCE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019**

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

	2019	2018
	Core Department & Agency £000	Restated Core Department & Agency £000
Note		
Non-current assets		
Property, plant and equipment	6 348,155	338,161
Intangible assets	7 30,802	39,937
Trade and other receivables	12 166	239
Total non-current assets	379,123	378,337
Current assets		
Assets classified as held for sale	10 2,500	2,111
Trade and other receivables	12 44,210	47,021
Cash and cash equivalents	11 33,119	33,461
Total current assets	79,829	82,593
Total assets	458,952	460,930
Current liabilities		
Bank overdraft	11 –	(319)
Trade and other payables	13 (89,607)	(97,336)
Provisions	14 (44)	(49)
Total current liabilities	(89,651)	(97,704)
Total assets less current liabilities	369,301	363,226
Non-current liabilities		
Provisions	14 (67)	(111)
Total non-current liabilities	(67)	(111)
Total assets less total liabilities	369,234	363,115
Taxpayers' equity and other reserves		
General fund	278,989	269,217
Revaluation reserve	90,245	93,898
Total equity	369,234	363,115

Signed: 

**Sue Gray
Accounting Officer**

Date: 25 June 2019

Notes 1 to 22 form part of these accounts.

**DEPARTMENT OF FINANCE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

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 Department' future public service delivery.

	Note	2018-19 Core Department & Agency £000	2017-18 Core Department & Agency £000
Cash flows from operating activities			
Net operating expenditure		(189,743)	(197,518)
Adjustments for non-cash transactions	3,4	39,486	36,415
(Increase)/decrease in trade and other receivables		2,884	956
<i>less movements in receivables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>		–	(4,784)
(Increase)/decrease in inventories		–	–
Increase/(decrease) in trade and other payables		(7,729)	1,815
<i>less movements in payables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>		7,254	11,805
Use of provisions	15	(6)	(38)
<i>Net cash inflow/(outflow) from operating activities</i>		<u>(147,854)</u>	<u>(151,349)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(39,514)	(26,525)
Purchase of intangible assets	7	(3,720)	(5,148)
Proceeds from disposal of non-current assets		451	52
<i>Net cash inflow/(outflow) from investing activities</i>		<u>(42,783)</u>	<u>(31,621)</u>
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		190,738	195,469
From the Consolidated Fund (Supply) – prior year		–	4,784
Capital element of payments in respect of finance leases and on-balance sheet (SoFP) PFI and other service concession arrangements		–	(2,158)
<i>Net financing</i>		190,738	198,095
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for payments to the Consolidated Fund		101	15,125
Payments of amounts due to the Consolidated Fund		(124)	(10,102)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for payments to the Consolidated Fund		<u>(23)</u>	<u>5,023</u>
Cash and cash equivalents at the beginning of the period	11	<u>33,142</u>	<u>28,119</u>
Cash and cash equivalents at the end of the period	11	<u>33,119</u>	<u>33,142</u>

Notes 1 to 22 form part of these accounts.

**DEPARTMENT OF FINANCE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

**CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

This statement shows the movement in the year on the different reserves held by [the Department], 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 2017		272,695	96,484	369,179
Net Assembly Funding		195,469	–	195,469
Supply receivable/(payable) adjustment *	13	(10,533)	–	(10,533)
Amounts repayable to the Consolidated Fund		(124)	–	(124)
Comprehensive net expenditure for the year		(197,518)	6,374	(191,144)
Auditors' remuneration	3	211	–	211
Other non-cash charges	3, 4	57	–	57
Other reserves movements including transfers		8,960	(8,960)	–
Balance at 31 March 2018 (restated)		269,217	93,898	363,115
Net Assembly Funding		201,271	–	201,271
Supply receivable/(payable) adjustment	13	(9,691)	–	(9,691)
Amounts repayable to the Consolidated Fund	SOAS 4	(64)	–	(64)
Comprehensive net expenditure for the year		(189,743)	3,089	(186,654)
Auditors' remuneration	3	235	–	235
Other non-cash charges	3, 4	1,022	–	1,022
Other reserves movements including transfers		6,742	(6,742)	–
Balance at 31 March 2019		278,989	90,245	369,234

* The 2017-18 Supply Payable Adjustment has been restated from £2,325k to £10,533k in the SoCiTE and Note 14 (Payables) to correctly account for cash requirement that is awaiting approval by the NI Assembly.

The Department is awaiting NI Assembly approval for the £8,208k excess cash expenditure in 2016-17 before a Consolidated Supply Fund Supply Debtor is created.

Notes 1 to 22 form part of these accounts.

**DEPARTMENT OF FINANCE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

NOTES TO THE ACCOUNTS

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2018-19 *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 most appropriate to the particular circumstances of the Department of Finance for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department of Finance 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.

Management have reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts in 1.23 below.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment and intangible assets.

1.2 Basis of consolidation

These accounts comprise a consolidation of the non-agency parts of the Department (the core Department) and those entities which fall within the departmental boundary as defined in the *FReM*, interpreted for Northern Ireland. Transactions between entities included in the consolidation are eliminated.

A list of all those entities within the departmental boundary is given at Note 21.

Accounting boundary IFRS' are currently adapted in the *FReM* so that the Westminster departmental accounting boundary is based on The Office for National Statistics (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. Arm's Length Bodies (ALB) apply IFRS in full and their consolidation boundary may change as a result of the new Standards.'

1.3 Property, plant and equipment and intangible assets

Expenditure on property, plant and equipment of over £1,000 is capitalised, with the exception of computer equipment, which is capitalised if expenditure is over £500, and telecoms equipment, which has a capitalisation threshold of £5,000.

Databases, internally developed software and associated licenses costing greater than £500, and purchased software and associated licences costing greater than £1,000, are capitalised under intangible assets.

Capitalisation only occurs if the asset has an expected useful economic life of more than one year.

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. Assets 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 Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). Professional revaluations of land and buildings are undertaken every five years. A full professional valuation of land and buildings was undertaken by Land and Property Services (LPS) as at 1 April 2015. In addition, such assets are revalued annually, between professional valuations, using indices provided by LPS, a directorate within DoF. Properties are valued on the basis of open market value existing use, unless they are specialised, in which case they are valued on the basis of depreciated replacement cost.

No interim valuation is performed. The current policy is to revalue annually those properties that have undergone significant works, or where a new property has been brought into use.

Professional valuations of antiques and artwork are undertaken every 4 years. Kim Mawhinney, Head of Art at National Museums Northern Ireland, undertook the most recent valuation as at 1 April 2016. Antiques and artwork are not subject to annual indexation.

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 of National Statistics (ONS). The indexation calculation reflects the annual movement in indices from December to December.

1.4 Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated/amortised at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Depreciation/amortisation is charged in the month of acquisition.

No depreciation is provided on freehold land and antique/artwork collections since they have unlimited or very long established useful lives. Items under construction are not depreciated until they are commissioned. Capital expenditure on leasehold improvements is depreciated over the remaining term of the lease.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Estimated useful lives are in the following ranges:

Buildings	1-60 years
Motor vehicles	3-10 years
Plant and machinery	3-30 years
IT assets (including intangible assets)	3-12 years
Furniture and fittings	up to 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.

1.5 Donated assets

The Department has a number of donated assets, including antiques within the Government Art Collection and refurbishment work undertaken at the Maynard Sinclair Pavilion in 2002-03 and 2003-04.

Donated assets are capitalised at their current value on receipt, and this value is recognised as income. Donated assets are revalued, depreciated (excluding antiques) and subject to impairment review in the same way as other non-current assets.

1.6 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Department, the asset is recorded as a non-current 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.

1.7 Service concession arrangements

The *FReM* requires that service concession arrangements should be accounted for in accordance with IFRIC 12 where the government body controls the use of the asset and the residual interest in the asset at the end of the arrangement. The Department therefore recognises assets that fall within this definition as non-current assets together with a liability to pay for them. The services received under the contract are recorded as operating expenses.

1.8 Operating income

Operating income is income which relates directly to the operating activities of the Department. It principally comprises fees and charges for services provided on a full cost basis to other public bodies and citizens.

In 2018-19 the Department adopted IFRS 15 Revenue from Contracts with Customers. The Department has Service Level Agreements with a wide range of public sector organisations. These contracts enable the Department to impose a charge on the customer and the requirement for the customer undertaking the relevant activities to be liable to pay the charge. The Service Level

DEPARTMENT OF FINANCE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Agreement provides the enforceability on both parties. The income from these activities is effectively revenue from contracts with customers for services provided to the NI Departments, Public Bodies and UK Departments and Public Bodies and external customers. Note 5 shows the income by customer for each Business Group.

The effect of the adoption of IFRS 15 has not required significant changes in the judgement on the recognition and recovery of these revenue, nor has it resulted in any differences between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in the opening general fund within taxpayers' equity.

The timing and amount of the levy due from the customer is set out in the Service Level Agreement. The customer is invoiced and the revenue recognised on completion of the services. It is probable that the Department will collect the consideration to which it is entitled. Any amounts due at the year end but not yet invoiced to the customer are included as accrued income in the financial statements.

Services that are statutory in nature and provided to members of the public are usually paid for in advance of the service being provided or when the service is provided.

The income generated in pursuit of these activities or as part of managing the Department's affairs is Operating Income in the Statement of Comprehensive Net Expenditure.

Operating Income includes both income classified as Accruing Resources and income due to the Consolidated Fund, which in accordance with FReM, is treated as operating income. Operating income is stated net of VAT.

1.9 Administration and programme expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs under the administrative cost control regime set by the Department of Finance.

1.10 Foreign exchange

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction. At the end of the reporting period monetary items are translated at the closing rate applicable at the period end date.

1.11 Grants payable

Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs. Grants relating to activity occurring over a specific time period, usually a financial year, are recorded as expenditure for that period.

1.12 Employee benefits including pensions

Under the requirements of IAS 19: *Employee Benefits*, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Past and present employees are covered by the provisions of the Northern Ireland Civil Service (NICS) Pension Schemes. The defined benefit schemes are unfunded. The Department recognises the expected cost of pension provision on a systematic and rational basis over the period during which it benefits from employees' services by payment to the NICS Pension Schemes of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the NICS Pension Schemes. In respect of the defined contribution schemes, the department recognises the contributions payable for the year.

The Department is required to meet the additional cost of benefits beyond the normal NICS Pension Schemes benefits in respect of employees who retire early or who qualify for Injury Benefits. The Department provides in full for the cost of the early retirement once it has been agreed and annually expenses the costs of Injury Benefit awards.

1.13 Provisions

The Department provides for legal or constructive obligations, which are of uncertain timing or amount at the reporting date on the basis of the best estimate of the expenditure required to settle the obligation. These relate to early departure charges, potential legal actions and provision for liabilities in respect of contracts. 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.

1.14 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 (MPMNI)*.

These comprise:

- a. 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*
- b. 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.

1.15 Value Added Tax (VAT)

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 fixed assets. VAT is recoverable on a departmental basis.

DEPARTMENT OF FINANCE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1.16 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 de-recognition. 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 IFRS 9 Financial Instruments – Classification and Measurement, financial assets in the form of trade receivables, cash and cash equivalents and other receivables are measured at amortised cost.

The Department impairs its trade receivables by making loss allowances equal to the lifetime expected credit losses if the credit risk on the trade receivables has increased significantly since its 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 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.

Financial liabilities are measured at amortised cost.

1.17 Insurance

Only insurance costs in respect of motor vehicles are charged to the Statement of Comprehensive Net Expenditure.

Departments do not generally insure. Cover for insurance is not provided against the following: fire, explosion, common-law third party and similar risks. Notional insurance premiums are not charged to the Statement of Comprehensive Net Expenditure. Instead expenditure in connection with uninsured risks is charged as incurred.

DEPARTMENT OF FINANCE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1.18 Comparatives

Comparative figures for the 2017-18 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.

1.19 Exceptional items

In accordance with *FReM*, disclosure of exceptional items is included under either administration or programme expenditure as appropriate. There were no exceptional items in 2018-19.

1.20 Third party assets

Third party assets are assets for which the Department acts as custodian or trustee but in which neither the Department nor government more generally has a direct beneficial interest. Third party assets are not public assets, and hence are not recorded in the primary financial statements (see note 20).

1.21 Government grants receivable

Grants receivable for revenue purposes are recognised in the Statement of Comprehensive Net Expenditure so as to match them with the expenditure towards which they are intended to contribute.

Grants received as a contribution towards a non-current asset are recognised as income and taken through the Statement of Comprehensive Net Expenditure, unless the funder imposes a condition requiring that the future economic benefits embodied in the grant are consumed as specified by the grantor or must be returned to them. Assets funded by government grant are revalued, depreciated and subject to impairment review in the same way as other non-current assets.

1.22 Critical accounting estimates and key judgements

As a result of the uncertainties inherent in all business activities, many items in financial statements cannot be measured with precision but can only be estimated. Where estimates have been required in order to prepare these financial statements in conformity with *FReM*, management have used judgements based on the latest available, reliable information. Management continually review estimates to take account of any changes in the circumstances on which the estimate was based or as a result of new information or more experience.

1.23 Third party assets

Third-party assets are assets for which the Department acts as custodian or trustee, but in which the Department has no direct beneficial interest. Third-party assets are not public assets, and hence are not recorded in the primary financial statements. In the interests of general disclosure and transparency, details of the Departments third-party assets are provided in Note 20

1.24 Accounting standards, interpretations and amendments to published standards not yet effective

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for DoF's accounting periods beginning on or after 1 April 2018 or

DEPARTMENT OF FINANCE**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

later periods, but which DoF has not adopted early. Other than as outlined below, DoF considers that these standards are not relevant or material to its operations.

Standard	IFRS 16 <i>Leases</i> IFRS 16 <i>Leases</i> (Replaces IAS 17 <i>Leases</i> and related interpretations)
Effective date	January 2019 (EU Endorsed 31 October 2017). FReM application is revised to 2020-21 from 2019-20.
Summary	<p>The IASB issued IFRS 16 in January 2016 with an effective date for annual periods beginning on or after 1 January 2019. Early application is permitted for those entities applying IFRS 15.</p> <p>IFRS 16 represents a significant change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. A lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value on the Statement of Financial Position. There are corresponding changes to the disclosure requirements to show the effect that leases have on the financial position, financial performance and cash flows of the lessee.</p> <p>The lessor accounting model is generally unchanged from IAS 17 but with the introduction and impacts of IFRS 9 <i>Financial Instruments</i>, enhanced disclosure requirements and that a sub-lessor now determines whether a lease is finance or operating based on the right of use asset it subleases.</p>
Comments	<p>DoF is preparing for implementation in 2020-21.</p> <p>DoF will consider the implications on the disclosures to the financial statements of the standards on:</p> <ul style="list-style-type: none">• What operating leases commitments are currently held by the entity and whether these are material to the financial statements?• The nature of the assets being leased and whether they may be classed as short term or low value leases?• Whether there are sufficient existing disclosures in the financial statements regarding lease commitments where these are considered material.

1.25 Financial Reporting – Future Developments

DoF has considered the accounting initiatives identified by HM Treasury for which the Standards are under development and considers these changes are not relevant or material to its operations.

DEPARTMENT OF FINANCE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Statement of Operating Expenditure by Operating Segment

Reportable segment	2018-19					2017-18
	£000					Restated
	Gross expenditure	Income	Net expenditure	Gross expenditure	Income	Net expenditure
Construction and Procurement Delivery	18,644	(14,947)	3,697	15,631	(12,859)	2,772
Departmental Solicitors Office	8,114	(3,857)	4,257	7,477	(3,938)	3,539
Enterprise Shared Services	147,345	(32,169)	115,176	143,925	(24,156)	119,769
EU Programmes	2,622	(1,478)	1,144	3,991	(1,145)	2,846
Finance and Corporate Services Division	5,055	(189)	4,866	5,185	(273)	4,912
Internal Audit and Fraud Investigation	4,360	(4,348)	12	2,463	(2,259)	204
Land and Property Services	57,378	(39,234)	18,144	54,889	(29,930)	24,959
NICSHR	20,875	(2,505)	18,370	23,086	(7,440)	15,646
Northern Ireland Statistics and Research Agency	29,504	(17,268)	12,236	26,856	(16,469)	10,387
Other Bodies	3,228	–	3,228	3,513	–	3,513
Public Spending Directorate	2,874	(13)	2,861	3,068	(12)	3,056
Strategic Policy and Reform Directorate	4,935	(1,424)	3,511	6,422	(1,145)	5,277
Centrally Managed	2,409	(168)	2,241	756	(118)	638
Total	307,343	(117,600)	189,743	297,262	(99,744)	197,518

Description of segments

The reportable segments detailed above are those reported to the Departmental Board. Refer to Appendix 1 for the key roles and responsibilities of each segment.

2017-18 figures are re-stated to align with current year's presentation.

DEPARTMENT OF FINANCE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3. Other administration expenditure

	Note	2018-19 £000 Core Department & Agency	2017-18 Restated £000 Core Department & Agency
Staff costs¹:			
Wages and salaries		68,253	64,087
Social security costs		6,822	6,420
Other pension costs		15,124	14,055
Goods and services:			
Accounting and information technology		35,565	38,231
Accommodation, maintenance and utilities		36,133	36,677
Personnel and training costs		1,706	2,002
Printing, stationery and advertising		1,053	1,043
Travel, subsistence and hospitality		910	884
Legal costs		413	328
Other costs		188	240
Other expenditure:			
Bad debts and bad debt provision		22	(23)
Exchange losses/(gains)		5	1
Losses and special payments		7	6
Rentals under operating leases:			
Other operating leases		11,114	9,840
Hire of plant and machinery		466	145
Interest charges:			
Finance leases		–	88
Interest payable and similar charges		–	1
Non-cash items:			
Depreciation		21,925	18,295
Amortisation		10,612	9,673
(Profit)/loss on disposal of property, plant and equipment		4	5
Auditors' remuneration and expenses		235	211
Other notional charges		–	57
Total		210,557	202,266

2017-18 figures are re-stated to align with current year's presentation.

The auditors' remuneration and expenses was a notional cost for the audit of the financial statements carried out by NIAO. During 2018-19 the Department did not purchase any non-audit services from its auditor (2017-18:£Nil).

In relation to the National Fraud Initiative, there was a cost incurred in 2018-19 of £19k (2017-18: £Nil).

¹ Further analysis of staff costs is located in the Accountability Report

DEPARTMENT OF FINANCE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

4. Programme costs

	Note	2018-19 £000 Core Department & Agency	2017-18 Restated £000 Core Department & Agency
Staff costs²:			
Wages and salaries		49,963	47,792
Social security costs		4,187	3,902
Other pension costs		9,415	8,961
Grants:			
EU grant expenditure		1,798	1,409
Other grant expenditure		1,176	2,848
Goods and services:			
Accounting and information technology		5,239	5,021
Accommodation, maintenance and utilities		3,250	3,200
Personnel and training costs		2,753	2,582
Printing, stationery and advertising		448	281
Travel, subsistence and hospitality		568	537
Legal costs		–	368
Other costs		235	167
Other expenditure:			
Registrar charges		2,270	2,339
Survey costs		325	294
Benefits expenditure		1,234	37
Banking and cash handling costs		679	588
Bad debts and bad debt provision		1,212	1,427
Exchange losses/(gains)		(159)	(71)
Losses and special payments		(23)	36
Rentals under operating leases:			
Other operating leases		173	198
Hire of plant and machinery		183	188
Interest charges			
Interest payable and similar charges		–	6
PFI service charges			
		5,150	4,712
Non-cash items:			
Depreciation		2,000	1,869
Amortisation		2,967	3,179
Impairment		764	(583)
(Profit)/loss on disposal of property, plant and equipment		–	(3)
Provisions provided in the year	14	–	45
Provisions not required written back	14	(43)	(33)
Benefits expenditure (non-cash)		1,022	–
Capital grant (non-cash)		–	3,700
Total		96,786	94,996

2017-18 figures are re-stated to align with current year's presentation.

² Further analysis of staff costs is located in the Accountability Report

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5. Income

					2018-19	2017-18
					£000	Restated
	CFN	ESS	NICS HR	PSDLG	Core Department & Agency	Core Department & Agency
Revenue from contracts with customers						
Income from NI Departments	10,360	22,306	1,928	17,664	52,258	57,639
Income from other NI Public Bodies	7,687	7,136	301	2,658	17,782	11,466
Income from UK Departments and Public Bodies	636	1,259	1	959	2,855	2,574
Income from external customers	3,182	1,431	2	27,506	32,121	16,650
	21,865	32,132	2,232	48,787	105,016	88,329
Other operating income						
Recovery of secondee costs					11,022	10,140
EU grant income (Current)					1,498	1,146
Other income					64	129
					12,584	11,415
Total					117,600	99,744
Of which:						
Core Department					100,332	83,275
Of which:						
Administration					60,651	53,250
Programme					56,949	46,494
					117,600	99,744

2017-18 figures are re-stated to align with current year's presentation.

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6. Property, plant and equipment

6(a) Property, plant and equipment for the year ended 31 March 2019

	Land £000	Buildings £000	Dwellings £000	Information Technology £000	Plant & Machinery £000	Furniture & Fittings £000	Antiques £000	Assets under Construction £000	Total £000
Cost or valuation									
At 1 April 2018	74,387	322,015	460	48,621	3,595	34,712	2,206	2,166	488,162
Additions	–	16,325	–	8,512	412	2,312	53	5,573	33,187
Disposals	–	–	–	(2,408)	(30)	–	–	–	(2,438)
Impairments	73	(1,176)	–	(39)	–	33	–	–	(1,109)
Reclassifications	(1,303)	666	–	(5)	–	–	–	78	(564)
Transfers	–	–	–	(2)	–	–	–	–	(2)
Revaluations	2,884	(296)	9	99	37	153	–	12	2,898
At 31 March 2019	76,041	337,534	469	54,778	4,014	37,210	2,259	7,829	520,134
Depreciation									
At 1 April 2018	–	92,671	79	30,738	2,116	24,397	–	–	150,001
Charged in year	–	14,989	20	6,829	301	1,786	–	–	23,925
Disposals	–	–	–	(2,403)	(30)	–	–	–	(2,433)
Impairments	–	(347)	–	(9)	–	11	–	–	(345)
Reclassifications	–	280	–	(3)	–	–	–	–	277
Transfers	–	–	–	(2)	–	–	–	–	(2)
Revaluations	–	408	2	24	19	103	–	–	556
At 31 March 2019	–	108,001	101	35,174	2,406	26,297	–	–	171,979
Carrying amount at 31 March 2019	76,041	229,533	368	19,604	1,608	10,913	2,259	7,829	348,155
Carrying amount at 31 March 2018	74,387	229,344	381	17,883	1,479	10,315	2,206	2,166	338,161
Asset financing:									
Owned	76,041	219,091	368	19,604	1,608	10,913	2,190	7,829	337,644
EU Grant Funded	–	9,300	–	–	–	–	–	–	9,300
Donated	–	1,142	–	–	–	–	69	–	1,211
Carrying amount at 31 March 2019	76,041	229,533	368	19,604	1,608	10,913	2,259	7,829	348,155
Of the total									
Department	76,041	229,533	368	19,328	1,600	10,877	2,259	7,224	347,230
Agency	–	–	–	276	8	36	–	605	925
Carrying amount at 31 March 2019	76,041	229,533	368	19,604	1,608	10,913	2,259	7,829	348,155

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6(b) Property, plant and equipment for the year ended 31 March 2018

	Land £000	Buildings £000	Dwellings £000	Information Technology £000	Plant & Machinery £000	Furniture & Fittings £000	Antiques £000	Assets under Construction £000	Total £000
Cost or valuation									
At 1 April 2017	76,503	303,051	441	50,060	3,621	32,939	2,126	2,091	470,832
Additions	–	15,186	–	6,335	545	1,928	80	75	24,149
Disposals	–	(262)	–	(8,785)	(404)	(2)	–	–	(9,453)
Impairments	87	588	–	–	–	(33)	–	–	642
Reclassifications	(647)	(1,744)	–	210	(178)	–	–	–	(2,359)
Transfers	(3,700)	–	–	(5)	–	–	–	–	(3,705)
Revaluations	2,144	5,196	19	806	11	(120)	–	–	8,056
At 31 March 2018	74,387	322,015	460	48,621	3,595	34,712	2,206	2,166	488,162
Depreciation									
At 1 April 2017	–	77,916	57	32,835	2,438	23,074	–	–	136,320
Charged in year	–	12,362	20	6,125	251	1,406	–	–	20,164
Disposals	–	(262)	–	(8,772)	(403)	(2)	–	–	(9,439)
Impairments	–	67	–	–	–	(8)	–	–	59
Reclassifications	–	(280)	–	196	(172)	–	–	–	(256)
Transfers	–	–	–	(5)	–	–	–	–	(5)
Revaluations	–	2,867	3	359	2	(73)	–	–	3,158
At 31 March 2018	–	92,670	80	30,738	2,116	24,397	–	–	150,001
Carrying amount at 31 March 2018	74,387	229,345	380	17,883	1,479	10,315	2,206	2,166	338,161
Carrying amount at 31 March 2017	76,503	225,135	384	17,225	1,183	9,865	2,126	2,091	334,512
Asset financing:									
Owned	74,387	218,585	380	17,883	1,479	10,315	2,137	2,166	327,331
EU Grant Funded	–	9,598	–	–	–	–	–	–	9,598
Donated	–	1,162	–	–	–	–	69	–	1,231
Carrying amount at 31 March 2018	74,387	229,345	380	17,883	1,479	10,315	2,206	2,166	338,161
Of the total									
Department	74,387	229,345	380	17,530	1,469	10,298	2,206	1,743	337,358
Agency	–	–	–	353	10	17	–	423	803
Carrying amount at 31 March 2018	74,387	229,345	380	17,883	1,479	10,315	2,206	2,166	338,161

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7. Intangible assets

Intangible assets comprise internally developed software and databases, purchased software and software licences for the Department and its agency consolidated into these statements.

7(a) Intangible assets for the year ended 31 March 2019

	Information technology (intangible) £000	Software Licences £000	Assets under Construction (intangible) £000	Total £000
Cost or valuation				
At 1 April 2018	155,006	15,214	–	170,220
Additions	3,267	127	301	3,695
Disposals	(165)	–	–	(165)
Reclassifications	–	5	–	5
Revaluations	3,412	241	–	3,653
At 31 March 2019	161,520	15,587	301	177,408
Amortisation				
At 1 April 2018	120,200	10,083	–	130,283
Charged in year	11,863	1,716	–	13,579
Disposals	(165)	–	–	(165)
Reclassifications	–	3	–	3
Revaluations	2,758	148	–	2,906
At 31 March 2019	134,656	11,950	–	146,606
Carrying amount at 31 March 2019	26,864	3,637	301	30,802
Carrying amount at 31 March 2018	34,806	5,131	–	39,937
Asset financing:				
Owned	25,859	3,637	301	29,797
UK Grant Funded	61	–	–	61
Finance leased	944	–	–	944
Carrying amount at 31 March 2019	26,864	3,637	301	30,802
Of the total				
Department	23,318	3,597	301	27,216
Agency	3,546	40	–	3,586
Carrying amount at 31 March 2019	26,864	3,637	301	30,802

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7(b) Intangible assets for the year ended 31 March 2018

	Information technology (intangible) £000	Software Licences £000	Assets under Construction (intangible) £000	Total £000
Cost or valuation				
Balance at 1 April 2017	143,699	12,805	3,457	159,961
Additions	3,133	2,227	170	5,530
Disposals	(430)	(186)	–	(616)
Reclassifications	3,598	(2)	(3,627)	(31)
Revaluations	5,006	370	–	5,376
Balance at 31 March 2018	155,006	15,214	–	170,220
Amortisation				
Balance at 1 April 2017	105,477	8,693	–	114,170
Charged in year	11,471	1,381	–	12,852
Disposals	(430)	(186)	–	(616)
Reclassifications	(25)	2	–	(23)
Revaluations	3,707	193	–	3,900
Balance at 31 March 2018	120,200	10,083	–	130,283
Carrying amount at 31 March 2018	34,806	5,131	–	39,937
Carrying amount at 31 March 2017	38,222	4,112	3,457	45,791
Asset financing:				
Owned	32,847	5,131	–	37,978
UK Grant Funded	120	–	–	120
Finance leased	1,839	–	–	1,839
Carrying amount at 31 March 2018	34,806	5,131	–	39,937
Of the total				
Department	30,872	5,056	–	35,928
Agency	3,934	75	–	4,009
Carrying amount at 31 March 2018	34,806	5,131	–	39,937

7(c) Notes

The amortisation charged during the accounting period in respect of assets held under finance leases was £920k (2017-18: £883k).

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8. Impairments

	2018-19	2017-18
	£000	£000
	Core Department & Agency	Core Department & Agency
Charged direct to the Statement of Comprehensive Net Expenditure	764	(583)
Taken through the Revaluation Reserve	(3,089)	(6,374)
Total impairment charge for the year	(2,325)	(6,957)

9. Financial instruments

IFRS 7 *Financial Instruments: Disclosures* requires disclosure that enables evaluation of the significance of financial instruments for the Department's financial position and performance, the nature and extent of risks arising from financial instruments to which the Department is exposed during the period and at the reporting date, and how the Department manages those risks. As a result of the non-trading nature of its activities and the way in which government departments are financed, the Department of Finance is not exposed to the degree of financial risk faced by business entities.

Classification of financial instruments

All departmental financial instruments are measured at amortised cost. The Department's financial assets are classified as loans and receivables and comprise trade and other receivables (Note 12) and cash and cash equivalents (Note 11). The Department's financial liabilities comprise payables excluding tax liabilities, accruals and deferred income (Note 13). The carrying value of these financial assets and liabilities, as disclosed in the notes to the accounts, approximates to fair value because of their short maturities.

The following table shows the net gains/losses recognised through the Statement of Comprehensive Net Expenditure by measurement category:

					2018-19	2017-18
	From interest	From subsequent measurement			Net gain/ (loss)	Net gain/ (loss)
		At fair value	Currency translation	Impairment /reversal of impairment		
	£000	£000	£000	£000	£000	£000
Loans and receivables	–	–	161	(1,234)	(1,073)	(1,317)
Financial liabilities measured at amortised cost	–	–	(6)	–	(6)	(105)
Total	–	–	155	(1,234)	(1,079)	(1,422)

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Finance costs from financial liabilities measured at amortised cost consist of interest charges in relation to finance lease liabilities.

The net currency translation gains or losses on financial assets classified as loans and receivables are attributable to monies due from the EU in respect of grant payments. The net currency translation gains or losses on financial liabilities are attributable to exchange gains or losses arising on the settlement of invoices issued to the Department in other currencies.

The impairment/reversal of impairment relates to bad debts written off or provided.

Late payment charges in respect of payables are disclosed in the Management Commentary.

The Department recognised all the components of net gain/loss through the Statement of Comprehensive Net Expenditure.

Risk management

Financial risks include credit risk, liquidity risk and market risks (currency and interest rate).

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Department is not exposed to significant credit risk and manages its exposure via credit risk management policies which require review of the credit history of the organisations that the Department wishes to trade with. Publicly available credit information from recognised providers is utilised for this purpose where necessary. The maximum exposure to credit risk is represented by the carrying amounts of the trade receivables carried in the Statement of Financial Position.

Liquidity risk

The Department's net revenue resource requirements are financed by resources voted annually by the Assembly, as is its capital expenditure. The Department of Finance is not, therefore, exposed to significant liquidity risks.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Department receives reimbursement of certain grant payments from the European Union (EU). Transactions with the EU are denominated in euro and therefore exposed to currency risk. The revenue due from the EU is recognised as a receivable when it is initially paid to grant recipients. However, only when the Department submits claims to the EU is the relevant portion of the receivable subject to exchange rate risk. The exchange risk on receivables is offset by EU advances received, which are included within payables. At 31 March 2019 the net exposure was £0.8m (31 March 2018: £1.5m).

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Sensitivity analysis

Based on the balance denoted in euro at 31 March 2019, a 15% weakening or strengthening of sterling against the euro would have increased or decreased the exchange rate movement by £118k respectively (31 March 2018: movement of £223k). This movement is attributable to the foreign exchange gains or losses on translation of the euro denominated receivables and payables with the EU as described above.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

All of the Department's financial assets and liabilities carry nil or fixed rates of interest. The Department is therefore not exposed to any interest rate risk.

10. Assets classified as held for sale

	2018-19	2017-18
	£000	£000
	Core Department & Agency	Core Department & Agency
Balance at 1 April	2,111	40
Transfers in	839	2,111
Disposals	(450)	(40)
Balance at 31 March	2,500	2,111

11. Cash and cash equivalents

	2018-19	2017-18
	£000	£000
	Core Department & Agency	Core Department & Agency
Balance at 1 April	33,142	28,119
Net change in cash and cash equivalents	(23)	5,023
Balance at 31 March	33,119	33,142
The following balances at 31 March were held at:		
Commercial banks and cash in hand	33,119	33,142
Balance at 31 March	33,119	33,142

Balances for cash and cash equivalents are disclosed in the Statement of Financial Position as follows:

Current assets	33,119	33,461
Current liabilities	–	(319)
Total	33,119	33,142

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12. Trade receivables and other current assets

	2018-19	2017-18
	£000	£000
	Core	Core
	Department &	Department &
	Agency	Agency
Amounts falling due within one year:		
Trade receivables	5,472	10,461
Other receivables	5,995	8,521
VAT recoverable	6,936	3,857
Prepayments and accrued income	24,312	20,672
Amounts due from EU	1,495	3,510
	44,210	47,021
Amounts falling due after more than one year:		
Trade receivables	166	239
	166	239
Total	44,376	47,260

Included within prepayments and accrued income is £486 (2017-18: £486) that will be due to the Consolidated Fund once the debts are collected.

The following table shows the impairment of trade and other receivables through the allowance account at the period end:

	2018-19	2017-18
	£000	£000
	Core	Core
	Department	Department
	& Agency	& Agency
Balance at 1 April	(4,258)	(4,204)
Impairment losses recognised/derecognised in receivables	(1,233)	(1,404)
Amounts written off as uncollectable	943	1,350
Balance at 31 March	(4,548)	(4,258)

In determining the recoverability of a trade receivable, the Department considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

No interest is charged on the trade receivables. The Department has provided fully for all receivables where there is evidence to suggest the debt is not recoverable.

The following table shows the aging of trade debts past due but not impaired; no provision has been made where there has not been a significant change in credit quality and the Department believes that the amounts are still fully recoverable:

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	2018-19	2017-18
	£000	£000
	Core Department & Agency	Core Department & Agency
Neither past due nor impaired trade receivables	3,663	7,381
1-30 days	1,010	1,688
31-60 days	85	271
61-90 days	112	354
91-180 days	442	423
181-360 days	160	344
361 days plus	269	320
Gross carrying value	5,741	10,781
Less: impairment	(103)	(81)
Net carrying value	5,638	10,700

13. Trade payables and other current liabilities

	2018-19	2017-18
	£000	£000
	Core Department & Agency	Core Department & Agency
		Restated
Amounts falling due within one year:		
Other taxation and social security	16,257	16,079
Trade payables	5,120	142
Other payables	16,185	16,180
Accruals and deferred income	42,290	54,278
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund:		
CFER – received	64	124
Amounts issued from the Consolidated Fund for Supply but not spent at year end	9,691	10,533
	89,607	97,336

2017-18 figures are re-stated to align with current year's presentation.

There were no amounts payable by the Department falling due after more than one year at 31 March 2019 or at 31 March 2018.

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14. Provisions for liabilities and charges

	2018-19			2017-18		
	Early departure costs	Legal claims	Total	Early departure costs	Legal claims	Total
Balance at 1 April	4	156	160	33	153	186
Provided in the year	–	–	–	–	45	45
Provisions not required written back	(2)	(41)	(43)	–	(33)	(33)
Provisions utilised in year	(2)	(4)	(6)	(29)	(9)	(38)
Balance at 31 March 2019	–	111	111	4	156	160

Analysis of expected timing of cash flows

Analysis of expected timing of discounted flows

	2018-19			2017-18		
	Early departure costs	Legal claims	Total	Early departure costs	Legal claims	Total
Not later than one year	–	44	44	4	45	49
Later than one year and not later than five years	–	34	34	–	56	56
Later than five years	–	33	33	–	55	55
Balance at 31 March 2019	–	111	111	4	156	160

14.1 Early departure costs

The Department and its agency meet the additional costs of benefits beyond the normal Northern Ireland Civil Service (NICS) Pension Schemes benefits in respect of employees who retire early by paying the required amounts annually to the (NICS) Pension Schemes over the period between early departure and normal retirement date. The Department and its agency provide for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments.

14.2 Legal claims

This represents public liability, employer liability, contract and compensation claims and dilapidations as advised by the business areas within the Department.

Public liability claims include personal injury claims. Employer liability claims include legal costs that will have to be borne by the Department and relate to accidents or injury caused due to faults in the fabric of a departmental building.

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Contract claims are associated with claims made by contractors for unforeseen delays in the completion of projects or cost over-runs, which are outside of their control. The provisions details are based on evaluations made by qualified professional and technical personnel employed by DoF.

A discount rate has not been applied on any of the provisions as the time value of money is not significant.

15. Contingent liabilities disclosed under IAS 37

The Department has entered into the following unquantifiable contingent liabilities:

Public/employer liability cases

There are currently 7 cases (2017-18: 4 cases) pending against the Department. The maximum that will be payable cannot be accurately estimated.

Industrial tribunal cases

There are currently 8 industrial tribunal cases (2017-18: Nil cases) pending.

Other legal issues

On 17th June 2019 the Court of Appeal ruled in respect of Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the PSNI on backdated Holiday Pay. It is recognised that the final detail remains to be determined by the Industrial Tribunal who will be guided by the Court of Appeal's Judgement.

This is an extremely rare and complex case with a significant number of issues that still need to be resolved, including further legal advice with regards to the Judgement; the scope; timescales; process of appeals and engagement with Trade Unions. The legal issues arising from this judgment and the implications for the Northern Ireland Civil Service (NICS) and wider public sector will need further consideration. The Department of Finance (DoF) is leading a piece of work across the NICS, reviewing the implications for each of the major staffing groups across the public sector.

Until there is further clarity when this work has concluded, and based on the inherent uncertainties in the final decision that will be made, a reliable estimate cannot be provided at this stage.

Tax Compliance

The Department is working with HMRC to ensure full tax compliance in all areas. It is expected that some revision to existing practices will be required but it is not possible to accurately estimate all potential liabilities at this stage.

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16. Leases

16.1 Finance leases

There were no finance leases contracted in the year.

16.2 Operating leases

£11.3m (2017-18: £10.0m) was included as an expense on operating leases in the SOCNE. Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2018-19	2017-18
	£000	£000
	Core	Core
	Department	Department
	& Agency	& Agency
Land and Buildings:		
Not later than one year	9,376	8,775
Later than one year and not later than five years	26,131	18,800
Later than five years	19,608	22,198
	55,115	49,773
Other:		
Not later than one year	126	108
Later than one year and not later than five years	227	304
Later than five years	2	–
	355	412

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17. Commitments under PFI and other service concession arrangements

17.1 Off-balance sheet (SoFP)

A contract was awarded in July 1999 to BT (formerly BT Syntegra) to design, implement and manage the IT infrastructure for land registration systems. The service commencement date of this contract was July 2004. This contract ran for 15 years and expired in July 2019. It was extended to June 2021. The requirements of IFRIC 12, IFRIC 4 and IAS 17 have been considered and it has been concluded that the appropriate accounting treatment is to classify the contract as an operating lease. All lease payments were expensed in the year incurred.

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service was £5.15m (2017-18: £4.44m); and the payments to which the Department and its agency are committed are as follows:

	2018-19	2017-18
	£000	£000
	Core	Core
	Department & Agency	Department & Agency
Not later than one year	4,094	4,400
Later than one year and not later than five years	4,602	12,820
Later than five years	–	–
Total	8,696	17,220

17.2 On-balance sheet (SoFP)

The *FReM* requires that service concession arrangements should be accounted for in accordance with IFRIC 12 where the government body controls the use of the asset and the residual interest in the asset at the end of the arrangement. The Department therefore recognises assets that fall within this definition as non-current assets together with a liability to pay for them. The services received under the contract are recorded as operating expenses.

The Department's only contract which is classified as a service concession agreement was awarded to BT in June 2006. This contract ran for 12 years and expired in March 2018 and was extended to March 2020.

17.3 Charge to the Statement of Comprehensive Net Expenditure and future commitments

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of on-balance sheet (SoFP) PFI and other service concession transactions was £3.0m (2017-18: £2.2m).

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The service element due in future periods is:

	2018-19	2017-18
	£000	£000
	Core	Core
	Department	Department
	& Agency	& Agency
Not later than one year	3,134	3,287
Later than one year and not later than five years	–	3,109
Later than five years	–	–
Total	3,134	6,396

18. Capital and Other Commitments

18.1 Capital commitments

	2018-19	2017-18
	£000	£000
	Core	Core
	Department	Department
	& Agency	& Agency
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Property, plant and equipment	5,303	2,622
Intangible assets	247	771
	5,550	3,393

18.2 Other financial commitments

The Department and its agency have entered into non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements) for maintenance and construction work to buildings within the NICS estate, for NI Direct, the Rating system and for a number of reform projects, including Records NI, Network NI, IPT replacement phone system, HR Shared Services and Data Accommodation. The payments to which the Department and its agency are committed are as follows:

	2018-19	2017-18
	£000	£000
	Core	Core
	Department	Department
	& Agency	& Agency
Not later than one year	27,741	26,955
Later than one year and not later than five years	43,912	51,510
Later than five years	6,694	4,514
Total	78,347	82,979

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19. Related-party transactions

The Department is the parent of the NI Statistics and Research Agency. This body is regarded as a related party with which the Department has had various material transactions during the year.

The Department has also had a number of transactions with other government departments and other central government bodies.

No minister, board member, key managerial staff or other related parties have undertaken any material transactions with the Department during the year.

20. Third party assets

The Department is responsible for the upkeep of the Ulster Memorial Tower in Thiéval, France. This is not a departmental asset and is not included in the Statement of Financial Position.

The Department is also a trustee of a number of “Project Bank Accounts” used to make payments to both the main contractor and sub-contractors. Any balance on this account is reported in the financial statements of the main contractor. These are not departmental assets and are not included in the Statement of Financial Position.

The Department has laser scanning equipment, LiDAR, on loan from Ordnance Survey Ireland. The LiDAR is an aircraft mounted 3D laser scanning instrument. It uses a pulsed laser to measure distances to the ground and to create a point cloud that models the surface of the earth, buildings, et cetera.

21. Entities within the departmental boundary

The entities within the boundary during 2018-19 were as follows:

DoF Core Directorates

- Construction and Procurement Delivery (CPD);
- Finance and Corporate Services Division (FCSD);
- Departmental Solicitor’s Office (DSO);
- Enterprise Shared Services (ESS);
- Group Internal Audit and Fraud Investigation Service (GIAFIS);
- Land and Property Services (LPS);
- Northern Ireland Civil Service Human Resources (NICSHR);
- Public Spending Directorate (PSD); *and*
- Strategic Policy and Reform Directorate (SPAR).

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Supply Financed Agency

- Northern Ireland Statistics and Research Agency (NISRA). NISRA publishes its own annual report and accounts.

Sponsored Bodies

- Construction Industry Forum Northern Ireland;
- Legal Services Oversight Commission for Northern Ireland;
- Northern Ireland Building Regulations Advisory Committee;
- Northern Ireland Civil Service Pension Board;
- Renewable Heat Incentive Inquiry; and
- Statistics Advisory Committee.

Relationships with Other Bodies

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 in respect of the SEUPB is accounted for in the departmental accounts via the issue of grant. SEUPB produces separate accrual based accounts.

The Department is responsible for making public appointments to the board of the Northern Ireland Authority for Utility Regulation (NIAUR). NIAUR is a non-ministerial body.

22. Events after the reporting period

There are no events after the financial period requiring adjustment to or disclosure in these accounts.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 28 June 2019.

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APPENDIX 1: DOF DIRECTORATES

Construction and Procurement Delivery (CPD)

Supports the DoF Minister and the Executive in the delivery of the legislative framework for the operation of public procurement within Northern Ireland in compliance with EU legislation, including liaison with Cabinet Office on EU and legislative matters.

Supports the Procurement Board in all aspects of public procurement policy, including the development and dissemination of approved policies across Northern Ireland Departments, Agencies, NDPBs and public corporations.

Works with stakeholders in the development of procurement policy, including on the promotion of equality of opportunity and social, environmental and economic benefits in the delivery of public procurement contracts.

Helps Northern Ireland Departments obtain best value for money in the procurement of the supplies, services and construction works that are needed to deliver their objectives, including through appropriate collaboration, engagement on innovative solutions, and effective project management and contract management.

Provides expert advice and professional services during the procurement lifecycle, from initial concept to completion and realisation of benefits. CPD works in partnership with suppliers, potential suppliers and industry representatives to make them aware of the opportunities available in the public sector market.

Provides the Northern Ireland Gateway Hub, managing the programme of assurance reviews for major programmes and projects across the Northern Ireland public sector.

Northern Ireland Civil Service Human Resources (NICSHR)

NICSHR provides strategic HR support and HR services to help the nine Executive departments deliver the Programme for Government (PfG). It also supports the Head of Civil Service and the NICS Board in its commitment to ensure the NICS is inclusive, well-led, high-performing and outcomes focussed.

NICSHR has a number of key responsibilities, including:

- Strategic HR business partnering with NICS Departments and participating bodies
- Welfare Support Service and Occupational Health Services
- Policy development and review
- Workforce planning and resourcing
- Diversity and inclusion
- Pay, reward and grading
- Employee relations
- Learning and development

NICSHR also provides HR policy advice and guidance to North/South bodies and Tourism Ireland and training services to the wider public sector.

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Financial and Corporate Services Division (FCSD)

Provides financial and corporate services to the Department including:

- central support for the Permanent Secretary and for the overall management and governance;
- advice and guidance to ensure compliance and best practice in areas such as equality, disability, health and safety, and public appointments;
- financial accounting and budgeting services;
- strategic direction and guidance which ensures the Department is compliant with data protection, freedom of information and records management legislation, policy and best practice;
- promoting DoF initiatives to internal and external audiences and leading staff engagement; and
- the Audit Authority is an independent assurance function providing an opinion on the legality and regularity of expenditure declared under the Peace & INTERREG Programmes in addition to whether the management and control system for the Programmes functions properly.

Departmental Solicitor's Office (DSO)

Provides legal advice and counsel to the Northern Ireland Executive, Ministers, Departments, their Agencies and NDPBs; represents Departments and other clients in litigation and in property and commercial transactions; and develops proposals for civil law reform.

Enterprise Shared Services (ESS)

Enterprise Shared Services (ESS) provides shared services including IT, Digital Transformation, Properties, Finance, Pensions, HR and Payroll, to the Northern Ireland Civil Service, and a number of services are also provided to the wider public sector.

- Digital Shared Services (DSS) has responsibility for the provision of common IT systems and services for the NICS and some wider public sector organisations, digital transformation and development, and ICT, Cyber and information-related policies and strategies. This includes responsibility for the NI Government citizen portal www.nidirect.gov.uk (including contact centre services) and delivering the NI Digital Transformation Programme, which provides support to Departments in the transformation and digital delivery of their citizen-facing services. In addition, the division provides media monitoring and government advertising services to Departments, as well as to the NI Executive.
- Pensions Division is responsible for the overall legislation, management and administration of the NICS Pension Schemes. In addition, it provides overarching public service pensions policy and primary legislation for the wider Public Service in Northern Ireland.
- Properties Division provides office estate services to NICS Departments and maintains the NI Building Regulations and supporting guidance, including the transposition of the relevant requirements of EU Directives on the Energy Performance of Buildings.
- The Reform of Property Management Programme has been delivering a comprehensive programme of government estate rationalisation to reduce the net cost of service delivery through a transformed asset management process.
- Finance & HR Shared Services provides financial processing and accounting services, and manages the delivery of HR services (including Payroll), primarily to NICS Departments.

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- The Competent Authority for the Network and Information Systems (NIS) Directive also sits within ESS. This both regulates and guides the Operators of Essential Services in their responsibilities to protect their infrastructure and systems, particularly with regards to Cyber.

Land & Property Services (LPS)

Provides Ordnance Survey mapping services for Northern Ireland which are used widely across public and private sectors, informing policy development and enhancing service delivery.

Maintains the four Land Registers: Land Registry (which provides a state guarantee of title), Registry of Deeds, Statutory Charges Register, Ground Rents Register and provides land information services relating to those Registers for conveyancing purposes.

Carries out the statutory responsibility to maintain the Valuation Lists and carry out frequent revaluations, which supports the collection of rates.

Delivers property valuations, estate management and property data services to the public sector (asset valuations and Client Services work example, road scheme compensation).

Collects rates to fund important public services provided by central and local government.

Administers various rate related reliefs including Housing Benefit, Rate Relief, Lone Pensioner Allowance and Disabled Persons Allowance to owner occupiers, and a number of business related reliefs, to help those in need pay their rates and provide assistance to business. Since September 2017 this includes the new Rate Rebate Scheme for working age claimants in receipt of Universal Credit.

Provides policy advice to the Minister of Finance on the rating system, and ensures that rating policy is supported by the necessary legislation.

Public Spending Directorate (PSD)

PSD is responsible for the effective management of public expenditure in Northern Ireland promoting accountability and good governance while maximising value for money and ensuring no breach of HM Treasury budget controls. This includes supporting decisions on the allocation of resources to departments in line with the draft Programme for Government and monitoring of in-year expenditure to support the effective use of available resources. PSD is also responsible for ensuring that Budget legislation is in place to allow NI Departments to deliver public services and providing cash to departments, from the NI Consolidated Fund, to fund those services. PSD supports departments in ensuring regularity, propriety and value for money and the production of high quality financial reports by providing departments with a framework of delegations, guidance and support.

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Strategic Policy and Reform Directorate (SPAR)

Provides strategic economic and fiscal policy advice; and expenditure appraisal advice and guidance to Finance Minister, Senior Management Team and other Departments.

Manages the Public Sector Transformation Fund.
Provides effective sponsorship of the RHI Inquiry.

Co-ordinates NI's work on EU Structural Funds and is the NI Sponsor Department for the Special EU Programmes Body working in partnership in the delivery of the PEACE and INTERREG Programmes. Leads DoF input into issues arising from EU referendum and planning for new relationship with the EU.

Leads the reform of the rating system.

Leads on Public Sector Reform across the wider public sector through benchmarking reform initiatives against international perspectives and best practice, supporting business improvement), the implementation of intive best practice (through the Northern Ireland Public Sector Intion Lab), and effective engagement with public sector colleagues, citizens and stakeholders in other sectors.

Responsible for the provision of internal consultancy services across the NICS, its Executive Agencies and NDPBs, through Business Consultancy Services.

Responsible for the provision on Library services across the NICS Departments through the NICS e-Library and physical collections in Dundonald House and Victoria Hall.

Leads on the delivery of NICS awards and NICS Live.

Leads on the delivery of the Open Government Agenda.

Group Internal Audit and Fraud Investigation Services (GIAFIS)

A centralised Group Internal Audit and Fraud Investigation Service has been established as a separate directorate within DoF. The Group Service provides specialist fraud investigation services to NICS departments, Executive Agencies and Arm's Length Bodies. The Group Service also comprises departmental internal audit teams who are out-posted to the department to which they provide a service.

The overall Group Service is managed by the Group Head who has strategic responsibility for the provision of internal audit and fraud investigation services to NICS departments and in doing so has line management responsibility for departmental internal audit and fraud investigation staff.

While the Group Service is located in DoF, the Group Service is accountable to individual departmental Accounting Officers. Any fraud investigations or audit activity undertaken by the Group Service is undertaken on behalf of the relevant department and reported to the relevant department – there is no reporting line on these matters to DoF.

Departments are hard charged for the services provided by the Group Service.

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EXECUTIVE AGENCY

Northern Ireland Statistics and Research Agency (NISRA)

Supports decision makers in the formulation of evidence-based policy and informs public debate through the production and dissemination of high quality, trusted, meaningful analysis; facilitates research and delivers the decennial population census and cost effective civil registration services.

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APPENDIX 2: ACRONYMS

Acronym	Details
£k, £000	represents thousands of pounds
£m	represents millions of pounds
ALBs	Arm's Length Bodies
AME	Annually Managed Expenditure
ARC	Audit Risk Committee
CAL	Centre for Applied Learning
CARE	Career Average Revalued Earnings
CETV	Cash Equivalent Transfer Value
CFER	Consolidated Fund Extra Receipt
CFN	CPD, FCSD and NISRA as a collective group
CPD	Construction and Procurement Delivery
CPI	Consumer Prices Index
DARC	Departmental Audit and Risk Committee
DAERA	Department of Agriculture, Environment and Rural Affairs
DEL	Department Expenditure Limits
DfC	Department for Communities
DfE	Department for the Economy
DfI	Department for Infrastructure
DE	Department of Education
DoF	Department of Finance
DoH	Department of Health
DoJ	Department of Justice
DSO	Departmental Solicitor's Office
ESS	Enterprise Shared Services
EU	European Union
FCSD	Finance & Corporate Services Division
FReM	Financial Reporting Manual
GIAFIS	Group Internal Audit and Fraud Investigation Service
HM	Her Majesty
HMRC	Her Majesty Revenue and Customs
HR	Human Resources
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICT	Information and Communications Technology
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
LPS	Land and Property Services
LPIS	Land Parcel Identification System
MEP	Member of the European Parliament

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Acronym	Details
MLA	Member of the Legislative Assembly
MP	Member of Parliament
MPMNI	Managing Public Money Northern Ireland
NDPB	Non-Departmental Public Body
NFI	National Fraud Initiative
NIAO	Northern Ireland Audit Office
NIAUR	Northern Ireland Authority for Utility Regulation
NICS	Northern Ireland Civil Service
NICSHR	Northern Ireland Civil Service Human Resources
NISRA	Northern Ireland Statistics and Research Agency
NSMC	North South Ministerial Council
PD	Property Division
PSD	Public Spending Directorate
PSDLG	PSD, LPS, DSO and GIAFIS as a collective group
OHS	Occupational Health Service
ONS	Office for National Statistics
PAC	Public Accounts Committee
PfG	Programme for Government
PFI	Public Finance Initiatives
PPA	Prior Period Adjustment
PSD	Public Spending Directorate
PSSSP	Public Sector Shared Services Programme
RAG	Red, Amber or Green
RHI	Renewable Heat Incentive
RfRs	Request for Resources
RPI	Retail Prices Index
RPM	Reform of Property Management
SAU	Standard Assurance Unit
SCS	Senior Civil Service
SEUPB	Special European Union Programmes Body Expenditure
SOAS	Statement of Assembly Supply
SOFP	Statement of Financial Position
SPAR	Strategic Policy and Reform Directorate
TEO	The Executive Office
UC	Universal Credit
UK	United Kingdom
VAT	Value Added Tax
VES	Voluntary Exit Scheme
VFM	Value for Money