

Department of Finance Annual Report and Accounts
For the year ended 31 March 2020

*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*

on

21 September 2020



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DEPARTMENT OF FINANCE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

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PERFORMANCE REPORT

DEPARTMENT OF FINANCE

PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2020

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 of Finance (DoF) provides the Northern Ireland Civil Service (NICS) and other public bodies with money, professional services and business support systems, helping them to deliver excellent, value for money public services.

We do this by:

- Managing public expenditure and effectively allocating resources to where they are most needed to support the delivery of public services;
- Collecting rates revenue to provide funding for central and local public services;
- Recruiting, developing and supporting the best people for the NICS and providing opportunities for individuals to reach their full potential;
- Providing a range of expert shared and professional services to the NICS, and other parts of the public sector;
- Improving effectiveness across the public sector by transforming the way we work; and
- Making the way the NICS works more open and transparent and promoting the release of government data in an accessible format.

The Department 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.

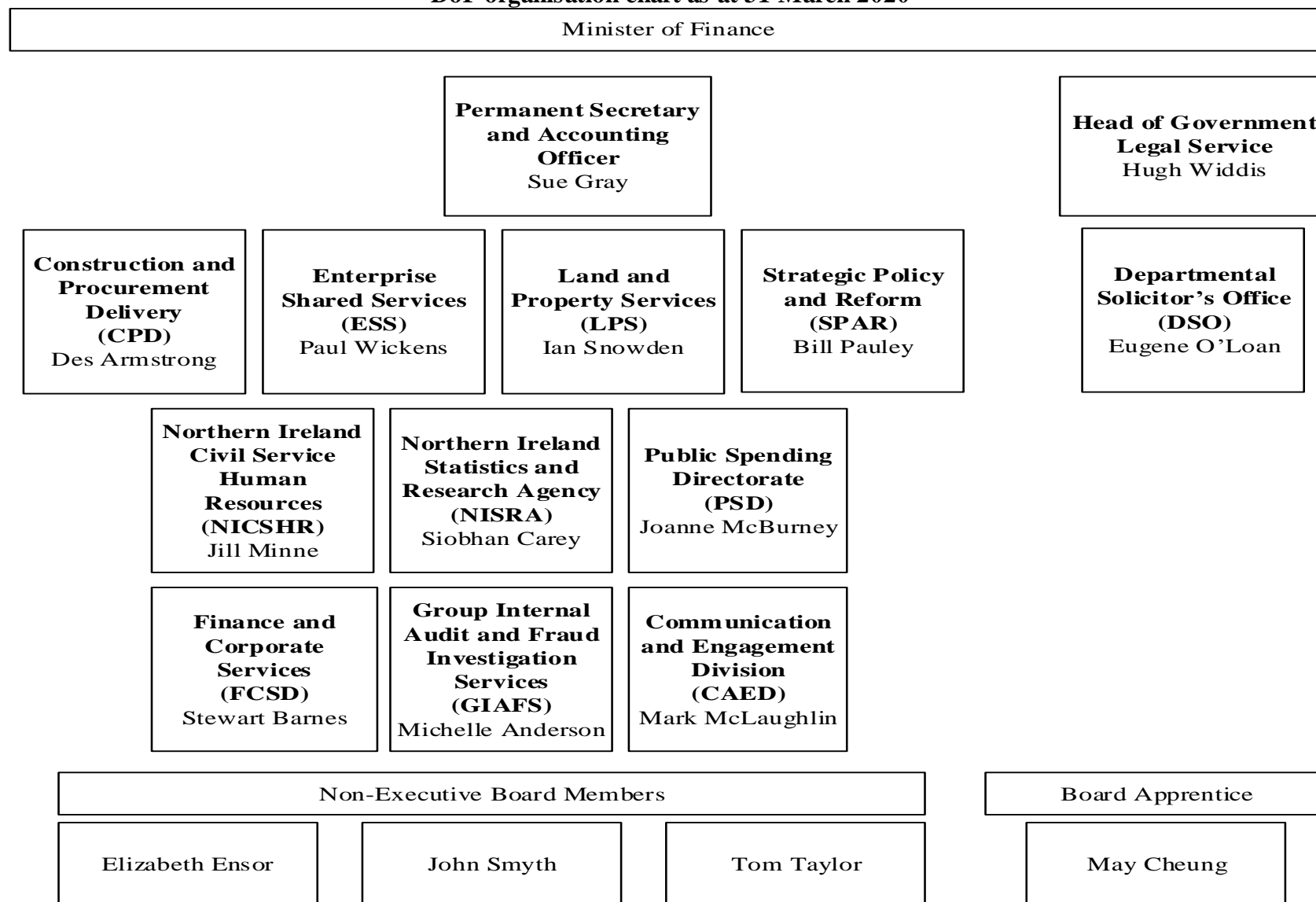
Organisational structure

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](#).

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PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2020

DoF organisation chart as at 31 March 2020



**DEPARTMENT OF FINANCE
PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2020**

Accounting Officer's Introduction

I am pleased to present the Department of Finance (DoF) Annual Report and Resource Accounts for the 2019-20 year. The Department's achievements during 2019-20 are outlined in more detail in the performance report. In January the Executive was restored and Ministers returned, with work beginning on progressing commitments in the New Decade, New Approach. The year ended in the most challenging circumstances due to the COVID-19 pandemic. The Department has played a key role in the response, maintaining services to NICS departments so that priority citizen facing services could be delivered and ensuring steps were taken quickly to support businesses and citizens. I would like to thank all DoF colleagues for their continued efforts in these unprecedented times.

**Sue Gray
Accounting Officer
Department of Finance**

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Non-Executive Board Members' Report

Non-Executive Board Members (NEBMs) play an important role within the Department, attending Departmental Board and Committee Meetings. Board meetings are a place of open and transparent interaction where critical challenge and positive suggestions by NEBMs are welcomed. NEBMs also have positive direct interaction with the Permanent Secretary and key officials.

The Departmental Board met 10 times during 2019-20, with meetings held both at Departmental buildings and other community based locations. Those community based locations provided an opportunity to learn about, and consider how the Department can support, initiatives such as the Prince's Trust, Access Employment, Bryson Recycling and Age NI.

Much of the Department's activity during 2019-20 was a continuation of the previous year's activity, focusing on delivering a budget for Northern Ireland, improving customer service, digital transformation and managing critical risks. There was of course increased activity during the year in preparation for the UK exit from the EU and, in the last weeks of the year, vital activity in supporting the Executive's response to COVID-19.

Key Departmental projects include:

- Developing and delivering a Northern Ireland Budget;
- Public Procurement Rules on Leaving the EU;
- Preparation for Publication of RHI Report;
- Digital transformation;
- 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; and
- Supporting the Executive's response to COVID-19.

Departmental Audit and Risk Committee (DARC)

In addition to the usual 5 meetings per annum, the DARC met a further 6 times to place special attention on deep dives for key governance areas including the Departments position in relation to Preparation for Census 2021, Public Accounts Committee (PAC) recommendations, governance compliance within ESS and NICS HR, fraud within LPS, Internal Audit plans and priorities and procurement of Civil Service Pensions systems.

All three Non-Executive Board Members also sit on the NISRA ARC which met four times during the year. The key issues discussed were:

- Developing and delivering the NISRA Budget;
- Preparation for Census 2021;
- Impact of Brexit on income and workload;
- Risk Management issues; and
- Recruitment challenges.

John Smyth

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

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Performance

At the start of the 2019-20 business year a draft Business Plan was prepared for consideration and approval by an incoming Minister. Pending the appointment of a Minister, the Department worked towards delivery of the priorities and targets specified within the limits of the financial and other resources that it had been allocated for the current financial year.

The Department of Finance is responsible for a number of commitments within the New Decade, New Approach Agreement, the document which formed the basis for the restoration of devolved government in Northern Ireland.

In the last month of the financial year the Departmental Board met to re-assess priorities in light of the ongoing COVID-19 pandemic.

The Department delivered the majority of the business plan targets while maintaining service delivery in these very challenging times. Progress was reported to the Board 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 **36** targets, at year end **26** were achieved (Green), **6** on target (Amber) and **4** (Red) not achieved.

The key risks and issues to delivering the Departments objectives are monitored through the reporting cycle noted below. There were 16 risks recorded in the last quarter of the 2019-20 year with 7 serious (red) risks, namely:

- Delivery of the HR services provided through the HRConnect contract beyond 2021 - delays in procuring a replacement and/or extending existing contract, comes a risk that the current contract will expire, which may result in ESS being unable to deliver HRConnect to NICS and other bodies;
- Delivery of Finance Shared Services by ESS beyond 2020 - delays in procuring a replacement and/or extending existing contract, comes a risk that the current contract will expire, which may result in ESS being unable to deliver essential finance shared services to NICS and other bodies;
- Failure to successfully negotiate a NICS holiday pay policy solution that is compliant with existing and emerging case law will result in significant litigation costs and reputational damage for NICS;
- Failure to protect NICS from equal pay and other legal cases could result in significant financial cost, reputational damage and management difficulties across the NICS;
- Internal Audit coverage is limiting the ability to provide an effective audit opinion to the required standard;
- Poor contract management brings a risk that the public will receive poor value for money resulting in inefficient expenditure and reputational damage to the Department; and
- WOPS (Works Order Purchasing System) - risk of failure in non-supported software. The system is required to be maintained until the implementation of concerto.

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 2020

Departmental Reporting Cycle

The DoF Business Plan 2019-20 sets out the Department's objectives and targets and how the Department will work to deliver its Departmental level objectives.

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 2019-20 was set out in the Northern Ireland Budget 2019-20 document which was published in February 2019. The Department's 2019-20 Main Estimate reflects the opening position along with changes made in a technical exercise to realign budgets and was published in October 2019. 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 2019-20 Spring Supplementary Estimate, which was published in February 2020.

The 2019-20 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

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PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2020

PERFORMANCE ANALYSIS

Performance during 2019-20

The Department's performance over the past financial year has been monitored and reported regularly to the Departmental Board. As previously noted the Department reviewed and re-prioritised ongoing business in March 2020 in response to COVID-19. As mentioned above the Department is also responsible for a number of commitments within the NDNA agreement.

Achievement of Departmental Targets

While the response to COVID-19 did have an impact on the Department, **26** of the **36** Departmental targets in 2019-20 were met, of which **26** were reported as **“Green”**, **6** were reported as **“Amber”** and 4 as **“Red”**.

The Department has made significant progress during 2019-20 and notable achievements have included:

- Delivering a NI Budget agreed by the Executive on 30 March 2020;
- Publication of a new non-Domestic Valuation List;
- Publication of a first findings report on business rates with actions included in the budget produced on 31 March 2020;
- 550 supplies and services contracts awarded and valued at c£480m including 2 contracts delivering savings of c£85m;
- Implementation approach agreed for a NICS Diversity and Inclusion Outreach plan;
- Publication of Permanent Secretary gifts and hospitality and expenses and DoF SCS gifts and hospitality published quarterly on the open data NI portal;
- Rehearsal and Legislation were key targets for NISRA. Both were achieved at the end of the year when the NI Executive agreed the policy position on the Census and this led to the draft 2021 Census Order undergoing policy scrutiny in the Assembly;
- Following direction from the Department the National Lottery Community Fund has consulted on key issues on the establishment of a dormant Accounts Scheme in NI. A strategic Action plan is expected in the 2020-21 year;
- Reduced standard charges by £300 per desktop/laptop from 1 April 2019, saving the NICS Departments and Arms-Length Bodies £8.1M per year; and
- Implemented the Public Services Shared Network across 400 sites. A modern and highly efficient data communications network infrastructure has been established which facilitates improved data sharing and interoperability across all NICS Departments.

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

P1.5 Policy approaches to replace current EU funding Programmes to be in place by 31 March 2020.

In the reporting period European Union Division (EUD) established a cross-NI Future Policy and Finance work stream to bring together representatives from different NI departments to ensure a single NI position could be taken on issues relating to the replacement of EU funding streams. Through this work stream a coherent ask of the UK government in relation to replacement funding was developed.

EUD worked with Whitehall colleagues and counterparts in the other Devolved Administrations to represent Northern Ireland's interests and clearly articulate the Northern Ireland position.

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PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2020

In the Investment for Growth and Jobs Programmes European Division has continued to work with DfE and DAERA to ensure that ongoing n+3 expenditure targets are met year on year and has overseen the organisation of twice yearly Programme Monitoring Committees - including refreshing the membership with Ministerial approval. This work has continued uninterrupted during the uncertainty surrounding the UK exit from the EU and, more recently, the disruption caused by the COVID-19 pandemic with many staff across Departments working from home.

Agreement is in place between the British Government and the EU to fund a PEACE PLUS programme for the 2021-27 period. Current funding commitments amount to approximately €650m.

P2.1 Collect £1.39 billion of rates revenue by 31 March 2020.

At 31 March 2020, £1.373 billion had been collected. This is £20 million more than the figure collected in 2018-19, but £16.7 million (or 1.2%) behind the profiled position for 2019-20.

P2.2 Reduce rating debt to £120 million by 31 March 2020.

Not achieved. At 31 March 2020, total debt was £124.4 million which is £4.4 million (or 4.6%) behind profile. For comparison purposes, the figure for 2018-19 was £125 million.

P6.3 Deliver an NICS-wide approach to strategic workforce planning and strengthen strategic workforce planning in departments.

After a series of workshops and presentation to Departmental Boards, work to develop standard templates for gathering workforce plans was developed by NICS HR and shared with Departments to assist them in preparing their three year workforce plans. In 2020-21, NICS HR plans to secure capability to support the further development of workforce planning across the NICS.

New Decade, New Approach Commitments

The Agreement was published in January 2020 and, between then and the end of the financial year, the Department delivered a number of its commitments relating to public sector pay, public sector reform, transparency, governance and the functioning of the Executive, and the response to the Renewable Heat Incentive (RHI) Inquiry report.

Health Sector pay was agreed for 2020-21 on 14 January 2020. A strengthened Code of Conduct for Special Advisers and Ministerial Code of Conduct, new Guidance for Ministers, and a new mechanism for the enforcement of Ministerial standards were developed by the Department and agreed by the Executive between January and March 2020. The RHI Inquiry Report was published on 13 March, and work begun to advise the Executive Sub-Committee on Reform Following the RHI Inquiry Report, as set out in the Agreement. Terms of Reference were developed for the review of Arm's-Length Bodies, as outlined in New Decade, New Approach (NDNA). Establishment of a central translation hub was scoped in detail with options for the way forward prepared and some initial work carried out on implementation.

Work to progress DoF's remaining NDNA commitments is underway and will be completed in 2020-21.

Business Consultancy Service (BCS) undertook a review of options for the establishment of a translation hub for Departments, Arms-Length Bodies, Public bodies and Local Government as per the New Decade,

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New Approach deal, a submission was made to the Minister on 18th March which was subsequently approved on 15 May 2020.

During January and February 2020, SPD were developing advice on options for delivering on the New Decade, New Approach Deal commitment to establishment of an NI Fiscal Council. Work has been paused as officials focus on COVID-19.

Impact of COVID-19 on the departmental activity and outcomes in the financial year 2019-20.

As noted above ongoing work in the Department was re-prioritised in mid-March with the focus moving to the COVID-19 response.

Digital Shared Services within ESS increased the technical capacity of the IT infrastructure to allow 15,000 staff to securely connect to NICS systems from remote locations. 7,000 additional laptops were procured and deployed across NICS Departments – with an additional 3,400 desktops re-configured to assist staff to work from home.

NICS Internet Bandwidth was increased from 2GB to 10GB to cope with the increased traffic. ESS provided additional online Video Conferencing capability with approximately 600 video conferences taking place each day involving over 4,000 staff.

SPAR has assisted the development of interventions to support sectors affected by the crisis including banking, airports, hospices, haulage and ferries while also assisting with the Executive grant scheme interventions. LPS was tasked with delivering the Small Business Support Grant.

Annual indices provided by LPS have been used in revaluing the Departments land and building assets at year end. Whilst it is still too early to determine the extent of the lockdown measures on the local property market, it is almost certain that the raft of decisions taken and provisions implemented by both the UK government and the NI Executive as a result of the response to COVID-19 will have an effect. It is highly likely that values across all property sectors will not be maintained at current levels and that a reduction in property values over the next few years is anticipated.

Within CPD a PPE (Personal Protective Equipment) Hub was established and CPD worked in partnership with DoJ to provide a support facility. There was also an increased demand for NISRA services in the areas of health surveillance, death reporting and modelling for operational purposes.

On the staffing front NICS HR established a staffing HUB to better prioritise and ensure an organised approach to addressing people management across the NICS emerging from the COVID-19 crisis.

On 23 March all staff within NICS who were able to work from home were advised to do so while Departments determined the minimum amount of staff required to deliver **essential** duties and services. The majority of staff in the Department, mostly working from home, were able to maintain services. The COVID-19 restrictions and diversion of available resources to deliver the aforementioned grant impacted on delivery of LPS services during March 2020 and partly contributed to the rate collection and rating debt targets not being met.

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PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2020

UK Withdrawal from the EU

TEO enabled a co-ordinated NICS response to the possibility of a no-deal Brexit by the creation of the C3 – Command, Control and Coordination structure. A central HUB was established along with a network of Departmental Operating Centres (DOCs). IT Assist within ESS worked with the Hub and Departmental Operating Centres over the past year to ensure that they had the IT infrastructure needed to manage/monitor/report on the impact of an EU Exit.

SPAR was responsible for working with other Departments in the NICS to prepare for and deliver an orderly exit from the European Union. Assisting in the work to assess the staffing and finance resources necessary for any EU exit scenario and in the work to mitigate any impact of financial services or the management of public sector data. Through their work on multiple work streams including common frameworks, operational readiness and legislation SPAR provided the necessary departmental assurances on readiness for a no-deal Brexit.

There was a continued interest in understanding trade in advance of exiting the EU on 31 January 2020. While trade flows between UK/NI and the EU are routine statistical outputs, there was an increased interest in trade flows within the UK and on a north/south basis. NISRA continued to prioritise this work to provide support to Northern Ireland Civil Service (NICS) and Whitehall colleagues to inform their decision making. NISRA continued to keep updated EU Exit related analysis on its website to inform public debate. <https://www.nisra.gov.uk/statistics/economy/eu-exit-analysis> as well as updating “NI: in Profile”, which was published last year and brings together the key trends in society and the economy in an easily accessible resource pack. <https://www.nisra.gov.uk/statistics/ni-summary-statistics/ni-profile>.

CPD worked with Cabinet Office (CO) to identify and address the inoperabilities that existed in the Public Contracts Regulations following the UK’s exit from the EU. These inoperabilities have now been addressed, allowing the Public Contracts Regulations to be suitable for use following the transition period from the EU (end January 2021).

NICSHR responded to ensure there was a readily available supply of appropriately skilled colleagues across the NICS to cope with EU Exit – this included directly filling EU Exit posts and also backfilling posts where existing staff had been moved to EU Exit roles.

Financial Review

The Department’s 2019-20 opening resource departmental expenditure limit (DEL) position saw an increase of 4.6% compared to the 2018-19 opening position. However, this was based on a 1.8% reduction on the Department’s 2018-19 opening budget position, offset by some additional allocations for central ring fenced activities including Collaborative Procurement and funding to support preparation activities associated with the UKs Exit from the EU. In addition, the Department received funding to cover the increase in employers pension rates with effect from 1 April 2019.

As set out in the Statement of Assembly Supply (in the Accountability Report section), the Department was voted Resource Estimate Provision of **£230.4m** for 2019-20. Details of the net resource estimate and outturn are given in Table 1.

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Table 1

	Estimate	Outturn	Variance saving
	£000	£000	£000
Total Request for Resources A	230,401	212,434	17,967
Net Cash Requirement	231,996	208,396	23,600

The net resource outturn was **£212.4m** against an estimated provision of **£230.4m**.

The total underspend was **£18.0m**, split between the departmental expenditure limit (DEL) **£4.7m**, the annually managed expenditure (AME) **£13.1m** and non-budget **£0.2m**.

Of the DEL underspend, £2.1m is in relation to depreciation, a further £0.9m is due to a demand led programme, with the remaining £1.7m in relation to the Department's non-ring-fenced spend which is 1% of the Departments final non-ring-fenced budget position.

Of the AME underspend, £8.2m is in relation to the revaluation of the office estate, which was lower than anticipated. A further £4.9m 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 **£208.4m** against an estimated provision of **£232.0m**, a variance of **£23.6m**. The bulk of the variance (£19.9m) 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 2020

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

Table 2

	Outturn 2019-20 £000	Outturn 2018-19 £000
Net Resource Outturn (Estimates)	212,434	189,807
Include Consolidated Fund Extra Receipts (CFER's) in the Statement of Comprehensive Net Expenditure	(53)	(64)
Net Operating Costs (Accounts)	212,381	189,743
Remove capital grants	2	-
Remove research & development expenditure	(18)	(52)
Remove Consolidated Fund Extra Receipts (CFER's) in the Statement of Comprehensive Net Expenditure	53	64
Include Excess Accruing Resources	-	(15)
Include rate collection income	(8,262)	(8,056)
Remove notional costs	(275)	(235)
Remove SEUPB Non Budget Grant	(934)	(985)
Include SEUPB Running Costs	1,614	1,530
Resource Budget Outturn (Budget)	204,561	181,994
Of which:		
Departmental Expenditure Limit (DEL)	201,520	179,634
Annually Managed Expenditure (AME)	3,041	2,360

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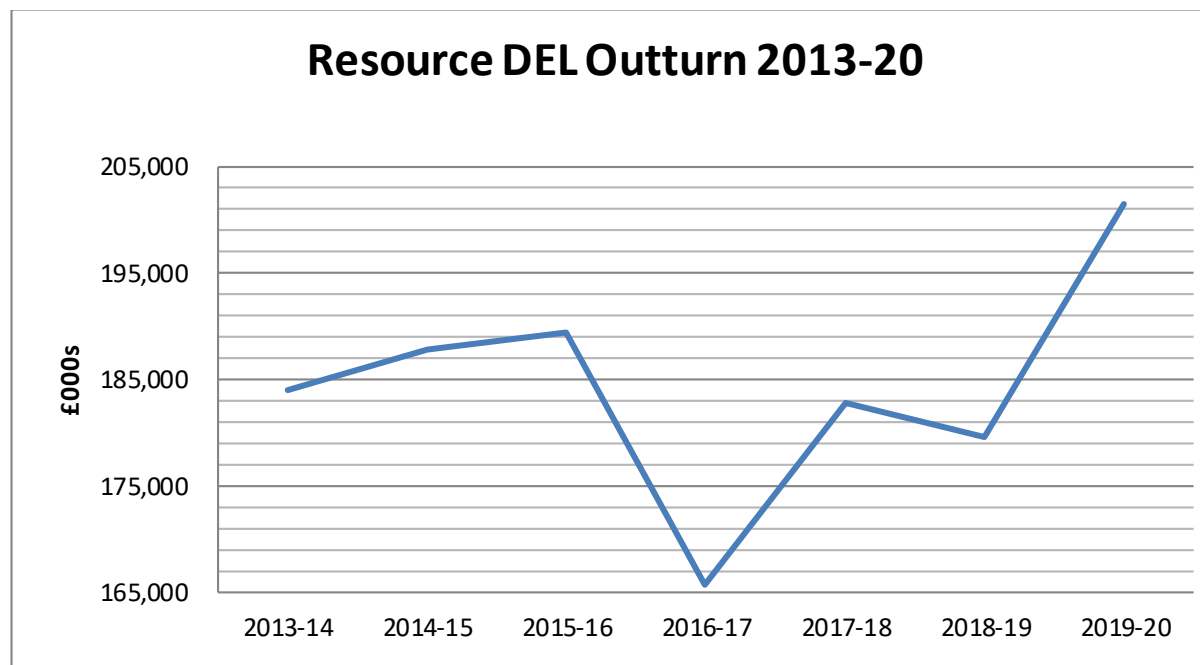
Long-term expenditure trend

Total departmental spending			
	£000	£000	£000
	2019-20	2018-19	2017-18
	Outturn	Outturn	Outturn
Total Resource DEL	201,520	179,634	182,813
<i>Of Which:</i>			
- Staff Costs	168,064	154,384	145,715
- Other	129,305	114,927	113,679
- Depreciation & Impairments	34,126	36,009	31,655
- Income	(129,975)	(125,686)	(108,236)
Total Resource AME	3,041	2,360	906
<i>Of Which</i>			
- Staff costs	1,641	(49)	92
- Other	179	150	36
- Depreciation & Impairments	1,221	2,259	778
Total Resource Budget	204,561	181,994	183,719
<i>Of Which:</i>			
- Staff Costs*	169,705	154,335	145,807
- Other	129,484	115,077	113,712
- Depreciation & Impairments	35,347	38,268	32,433
- Income	(129,975)	(125,686)	(108,236)
Total Capital DEL	28,998	36,489	31,384
<i>Of Which:</i>			
Capital grants	16	-	3,700
Total Capital AME	-	-	-
Total Capital Budget	28,998	36,489	31,384
Total departmental spending	233,559	218,483	215,103
<i>Of Which:</i>			
- Total DEL	230,518	216,123	214,197
- Total AME	3,041	2,360	906

*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 £628k.

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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.

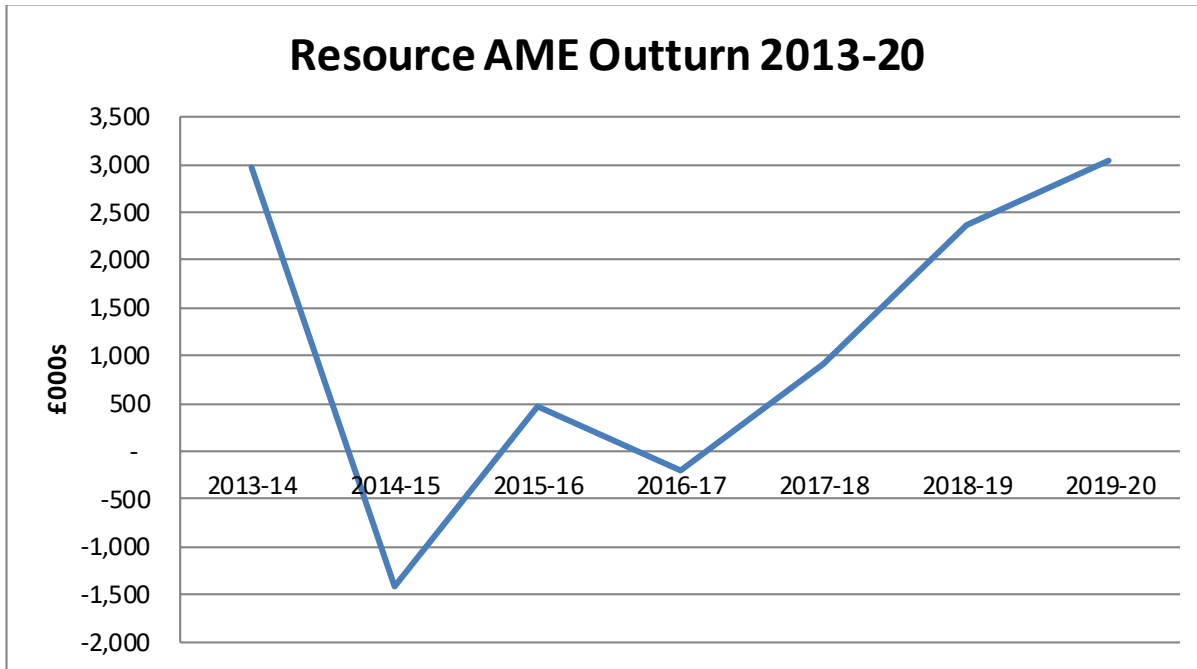
In 2017-18 the increase is mainly in relation to the Department's new responsibility of providing a shared NICS Human Resources function to all NICS departments. In addition the Department received allocations of £7.3m to take forward the Rate Rebate Replacement Programme, the Reform of Property Management 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.

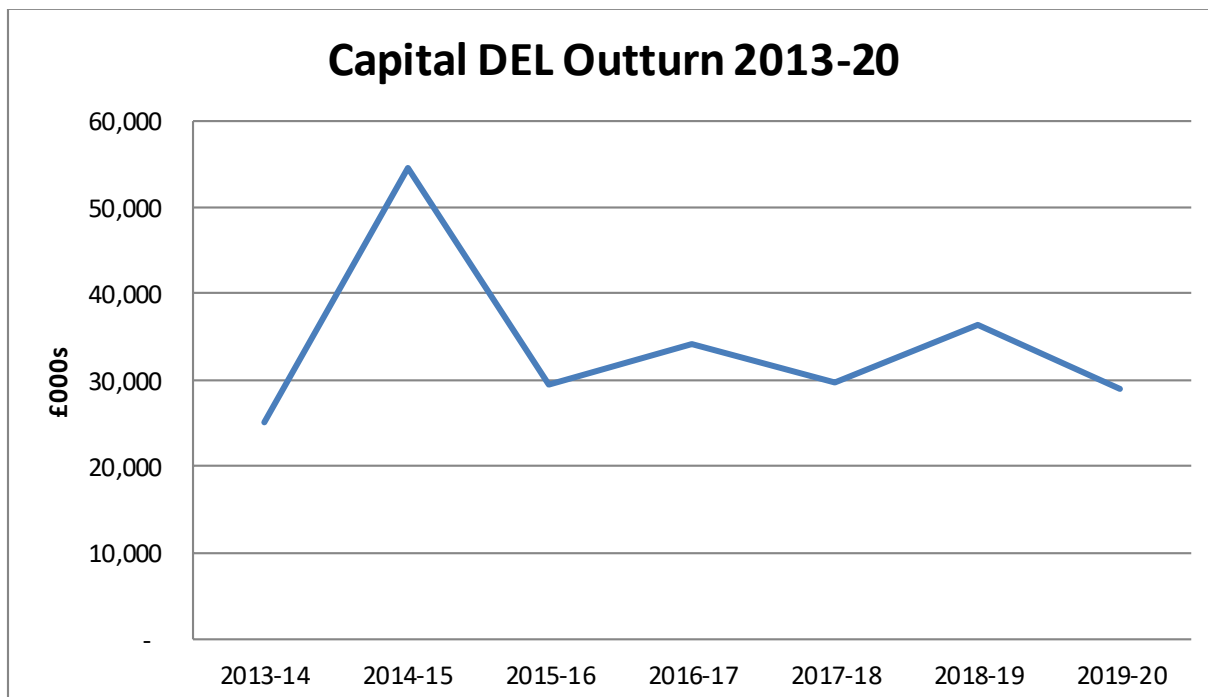
2019-20 saw a significant increase mainly due to the increase in employer's pension contribution rate which was effective from 1st April 2019 and the Department received £8.8m additional funding. With the roll out of Universal Credit the payments the Department is responsible for making under the rate rebate scheme saw an increase of around £6m from the previous year. The Department was also preparing for the Census 2021 and there was an increase in both staff costs and other costs associated with this.

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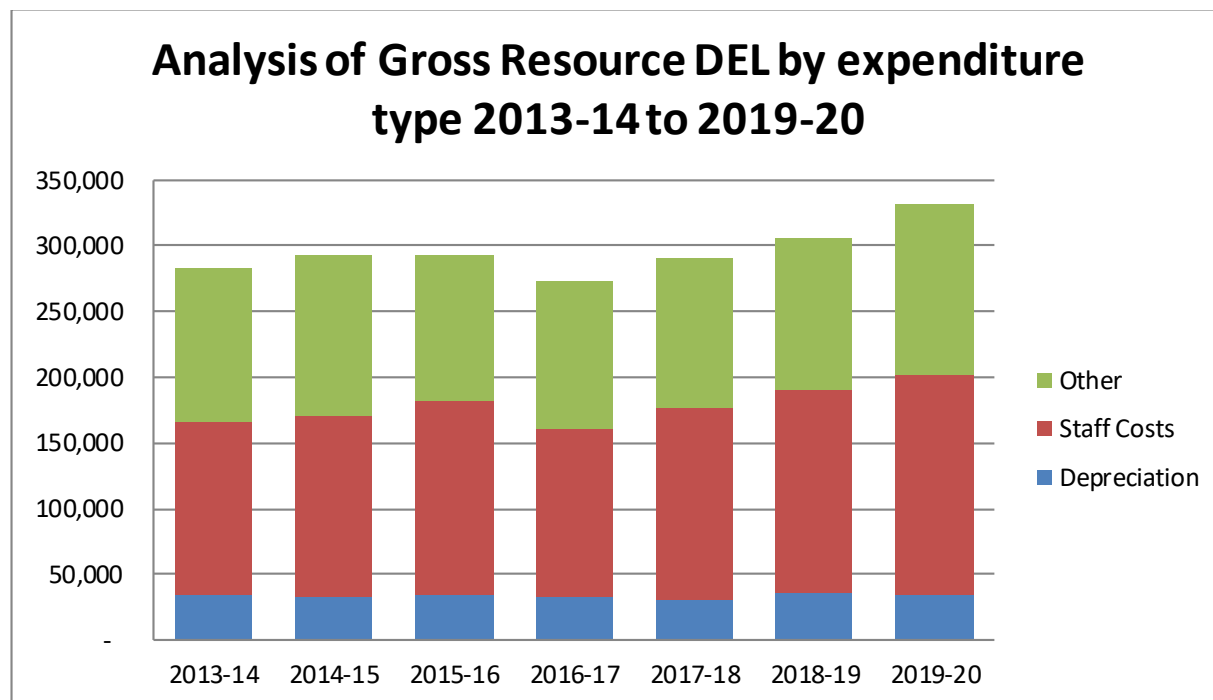
AME covers areas of expenditure that are more volatile including the revaluation of the office estate as a result of changes in market value and potential legal liabilities. The negative outturn in 2014-15 was as a result of the release of a number of provisions including the NICS equal pay claim. The 2016-17 negative outturn is as a result of the revaluation of the office estate being lower than anticipated. The increase in 2019-20 is mainly in relation to a potential legal liability of around £1.7 million.



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.

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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;
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. 2019-20 saw a significant increase, mainly as a result of the increase in employers pension contribution rates which were effective from 1st April 2019; and
3. *Other costs* – these have remained relatively constant despite inflationary pressures and additional corporate functions. There was an increase in 2019-20 due to the increase in rate rebate payments following roll-out of Universal Credit and also increased costs due to the preparation for Census 2021.

Future Developments

It is likely that the Department of Finance's operational business plan for 2020-21 will focus on the response to COVID-19, the continuing need to prepare for the end of the UK's transition period with the EU and key service delivery.

Table 3 shows the net current and net capital baselines available to the Department in 2020-21. The Department's opening baselines were set as part of budget 2020-21 which was published on 31 March 2020.

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Table 3

Spending Area	2020-21	
	Current Expenditure £m	Capital Investment £m
Finance and Personnel Policy	19.7	0.8
NICS Shared Services	79.1	11.4
NI Statistics & Research Agency	22.6	1.2
Land & Property Services	21.5	6.0
EU Programmes	-	-
Special EU Programmes Body	1.4	-
NICS Accommodation Services	60.4	8.9
TOTAL*	204.7	28.3

*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. However, given the COVID-19 situation there may be other pressures which arise and the Department will consider how to manage any such issues if they arise.

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. 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% (2018-19: 96%). The Department did not incur any interest charges (2018-19: Nil) as a result of the late payment of bills.

In 2019-20 an average of 89% of DoF's invoices were paid within 10 days (2018-19: 91%).

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 third year of a Three Year Office Estate Energy Efficiency / Carbon Reduction Plan which runs from 2017-18 to 2019-20. It is well on target to achieve the objective of a 5% reduction.

While The Government's Carbon Reduction Commitment (CRC) initiative ended in March 2019, 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 and 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.

On the Stormont Estate, the 'Green Flag' Award was achieved for the sixth successive year. This is the benchmark standard that recognises well managed parks and green spaces in the United Kingdom. The estate hosted over 50 events of varying sizes, including Race for Life, Run in the Dark and, for the first time, the start of the Belfast City Marathon. The marathon saw approximately 5,000 runners take part along with the wheelchair race, team relay and 9 mile walk – with almost 18,000 participants across all events. The Estate also hosts the weekly park run which can attract up to 300 participants. Extensive work was

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completed around the estate to include a new all ability children's play park, improved accessible paths and refurbished boardwalk. Work continues on the Estate's 15 year Woodland Management Plan with the removal of invasive species to encourage regrowth of indigenous plants and replanting of native species where felling was recommended. The commissioned ten year biodiversity study was completed and recommendations made are now under consideration. The Estate continues to achieve waste recycling figures of between 80-90%.

PD has been involved with England and Wales in the procurement of new online Energy Performance Certificate (EPC) registers which are to go live in 2020. The registers will have additional and improved functionality to facilitate improvements in energy management and data analysis in the domestic and commercial sectors.

PD is moving forward work to amend Part F (Conservation of fuel and power) of the Building Regulations to improve energy efficiency requirements for building work.

As Sponsor of the local construction industry, and in the development of Northern Ireland Public Procurement Policy, the Department 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.

This is evidenced through delivery of projects using the renowned Building Research Establishment Environmental Assessment Methodology (BREEAM), where "Excellent" and "Very Good" ratings are required on new build and refurbishment projects respectively.

This Performance Report is approved and signed



Sue Gray
Accounting Officer
Department of Finance
11 September 2020

ACCOUNTABILITY REPORT

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2020

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 2020.

Management

Conor Murphy MLA was appointed Finance Minister on 11 January 2020 following the restoration of the Executive, DoF did not have a Minister from March 2017 until that point.

Sue Gray has been the DoF Permanent Secretary with responsibilities of Accounting Officer for the duration of 2019-20.

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.

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 her 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

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and Corporate Services, the Head of Communications and Engagement, the DoF Senior HR Business Partner and three Non-Executive Board Members. The Board is also attended by a Boardroom Apprentice, who for the period of this report was May Cheung.

The Board is supported by a Board Secretary who attends each meeting. Other officials may attend meetings when required.

The Departmental Board members during the year were as follows:

Role	Name	Comment
Permanent Secretary	Sue Gray	
Chief Exec LPS	Ian Snowden	
Chief Exec NISRA	Siobhan Carey	
Departmental Solicitor	Hugh Widdis	While the Departmental Solicitor is a Board Member and has the right to attend meetings, he does not attend.
Deputy Departmental Solicitor	Claire Archbold	Temporarily moved post to DoJ wef 2.09.19
	Eugene O'Loan	Temporarily promoted to DDS post wef 2.09.19 to present
Director PSD	Joanne McBurney	
Director SPAR	Bill Pauley	
Director NICSHR	Jill Minne	
Director CPD	Des Armstrong	
Director ESS	Paul Wickens	
DoF Finance Director	Stewart Barnes	
Head of CaED	Mark McLaughlin	New post wef 4.06.19
DoF Senior HR Bus Partner	Joanne Dowling	
Non-Executive Board Member	Liz Ensor	
Non-Executive Board Member	John Smyth	
Non-Executive Board Member	Tom Taylor	

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2020

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 committed to complying with the General Data Protection Regulation (GDPR) and Data Protection Act 2018, and has policies, procedures and 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 their responsibilities under data protection legislation. The Department has:

- encouraged and promoted accountability and data protection by design in all aspects of business planning and project management;
- retained an experienced Data Protection Officer, who is given the required independence to perform her tasks;
- provided robust policies and guidance which support data protection requirements;
- delivered communication and awareness of data protection to staff;
- provided face to face and online data protection training to staff;
- documented all holdings of personal data;
- developed a data protection health check exercise to assess where processing activities are compliant with data protection legislation, policies and procedures;
- revised and updated procedures for handling data subject rights requests;
- provided staff with robust procedures to detect, report and investigate data incidents and breaches; and
- provided staff with the correct organisational and technical security measures to securely collect, process and manage personal data, particularly where personal data is shared with other organisations.

There were no reportable breaches of personal data between 1 April 2019 and 31 March 2020.

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.

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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 2019-20 the Department dealt with 899 complaints (2018-19: 916 complaints). The percentages of complaints originated from:

	2019-20	2018-19
	%	%
Land and Property Services	46	48
ESS – CSP	8	6
ESS – HR Connect	35	32
ESS – DSS NI Direct	7	11
Others	4	3

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, six Rural Needs Impact Assessments have been completed by policymakers within the Department of Finance between 1 April 2019 and 31 March 2020. Details of these assessments will be sent to DAERA for publication in the Rural Needs Annual Monitoring Report 2019-20.

**DEPARTMENT OF FINANCE
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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 2020

GOVERNANCE STATEMENT

The Department of Finance is one of nine Northern Ireland departments. 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.

The Assembly passed the Budget Act (Northern Ireland) 2020 in March 2020 which authorised the cash and use of resources for all departments for the 2019-20 year, based on the Executive's final expenditure plans for the year. The Budget Act (Northern Ireland) 2020 also authorised a Vote on Account to authorise departments' access to cash and use of resources for the early months of the 2020-21 financial year. While it would be normal for this to be followed by the 2020-21 Main Estimates and the associated Budget (No. 2) Bill before the summer recess, the COVID-19 emergency and the unprecedented level of allocations which the Executive has agreed in response, has necessitated that the Budget (No. 2) Bill is instead authorising a further Vote on Account to ensure departments have access to the cash and resources through to the end of October 2020, when the Main Estimates will be brought to the Assembly and the public expenditure position is more stable.

In the absence of a Department of Finance Minister until 11 January 2020, it was not possible to secure North South Ministerial Council (NSMC) approval of 2019 and 2020 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 of £934k 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 2019-20 (2018-19: £0) financial year without DoF approval.

This Governance Statement, which has been agreed by the Board, sets out how these responsibilities have been discharged during 2019-20.

Ministerial Directions

There were no Ministerial Directions during the 2019-20 or 2018-19 financial year.

Context

The published DoF Business Plan 2019-20 (available [here](#)) detailed the Department's purpose, priorities and targets. Each of the nine priorities was aligned with one of the six purpose statements.

During the period of this report DoF continued, through those priorities and targets, to work in support of the Northern Ireland Civil Service (NICS) Outcomes Delivery Plan (the 'Plan') (available [here](#)). This Plan, which was originally developed in the absence of an Executive, outlines the actions NICS departments intended to take during 2019-20 to give effect to the previous Executive's stated objective of improving

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2020

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. Reports on progress in delivering each of the actions listed in the Plan are available on the Executive Office website (available [here](#)).

The return of an Executive in January 2020, and the New Decade, New Approach document, committed to use this Plan as the basis for an Executive work programme of priority actions in advance of the development of a multi-year Programme for Government (PfG), underpinned by a multi-year budget and legislative programme. The COVID-19 pandemic has required a reprioritisation of actions and resources across the NICS, resulting in a delay to the work required to develop a multi-year PfG.

DoF's development therefore of a business plan for 2020-21 will likely focus on the response to COVID-19, the continuing need to prepare for the end of the UK's transition period with the EU and key service delivery. In meeting the priorities within those areas, DoF will continue to support the Executive and provide the NICS and other public bodies with money, professional services and business support systems, helping them to deliver excellent, value for money public services.

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 2019-20. 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 also provided an update to staff via the Departmental intranet on what happened at Board in addition to the formally recorded minutes.

During 2019-20, the Board held regular discussions on:

- finance;
- HR;
- risk;
- performance;
- communications; and
- preparing for the UK's exit from the EU

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 until January 2020. 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 was reviewed during the year and a Board effectiveness review will be completed during 2020.

Attendance of non-executive and executive members at Board and DARC meetings during 2019-20:

Role	Name	Comment	Number of Board Meetings Attended (10 in total)	Number of DARC Meetings Attended (11 in total)
Permanent Secretary	Sue Gray		9	10
Chief Exec LPS	Ian Snowden		9	n/a
Chief Exec NISRA	Siobhan Carey		7	n/a
Departmental Solicitor	Hugh Widdis		0*	n/a
Deputy Departmental Solicitor	Claire Archbold	Temporarily moved post to DoJ wef 2.09.19	4	n/a
	Eugene O'Loan	Temporarily promoted to DDS post wef 2.09.19 to present	1	n/a
Director PSD	Joanne McBurney		7	n/a
Director SPAR	Bill Pauley		8	n/a
Director NICSHR	Jill Minne		4	n/a
Director CPD	Des Armstrong		10	n/a
Director ESS	Paul Wickens		4	n/a
DoF Finance Director	Stewart Barnes		8	11
Head of CaED	Mark McLaughlin	New post wef 4.06.19	7	n/a
DoF Senior HR Bus Partner	Joanne Dowling		7	n/a
Non-Executive Board Member	Liz Ensor		9	9

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Non-Executive Board Member	John Smyth		10	11
Non-Executive Board Member	Tom Taylor		8	8

*While the Departmental Solicitor remains a DoF Board Member and has the right to attend meetings, he does not attend.

Declarations of Interest

Corporate Governance Branch maintains a “Register of Interests” for members of 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
- any other interests that could have a conflict.

For 2019-20, 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 Chief Executive is responsible for signing the NISRA accounts and ensuring they are prepared in accordance with FReM and other relevant DoF Guidance. NISRA accounts are consolidated into the Departmental resource accounts.

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. These accounts will be consolidated into the Departmental resource accounts from 2021-22 as a result of the Review of Financial Processes.

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 Board Members 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 total the Committee met on 11 occasions during the course of 2019-20 with five full agenda meetings and six deep dive meetings. The deep dive meetings concentrated on key risk areas including:

- Preparations for Census 2021 – NISRA;
- Procurement of CSP systems;
- Assurance statements - NICSHR;
- Assurance statements - ESS;
- Fraud (LPS); and
- Internal Audit programme and follow up to CSP systems.

The risk profile for the Department has 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 Raising Concerns (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 2020

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 raising concerns (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.

Throughout 2019-20, the Department continued to lead the NICS corporate response to the Public Inquiry into the non-domestic Renewable Heat Incentive (RHI) scheme and to provide sponsorship of the Inquiry. It drove the action plan derived from monitoring of the evidence provided to the Inquiry. The Department also supported the political parties as they considered strengthened governance and accountability arrangements for Ministers and civil servants, including special advisers, resulting in the Executive's publication of revised Codes and Guidance in January and March 2020.

At the time of publication of its report on 13th March 2020, the Inquiry's direct costs were approximately £7m and Departments had incurred approximately £5.5m in legal costs. The final costs of the Inquiry will be disclosed by the Inquiry when it concludes its business.

From March onwards, DoF has also been leading the response to the RHI Inquiry report.

Departmental Performance

The DoF Business Plan 2019-20 sets out the targets and objectives for the year against which performance is reported and monitored. Progress has been reported to the Board using a RAG status assessment of each target and narrative on the actions taken to deliver the expected outcomes.

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2020

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.

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 Directors within business areas on risk management, financial management, compliance with approvals and delegations, procurement and contract management, fraud & raising concerns (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 cases 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 2019-20 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.

Despite resource issues affecting the whole NICS Group Internal Audit Service, and some audits not being completed due to the COVID-19 crisis, Internal Audit had undertaken sufficient audits to facilitate the provision of an audit opinion at year end. 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 all audit reports issued as final provided a **satisfactory** audit opinion. Internal Audit also provided advice and guidance to business areas during the year and provided specific advice to some business areas on actions being taken as a result of COVID-19.

Internal Audit conducted follow-ups in areas where limited audit opinions had been presented in 2018-19 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.

DoF has systems and processes in place, designed to support data protection, information management, and physical, IT and cyber security, including the appointment of a Senior Information Risk Owner (SIRO), and a network of Information Asset Owners (IAOs).

Internal Control Issues

LPS Fraud

In June 2019, a LPS member of staff discovered suspicious activity on a rate account that indicated that another member of staff had been directing refunds to their own bank account fraudulently. The staff member involved in creating the transactions was suspended and LPS commenced an internal investigation as well as initiating the fraud response action plan which included informing the PSNI

The LPS investigation was detailed and lengthy involving an investigation of over 2000 refunds that the staff member was involved in approving over a 12 year period. LPS has identified the suspected

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misappropriation of 56 refunds by the staff member with a total value of £125K. LPS has put in place additional controls to mitigate against a re-occurrence of the same thing happening again as well as forming a working group to oversee the security of the wider rating system. The staff member was dismissed in October 2019.

In December 2019, following additional information identified by the PSNI investigation, LPS is investigating further possible fraudulent activity by the same staff member. A report will be passed back to the PSNI in due course.

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 2019 the SAU estimates that total losses of £3.5 million have arisen through over and under payments of benefits to claimants due to fraud and error, £1.2 million due to error and £2.3m 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.

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 with DfC Standard Assurance Unit (SAU), however due to data sharing concerns SAU is unable to carry out an assessment of rate rebate on behalf of LPS. LPS has put in place arrangements to assess official error internally. LPS engaged with NIAO and SAU regarding the methodology to ensure this assessment was as robust as possible. The level of official error in 2019-20 in rate rebate has been estimated to be £94k. To ascertain the level of customer fraud and error, LPS used as a proxy the percentage of customer fraud and error found in Universal Credit estimated by SAU. This has given rise to an estimate of £503k. The total level of fraud and error in rate rebate is estimated to be £597k. This expenditure is irregular, although not considered material to the DoF resource account.

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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, 2019 and 2020 Business Plans for SEUPB. While arrangements have been made with DoF to ensure legality of payments in the absence of business plans, expenditure of £934k in 2019-20 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 2019-20 (2018-19: Nil) financial year without DoF approval.

Contract Management

Work continued during 2019-20 to further improve and refine the information available to assist improved contract monitoring. The number of Direct Awards contracts continued to reduce also. Potential use of reporting software was demonstrated to the Departmental Board in February 2020 and work is continuing to validate contract information held on Account NI. A full monitoring system, including reporting to Departmental Board, will be in place for the second half of the 2020-21 financial year.

Fraud prevention and awareness

The DoF Fraud Working Group met in February 2020 to consider issues in relation to fraud, raise awareness of anti-fraud measures and disseminate information pertinent to the prevention and detection of fraud.

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. The NIAO report on the 2018-19 exercise was published on 11 June 2020. Matches on rates and housing benefit have been included as case examples.

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 raising concerns (whistleblowing) in the Department.

Arrangements are in place for raising concerns (whistleblowing) and can be used to raise concerns about alleged impropriety, wrongdoing, corruption, fraud or malpractice. As part of the lessons learned following a concern raised changes were made to the travel and subsistence policy during the year.

NIAO Value for Money (VFM) Reports

NIAO published three reports and issued a draft report also during the reporting period.

The report 'Managing the NI Direct Strategic Partner Project – helping to deliver Digital Transformation' was published 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.

A report on Major Capital Projects (MCP) was published on 19 December 2019. The MCP report presented an overview of the Northern Ireland major capital projects portfolio, examined departmental progress in delivering a number of significant projects and drew out the challenges the public sector faces in managing capital projects. For the purposes of the report, major was defined as over £25 million and excluded projects

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relating to local government and housing associations. The report identified that major, high-priority capital projects were not meeting their cost and timescale targets and that a change of approach is needed. Of the seven flagship projects examined, none have been delivered in line with both original time and budget estimates despite being identified by the NI Executive in 2015 as the highest priority projects. Departments attributed delays and cost overruns to a range of common issues: funding constraints, legal challenges, planning issues, and a lack of interest from the construction industry.

The report identified that existing, cumbersome governance and delivery structures within the Northern Ireland public sector can be a barrier to achieving value for money and highlighted that there is merit in considering alternative models, sufficiently resourced with specialist staff, to help improve future delivery.

Given the issues identified, the NIAO will be conducting two future studies - one considering the efficiency and effectiveness of the Northern Ireland planning system at central and local government level, and another on identifying the lessons arising from Judicial Reviews. Further in-depth studies of individual major capital projects will also be conducted to assess whether value for money has been achieved.

The Landweb report was published on 16 June 2020. It was prompted by anonymous concerns from a member of the public about a Public Finance Initiative (PFI) project managed by Land and Property Services (LPS). The concerns referred to over £100 million spent on the project being wasteful of public money and lining the pockets of an IT contractor. Following investigation of these concerns NIAO reported that:

- (a) Poor strategic planning by the Department of Finance (DoF) gave rise to a series of extensions to the Landweb Concession Agreement. The original period was 17 years from 1999 to 2016. The Agreement however is likely to extend beyond 2021.
- (b) Value for Money mechanisms such as benchmarking, market testing and open book accounting were not part of the original Landweb Concession Agreement nor where they introduced at the break option stage of the Agreement; although we recognise the Department did negotiate cost savings of £1.8 million from the extension term 2019 to 2021.
- (c) Users of Landweb Registration Services are being overcharged as the Fee Order 2014 is out of date with fees set too high.

In summary, although the supplier provided a fully functional and consistent IT service, NIAO found no evidence to clearly demonstrate that the Landweb project has delivered value for money.

NIAO recommended strong contract management controls be put in place for future Agreements with mechanisms for Value for Money included in the contractual conditions and the urgent introduction of a new Fee Order with the appropriate level of fees. The Fee Order is currently being progressed by the Department.

In the absence of the NI Assembly, the Secretary of State gave a commitment that he would request a copy of all NIAO reports and NICS responses to those reports, and that copies of both would be placed in the Libraries of both Houses at Parliament to allow scrutiny by all interested Members and Committees. A process for producing Departmental Responses to NIAO report recommendations was drawn up and agreed by the NICS Board. Since November 2017, Departmental Responses to NIAO VFM report recommendations have been produced, presented to the NI Assembly and provided to the Secretary of State for placing in the Libraries in both Houses. To ensure full transparency, these have also been published on the Accountability and Financial Management section of the DoF website.

Since restoration of the NI Assembly in January 2020, Departmental Responses to NIAO reports are no longer being produced. The normal public audit process has resumed whereby NIAO reports may be considered by the Public Accounts Committee, who produce their own reports and recommendations following their due consideration.

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The Strategic Partner Project NIAO recommendations are being implemented and progress is being monitored via the Accountability Grids process, including reporting progress to DARC etc.

Regarding the MCP report, PAC held an evidence session on 5 March 2020 with the Head of the Civil Service, the Permanent Secretary - Sue Gray, Des Armstrong (CPD) and Brett Hannam (SIB) all appearing as witnesses. The Committee had a number of other sessions scheduled with different departments to take evidence on this issue, however, on 19 March 2019 PAC issued a press statement saying it was suspending its forthcoming meetings until further notice, in the fight to contain the spread of coronavirus. The Committee's inquiry on this has therefore yet to finish and has still to take evidence from other departments. Following this, they will publish their report in due course.

A strategic review of cyber security had also commenced however in response to COVID-19, considering the pressures on public services and anticipating the need to focus on topic areas impacted by COVID-19 an assessment was undertaken to re-prioritise the Public Reporting Programme.

The C&AG and SMT have agreed a plan which identifies a realistic schedule of priority public reporting work to be progressed at this time. The Cyber Security is on the list and will be progressed in the medium term but it is unlikely to start until later in the year.

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 2019-20.

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REMUNERATION AND STAFF REPORT

DEPARTMENTAL REMUNERATION REPORT

Remuneration Policy

The pay policy 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 set the 2019-20 NI public sector pay policy (October 2019) in line with the overarching HMT parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016-17. Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS staff, including SCS staff, for 2019-20 has been finalised and paid during July 2020.

The pay of 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

Remuneration and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the Minister and most senior management (i.e. Board Members) of the Department.

Remuneration and pension entitlements – Ministers (Audited Information)

The Minister was appointed to office on 11 January 2020 (no minister in place during 2018-19).

Ministers	Salary (£)		Benefits in kind (to nearest £100)		Pension Benefits** (to nearest £1,000)		Total (to nearest £1,000)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Conor Murphy (from 11 January 2020)	19,746 (£88,500 full year equivalent)	n/a	-	n/a	3,000	n/a	23,000	n/a

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Remuneration and pension entitlements – DoF Departmental Board (Audited Information)

Officials	2019-20			2018-19		
	Salary £000	Pension Benefits** (to nearest £1,000)	Total £000	Salary £000	Pension Benefits** (to nearest £1,000)	Total £000
Sue Gray Permanent Secretary	130-135	1	130-135	115-120 (130-135 full time equivalent)	129	246-250 (260-265 full time equivalent)
Hugh Widdis Head of Government Legal Service	120-125	66	190-195	115-120	54	170-175
Claire Archbold Deputy Head of Government Legal Service (on loan to DoJ from 02 Sep 2019 – 19 Jan 2020)	55 – 60 (FYE 95 – 100)	(1)	55 - 60 (FYE 95-100)	90-95	45	136-140
Des Armstrong, Deputy Secretary CPD	100-105	32	130-135	95-100	30	126-130
Stewart Barnes DOF Finance Director	70-75	12	80-85	70-75	89	160-165
Siobhan Carey Chief Executive NISRA	95-100	33	130-135	96-100	9	106-110
Jill Minne Deputy Secretary NICSHR	100-105	39	140-145	101-105	40	140-145
Eugene O’Loan Acting Deputy Head of Government Legal Service (02 Sep 2019 – 31 Mar 2020)	85-90	68	156-160	10-15 (76-80 full time equivalent)	(1)	10-15 (76-80 full time equivalent)
Bill Pauley Deputy Secretary SPAR	90-95	34	126-130	90-95	84	176-180
Ian Snowden Chief Executive LPS From 3 September 2018	90-95	46	140-145	40-45 (85-90 full time equivalent)	29	70-75 (116-120 full time equivalent)
Paul Wickens Deputy Secretary ESS	105-110	37	140-145	100-105	41	146-150
Joanne McBurney Director of Budgeting PSD From 01 April 2019	90-95	159	250-255	n/a	n/a	n/a
Mark McLaughlin Head of CaED From 04 June 2019	60-65 (70-75 FYE)	26	85-90 (95-100 FYE)	n/a	n/a	n/a

None of the Departmental Board members received any benefits in kind in 2019-20 or 2018-19.

***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.*

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Salary

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

The Northern Ireland Assembly was dissolved from 26 January 2017 until an Executive was formed on 11 January 2020. Ministers were not in place during this time. From 11 January 2020, the Department of Finance was under the direction and control of Mr Conor Murphy, MLA. His salary and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in these accounts. These amounts do not include costs relating to the Minister’s role as MLA/MP/MEP which are disclosed in the appropriate legislature accounts.

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 2019-20 (2018-19: None).

Pay Multiples (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 is based on the annualised full-time equivalent remuneration of staff directly employed by the Department as at March 2020.

The comparative banded remuneration of the highest-paid director in the Department is as shown in (i) below. In 2019-20, this was 4.3 times the median remuneration of the workforce, which was £30,526.

	2019-20	2018-19
i. Band of Highest Paid Director’s Total Remuneration	£130-135k	£130-135k
ii. Median Total Remuneration	£30,526	£30,150
iii. Remuneration ratio	4.3	4.4

The remuneration of the highest paid director in 2019-20 showed an increase on prior year of 1.0% (2018-19: 15.2%). The median remuneration has increased by 1.25% to £30,526 from £30,150 in the two years concerned. There is a 1.2% decrease in the remuneration ratio between 2019-20 and 2018-19.

In 2019-20 and 2018-19, no employees included in this disclosure received remuneration in excess of the highest-paid director.

Remuneration ranged from £17,000 to £135,000 (2018-19: £17,000 to £135,000).

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 – Ministers (Audited Information)

Officials	Accrued pension at pension age as at 31/03/20	Real increase in pension at pension age	CETV at 31/03/20	CETV at 31/03/19	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Conor Murphy Minister From 11 January 2020	0-5	-	63	66	2	n/a

Ministerial pensions

Pension benefits for Ministers are provided by the Assembly Members’ Pension Scheme (Northern Ireland) 2016 (AMPS). In 2011 the Assembly passed the Assembly Members (Independent Financial Review and Standards) Act (Northern Ireland) establishing a Panel to make determinations in relation to the salaries, allowances and pensions payable to members of the Northern Ireland Assembly. In April 2016 the Independent Financial Review Panel issued The Assembly Members (Pensions) Determination (Northern Ireland) 2016 which introduced a Career Average Revalued Earnings scheme for new and existing members. The new scheme is named Assembly Members’ Pension Scheme (Northern Ireland) 2016 and replaces the 2012 scheme. Existing members born on or before 1 April 1960 retain their Final Salary pension arrangements under transitional protection until 6 May 2021. The final decision on the McCloud judgement has yet to be agreed and the outcome may have an impact on Members affected by the Transitional Protection policy.

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

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

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

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total office holder service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended) and do not take account of any actual

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or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

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

Pension Entitlements – Officials (Audited Information)

Officials	Accrued pension at pension age as at 31/03/20 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/20 or date of leaving if earlier	CETV at 31/03/19 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	70-75 plus a lump sum of 210 – 215	0-2.5 plus a lump sum of 0-2.5	1,607	1,607	1	N/a
Hugh Widdis Head of Government Legal Service	40-45 plus lump sum of 5-10	2.5-5 plus lump sum of 0-2.5	629	579	38	N/a
Claire Archbold Deputy Head of Legal Service	35-40 plus lump sum 85-90	0-2.5 plus lump sum of 0	667	662	-4	N/a
Des Armstrong Deputy Secretary CPD	45-50	0-2.5	858	832	29	N/a
Stewart Barnes DOF Finance Director	30-35 plus lump sum of 95-100	0-2.5 plus lump sum of 0-2.5	750	705	11	N/a
Siobhan Carey Chief Executive NISRA	35-40 plus lump sum of 110 – 115	0-2.5 plus a lump sum of 5-7.5	888	852	33	N/a
Jill Minne Deputy Secretary NICSHR	5-10	0-2.5	86	55	20	N/a
Eugene O'Loan Acting Deputy Head of Legal Service	15-20	2.5-5	338	274	58	N/a
Bill Pauley Deputy Secretary SPAR	40-45 plus lump sum of 120-125	0-2.5 plus lump sum of 5-7.5	983	925	35	N/a
Ian Snowden Chief Executive LPS	35-40 plus lump sum of 75-80	2.5-5 plus lump sum of 0-2.5	628	571	27	N/a
Paul Wickens Deputy Secretary ESS	25-30	0-2.5	383	334	24	N/a
Joanne McBurney Director of Budgeting PSD From 01 April 2019	40-45 plus lump sum of 95-100	7.5-10 plus lump sum of 15-17.5	742	586	126	N/a
Mark McLaughlin Head of CaED From 04 June 2019	10-15	0-2.5	123	106	9	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 current accrual rate is 2.32%.

New entrants joining can choose between membership of alpha or joining a ‘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 accrual 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 2019 was 1.7% and HM Treasury has announced that public service pensions will be increased accordingly from April 2020.

Employee contribution rates for all members for the period covering 1 April 2020 – 31 March 2021 are as follows:

Scheme Year 1 April 2020 to 31 March 2021

Annualised Rate of Pensionable Earnings		Contribution rates – All members
(Salary Bands)		
From	To	From 01 April 2020 to 31 March 2021
£0.00	£23,999.99	4.60%
£24,000.00	£55,499.99	5.45%
£55,500.00	£152,499.99	7.35%
£152,500.00	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 www.finance-ni.gov.uk/civilservicepensions-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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ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2020**

STAFF REPORT

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

The number of staff serving as senior civil servants (or equivalent) based on a full year equivalent as at 31 March 2020 is as follows:

Core Department & Agency Pay band	2019-20	2018-19
	Number	Number
£50,000 - £54,999	1	–
£65,000 - £69,999	–	5
£70,000 - £74,999	33	30
£75,000 - £79,999	6	4
£85,000 - £89,999	–	1
£90,000 - £94,999	6	2
£95,000 - £99,999	–	2
£100,000 - 104,999	4	4
£115,000 - £119,999	–	1
£120,000 - £124,999	1	–
£130,000 - £134,999	1	1
Total	52	50

Staff costs

Staff costs comprise:

				2019-20	2018-19
	Permanent staff*	Others	Minister	£000	£000
				Total	Total
Wages and salaries	113,069	9,519	8	122,596	118,216
Social security costs	11,275	–	1	11,276	11,009
Other pension costs	33,570	–	1	33,571	24,539
Sub Total	158,914	9,519	10	167,443	153,764
Less recoveries in respect of outward secondments	(12,152)	–	–	(12,152)	(10,702)
Total net costs	145,762	9,519	10	155,291	143,062

Of which:

			2019-20	2018-19
	Charged to Administration	Charged to Programme	Total	Total
Core Department	98,505	42,755	141,260	130,763
Agency	–	14,031	14,031	12,299
Total net costs	98,505	56,786	155,291	143,062

*There were no staff costs incurred in respect of the department's Special Adviser in 2018-19. The 2019-20 figures include the cost of the Department's Special Adviser who was paid in the pay band £10k - £15k (2018-19: £nil).

** Of the total, £1,210k has been charged to capital (2018-19: £1,169k).

*** Included with Other wages and salaries are apprenticeship levy payments of £564k (2018-19 £552k).

**DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2020**

Pension Arrangements

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but the 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 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2021.

For 2019-20, employers' contributions of £34,154,908 were payable to the NICS pension arrangements (2018-19: £24,264,557) at one of three rates in the range 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% per annum 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 £85,125 (2018-19: £71,426) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2018-2019, 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 £2,741, 0.5% (2018-19: £2,439, 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 (2018-19: £nil).

Ill health retirements

7 persons (2018-19: 12 persons) retired early on ill health grounds during the year. The total additional accrued pension liabilities in the year amounted to £1,066 (2018-19: £17,050).

**DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2020**

Average number of persons employed

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					2019-20	2018-19
	Permanent staff	Others	Minister	Special Adviser	Number Total	Number Total
Construction and Procurement Delivery	345	13			358	361
Finance and Corporate Services Division	140	20	1	1	162	185
Communications and Engagement Division	22	-			22	-
Departmental Solicitors Office	128	23			151	133
Enterprise Shared Services	736	33			769	739
Group Internal Audit	80	2			82	90
Land and Property Services	930	136			1,066	1,050
NICS Human Resources	368	17			385	384
Northern Ireland Statistics and Research Agency	443	124			567	541
Public Spending Directorate	49	-			49	50
Strategic Policy & Reform Directorate	78	13			91	115
Staff engaged on capital projects *	-	-			-	-
Total	3,319	381	1	1	3,702	3,648
<i>Of which:</i>						
Core Department	2,876	257	1	1	3,135	3,107
Agency	443	124	-	-	567	541

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

Gender Analysis

The gender analysis is as at 31 March.

	2019-20			2018-19		
	Female staff	Male Staff	Total Staff	Female staff	Male Staff	Total Staff
Departmental Board	4	8	12	4	6	10
Senior Civil Service	18	22	40	20	20	40
DoF Employees	1,734	1,744	3,478	1,707	1,773	3,480
Total	1,756	1,774	3,530	1,731	1,799	3,530

Sickness Absence Data

In 2019-20 the average number of working days lost was 10.7 (not validated) (2018-19: 10.2 days). Finalised figures will only be available on publication of the "Sickness Absence in the Northern Ireland Civil Service 2019-20" report later this year.

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2020

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. Sound progress continues to be made towards the delivery of these Plans.

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 members of NICS recruitment panels. Unconscious bias training is available to all staff.

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

The NICS has a wide and active network of Diversity Champions and has appointed one of its' Deputy Secretaries as the NICS Diversity Lead for Disability. The NICS has a committed 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 colleagues feel valued. The NICS promotes a number of schemes for disabled colleagues, including a 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

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](#).

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2020

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, NICS HR, 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.

Learning & Development

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

NICS HR Learning and Development 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.

Consultancy and Temporary Staff Expenditure

Expenditure £000	2019-20	2018-19
External Consultancy	428	1,003
Temporary staff	9,532	8,502
	9,960	9,505

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 – Consultancy spend for (1) the procurement of a new Contact Centre Solution and (2) an independent audit of the IT Assist Service Management System for certification against ISO/IEC 20000 standard; and

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- LPS – Consultancy spend in relation to the programme that will fully transform how LPS delivers its services to assist with the provision of professional financial services and the procurement of professional legal services.

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:

	2019-20	2018-19
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	2019-20	2018-19
Current board members	12	12
Past board members	–	1
	12	13

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

Core Department and Agency

	2019-20			2018-19		
	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	–	–	–	–	–	–
£10,000 - £25,000	–	–	–	–	–	–
£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
Total resource cost/£000	£–	£–	£–	£–	£486	£486

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.

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ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

STATEMENT OF ASSEMBLY SUPPLY (Audited Information)

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires the Department of Finance to prepare a Statement of Assembly Supply (SoAS) and supporting notes.

The SoAS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly.

The SoAS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision for resource and cash (drawn primarily from the Consolidated Fund), that the Assembly gives statutory authority for entities to utilise. The Estimate details Supply and is voted on by the Assembly at the start of the financial year and is then normally revised by a Supplementary Estimate at the end of the financial year. It is the final Estimate, normally the Spring Supplementary Estimate, which forms the basis of the SoAS.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SoAS mirrors the Supply Estimates to enable comparability between what the Assembly approves and the final outturn. The Supply Estimates are voted by the Assembly and published on the DoF website.

The supporting notes detail the following: Outturn detailed by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SoAS to the financial statements (note 2); a reconciliation of net resource outturn to net cash requirement (note 3); an analysis of income payable to the Consolidated Fund (note 4), a reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund (note 5); and detail on non-operating income – excess Accruing Resources (note 6).

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Summary tables – mirror Part II and III of the Estimates

Summary table, 2019–20, all figures presented in £000

Type of spend	Note	Outturn			Estimate			Outturn vs Estimate, saving / (excess)	Prior Year Outturn Total, 2018-19
		Gross expenditure	Accruing Resources	Net Total	Gross expenditure	Accruing Resources	Net Total	Net Total	
Request for Resources									
A	SOAS 1	334,089	(121,655)	212,434	355,281	(124,880)	230,401	17,967	189,807
Total Resources	SOAS 2	337,089	(121,655)	212,434	355,281	(124,880)	230,401	17,967	189,807
Non-operating Accruing Resources				163			2,766	2,603	455

Net cash requirement 2019-20

	Note	Outturn	Estimate	2019-20 £000 Net Total Outturn compared with Estimate: saving/ (excess)	2018-19 £000 Outturn
Net cash requirement	SOAS 3	208,396	231,996	23,600	191,580

SOAS Notes 1 to 6 form part of these accounts.

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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 2019-20 £000		Outturn 2019-20 £000	
	Note	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Total	SOAS 4	44	<i>44</i>	53	<i>53</i>

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

SOAS Notes 1 to 6 form part of these accounts.

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Notes to the Statement of Assembly Supply, 2019–20 (£000)

SoAS note 1. Outturn detail, by Estimate line (Audited Information)

	Resource Outturn						Estimate			Outturn vs Estimate (inc. virements) savings / (excess)	Prior year outturn total, 2018-19
	Admin	Other current	Grants	Gross resource expenditure	Accruing Resources	Net Total	Net Total	Virement*	Net Total inc. virements		
Request for Resources A											
Departmental Expenditure in DEL											
1. Finance and Personnel Policy	44,080	3,297	47	47,424	(26,106)	21,318	21,671	-	21,671	353	19,558
2. NICS Shared Services	115,324	18	142	115,484	(34,123)	81,361	82,561	-	82,561	1,200	73,542
3. NISRA	834	32,622	-	33,456	(18,225)	15,231	15,491	-	15,491	260	13,460
4. LPS	1,147	57,058	8,119	66,324	(34,203)	32,121	32,985	(27)	32,958	837	19,720
5. EU Peace Programmes	-	-	2,646	2,646	(2,249)	397	414	-	414	17	118
6. EU Community Initiatives	-	-	1,377	1,377	(1,170)	207	213	-	213	6	143
7. ERDF	-	43	118	161	-	161	134	27	161	-	(102)
8. NICS Accommodation Services	63,146	-	-	63,146	(5,579)	57,567	59,600	-	59,600	2,033	59,932
Annually Managed Expenditure (AME)											
9. Provisions	-	1,641	-	1,641	-	1,641	6,524	-	6,524	4,883	(43)
10. Depreciation and Impairment	-	1,221	-	1,221	-	1,221	9,394	-	9,394	8,173	2,259
Non-Budget:											
11. SEUPB	-	-	934	934	-	934	1,014	-	1,014	80	985
12. Notional Charges	275	-	-	275	-	275	400	-	400	125	235
Total	224,806	95,900	13,383	334,089	(121,655)	212,434	230,401	-	230,401	17,967	189,807

*Virements are the reallocation of provision in the Estimates that do not require Assembly authority (because the Assembly does not vote to that level of detail and delegates to DoF). Further information on virements are provided in the Supply Estimates in Northern Ireland Guidance Manual, available on the DoF website.

The Outturn vs Estimate column is based on the total including virements. The Estimate total before virements have been made is included so that users can reconcile this Estimate back to the Estimates approved by the Assembly.

SOAS Notes 1 to 6 form part of these accounts.

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2020

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 **£212.4m** against an estimated provision of **£230.4m**.

The total underspend was **£18.0m**, split between the departmental expenditure limit (DEL) **£4.7m**, the annually managed expenditure (AME) **£13.1m** and non-budget **£0.2m**.

Departmental expenditure limit (DEL)

The total cost of Finance and Personnel Policy was **£47.4m** (2018-19: £44.4m). 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 full year costs of Property Services Division moving from Accommodation Services to Construction and Procurement Delivery. In addition there was an increase in staff costs due to the increase in employer's pension contribution rates.

The Department continues to deliver essential shared services to departments and other public bodies. During 2019-20 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 **£115.5m** (2018-19: £104.2m) The increased cost is mainly as a result of an allocation to take forward the Central Government Transformation Programme, an increase in recruitment competitions to fill EU Exit posts cross the NICS, increased costs to upgrade the NI Direct contact centre, and an increase in services provided to ITAssist customers.

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 **£66.3m** (2018-19: £59.0m). 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 **£63.1m** (2018-19: £66.1m), which includes **£13.0m** (2018-19: £17.7m) of depreciation and impairment, and around **£31.7m** (2018-19: £34.6m) 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,

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with moves to modern office accommodation in 2019-20 facilitating the vacation in excess of 7,700 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, £8.2m is in relation to the revaluation of the office estate, which was lower than anticipated. A further £4.9m 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)

				2019-20 £000	2018-19 £000
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn	SOAS 1	212,434	230,401	17,967	189,807
Non-supply income (CFERs)	SOAS 4, 5	(53)	(44)	9	(64)
Non-supply expenditure		–	–	–	–
Net Operating Expenditure in Consolidated Statement of Comprehensive Net Expenditure		212,381	230,357	17,976	189,743

SOAS Notes 1 to 6 form part of these accounts.

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ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2020**

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

	Note	Outturn £000	Estimate £000	Net Total outturn compared with Estimate: saving/ (excess) £000
Resource Outturn	SOAS 1	212,434	230,401	17,967
Capital		29,121	33,553	4,432
Acquisition of property, plant and equipment	6, 7			
Non-operating Accruing Resources				-
Net book value of asset disposals		(161)	(2,766)	(2,605)
Accruals to cash adjustments:				
Depreciation, impairments and revaluations	3, 4	(35,311)	(45,557)	(10,246)
New provisions and adjustments to previous provisions		(1,641)	(6,524)	(4,883)
Notional charges		(275)	(400)	(125)
Supported capital expenditure (revenue)		5	-	(5)
Other non-cash items		(3,097)	(3,711)	(614)
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables		2,290	27,000	24,710
(Increase)/decrease in payables falling due within one year		5,031	-	(5,031)
Use of provision	14	-	-	-
Net Cash Requirement		208,396	231,996	23,600

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

The Department's net cash requirement outturn was £208.4m against an estimated provision of £232m, a variance of £23.6m. The bulk of the variance £19.7m relates to the movement in working capital other than cash.

SOAS Notes 1 to 6 form part of these accounts.

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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 2019-20		Outturn 2019-20	
		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		44	<i>44</i>	53	<i>53</i>
		44	<i>44</i>	53	<i>53</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		44	<i>44</i>	53	<i>53</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 2020**

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

	Note	2019-20 £000	2018-19 £000
Operating income	5	121,708	117,600
Adjustments for non-budget CFER income		(53)	(64)
Gross income		121,655	117,536
Income authorised to be used as Accruing Resources		(121,655)	(117,536)
Operating income payable to the Consolidated Fund	SOAS 4.1	-	-

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

	2019-20 £000	2018-19 £000
Proceeds on disposal of property, plant and equipment	-	-
Non-operating income – excess Accruing Resources	-	-

SOAS Notes 1 to 6 form part of these accounts.

**DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2020**

OTHER ASSEMBLY ACCOUNTABILITY DISCLOSURES

REGULARITY OF EXPENDITURE (Audited information)

i. Special European Union Programmes Body Expenditure (SEUPB)

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 Department of Finance Minister until 11 January 2020, it was not possible to secure North South Ministerial Council (NSMC) approval of 2019 and 2020 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 of £934k 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 2019-20 (2018-19: £0) financial year without DoF approval.

ii. Losses and special payments

Losses Statement

In 2019-20 there were losses to the value of £747k which represented 8,307 cases, of which £743k representing 8,297 cases related to the core Department (2018-19: £938k which represented 14,024 cases, of which £936k representing 14,000 cases related to the core Department).

Special Payments

In 2019-20 there were special payments to the value of £88k which represented 27 cases, all of which related to the core Department.

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

**DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2020**

iii. Fees and Charges

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	2019-20 £000 Surplus/ (deficit)	2018-19 £000 Surplus/ (deficit)	Financial Objective	Commentary
Central Management of the Civil Service Pension Scheme	1,850	1,850	–	–	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.
Construction and Procurement Delivery	18,953	19,022	(69)	99	100% cost recovery on chargeable services in relation to professional procurement services to the NICS and other public sector bodies.	Objective achieved. Income includes notional income which is derived from CPD services undertaken for the parent Department. To offset the notional income, the full cost includes the CPD baseline as this mainly covers notional charges. 2019-20 is the first full year to include Property Services Division. A small deficit of £69k, which represents less than 1% of income demonstrating full cost recovery for services.
Departmental Solicitor's Office – Litigation Division Commercial and Property Division	4,125	3,863	262	(750)	97% cost recovery on litigation and Commercial and Property services.	Objective achieved.
Employer Pension Services	3,639	3,636	3	165	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	11,254	13,491	(2,237)	(2,313)	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.	Objective achieved. Deficit was covered by baseline funding which is not included in the income figure.
Group Internal Audit & Fraud Investigation Service (GIAFIS)	4,341	4,580	(239)	(13)	100% cost recovery on Department Internal Audit Services	Objective achieved. Baseline funding for parent department is not included in income figure.

**DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2020**

Business Activity	Income	Full Cost	2019-20	2018-19	Financial Objective	Commentary
			£000	£000		
			Surplus/ (deficit)	Surplus/ (deficit)		
Land & Property Services – Client Services	2,394	2,597	(203)	(53)	To recover the full costs of services provided.	Difficulties in getting in full staff complement and also competing pressures within Valuation mean that full cost recovery was not achieved. However, when £84k notional income is taken into account the deficit reduces to £119k.
Land & Property Services – Land Registration	19,931	11,977	7,954	12,590	To recover the full 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)	1,587	1,580	7	20	To recover the full cost of special project mapping work provided on behalf of DAERA.	Objective achieved
Land & Property Services – Ordnance Survey	10,205	11,018	(813)	(637)	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 Research Agency	18,225	17,934	291	328	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	1,437	1,477	(40)	77	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 achieved. Deficit relates to the calculated cost of service for the parent Department.
Strategic Policy and Reform - Business Consultancy Service	814	1,092	(278)	–	To recover the full cost of Business Consultancy services provided to NICS and other public sector bodies.	When taking into account cost of work for the parent Department income recovery was 84%. When also taking into account the cost of time spent on NICS Corporate work this exceeds 100%. The hard charge income was impacted in the middle of the year due to a number of long term sickness and gaps in the branch affecting allocation and delivery of hard charging work. This was significantly turned around in the latter part of the year when personnel returned to substantive posts.

DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2020

Business Activity	Income	Full Cost	2019-20	2018-19	Financial Objective	Commentary
			£000	£000		
			Surplus/ (deficit)	Surplus/ (deficit)		
IT Assist	9,085	9,085	–	–	To recover the full costs associated with the delivery of the laptop/desktop service, server hosting and IPT tariff IT Assist provides to government departments and other public sector organisations.	Objective achieved.

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

iv. Remote Contingent Liabilities

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

In addition to contingent liabilities reported within the meaning of IAS37 shown in Note 15 of the Annual Accounts, the Department also considers liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. As at 31 March 2020, the Department have the following remote contingent liabilities:

Impact of BREXIT on EU funding

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. On 31 January 2020, the Withdrawal Agreement between the UK and the EU became legally binding and the UK left the EU. The future relationship between the EU and the UK will be determined by negotiations taking place during a transition period ending 31 December 2020.

Any subsequent changes in legislation, regulation and funding arrangements are subject to the outcome of the negotiations. As a result, and due to the EU funding the DoF provides, an unquantifiable contingent liability is disclosed.

Professional indemnity

The Department has entered into 90 indemnities but the possibility of these crystallising is considered to be too remote to require disclosure.

Legal cases

The Department has identified 9 legal cases however it is too early to determine the outcome for each case and the possibility of these crystallising is considered too remote to require disclosure.

This Accountability Report is approved and signed



**Sue Gray
Accounting Officer
Department of Finance
11 September 2020**

**DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2020**

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 2020 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 2020 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 2020 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.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Department of Finance's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2020

- the Department of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Department of Finance's ability to continue to adopt the going concern basis.

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 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.

**DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2020**

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.

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*

17 September 2020

FINANCIAL STATEMENTS

DEPARTMENT OF FINANCE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

**CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2020**

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.

		2019-20	2018-19
			Restated
		Core	Core
		Department	Department
		& Agency	& Agency
	Note	£000	£000
Revenue from contracts with customers	5	(106,026)	(105,336)
Other operating income	5	(15,682)	(12,264)
Total operating income		(121,708)	(117,600)
Staff costs	3, 4	167,443	153,764
Purchase of goods and services	3, 4	111,636	105,547
Depreciation and impairment charges	3, 4	35,311	38,268
Provision expenses	3, 4	1,641	(43)
Other operating expenditure	3, 4	18,058	9,807
Total operating expenditure		334,089	307,343
Net operating expenditure		212,381	189,743
Net expenditure for the year		212,381	189,743
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	(4,222)	(2,342)
- Net (gain)/loss on revaluation of intangible assets	7	(538)	(747)
Comprehensive net expenditure for the year		207,621	186,654

2018-19 restated income falling under revenue from contracts with customers increased by £320k and offset by a decrease in other operating income to align with comparative information within the Staff Cost table on page 47.

Notes 1 to 22 form part of these accounts.

DEPARTMENT OF FINANCE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

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.

	Note	2020 Core Department & Agency £000	2019 Core Department & Agency £000
Non-current assets			
Property, plant and equipment	6	345,424	348,155
Intangible assets	7	26,729	30,802
Trade and other receivables	12	88	166
Total non-current assets		372,241	379,123
Current assets			
Assets classified as held for sale	10	7,714	2,500
Trade and other receivables	12	46,659	44,210
Cash and cash equivalents	11	37,828	33,119
Total current assets		92,201	79,829
Total assets		464,442	458,952
Current liabilities			
Bank overdraft	11	(2,094)	–
Trade and other payables	13	(87,272)	(89,607)
Provisions	14	(1,711)	(44)
Total current liabilities		(91,077)	(89,651)
Total assets less current liabilities		373,365	369,301
Non-current liabilities			
Provisions	14	(41)	(67)
Total non-current liabilities		(41)	(67)
Total assets less total liabilities		373,324	369,234
Taxpayers' equity and other reserves			
General fund		284,708	278,989
Revaluation reserve		88,616	90,245
Total equity		373,324	369,234



Sue Gray
Accounting Officer
Department of Finance
11 September 2020

Notes 1 to 22 form part of these accounts.

DEPARTMENT OF FINANCE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020**

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's future public service delivery.

		2019-20	2018-19
		Core Department & Agency £000	Core Department & Agency £000
	Note		
Cash flows from operating activities			
Net operating expenditure		(212,381)	(189,743)
Adjustments for non-cash transactions	3,4	40,379	39,486
(Increase)/decrease in trade and other receivables		(2,372)	2,884
<i>less movements in receivables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>		-	-
(Increase)/decrease in inventories		-	-
Increase/(decrease) in trade and other payables		(2,335)	(7,729)
<i>less movements in payables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>		4,370	7,254
Use of provisions	15	-	(6)
Net cash inflow/(outflow) from operating activities		(172,339)	(147,854)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(24,605)	(39,514)
Purchase of intangible assets	7	(6,818)	(3,720)
Proceeds from disposal of non-current assets		102	451
Net cash inflow/(outflow) from investing activities		(31,321)	(42,783)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		206,339	190,738
From the Consolidated Fund (Supply) – prior year		-	-
Capital element of payments in respect of finance leases and on-balance sheet (SoFP) PFI and other service concession arrangements		-	-
Net financing		206,339	190,738
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for payments to the Consolidated Fund		2,679	101
Payments of amounts due to the Consolidated Fund		(64)	(124)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for payments to the Consolidated Fund		2,615	(23)
Cash and cash equivalents at the beginning of the period	11	33,119	33,142
Cash and cash equivalents at the end of the period	11	35,734	33,119

Notes 1 to 22 form part of these accounts.

DEPARTMENT OF FINANCE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

**CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

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 2018		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		(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
Net Assembly Funding		216,030	–	216,030
Supply receivable/(payable) adjustment	13	(7,634)	–	(7,634)
Amounts repayable to the Consolidated Fund	SOAS 4	(53)	–	(53)
Comprehensive net expenditure for the year		(212,381)	4,760	(207,621)
Auditors' remuneration	3	265	–	265
Other non-cash charges	3, 4	3,108	–	3,108
Other reserves movements including transfers		6,384	(6,389)	(5)
Balance at 31 March 2020		284,708	88,616	373,324

Notes 1 to 22 form part of these accounts.

NOTES TO THE ACCOUNTS

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2019-20 *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 1.24 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 2021-22, 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.

DEPARTMENT OF FINANCE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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.

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 Assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered through sale rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale and it should be expected to be completed within one year from the date of classification.

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Depreciation is not charged once an asset has been classified as held for sale.

1.6 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.

The Department is not aware of any conditions or restrictions having been imposed by the donors of the artwork.

1.7 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.

1.8 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.

1.9 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

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customer undertaking the relevant activities to be liable to pay the charge. The Service Level 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.

1.10 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.

1.11 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.

1.12 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.

1.13 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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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.

1.14 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.

1.15 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.

1.16 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.

1.17 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.

1.18 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.

1.19 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.

1.20 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 2019-20.

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 2019 or 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.

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Standard	IFRS 16 <i>Leases</i> IFRS 16 <i>Leases</i> (Replaces IAS 17 <i>Leases</i> and related interpretations)
Effective date	IFRS 16 <i>Leases</i> replaces IAS 17 <i>Leases</i> and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2021.
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 2021-22.</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

The Department 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.

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2 Statement of Operating Expenditure by Operating Segment

Reportable segment			2019-20		2018-19	
	Gross expenditure	Income	Net expenditure	Gross expenditure	Income	Net expenditure
Construction and Procurement Delivery	20,590	(15,177)	5,413	18,644	(14,947)	3,697
Departmental Solicitors Office	9,557	(4,782)	4,775	8,114	(3,857)	4,257
Enterprise Shared Services	152,748	(37,301)	115,447	147,345	(32,169)	115,176
EU Programmes	5,118	(3,419)	1,699	2,622	(1,478)	1,144
Finance and Corporate Services Division	3,645	(194)	3,451	5,055	(189)	4,866
Communications and Engagement Division	1,531	-	1,531	-	-	-
Internal Audit and Fraud Investigation	4,581	(4,341)	240	4,360	(4,348)	12
Land and Property Services	65,152	(34,203)	30,949	57,378	(39,234)	18,144
Northern Ireland Civil Service Human Resources	22,857	(2,327)	20,530	20,875	(2,505)	18,370
Northern Ireland Statistics and Research Agency	32,615	(18,225)	14,390	29,504	(17,268)	12,236
Other Bodies	2,117	-	2,117	3,228	-	3,228
Public Spending Directorate	2,991	(22)	2,969	2,874	(13)	2,861
Strategic Policy and Reform Directorate	5,505	(1,590)	3,915	4,935	(1,424)	3,511
Centrally Managed	5,082	(127)	4,955	2,409	(168)	2,241
Total	334,089	(121,708)	212,381	307,343	(117,600)	189,743

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.

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3 Other administration expenditure

	2019-20	2018-19
Note	£000 Core Department & Agency	£000 Core Department & Agency
Staff costs¹:		
Wages and salaries	71,802	68,253
Social security costs	7,036	6,822
Other pension costs	20,690	15,124
Goods and services:		
Accommodation, maintenance and utilities	34,602	36,133
Accounting and information technology	40,938	35,565
Personnel and training costs	1,448	1,706
Printing, stationery and advertising	1,074	1,053
Travel, subsistence and hospitality	921	910
Legal costs	188	413
Other costs	1,623	188
Rentals under operating leases:		
Other operating leases	10,901	11,114
Hire of plant and machinery	2,853	466
Other expenditure:		
Bad debts and bad debt provision	26	22
Exchange losses/(gains)	6	5
Losses and special payments	41	7
Non-cash items:		
Depreciation	20,254	21,925
Amortisation	10,084	10,612
(Profit)/loss on disposal of property, plant and equipment	54	4
Auditors' remuneration and expenses	265	235
Total	224,806	210,557

The auditors' remuneration and expenses was a notional cost for the audit of the financial statements carried out by NIAO. During 2019-20 the Department did not purchase any non-audit services from its auditor (2018-19:£Nil).

In relation to the National Fraud Initiative, there was no cost incurred in 2019-20 (2018-19: £19k).

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

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4 Programme costs

		2019-20	2018-19
	Note	£000	£000
		Core Department & Agency	Core Department & Agency
Staff costs²:			
Wages and salaries		50,794	49,963
Social security costs		4,240	4,187
Other pension costs		12,881	9,415
Grants:			
EU grant expenditure		3,419	1,798
Benefits grant expenditure		5,022	1,234
Other grant expenditure		1,845	1,176
Goods and services:			
Accommodation, maintenance and utilities		3,457	3,250
Accounting and information technology		5,386	5,239
Personnel and training costs		2,342	2,753
Printing, stationery and advertising		343	448
Travel, subsistence and hospitality		579	568
Legal costs		102	–
Other costs		248	235
Rentals under operating leases:			
Other operating leases		182	173
Hire of plant and machinery		234	183
PFI and other service charges		4,215	5,150
Other expenditure:			
Registrar charges		2,353	2,270
Survey costs		218	325
Banking and cash handling costs		714	679
Bad debts and bad debt provision		928	1,212
Exchange losses/(gains)		50	(159)
Losses and special payments		16	(23)
Non-cash items:			
Depreciation		1,863	2,000
Amortisation		3,192	2,967
Impairment		(82)	764
(Profit)/loss on disposal of property, plant and equipment		4	–
Increase/(decrease) in provisions	14	1,641	(43)
Benefits grant expenditure (non-cash)		3,097	1,022
Total		109,283	96,786

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

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5 Income

					2019-20	2018-19
					£000	Restated
	CFN	ESS	NICS HR	PSDLG	Core Department & Agency	Core Department & Agency
Revenue from contracts with customers						
Income from NI Departments	12,560	24,644	2,054	17,856	57,114	52,578
Income from other NI Public Bodies	6,544	10,683	265	2,772	20,264	17,782
Income from UK Departments and Public Bodies	1,854	1,526	5	1,535	4,920	2,855
Income from external customers	1,514	399	2	21,813	23,728	32,121
	22,472	37,252	2,326	43,976	106,026	105,336
Other operating income						
Recovery of secondee costs					12,152	10,702
EU grant income (Current)					3,473	1,498
Other income					57	64
					15,682	12,264
Total					121,708	117,600
Of which:						
Core Department					102,487	100,332
Of which:						
Administration					66,854	60,651
Programme					54,854	56,949
					121,708	117,600

2018-19 restated income arising from recovery of secondee costs was increased by £320k and offset by a decrease in income from NI Departments to align with comparative information within the Staff Cost table on page 47

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6 Property, plant and equipment

6.1 Property, plant and equipment for the year ended 31 March 2020

	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 2019	76,041	337,534	469	54,778	4,014	37,210	2,259	7,829	520,134
Additions	3,750	3,655	–	12,976	280	1,365	40	(923)	21,143
Disposals	–	–	–	(4,836)	(40)	(275)	–	–	(5,151)
Impairments	107	(67)	–	31	–	–	–	–	71
Reclassifications and transfers	(5,142)	(183)	–	(1)	2	20	–	(711)	(6,015)
Revaluations	3,868	737	–	154	46	33	–	–	4,838
At 31 March 2020	78,624	341,676	469	63,102	4,302	38,353	2,299	6,195	535,020
Depreciation									
At 1 April 2019	–	108,001	101	35,174	2,406	26,297	–	–	171,979
Charged in year	25	12,164	21	7,673	361	1,872	1	–	22,117
Disposals	–	–	–	(4,781)	(38)	(275)	–	–	(5,094)
Impairments	–	(25)	–	14	–	–	–	–	(11)
Reclassifications and transfers	–	(9)	–	(1)	–	(1)	–	–	(11)
Revaluations	–	533	–	40	29	14	–	–	616
At 31 March 2020	25	120,664	122	38,119	2,758	27,907	1	–	189,596
Carrying amount at 31 March 2020	78,599	221,012	347	24,983	1,544	10,446	2,298	6,195	345,424
Carrying amount at 31 March 2019	76,041	229,533	368	19,604	1,608	10,913	2,259	7,829	348,155
Asset financing:									
Owned	78,599	210,943	347	24,983	1,544	10,446	2,229	6,195	335,286
EU Grant Funded	–	8,933	–	–	–	–	–	–	8,933
Donated	–	1,136	–	–	–	–	69	–	1,205
Carrying amount at 31 March 2020	78,599	221,012	347	24,983	1,544	10,446	2,298	6,195	345,424
Of the total:									
Department	78,599	221,012	347	24,817	1,534	10,407	2,298	5,731	344,745
Agency	–	–	–	166	10	39	–	464	679
Carrying amount at 31 March 2020	78,599	221,012	347	24,983	1,544	10,446	2,298	6,195	345,424

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6.2 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 and transfers	(1,303)	666	–	(7)	–	–	–	78	(566)
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 and transfers	–	280	–	(5)	–	–	–	–	275
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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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.

7.1 Intangible assets for the year ended 31 March 2020

	Information technology (intangible) £000	Software Licences £000	Assets under Construction (intangible) £000	Total £000
Cost or valuation				
At 1 April 2019	161,520	15,587	301	177,408
Additions	6,666	1,018	294	7,978
Disposals	(544)	(35)	–	(579)
Reclassifications and transfers	688	–	–	688
Revaluations	2,976	166	–	3,142
At 31 March 2020	171,306	16,736	595	188,637
Amortisation				
At 1 April 2019	134,656	11,950	–	146,606
Charged in year	11,783	1,493	–	13,276
Disposals	(543)	(33)	–	(576)
Reclassifications and transfers	(2)	–	–	(2)
Revaluations	2,506	98	–	2,604
At 31 March 2020	148,400	13,508	–	161,908
Carrying amount at 31 March 2020	22,906	3,228	595	26,729
Carrying amount at 31 March 2019	26,864	3,637	301	30,802
Asset financing:				
Owned	22,551	3,228	595	26,374
UK Grant Funded	22	–	–	22
Finance leased	333	–	–	333
Carrying amount at 31 March 2020	22,906	3,228	595	26,729
Of the total				
Department	19,083	3,170	595	22,848
Agency	3,823	58	–	3,881
Carrying amount at 31 March 2020	22,906	3,228	595	26,729

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7.2 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 and transfers	–	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 and transfers	–	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

7.3 Notes

The amortisation charged during the accounting period in respect of assets held under finance leases was £619k (2018-19: £920k).

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8 Impairments

	2019-20	2018-19
	£000	£000
	Core	Core
	Department	Department
	& Agency	& Agency
Charged direct to the Statement of Comprehensive Net Expenditure	(82)	764
Taken through the Revaluation Reserve	(4,760)	(3,089)
Total impairment charge for the year	(4,842)	(2,325)

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:

					2019-20	2018-19
	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	–	–	(43)	(954)	(997)	(1,073)
Financial liabilities measured at amortised cost	–	–	(13)	–	(13)	(6)
Total	–	–	(56)	(954)	(1,010)	(1,079)

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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 2020 the net exposure was £1.1m (31 March 2019: £0.8m).

Sensitivity analysis

Based on the balance denoted in euro at 31 March 2020, a 15% weakening or strengthening of sterling against the euro would have increased or decreased the exchange rate movement by £158k respectively

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(31 March 2019: movement of £118k). 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

	2019-20 £000	2018-19 £000
	Core Department & Agency	Core Department & Agency
Balance at 1 April	2,500	2,111
Transfers in	5,314	839
Disposals	(100)	(450)
Balance at 31 March	7,714	2,500

11. Cash and cash equivalents

	2019-20 £000	2018-19 £000
	Core Department & Agency	Core Department & Agency
Balance at 1 April	33,119	33,142
Net change in cash and cash equivalents	2,615	(23)
Balance at 31 March	35,734	33,119

The following balances at 31 March were held at:

Commercial banks and cash in hand	35,734	33,119
Balance at 31 March	35,734	33,119

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

Current assets	37,828	33,119
Current liabilities	(2,094)	–
Total	35,734	33,119

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12. Trade receivables and other current assets

	2019-20	2018-19
	£000	£000
	Core	Core
	Department	Department
	& Agency	& Agency
Amounts falling due within one year:		
Trade receivables	8,100	5,472
Other receivables	6,806	5,995
VAT recoverable	5,951	6,936
Prepayments and accrued income	23,211	24,312
Amounts due from EU	2,591	1,495
	46,659	44,210
Amounts falling due after more than one year:		
Trade receivables	88	166
	88	166
Total	46,747	44,376

Within prepayments and accrued income nothing is due to the Consolidated Fund once the debts are collected (2018-19: £486).

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

	2019-20	2018-19
	£000	£000
	Core	Core
	Department	Department
	& Agency	& Agency
Balance at 1 April	(4,548)	(4,258)
Impairment losses recognised/derecognised in receivables	(954)	(1,233)
Amounts written off as uncollectable	669	943
Balance at 31 March	(4,833)	(4,548)

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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	2019-20	2018-19
	£000	£000
	Core Department & Agency	Core Department & Agency
Neither past due nor impaired trade receivables	5,503	3,663
1-30 days	1,624	1,010
31-60 days	353	85
61-90 days	241	112
91-180 days	246	442
181-360 days	132	160
361 days plus	192	269
Gross carrying value	8,291	5,741
Less: impairment	(103)	(103)
Net carrying value	8,188	5,638

13. Trade payables and other current liabilities

	2019-20	2018-19
	£000	£000
	Core Department & Agency	Core Department & Agency
Amounts falling due within one year:		
Other taxation and social security	16,649	16,257
Trade payables	235	5,120
Other payables	20,576	16,185
Accruals and deferred income	42,125	42,290
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund:		
CFER – received	53	64
Amounts issued from the Consolidated Fund for Supply but not spent at year end	7,634	9,691
	87,272	89,607

There were no amounts payable by the Department falling due after more than one year at 31 March 2020 or at 31 March 2019.

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14. Provisions for liabilities and charges

	2019-20			2018-19		
	£000 Core Department & Agency			£000 Core Department & Agency		
	Early departure costs	Legal claims	Total	Early departure costs	Legal claims	Total
Balance at 1 April	-	111	111	4	156	160
Provided in the year	-	1,708	1,708	-	-	-
Provisions not required written back	-	(67)	(67)	(2)	(41)	(43)
Provisions utilised in year	-	-	-	(2)	(4)	(6)
Balance at 31 March 2019	-	1,752	1,752	-	111	111

Analysis of expected timing of cash flows

**Analysis of expected timing of
discounted flows**

	2019-20			2018-19		
	£000 Core Department & Agency			£000 Core Department & Agency		
	Early departure costs	Legal claims	Total	Early departure costs	Legal claims	Total
Not later than one year	-	1,711	1,711	-	44	44
Later than one year and not later than five years	-	41	41	-	34	34
Later than five years	-	-	-	-	33	33
Balance at 31 March 2019	-	1,752	1,752	-	111	111

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.

14.3 Other legal issues

The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for Holiday Pay shortfall can be taken back to 1998. However, the PSNI has appealed the CoA judgment to the Supreme Court. Due to delays in relation to the Covid-19 situation, it is expected that this will not be heard until 2021 but could result in a decision which either reduces the period of liability or confirms the full period back to 1998. The 2019-20 Holiday Pay provision has been estimated by NICSHR and covers the period from 1998 to 31 March 2020. There are still some very significant elements of uncertainty around this estimate for a number of reasons:

1. The appeal to the Supreme Court (as detail above);
2. Lack of accessible data for years previous to 2011 and for some groups of staff beyond 2011;
3. Ongoing negotiations with Trade Unions;
4. A reliable estimate for the pension element is not yet available so this has not been factored into the provision; and
5. The provision is gross (inclusive of Employee National Insurance and PAYE) and also includes an uplift of 13.8% for Employer National Insurance Contributions (NI) £1.7m (2018-19: £nil).
Taxation issues are still under discussion with HMRC so the position is subject to change.

15. Contingent liabilities disclosed under IAS 37

The Department has entered into the following unquantifiable contingent liabilities:

Public/employer liability cases

There are currently 10 cases (2018-19: 7 cases) pending against the Department. The maximum that will be payable cannot be accurately estimated.

Industrial tribunal cases

There are currently 11 industrial tribunal cases (2018-19: 8 cases) pending.

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

£11.1m (2018-19: £11.3m) 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.

	2019-20	2018-19
	£000	£000
	Core	Core
	Department	Department
	& Agency	& Agency
Land and Buildings:		
Not later than one year	10,084	9,376
Later than one year and not later than five years	26,123	26,131
Later than five years	27,680	19,608
	63,887	55,115
Other:		
Not later than one year	124	126
Later than one year and not later than five years	129	227
Later than five years	3	2
	256	355

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 contract however is likely to extend beyond 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.

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The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service was £4.2m (2018-19: £5.15m); and the payments to which the Department and its agency are committed are as follows:

	2019-20	2018-19
	£000	£000
	Core Department & Agency	Core Department & Agency
Not later than one year	3,943	4,094
Later than one year and not later than five years	986	4,602
Later than five years	–	–
Total	4,929	8,696

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 initially extended to March 2020. It has since been extended to March 2023.

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 £3.4m (2018-19: £3.3m).

The service element due in future periods is:

	2019-20	2018-19
	£000	£000
	Core Department & Agency	Core Department & Agency
Not later than one year	3,460	3,134
Later than one year and not later than five years	6,855	–
Later than five years	–	–
Total	10,315	3,134

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18. Capital and Other Commitments

18.1 Capital commitments

	2019-20	2018-19
	£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	4,128	5,303
Intangible assets	3,354	247
	7,482	5,550

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:

	2019-20	2018-19
	£000	£000
	Core	Core
	Department	Department
	& Agency	& Agency
Not later than one year	27,249	27,741
Later than one year and not later than five years	29,583	43,912
Later than five years	7,329	6,694
Total	64,161	78,347

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.

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20. Third party assets

The Department is responsible for the upkeep of the Ulster Memorial Tower in Thiepval, France and costs incurred on maintenance during 2019-20 totalled £47k (2018-19: £47k). 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 2019-20 were as follows:

DoF Core Directorates

- Construction and Procurement Delivery (CPD);
- Departmental Solicitor’s Office (DSO);
- Enterprise Shared Services (ESS);
- Finance and Corporate Services Division (FCSD);
- 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).

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.

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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 17 September 2020.

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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 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 and PPS 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:

- Leads on the development and delivery of the NICS People Strategy and HR Transformation
- Strategic HR business partnering with NICS Departments and participating bodies
- Welfare Support Service and Occupational Health Services
- Policy development and review
- Resourcing
- Diversity and inclusion
- Pay & reward
- Employee relations
- Learning and development
- Provision of workforce and other HR information

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

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, health and safety, and public appointments;
- Financial accounting and budgeting services;
- Strategic direction and guidance which ensures the Department is compliant with data protection and records management legislation, policy and best practice; and
- The Audit Authority is an independent assurance function providing an opinion on the legality and regularity of expenditure declared under the Peace & INTERREG VA 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, ICT, Cyber security 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.
- The Northern Ireland Cyber Security Centre was established in early 2020. The Centre's aim is to make Northern Ireland cyber safe, secure and resilient. It works closely with the National Cyber Security Centre and the other Devolved Administrations providing trusted advice and guidance. The Centre, through partnership arrangements supports various society and Public, Private and 3rd Sector representative bodies to achieve this aim.
- 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 Sector 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.

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- 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.
- The Central Government Transformation Programme (CGTP) has been established within ESS to procure and implement modern, flexible and customer focused systems and services for Finance, HR and Payroll, enable delivery of high quality, cost effective Finance, HR and Payroll service and enable greater collaboration.
- The Department of Finance is the designated competent authority for a number of Northern Ireland sectors (energy, health, drinking water, road and rail transport) under the Network and Information Systems Regulations 2018 and the CA team appointed by DoF sits within ESS. The CA regulates operators of essential services particularly in fulfilling their security and incident-reporting responsibilities under the legislation.

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, road scheme compensation).

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

Administers various reliefs to help citizens in need of support to pay their rates including Housing Benefit, Rate Relief, Lone Pensioner Allowance and Disabled Persons Allowance to owner occupiers, and the Rate Rebate Scheme for all working age claimants in receipt of Universal Credit. In addition a number of business related rate reliefs are available to provide assistance to non-domestic ratepayers.

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

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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.

Strategic Policy and Reform Directorate (SPAR)

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

Manages the Public Sector Transformation Fund allocation, monitoring and evaluation processes.

Provides effective sponsorship of the RHI Inquiry and co-ordinates the response of Departments and NICS to 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 IV and INTERREG VA Programmes and development of the 2021/27 PEACE PLUS programme.

Leads DoF input into issues arising from the EU referendum and planning for new relationship with the EU.

Leads on the Future Policy & Finance work stream to ensure full replacement spending power is achieved and the interests of Northern Ireland with respect to replacement funds and the financial implications of the protocol are represented at Whitehall. Work with other departments to ensure policy development for future funding is under review and ready to implement when required.

Leads on implementation of innovative best practice (through the Northern Ireland Public Sector Innovation Lab).

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.

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

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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.

Communications and Engagement Division (CAED)

Communications and Engagement Division is responsible for the effective running of the Ministerial and Permanent Secretary's Private Offices, strategic external and internal communications, championing open government and transparency, Freedom of Information requests and effective engagement with staff groups.

EXECUTIVE AGENCY

Northern Ireland Statistics and Research Agency (NISRA)

The Agency is the principal source of Official Statistics and social research on Northern Ireland. It 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
BCS	Business Consultancy Service
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
ERDF	European Regional Development Fund
ESS	Enterprise Shared Services
EU	European Union
EUD	European Union Division
FCSD	Finance and 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

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Acronym	Details
LPS	Land and Property Services
LPIS	Land Parcel Identification System
MEP	Member of the European Parliament
MLA	Member of the Legislative Assembly
MP	Member of Parliament
MPMNI	Managing Public Money Northern Ireland
NDNA	New Decade, New Approach
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	Properties Division
PPE	Personal Protective Equipment
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

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Acronym	Details
VES	Voluntary Exit Scheme
VFM	Value for Money