

Department of Finance Annual Report and Accounts
For the year ended 31 March 2021

*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

3 November 2021



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PERFORMANCE REPORT

PERFORMANCE REPORT

Performance Overview

This 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 (DoF).

Our role and purpose

The Department provides the Northern Ireland Civil Service (NICS) and other public bodies with money, professional services and business support systems, in order to help them deliver excellent, value for money public services.

We do this by:

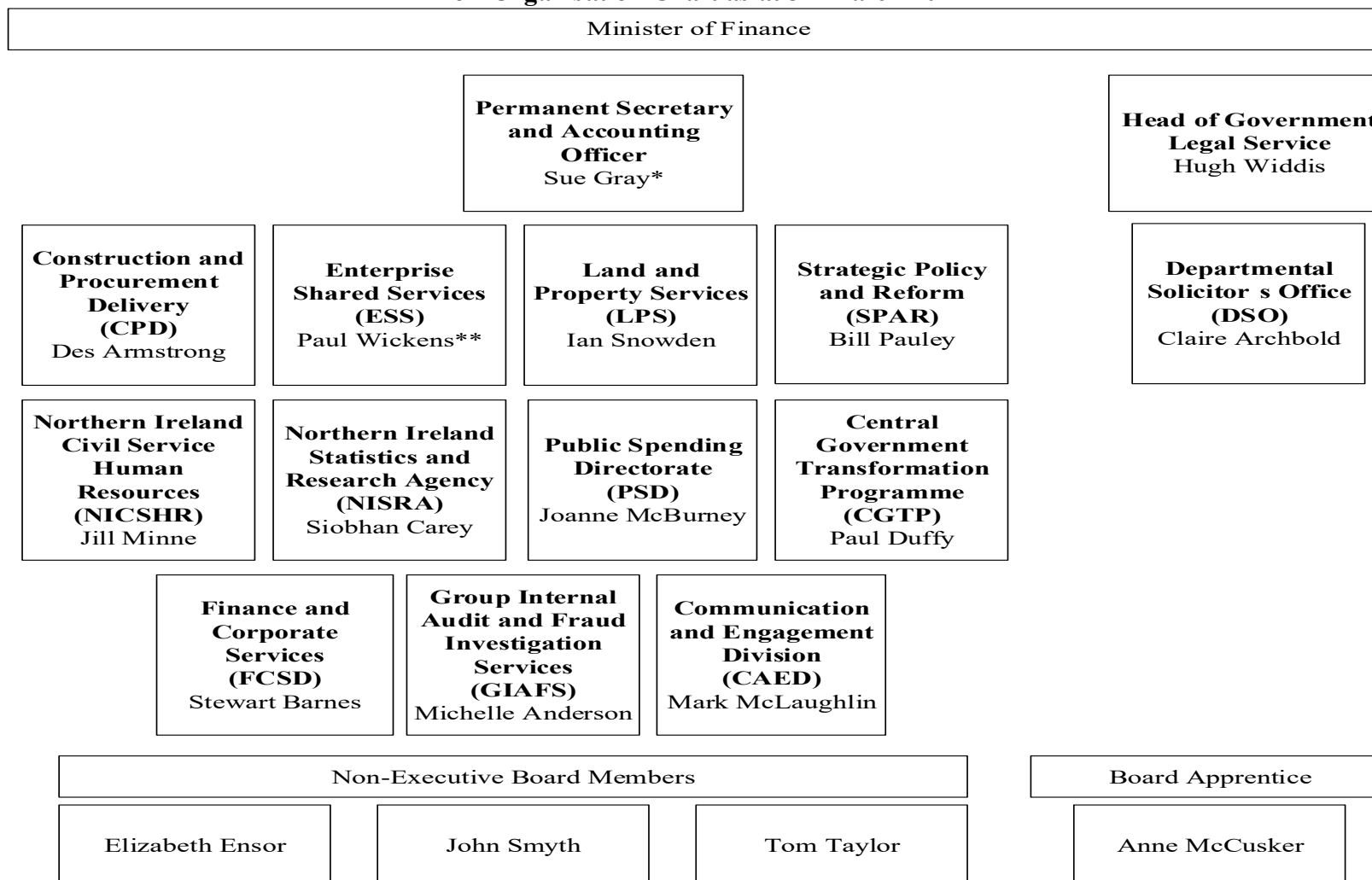
- Managing public expenditure and effectively allocating resources to where they are most needed to support the delivery of public services;
- Collecting rates revenue to provide funding for central and local public services;
- Recruiting, developing and supporting the best people for the NICS and providing 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 eight Directorates, three Divisions) and one Executive Agency (NI Statistics & Research 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](#).

DoF Organisation Chart as at 31 March 2021



**Sue Gray ceased to be Accounting Officer on 16 May 2021 and Colum Boyle started 17 May 2021*

***Paul Duffy has temporarily fulfilled this role while Paul Wickens has been unavailable*

Accounting Officer's Introduction

I am pleased to present the Department of Finance (DoF) Annual Report and Resource Accounts for the 2020-21 year. The Department's achievements during 2020-21 are outlined in more detail in the Performance Report. This has been another challenging year given the impact of the COVID-19 pandemic. This 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. The unpredictability of the virus and the changing level of restrictions and support required at various junctures made financial planning and forecasting very difficult. I would like to thank all DoF colleagues for their continued efforts and public service.

Colum Boyle
Accounting Officer
Department of Finance

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 ten times during 2020-21, with all meetings held online.

While much of the Department's activity during 2020-21 was a continuation of the ongoing activities, the Department played a pivotal role in supporting the response to COVID-19. There was also significant activity during the year in relation to future relations with the European Union (EU).

Key Departmental projects during 2020-21 included:

- Census 2021;
- COVID-19 support;
- New ways of working; and
- Supporting the Executive's response to COVID-19.

Departmental Audit and Risk Committee (DARC)

In addition to the usual five meetings per annum, the DARC met a further three times to place special attention on deep dives for key governance areas including the contract monitoring systems and strategic contracts, assurance statements and risk management.

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

- Census 2021;
- COVID-19;
- Legislation;
- Brexit; and
- Recruitment.

John Smyth

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

Performance

At the end of the 2019-20 year work started on a DoF Business Plan. Further work on it was delayed as the response to COVID-19 commenced and it was agreed to approach the plan on the basis of a refresh from the previous year but also to include the DoF response to COVID-19. Thirty targets were included under the headings of COVID-19 Pandemic Response, Transition Period Preparation and Ongoing Delivery.

The targets and priorities outlined in the plan continued to work in support of the NICS Outcomes Delivery Plan. The New Decade New Approach document published in January 2020 set out the process and approach for developing a new Programme for Government (PfG). Although work on developing the new Programme was initially paused due to the COVID-19 pandemic, the Executive agreed in July 2020 to prioritise the work needed to put in place a multi-year strategic Outcomes-based Programme for Government.

A draft Outcomes Framework was issued for consultation in January 2021. The public consultation closed on 22 March and on the associated Equality Impact Assessment on 30 April. The feedback received demonstrates that there remains strong support for the outcomes-based approach, and for the draft Outcomes as consulted on. Ministers hope to be in a position to bring a final, revised version of the Outcomes Framework to the Executive as soon as possible.

The Department of Finance is responsible for a number of the commitments within the New Decade, New Approach Agreement, progress on which is outlined below.

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 **30** targets, at year end **24** were achieved (Green), **4** on target (Amber) and **2** (Red) not achieved. Further information on the two targets that were not achieved is provided in the performance analysis on Page 9.

The key risks and issues to delivering the Department's objectives are monitored through the reporting cycle noted below. There were **12** risks recorded in the last quarter of the 2020-21 year with **7** serious (red) risks, namely:

- Failure to design and deliver effective COVID-19 responses may result in the economic impact of the pandemic in Northern Ireland being more severe (SPAR);
- Failure to secure UK Government Funding related to EU Exit;
- Failure to design and deliver effective COVID-19 responses may result in the economic impact of the pandemic in Northern Ireland being more severe (LPS);
- Internal Audit coverage is insufficient limiting the ability to provide an effective audit opinion to the required standard;
- Cyber Attacks to ESS ICT Systems - As a result of cyber-attacks against ESS ICT systems, there is a risk that sensitive personal data is lost and ICT systems rendered unavailable, which may result in loss of service in the NICS and the wider public sector;
- Due to a number of factors, there is a risk that the NICS will not be protected against equal pay and other legal cases resulting in significant financial cost, reputational damage and management difficulties across the NICS; and

- WOPS (Works Order Purchasing System) - risk of failure in non-supported software. The system is required to be maintained until the implementation of the new Concerto system.

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

Departmental Reporting Cycle

The DoF Business Plan 2020-21 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 both at business area level and by the Departmental Board. The end of year results are set out in the Performance Analysis of this Annual Report.

The Department's budget for 2020-21 was set out in the Northern Ireland Budget 2020-21 document which was published in May 2020. The Department's 2020-21 Main Estimate reflects the opening position along with changes made in the June monitoring exercise and was published in October 2020. 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 2020-21 Spring Supplementary Estimate, which was published in March 2021.

The 2020-21 Main and Spring Supplementary Estimates are available on the Department's internet site www.finance-ni.gov.uk/publications/estimates-publications 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

Performance Analysis

Performance during 2020-21

The Department's performance over the past financial year has been monitored and reported to the Departmental Board. As previously noted the Department reviewed and re-prioritised targets under the following headings COVID-19 Pandemic Response, Transition Period Preparation and Ongoing Delivery. 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, **24** of the **30** Departmental targets in 2020-21 were met, of which **24** were reported as **“Green”**, **4** were reported as **“Amber”** and **2** as **“Red”**.

The Department has made significant progress during 2020-21 and notable achievements have included:

COVID-19 Pandemic Response

- By 31 July 2021, over £244.77m in £10k Small Business Grants had been paid by LPS on behalf of the Department for the Economy (DfE).
- In October 2020, LPS put in place the Localised Restrictions Support Scheme (LRSS) to provide financial support to businesses required to close by the Health Protection Regulations. By 31 March 2021, £241m had been paid to businesses through this scheme.
- The development of an airport support scheme, with up to £10m made available to the Belfast airports to cover losses from September 2020 to March 2021. This, along with rates relief and other Executive support which the Department helped secure, resulted in the provision of £20m of support to the aviation sector.
- PSD facilitated the allocation by the Executive of some £3bn of COVID-19 support funding to departments through 14 in-year exercises.
- NICS HR implemented a wide range of health and wellbeing support for NICS staff. This included a Health and Wellbeing Hub containing access to resources, guides and webinars on topics such as mental health, coping with stress, resilience, and caring responsibilities, along with links to internal and external sources of support. In addition, two new learning bundles were introduced on Wellbeing and Remote Working with access to further resources and e-learning training material.
- DoF established a NICS Recovery Group who assessed the impacts of the COVID-19 pandemic on the way staff work, which led to the development of a draft Working From Home (WFH) and Remote Working policy.
- The nidirect Contact Centre supported many business areas in delivering key services, most notably through the provision of proxy services to help citizens understand the evolving COVID-19 guidance and to complete a number of new online transactions.

Transition Period Preparation

- Secured approximately £1bn for the 2021-27 PEACE PLUS Programme. Ongoing development of PEACE PLUS with all NI Departments, their Irish counterparts and SEUPB. Executive and Irish Government, NSMC and EU approval to be sought. Expect all Programme approvals to be in place late 2021/early 2022.

Ongoing Delivery

- £1.057bn of rates revenue had been collected by 31 March 2021, which exceeded the target by £57m.
- The 2020-21 public sector pay policy was determined 2 September 2020 enabling employers to engage with staff groups to negotiate, agree and implement pay awards for 2020-21.
- At least 75% of staff were enabled to work in a more agile way by 31 March 2021.
- The Digital Inclusion programme continued to ensure that citizens have access to support and digital skills, which allows them to use government online services confidently and safely. 86% of adults here use the Internet now, with 72% of adults having used an online government service within the last 12 months.
- Established a resilient supply chain for the provision of PPE to support the Executive's response to COVID-19, since June 2020 Departments have had access to a number of PPE sources.
- All key systems and services elements were finalised to deliver the 2021 Census and the enumeration phase commenced as planned on 21 March 2021.
- A contract monitoring tool was developed and rolled out across the Department to improve information available to contract managers and senior responsible owners (SROs).

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

Deliver fully funded participation in future EU programmes or domestic replacements, reflecting devolved competence, by April 2021.

Not achieved. The decisions announced by the Chancellor of the Exchequer on replacement EU funding programmes will not result in replacement of our EU funding within devolved competence arrangements. European Union Division (EUD) continue to facilitate the Future Policy and Finance Work-stream, ensuring a joined up NI approach to replacement funding. EUD continue to press the Executive's position on future funding to Whitehall and support the Minister to do so in respect of UK Government Ministers.

The Community Renewal Fund (CRF) and Levelling Up Fund have been announced by Whitehall with applications closing 18 June 2021. The Ministry for Housing Communities and Local Government (MHCLG) will assess and deliver these funds centrally using the powers within the UK Internal Market Act. The NI Executive will have limited role. CRF is the pilot for Shared Prosperity Fund (SPF) which was promised by UK Government as a replacement for EU Structural funds and it is anticipated that a similar delivery mechanism will be considered. No Prospectus or investment framework has been published for SPF as yet. A place in the governance framework has been promised for devolved administrations, however we continue to press for urgent engagement on this fund and for the opportunity for NI Executive to input. SPF is expected to ramp up to £1.5bn annually. The Community Ownership Fund has been announced but no prospectus or framework has been released.

EUD are supporting colleagues in other departments to challenge Whitehall decisions on funding where the outcome for NI is sub-optimal. Engagement at official and ministerial level continues with an aim to secure the best possible outcome for NI. Engagement with HMT, MHCLG, DWP and NIO continues.

Reduce rating debt to £130m by 31 March 2021.

Not achieved. The provisional rating debt balance at 31 March 2021 is £152.8m. This is £22.8m behind target, due to a combination of the value of the rates holiday being £27m less than estimated, write-off

levels being £10m lower than expected and LPS collecting less prior year debt than expected due to only limited legal recovery action being possible during the course of the year.

New Decade, New Approach Commitments

During the 2020-21 year the Department continued to deliver commitments included in the Agreement which was published in January 2020 as follows:-

Structures will be put in place that will help deliver timely and fair public sector pay awards

Commitment Achieved. Public Sector pay policy for 2021-22 was determined on 16 March 2021, resulting in the policy being in place before the start of the financial year for the first time.

Executive to become a Living Wage Employer

Commitment Achieved. Living Wage Foundation requirements to become a Living Wage Employer have been met in that: (i) the NICS pay award for 2021/22 includes that all direct Executive employees in the Civil Service are paid the Living Wage; and (ii) that a policy has been put in place to ensure that contractors will also be paid the living wage going forward. Formal accreditation is currently being processed. Furthermore wider public sector pay policy for 2020-21 & 2021-22 includes that employers should actively consider how pay awards for individual staff groups could be targeted to ensure the payment of the Living Wage.

Establishment of Fiscal Council NI – March 2021

Commitment Achieved. A Fiscal Council was established in March 2021 and the UKG, which in line with NDNA has to agree the Terms of Reference and membership, has confirmed that it is content by the approach taken by DoF.

Executive will examine options to remove historical debt from the NIHE (Department for Communities) and exclude it from having to pay Corporation Tax (CT) - (Department of Finance)

Commitment Achieved. Announced in Budget 2021 that the NIHE will be exempted from CT effective from 2020-21. A request for backdating the CT exemption was rejected by HMT.

To have births, marriages and deaths to be registrable in Irish

Discussions and stakeholder engagement are under way and officials are developing a phased implementation plan for Ministerial approval.

A central Translation Hub will also be established in the Department of Finance within three months of an agreement, in order to provide language translation services for the nine Executive Departments, Arm's Length Bodies, Local Government and Public Bodies

Commitment Achieved. DoF took forward a review of options of the development of a Central Translation Hub and the recommendations were agreed by the Executive in October 2020. This included positioning the Translation Hub in the DfC given the synergies with the Irish Language and Ulster Scots Strategies. The Translation Hub launched in April 2021.

The Executive will establish a dedicated sub-committee which will consider the findings of the RHI inquiry and propose further reforms, in addition to those in this agreement, to deliver the changes necessary to rebuild public confidence. The parties agree to deliver any such reforms rapidly once the inquiry has reported.

The Executive Subcommittee on Reform Following the RHI Inquiry met in July, November and December 2020, and forwarded its draft response to the RHI Inquiry Report to the Executive in March 2021.

Ministers and civil servants, including special advisers, each have a part to play in rebuilding the trust of citizens in the operation of a future administration. The parties reaffirm their commitment to greater transparency and improved governance arrangements that are aimed at securing and maintaining public confidence. This is particularly important in light of the public inquiry into the RHI scheme.

The parties have therefore agreed to an ambitious package of measures to strengthen transparency and governance arrangements in the Assembly and Executive in line with international best practice.

The Executive will, as a matter of urgency, produce strengthened drafts of the ministerial, civil service and special adviser codes, to be implemented immediately.

The measures agreed here include:

- a. making clear the accountability of Ministers to the Assembly;
- b. strengthening Ministers' responsibility for their special advisers;
- c. publishing details of Ministers' meetings with external organisations;
- d. publishing details of gifts and hospitality received by special advisers, meetings with external organisations, and pay;
- e. strengthening requirements for record-keeping and the protections for whistleblowers

Following the revision of the *Code of Conduct for Special Advisers* in March 2020, the Annual Report on Special Advisers, published in July 2020, included special advisers' relevant interests and pay.

Further revisions to the *Code of Conduct for Special Advisers*, the *Code for the Appointment of Special Advisers*, and the *Guidance for Ministers* were agreed by the Executive Subcommittee on Reform Following the RHI Inquiry and submitted to the Executive in March 2021.

A revised draft of the NICS Code of Ethics was provided to the Executive for consideration in March 2021.

A system is in place to capture details of Ministers' meetings with external organisations on a quarterly basis and is published on opendatani.gov.uk.

A system is in place to capture details of special advisers' gifts and hospitality, and meetings with external organisations on a quarterly basis and is published on opendatani.gov.uk.

Define terms of reference and initiate an efficiency and effectiveness review of all Arm's Length Bodies with the aim of concluding the review and agreeing timescales for implementation within 6 months of the Executive being restored.

The Executive agreed in June 2021 that a two part approach should be adopted to the Review of ALBs with legislation to be brought forward to facilitate the rationalisation of Bodies as informed by an efficiency and effectiveness review. It is for each individual Minister to consider the effectiveness and efficiency of their ALBs. DoF is working with Departments to enable and support this process.

DoF will continue to progress all commitments during the 2021-22 year.

COVID-19 Response

In 2020-21 the Department was allocated a total of £430.4m Resource DEL for COVID-19 related expenditure, with actual spend of £386.4m. The following table provides a breakdown of budget and spend against each scheme.

Scheme	Budget £'000s	Spend £'000s
Local Restrictions Support Scheme	241,000	245,710
Small businesses top up grants	93,700	78,497
Large NAV scheme	56,300	30,153
Medium sized industrial businesses	27,900	21,505
Airport financial assistance	10,030	9,489
Desktop disposal	1,000	671
Soft play business grants	500	336
Total	430,430	386,361

Local Restrictions Support Scheme – The Executive agreed to provide financial assistance to businesses which were required to close or had business activity at their premises curtailed by the restrictions introduced by the Executive.

Small Businesses top up grants - A top-up payment of £5k and £10k respectively to businesses which received either the £10k Small Business Grant or £25k Grant for Retail, Hospitality, Tourism and Leisure in 2020, but which have been unable to access the Localised Restrictions Support Scheme (LRSS) or Coronavirus Restrictions Business Support Scheme (CRBSS) Part B.

Large Net Annual Value (NAV) is a scheme which provided a £50k one-off grant for businesses occupying premises with a NAV over £51k which were not able to access grant funding during the first lockdown. The grant was targeted to those business which were eligible for the 12 months rates holiday in 2020-21. These business are in sectors which the Ulster University EPC analysis in May 2020 indicated were most severely impacted by the pandemic and were in greatest need of support. The uptake for the scheme was lower than expected with 741 business making an application by the deadline.

Medium sized industrial businesses - A scheme which provided a one-off grant of up to £25k to industrial businesses in premises with a total NAV between £15,001 and £51,000 who benefit from industrial derating

and were eligible for the 12 months rates holiday in 2020-21. Payments were made to 892 eligible businesses the week commencing 26 April 2021.

Airport Financial Assistance – The Executive agreed to provide temporary time limited financial support for both Belfast International Airport and Belfast City Airport in light of the significant financial difficulties they faced as a result of COVID-19 and the need to ensure a continued and functioning airport infrastructure locally both now and in the future to help harness NI’s economic recovery.

Desktop Disposal – To facilitate home working laptops were purchased which replaced desktops. The desktops still had use of life but were no longer required and therefore disposed of, resulting in a loss.

IT Assist has enabled thousands of civil servants to adapt to a new working environment, allowing them to work remotely to continue to provide vital services to citizens. IT Assist has:

- provided approximately 7,000 additional laptops;
- increased Internet bandwidth from 1Gb to 5Gb for NIGOV users;
- increased Secure Remote Access capacity from 5,000 to 20,000 concurrent connections;
- provided 400 new Audio Conferences;
- provided 1,000 new Video Conferences licenses, often enabling over 7,000 participants in WebEx calls in any given day;
- re-configured approximately 4,000 Desktops, to allow essential staff to work from home where laptops were not available;
- provided 1,100 new Mobile Devices (iPads, Smart Phones);
- increased the number of Jabber softphones (for home workers) from 4,000 to approximately 13,000 (with 9,600 users logged into Jabber on any given day); and
- provided NIHub with 60 additional laptops and associated equipment, to allow three shifts of staff to provide a 24x7 service.

The nirect Contact Centre supported the delivery of business grants, support schemes, changes to existing services including those impacted by restrictions, such as Driver Testing; and most specifically the Department of Health’s response through the proxy services for COVID-19CareNI (COVID-19 Symptom Checker and Test Booking); StopCOVID-19 NI (Proximity app) and COVID-19Care NI Vaccination Booking service.

Soft Play business grants - this scheme was developed to complement the Localised Restrictions Support Scheme (LRSS) providing additional support to soft play businesses in recognition of the extended period of closure that they were subject to between 4 July and 14 September when most other sectors of the economy were allowed to re-open.

LPS have identified ineligible payments and overpayments made against grant applications for the Localised Restriction Support Scheme. It is recognised that not all of the ineligible payments will be recovered and a bad debt provision of £1.9m has been recognised from within the Department’s non-ringfenced budget.

In addition there was a decrease in income due to the Pandemic mainly in Land Registry but also in the General Register Office (GRO), which also saw an increase in operating costs due to the closure of many local council offices. All of these impact were funded from within the Department’s budget. Procurement Guidance Note 01/20 required the public sector to pay at-risk suppliers if it is value for money and important to business continuity and £1.5m was paid to at-risk suppliers.

UK Withdrawal from the EU

The Department's final budget for activities associated with EU Exit amount to £1.7m with actual spend of £2.1m.

Business Area	Budget £000s	Outturn £000s
NISRA	322	320
SPAR	416	389
DSO	665	624
NICSHR	200	678
PSD	93	113
Total	1,696	2,124

Spend is mainly associated with staff costs in particular in relation to providing legal advice, statistical advice and financial advice.

NISRA currently have eight staff working on issues associated with the UK's exit from the EU. A further four work on an ongoing basis through responding to relevant queries regarding North/South and East/West trade.

Ongoing work includes analysis of HMRC data to provide detail on supply chain linkages; research into the products/services provided by NI businesses; working with Central Statistics Office (CSO) on trade asymmetries; improving access to EU Exit information on the NISRA website; and implementation/maintenance of a Trade and Economic Research Database.

NISRA continues to be heavily involved in providing data, analysis and a quality assurance function to policy leads in DfE and HMRC to assist in their work associated with the implementation and outworkings of the NI Protocol.

Additionally, GRO have been working with the UKG regarding legislative changes to immigration status and sham marriages / civil partnerships from 1 July 2021. The cost of this policy activity has been met from within baseline.

DSO currently have twenty staff working on issues associated with the UK's exit from the EU.

Work undertaken to date includes advice on cross-cutting significant constitutional issues such as common travel area, citizens' rights, the Good Friday/Belfast Agreement, the Withdrawal Agreement and related legislation, and the Ireland/NI protocol.

Common Frameworks to deal with policy areas previously within the competence of the EU for which domestic legislation/arrangements between the devolved administration and UK Governments will need to be made and will require legal input.

Ongoing legal advice will be required on immigration, citizens' rights, and movement of goods and any new bodies/monitoring mechanisms which are set up, such as the Independent Monitoring Authority on the new legislation governing a wide range of areas.

SPAR currently has eighteen staff working on issues associated with the UK's exit from the EU.

SPAR is taking the lead in contingency planning in relation to banking and financial services. This work has involved ongoing liaison with HMT, the banking sector and other financial service providers, as well as providing advice to others in the NICS and across the public sector in NI.

Work will continue on a number of fronts, including the future trading relationship with the EU and future funding arrangements.

Work continues on the development of the PEACE Plus programme and other domestic replacements including Shared Prosperity Fund (SPF).

A percentage of the resourcing staff costs are attributed to work involved with providing staff for EU Exit posts. Additional budget was provided from the Department's existing baseline to cover the increased outturn.

PSD has three staff working on issues associated with the UK's exit from the EU. The work includes operation of the UKG Guarantee and future replacement funding, funding for the EU Exit preparation costs and interventions/mitigations.

Financial Review

The Department's 2020-21 opening resource departmental expenditure limit (DEL) position saw an increase of 10% compared to the 2019-20 opening position. This was based on the Department's 2019-20 opening budget position, with allocations to fund CENSUS 2021, and funding to support preparation activities associated with the UK's 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 **£736.8m** for 2020-21. Details of the net resource estimate and outturn are given in Table 1.

Table 1: Summary Net Resource Estimate and Outturn

	Outturn	Estimate	Outturn vs Estimate saving/ (excess)
	£000	£000	£000
Total Request for Resources A	610,182	736,767	126,585
Net Cash Requirement	460,154	729,449	269,295

The net resource outturn was **£610.2** against an estimated provision of **£736.8m**.

The total variance was **£126.6m**, split between the departmental expenditure limit (DEL) **£119.0m**, and the annually managed expenditure (AME) **£7.6m**.

As part of the SSE process, headroom of £300m was built in to enable additional allocations to be made to the Department to provide further support to businesses as a result of the pandemic in the event that there was available funding and approval received from the Executive. Of this £70.6m was not required. Of the

budget allocated as a result of COVID-19 there was an underspend of £44.1m. Of the remaining DEL underspend, £0.5m is in relation to depreciation, a further £1.7m is due to a demand led programme, £0.6m as a result of underspends in relation to ringfenced budgets, with the remaining £1.5m in relation to the Department's non-ringfenced spend.

Of the AME underspend, £6.6m is in relation to the revaluation of the office estate, which was lower than anticipated. A further £1.0m 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 **£460.2m** against an estimated provision of **£729.4m**, a variance of **£269.2m**. The bulk of the variance (£120.1m) relates to the movement in working capital other than cash. A further £70.6m relates to headroom that was included in the estimates but not required and £44.1m underspend on the COVID -19 related grants.

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

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

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

Table 2: Reconciliation Resource expenditure between Estimates, Accounts and Budgets

	Outturn 2020-21 £000	Outturn 2019-20 £000
Net Resource Outturn (Estimates)	610,182	212,434
Include Consolidated Fund Extra Receipts (CFERs) in the Statement of Comprehensive Net Expenditure	(10,767)	(53)
Net Operating Costs (Accounts)	599,415	212,381
Remove capital grants	-	2
Remove research & development expenditure	(50)	(18)
Remove Consolidated Fund Extra Receipts (CFERs) in the Statement of Comprehensive Net Expenditure	10,767	53
Include Excess Accruing Resources	(10,713)	-
Include rate collection income	(8,473)	(8,262)
Remove notional costs	(349)	(275)
Remove SEUPB Non Budget Grant	(1,009)	(934)
Include SEUPB Running Costs	1,819	1,614
Resource Budget Outturn (Budget)	591,407	204,561
Of which:		
Departmental Expenditure Limit (DEL)	587,413	201,520
Annually Managed Expenditure (AME)	3,994	3,041

Budgeting Framework

The Department of Finance (DoF) is responsible for management of the NI Executive Budget process in line with a budgetary framework set by Treasury.

The total amount a department spends is referred to as the Total Managed Expenditure (TME); which is split into:

- Annually Managed Expenditure (AME)
- Departmental Expenditure Limit (DEL)

Treasury, and in turn DoF, do not set firm AME budgets. They are volatile or demand-led in a way that departments cannot control. The Department monitors AME forecasts closely and this facilitates reporting to DoF, who in turn report to Treasury.

As DEL budgets are understood and controllable, Treasury sets firm limits for DEL budgets for Whitehall departments and Devolved Administrations at each Spending Review. The NI Executive, based on advice from the Finance Minister, will in turn agree a local Budget that will set DEL controls for Executive departments.

DEL budgets are classified into resource and capital.

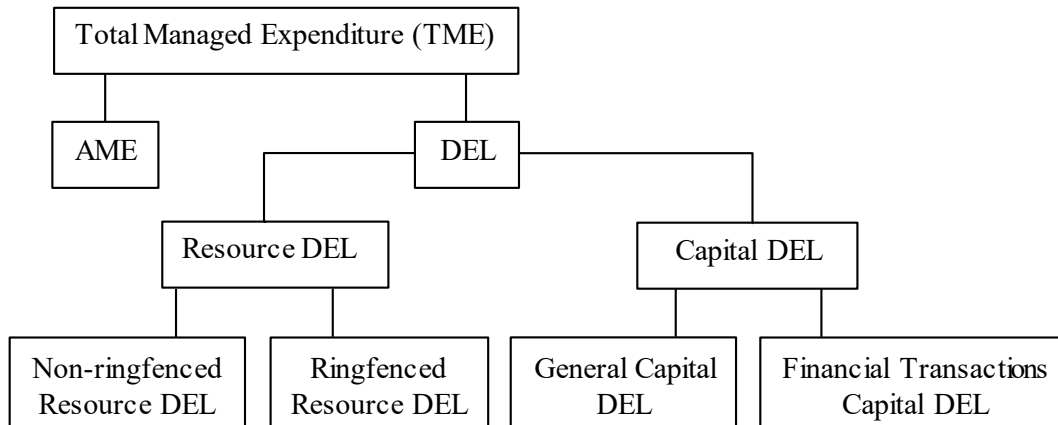
- Resource budgets are further split into non-ringfenced resource that pays for programme delivery and departmental running costs, and separately ringfenced resource that covers non-cash charges for depreciation and impairment of assets.
- Capital DEL is split into ‘financial transactions’ for loans given or shares purchased and ‘general capital’ for spending on all other assets or investments.

The information contained within budgetary controls does not currently read directly to financial information presented in Financial Statements due to a number of misalignments. It is intended that the Executive’s Review of Financial Process will help address these differences and improve transparency.

Further detail on the Budgeting Framework can be found in the Consolidated Budgeting Guidance published by Treasury.

<https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2021-to-2022>.

Budget Structure



Budgetary Performance

Details of the Department's performance against Budgetary Control totals is set out in the Table 3 below.

Table 3: Department's performance by Budgetary Control

	Final Plan 2020-21 £000	Final Outturn 2020-21 £000	Underspend / (Overspend) 2020-21 £000
Resource DEL	635,402	587,505	47,897
<i>Non-ringfenced</i>	599,071	551,632	47,439
<i>Ringfenced D/I</i>	36,331	35,873	458
Capital DEL	18,890	16,749	2,141
<i>General Capital</i>	18,890	16,749	2,141
Total DEL	654,292	604,254	50,038
AME	11,604	3,994	7,610
<i>AME Resource</i>	2,210	1,239	971
<i>AME D/I</i>	9,394	2,755	6,639
Total Managed Expenditure	665,896	608,248	57,648

Explanation of Variances

There was a Resource DEL underspend of £47.9m. Of this £44.1m relates to underspends on COVID-19 related expenditure, £1.7m relates to rate rebate which is a demand led programme and costs were lower than anticipated, a further £0.5m on depreciation and the remaining £1.6m on Departmental spend which was mainly due to delays in filling vacancies, increased income and reduced costs such as utilities and maintenance.

The capital DEL underspend of £2.1m relates mainly to increased income following disposal of assets and also a delay in receiving equipment due to travel restrictions.

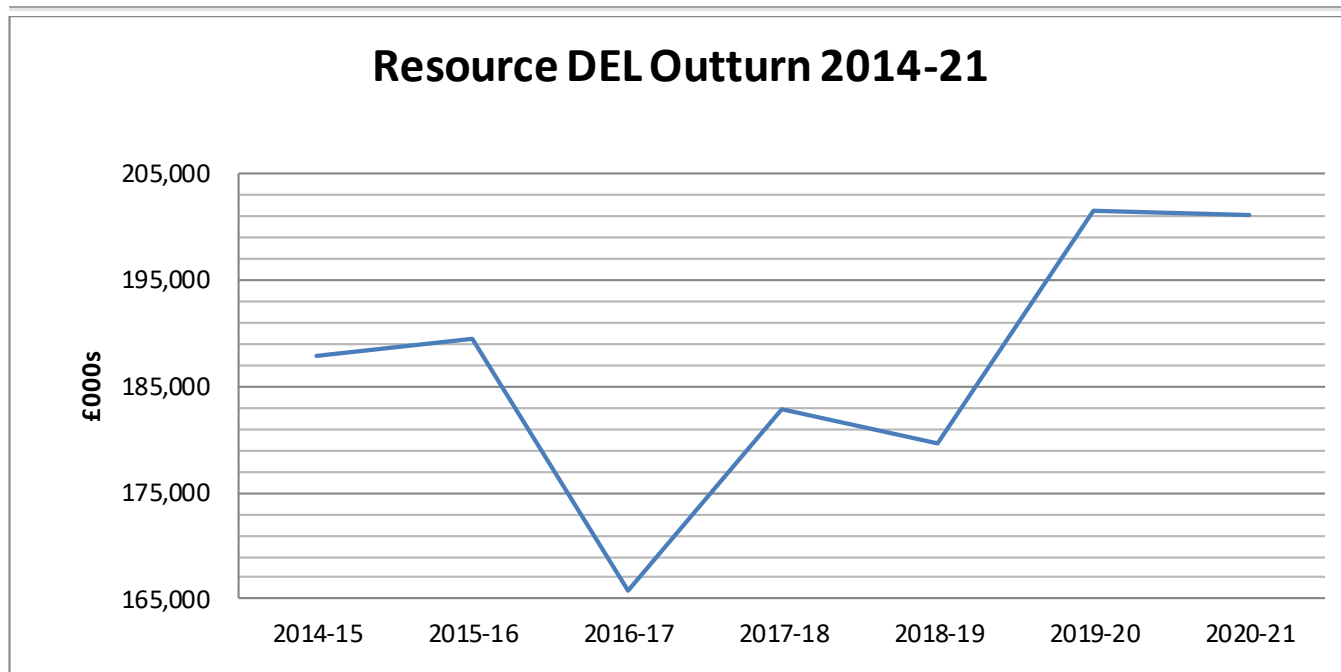
The AME underspend relates mainly to the revaluation of the office estate which was lower than anticipated. Budget cover for potential legal liabilities had also been included and these did not materialise.

Long-term expenditure trend

Total departmental spending

	2016-17 Outturn £000	2017-18 Outturn £000	2018-19 Outturn £000	2019-20 Outturn £000	2020-21 Outturn £000
Total Resource DEL	165,711	182,813	179,634	201,520	587,505
<i>Of Which:</i>					
- Staff Costs*	128,593	145,715	154,384	168,064	172,302
- Other	112,496	113,679	114,927	129,305	516,851
- Depreciation & Impairments	31,839	31,655	36,009	34,126	35,873
- Income	(107,217)	(108,236)	(125,686)	(129,975)	(137,521)
Total Resource AME	(195)	906	2,360	3,041	3,994
<i>Of Which</i>					
- Staff costs	(52)	92	(49)	1,641	992
- Other	(22)	36	150	179	247
- Depreciation & Impairments	(121)	778	2,259	1,221	2,755
Total Resource Budget	165,516	183,719	181,994	204,561	591,499
<i>Of Which:</i>					
- Staff Costs	128,541	145,807	154,335	169,705	173,294
- Other	112,474	113,712	115,077	129,484	517,098
- Depreciation & Impairments	31,718	32,433	38,268	35,347	38,628
- Income	(107,217)	(108,236)	(125,686)	(129,975)	(137,521)
Total Capital DEL	34,121	31,384	36,489	28,998	16,749
<i>Of Which:</i>					
- Capital grants	(2,025)	3,700	-	16	-
Total Capital AME	-	-	-	-	-
Total Capital Budget	34,121	31,384	36,489	28,998	16,749
Total departmental spending	199,637	215,103	218,483	233,559	608,248
<i>Of Which:</i>					
- Total DEL	199,821	214,197	216,123	230,518	604,254
- Total AME	(195)	906	2,360	3,041	3,994

*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 £649k and the Ministers salary of £48k which is a notional cost.



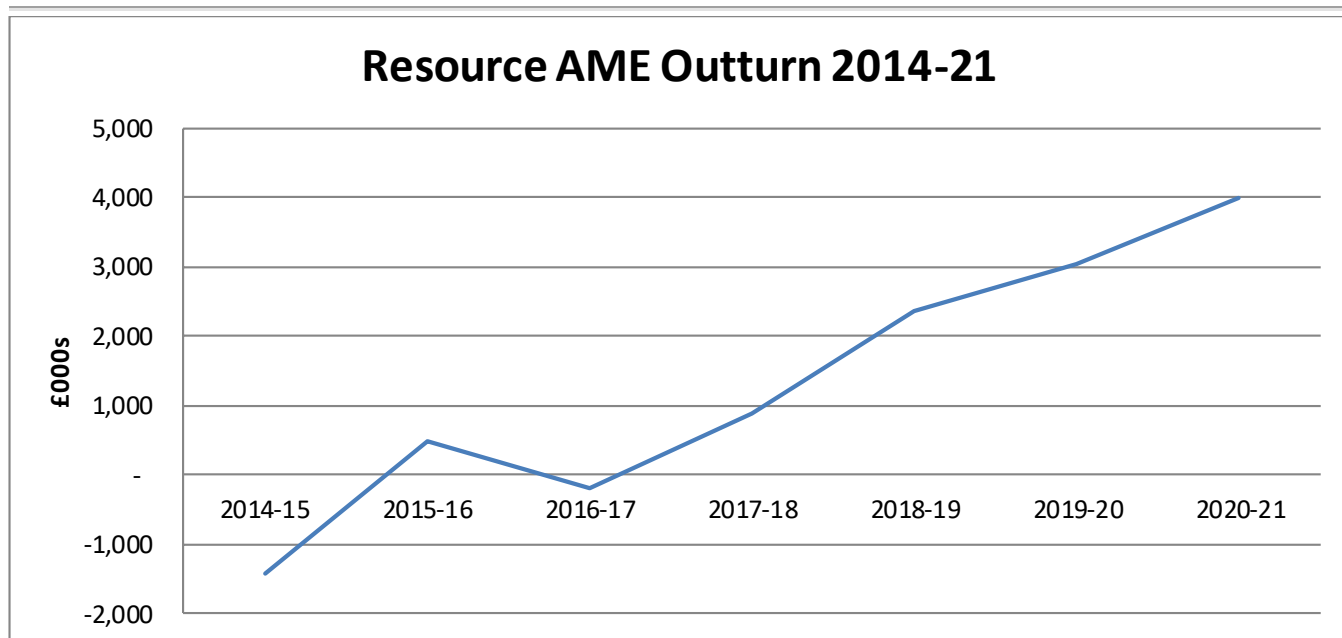
In 2015-16 the Department received £4.4m in technical transfers and also had additional spend of £16.3m as a result of the Voluntary Exit Scheme (VES) compensation payments. In 2016-17 the decrease is mainly because there were no VES compensation payments and also due to a decrease in staff costs following 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.

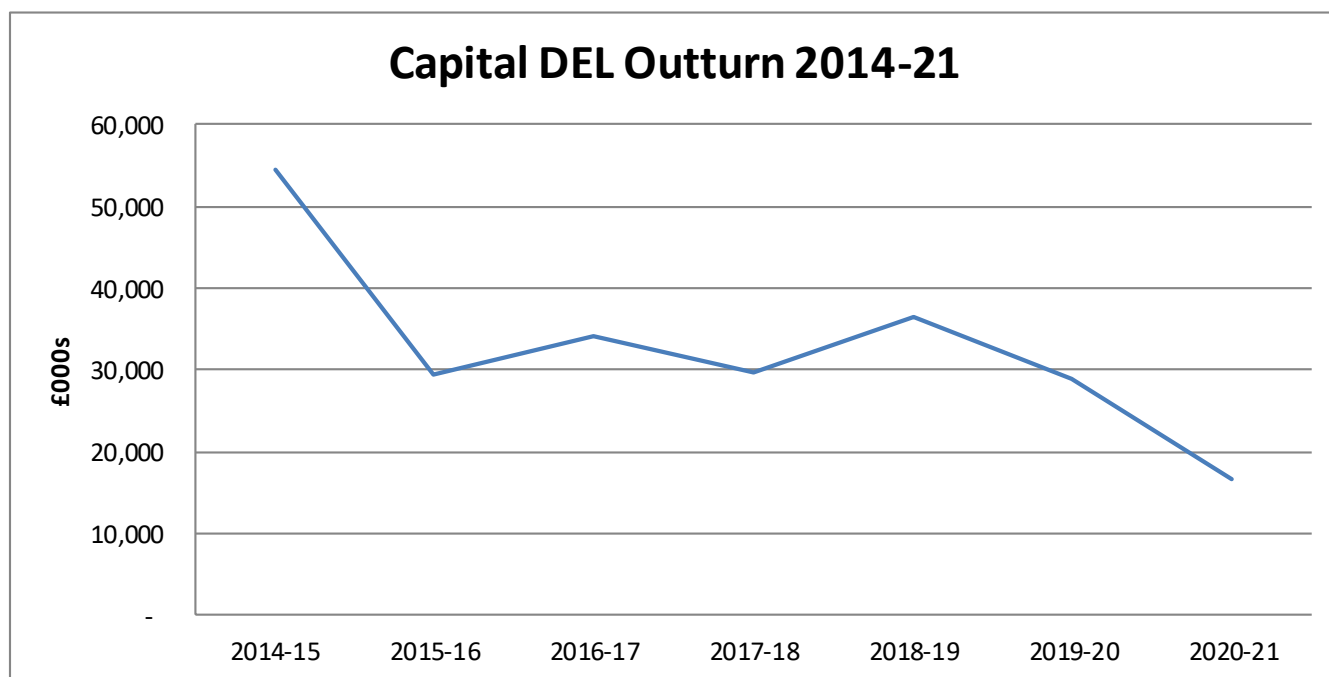
2018-19 net position saw a small decrease due to increased levels of income generated.

2019-20 saw a significant increase mainly due to the increase in employer’s pension contribution rate which was effective from 1 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.

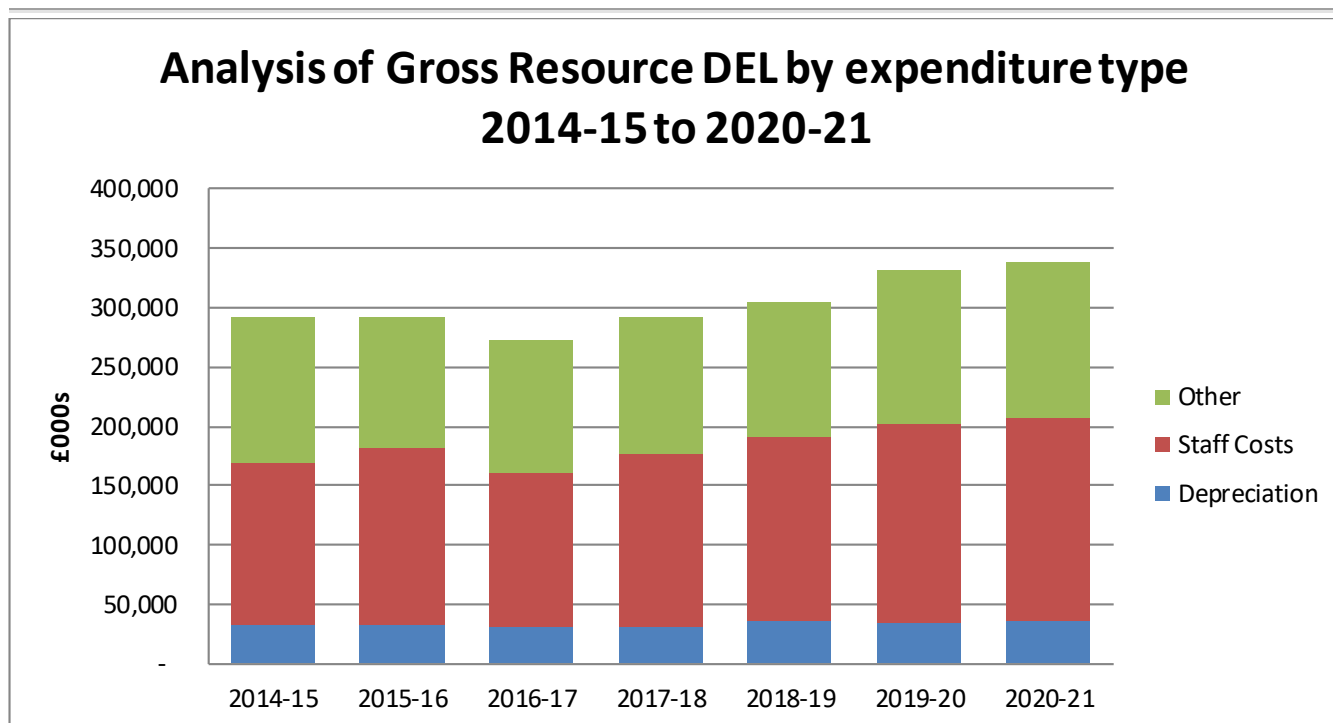
2020-21 saw a significant increase in budget due to COVID-19 and the Department’s involvement in providing financial support to businesses affected by the pandemic. For the purposes of the graph the funding associated with COVID-19 has been excluded to give a comparison of actual Departmental spend. Of the total DEL resource spend of £587.5m, £386.4m related to COVID-19 expenditure.



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 and 2020-21 are mainly in relation to potential legal liabilities.



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. Due to the pandemic a number of projects slipped in 2020-21 due to the unavailability of contractors and restrictions in place.



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. The 2018-19 year 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 1 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 and 2020-21 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.

As with the above graphs the costs associated with COVID-19 in 2020-21 have been excluded to enable comparison of actual Departmental spend.

Future Developments

The Department's 2021-22 business plan was published in July 2021 and is the blueprint for this year through to March 2022. It sets out the key activities the Department will undertake to deliver against strategic priorities, including supporting the Executive's recovery plans. It includes 17 priority areas including, review recruitment processes, improved contract management, COVID-19 related grants and responses to the RHI Inquiry.

Table 4 shows the net current and net capital baselines available to the Department in 2021-22. The Department's opening baselines were set as part of budget 2021-22 which was published on 27 April 2021.

Table 4: Departments' Baseline Budget Allocation for 2021-22

Spending Area	2021-22	
	Current Expenditure £m	Capital Investment £m
Finance and Personnel Policy	21.0	1.0
NICS Shared Services	78.4	11.4
NI Statistics & Research Agency	22.8	2.3
Land & Property Services	23.1	5.7
EU Programmes	0.5	-
Special EU Programmes Body	1.5	-
NICS Accommodation Services	61.5	24.6
TOTAL*	208.8	45.0

*There may be slight variations due to roundings.

The Department continues to face a challenging financial environment and will continue to monitor the impact on services. Given the continued impact of COVID-19, additional pressures may arise which will have to be managed accordingly.

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.

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% (2019-20: 96%). The Department did not incur any interest charges (2019-20: NIL) as a result of the late payment of bills.

In 2020-21 an average of 91% of DoF's invoices were paid within 10 days (2019-20: 89%).

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) published a new DoF Office Estate Energy Efficiency/ Carbon Reduction Plan to cover the period 2020-21 – 2022-23. The plan was provided to the Minister and has been referenced in correspondence with the Executive. It is estimated that the successful implementation of this new plan will result in an energy saving of 4%. The year 3 report for the previous Energy Efficiency Plan for the financial years 2017-18 – 2019-20 was also published which confirmed the (weather-corrected) energy saving target of 5% had been achieved, resulting in an annual energy unit savings of 3.5GWh, and an estimated cost saving of £500k, based on energy figures for 2019-20.

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. PD prepares and regularly updates a 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 highlights their responsibilities to adhere to guidance on waste management and reduce departments' 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, PD provides a metering and targeting system to afford 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 for staff at a number of buildings.

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

On the Stormont Estate, the ‘Green Flag’ Award was achieved for the seventh successive year. This is the benchmark standard that recognises well managed parks and green spaces. In addition, for the first year, Stormont Estate was also awarded the Green Heritage Award which recognises the historic importance of the site. Due to COVID-19 restrictions, all planned events in the estate were cancelled, this included the weekly park run, which in normal times attracts up to 300 participants. The paths adjacent to the Play Park have been improved to make the outdoor green spaces accessible for all. The Gate Lodge at the Prince of Wales entrance has been landscaped for both aesthetic and safety reasons. New interactive play panels have been installed in the Play Park sensory area to enhance visitor enjoyment and encourage inclusivity. Work continues on implementing recommendations in the Estate’s 15 year Woodland Management Plan with the removal of invasive species to encourage regrowth of indigenous plants and tree felling to facilitate replanting of native species. The Estate continues to achieve waste recycling figures of between 80-90%.

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



Colum Boyle
Accounting Officer
Department of Finance
22 October 2021

ACCOUNTABILITY REPORT

ACCOUNTABILITY REPORT

The Accountability Report comprises the following:

Corporate Governance Report

The purpose of the Corporate Governance Report is to explain the composition and organisation of 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 2021.

Management

Ministerial responsibility for the Department for the financial year 2020-21 rested with Conor Murphy MLA.

The Permanent Secretary and Accounting Officer for the Department for the 2020-21 financial year was Sue Gray who remained in post until 16 May 2021. Colum Boyle was appointed interim Permanent Secretary with responsibilities of Accounting Officer for the Department of Finance with effect from 17 May 2021.

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 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 Anne McCusker.

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
Permanent Secretary	Sue Gray
Chief Executive LPS	Ian Snowden
Chief Executive NISRA	Siobhan Carey
Departmental Solicitor*	Hugh Widdis
Deputy Departmental Solicitor	Claire Archbold
Director PSD	Joanne McBurney
Director SPAR	Bill Pauley
Director NICSHR	Jill Minne
Director CPD	Des Armstrong
Director ESS	Paul Wickens
Director CGTP	Paul Duffy
Director FCSD	Stewart Barnes
Director CaED	Mark McLaughlin
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

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

Register of Interest

A Register of Interests is maintained by the Department and no Board members have declared anything which would be considered a 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 1.13 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 UK 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 process 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 online data protection awareness sessions to staff;
- documented all holdings of personal data;
- established a Data Protection Health Check (DPHC) exercise to assess where processing activities are compliant with data protection legislation, policies and procedures;
- revised and updated policies and procedures following EU Exit;
- 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 2020 and 31 March 2021.

Cost allocation and charging

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

Auditors

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

Complaints Handling

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

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

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

In 2020-21 the Department dealt with 718 complaints (2019-20: 899 complaints). The percentages of complaints originated from:

	2020-21	2019-20
	%	%
Land and Property Services	70	46
ESS – CSP	7	8
ESS – HR Connect	13	35
ESS – DSS nidirect	4	7
Others	6	4

Rural Needs Act

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, seven Rural Needs Impact Assessments have been completed by policymakers within the Department of Finance between 1 April 2020 and 31 March 2021. Details of these assessments will be sent to DAERA for publication in the Rural Needs Annual Monitoring Report 2020-21.

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 DoF, 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; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and that he/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 interim Permanent Secretary 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*.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that NIAO are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

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 on page 3 of the Performance Report.

The Assembly passed the Budget Act (Northern Ireland) 2021 in March 2021 which authorised the cash and use of resources for all departments for the 2020-21 year, based on the Executive's final expenditure plans for the year. The Budget Act (Northern Ireland) 2021 also authorised a Vote on Account to authorise departments' access to cash and use of resources for the early months of the 2021-22 financial year. The Budget (No. 2) Act (Northern Ireland) 2021 which received Royal Assent on 4 August 2021 authorises the cash and resource balance to complete for the remainder of the 2021-22 financial year based on the Executive's 2021-22 Final Budget.

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 2020-21 (2019-20: £NIL) financial year without DoF approval.

This Governance Statement, which has been agreed by the Board, sets out how these responsibilities have been discharged during 2020-21.

Ministerial Directions

There were three Ministerial Directions during 2020-21 (none in 2019-20).

The first was that the financial support package agreed for Derry City and Strabane District Council area should be extended to all areas. The Minister was advised that the value for money for the amounts, approximately £35m, Ministers proposed be offered to business affected by the new COVID-19 regulations could not be determined because they were considerably greater than those available in other regions in similar lockdowns and that this level of support could be repercussive in future discussions with Treasury and to the levels of assistance that may be sought by other Departments for other groups which we have yet to see. He reflected these concerns in his Executive paper proposing the terms of the scheme and the levels of assistance. The Executive agreed to the scheme proceeding at the levels proposed by him and he directed that the scheme be taken forward on that basis.

The second was for the urgent COVID-19 temporary time limited financial support for Belfast International Airport and Belfast City Airport. The Minister was advised that the Value for Money (VfM) for the amounts, approximately £7.8m, Ministers proposed be offered to Belfast International and Belfast City Airports could not be justified, because it had not been possible to undertake the detailed analysis and economic appraisal that would usually underpin a scheme of this nature to inform a VfM determination, in addition to wider concerns detailed in the Executive paper.

He reflected these concerns in his Executive paper proposing the terms of the scheme and the levels of assistance. The Executive agreed to the scheme proceeding at the levels proposed by him and with DoF designated as lead department in delivering the scheme. The Minister directed that the scheme be taken forward on that basis.

The third was in relation to the additional financial assistance schemes to make use of the remaining COVID-19 funding for 2020/21, approximately £177.9m. The Permanent Secretary in post advised the Minister of the risks with the proposed schemes, that there was insufficient time either to undertake the necessary appraisals of the proposed schemes or to put appropriate mitigations and measures in place. The Minister reflected these concerns in his Executive paper of 10 March 2021. The First and deputy First Minister subsequently approved the paper using the urgent procedure on 12 March 2021.

The Permanent Secretary in post formally wrote to the Minister on 26 March 2021 to advise him of the risks with the proposed schemes, and a Ministerial Direction was sought in order to comply with the Permanent Secretary's duties as Accounting Officer under Managing Public Money NI. The Minister directed that the schemes be taken forward in line with the proposals outlined in the Annex to the Executive paper.

Context

The DoF Business Plan for 2020-21 was not published. Thirty targets were included under the headings of COVID-19 Pandemic Response, Transition Period Preparation and Ongoing Delivery.

The targets and priorities outlined in the plan continued to work in support of the NICS Outcomes Delivery Plan. The New Decade New Approach document published in January 2020 set out the process and approach for developing a new PfG. Although work on developing the new Programme was initially paused due to the COVID-19 pandemic, the Executive agreed in July 2020 to prioritise the work needed to put in place a multi-year strategic Outcomes-based Programme for Government.

A draft Outcomes Framework was issued for consultation in January 2021. The public consultation closed on 22 March and on the associated Equality Impact Assessment on 30 April. The feedback received demonstrates that there remains strong support for the outcomes-based approach, and for the draft Outcomes as consulted on. Ministers hope to be in a position to bring a final, revised version of the Outcomes Framework to the Executive as soon as possible.

DoF's development of a business plan for 2021-22 will continue to focus on the response and recovery in relation to COVID-19, 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 ten occasions in 2020-21. All of these meetings were held online.

During 2020-21, the Board held regular discussions on:

- COVID-19 response;
- finance;
- HR;
- risk;
- performance;
- communications;
- new ways of working; and
- preparing for the UK's exit from the EU

In addition, the Board also considered and discussed strategic contracts and contract monitoring, open data, NICS Diversity action plan, Health & Safety and digital skills.

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. Scrutiny of the performance of the Department's 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. While a review of the framework started in 2020 it was not completed due to COVID-19 pressures. The review of the framework and a Board effectiveness review will be completed in 2021.

Attendance of non-executive and executive members at Board and DARC meetings during 2020-21:

Role	Name	Number of Board Meetings Attended (10 in total)	Number of DARC Meetings Attended (8 in total)
Permanent Secretary	Sue Gray	9	8
Chief Executive LPS	Ian Snowden	9	n/a
Chief Executive NISRA	Siobhan Carey	9	n/a
Departmental Solicitor*	Hugh Widdis	0*	n/a
Deputy Departmental Solicitor	Claire Archbold	8	n/a
Director PSD	Joanne McBurney	8	n/a
Director SPAR	Bill Pauley	9	n/a
Director NICSHR	Jill Minne	4	n/a
Director CPD	Des Armstrong	10	n/a
Director ESS	Paul Wickens	0	n/a
Director CGTP	Paul Duffy	10	n/a
Director FCSD	Stewart Barnes	10	8
Director CaED	Mark McLaughlin	9	n/a
DoF Senior HR Business Partner	Joanne Dowling	6	n/a
Non-Executive Board Member	Liz Ensor	10	8
Non-Executive Board Member	John Smyth	10	8
Non-Executive Board Member	Tom Taylor	7	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 2020-21, the Accounting Officer has been provided with assurance that no SCS members have declared any conflict of interest with the business of the Department.

For staff at the grades below SCS, declarations of interest are monitored by the relevant Grade 3/5 and then confirmed through the bi-annual assurance statement process.

In accordance with Section 6 of the Civil Service (Special Advisers) Act (Northern Ireland) 2013, the Department published an annual report containing the number and costs of all NICS special advisers. The publication also contained details for the Minister. Neither the Minister nor the SPAD have any interests which would conflict with the business of the Department. The publication is available at www.finance-ni.gov.uk.

Management have 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.

Business Appointments

In compliance with the Business Appointment rules on the acceptance of Outside Business Appointments, Employment or Self - Employment by Civil Servants after leaving the NI Civil Service contained in Northern Ireland Civil Service HR Policy 6.01 Standards of Conduct, the Department is transparent in the advice given to individual applications for senior staff, including special advisers. No advice regarding specific business appointments was given regarding senior staff during 2020-21 and therefore no publication was necessary.

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 2022-23 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.

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 eight occasions during the course of 2020-21 with five full agenda meetings and three deep dive meetings. The deep dive meetings concentrated on key risk areas including:

- Risk Register;
- Mid-year Assurance statements; and
- Tableau Contract Monitoring.

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;
- Assurance 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 (DACs);
- Accountability Grids in relation to Public Accounts Committee recommendations; and
- Fraud and Raising Concerns (whistleblowing).

The Chair of the DARC presents the minutes of the DARC meeting and the Fraud and Raising Concerns update 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. During the period DARC members attended a session held for Board members on cybersecurity.

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

Financial Management

Financial Management reporting to the Board plays a significant part in the effective monitoring and management of the Department's financial performance. The Board regularly reviews 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. In addition a forum comprising the corporate governance contacts in the Department also meets to discuss ongoing requirements and to share best practice. Two of the DARC members attended the group in February 2021 to share their views and perspectives on the governance and control framework operating within the Department.

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.

Following the publication of the RHI Inquiry Report in March 2020, DoF has supported the Subcommittee of Ministers commissioned to prepare the Executive's response to the report's recommendations. Teams across the Department have set out the different work programmes that contribute to the reform of the Civil Service recommended by the Inquiry. Many strands had been well advanced even before the publication of the report, following the monitoring of the evidence to the Inquiry, including the Ministerial and Special Adviser Codes put in place in 2020. Work across the different themes highlighted by the Inquiry had been

progressed, and new strands of work have been added. The Subcommittee's draft Response Report was submitted to the Executive in March 2021.

Following publication of their Report, the Inquiry published the final Inquiry cost at £7.4m, and the Department published the costs to Departments at £4.2m, totalling £11.6m.

Departmental Performance

The DoF Business Plan 2020-21 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.

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. 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 and raising concerns (whistleblowing), information management and assurance, business continuity, cybersecurity, declaration of interest and on the implementation of independent review recommendations including Internal Audit. At the year end the Directors were asked to provide their own overall assessment of the position. 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 cybersecurity. Work is ongoing in relevant business areas continuing 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 2020-21 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.

Resourcing issues continue to impact the whole NICS Group Internal Audit Service but this, combined with the impact of the COVID-19 crisis, resulted in Internal Audit focusing attention on those areas of greatest risk to the Department. Although some audits have been postponed to future years 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. During the year Internal Audit provide DARC at regular intervals with a synopsis of the main findings arising from each audit. In addition, DARC received copies of all final audit reports all of which had received 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.

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 cybersecurity, including the appointment of a Senior Information Risk Owner (SIRO), and a network of Information Asset Owners (IAOs).

Internal Control Issues

LPS Fraud

Following the report in the 2019-20 accounts of the misappropriation of £125k of rating refunds by a member of staff who was subsequently dismissed, LPS continued to work with the PSNI on the discovery of information. The investigation uncovered a further £63.5k of monies written-off ratepayer accounts which had been processed fraudulently. The case was passed onto the Public Prosecution Service (PPS), and legal proceedings initiated. The former member of staff pleaded guilty to all charges in May 2021, and is due to be sentenced later this year. LPS is in dialogue with the PPS to pursue the recoupment of funds which have been misappropriated, as part of the legal process.

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 2020 the SAU did not estimate total losses which may have arisen through over and under payments of benefits to claimants due to fraud and error, due to the ongoing impact of the pandemic. In order to estimate potential levels of Fraud and Error associated with the rating element of Housing Benefit for Owner Occupiers, LPS used the figures reported for the year ended 31 December 2019. Based on this estimation a total of £3.3m of expenditure was paid incorrectly. This consisted of £2.2m of Customer fraud and £1.1m of Customer Error (£0.8m overpayments and £0.3m underpayments).

The SAU did however report on an estimated level of official error for the year ended 31 December 2020. Based on this a further £1.2m was paid out in error (£1.0m overpayments and £0.2m underpayments).

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. The table below shows the estimated levels of fraud and error with the relevant upper and lower confidence intervals as reported by SAU.

	Monetary Value (£000)	Upper Confidence Interval (£000)	Lower Confidence Interval (£000)
Customer Fraud Overpayments	2,216	3,047	1,489
Customer error Overpayments	831	1,281	450
Customer Error Underpayments	277	554	69
Official Error Overpayments	959	1,438	554
Official Error Underpayments	215	314	124
Total	4,498	6,634	2,686

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 developed a robust process to assess the accuracy of rate rebate claims. During the year ended 31 March 2021, LPS estimates that a total of £95k of rate rebate was paid in error due to official error (£39k underpayments and £56k overpayments). 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 £1,421k (£1,101k customer fraud, £244k customer error overpayments and £76k customer error underpayments). The total level of fraud and error in rate rebate is estimated to be £1,517k.

LPS has reached agreement with SAU to allow them access to rate rebate data and funding which will enable them to carry out customer fraud and error assessment going forward. Discussions are ongoing between SAU and LPS and it is anticipated that progress will be made in the coming months.

Localised Restrictions Support Scheme (LRSS)

During the 2020-21 financial year Land and Property Services (LPS) was responsible for administering a number of COVID-19 reacted business support schemes which included the £10k Small Business Grant Scheme, administered on behalf of the Department for Economy (DfE) and the Localised Restrictions Support Scheme (LRSS), administered on behalf of the Department of Finance (DoF).

The LRSS was introduced in October 2020 and to date, a total of 24,322 applications have been received with 15,428 approved, 8,879 rejected and 15 pending further action.

From the total number of LRSS applications received, 71 have been identified by LPS Staff as potential fraud cases, 31 of which have received grant payments to the total value of approximately £465k. These 71 cases have been referred to the Group Internal Audit & Fraud Investigation Services (GIAFIS) for further investigation, however the initial focus is on the 31 cases for which payment has been issued.

With the introduction of further business support schemes by the Minister of Finance on 15 March 2021, LPS has also assumed responsibility for the administration of these new schemes which are a mixture of both application and automatic payment based schemes with specific risks associated with each individual scheme.

To mitigate against potential fraud, the LPS Business Support Grants Team has introduced a number of controls around eligibility cross checks which would identify cases which require further investigations and as such would be placed on hold until all checks were complete.

Additional measures are also currently being developed which include;

- Mandatory online Anti-Fraud Awareness Training to be completed by all LPS Business Support Grants Team;
- Guidance and procedures for all staff where potential fraud cases have been identified;
- Fraud Risk Assessments for all schemes; and
- Fraud Risk Response Plan

Valuation of Land and Buildings

A full professional quinquennial valuation of land and buildings was undertaken by LPS as at 1 April 2020 and revalued at year-end using indices. As a result of COVID-19, LPS considers that, at 31 March 2021 there is an absence of relevant/sufficient market evidence on which to base their judgements. The valuations are therefore reported as being subject to ‘material valuation uncertainty’. As DoF hold a number of high value land and buildings, this represents a material uncertainty on the valuations figures in the Statement of Financial Position.

Contract Management

A contract monitoring tool was developed and rolled out across the Department during the 2020-21 year. The interactive system was demonstrated both at Departmental Board and DARC. Each business area now has access to contracts assigned to their area, including expiry dates, contract values and expenditure to date. Work is ongoing to enable further links to other related systems to better equip contract managers.

At the end of 2020-21, 322 staff within the Department had undertaken the Online Government Commercial Function (GCF) contract management training through the GCF College. This training builds on existing competencies and capabilities and results in an accreditation, which is beneficial evidence supporting a good knowledge of commercial skills and awareness amongst staff.

Fraud prevention and awareness

The DoF Fraud Working Group met in September and March of the 2020-21 year. The group considers issues in relation to fraud, raises awareness of anti-fraud measures and disseminates information pertinent to the prevention and detection of fraud.

With the increase in fraud due to the COVID-19 pandemic, numerous guides and communications were issued to staff through the year. All areas were asked to review the fraud risk assessments in light of the NIAO procurement fraud risk guide. During the period staff with cybersecurity expertise also joined the working group and were able to point the group members to newly developed cybersecurity awareness training. The group discussed relevant training and agreed to take forward recommendations to make both the fraud and cybersecurity awareness compulsory within DoF.

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 2020-21 exercise is ongoing. Key staff met with the NIAO co-ordinator to discuss best practise in terms of approach to investigations. Investigations into matches will continue during 2021 with outcomes being concluded in early 2022.

NFI progress updates are included in each Fraud and Raising Concerns 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 VFM Reports/Public Audit Business

In line with the public audit process, Northern Ireland Audit Office (NIAO) reports may be considered by the Public Accounts Committee (PAC), who subsequently produce their own reports and recommendations following their due consideration. Formal responses to these are presented to the Assembly and published in the format of a DoF Memorandum of Reply, cleared by the Finance Minister.

The following reflects the public audit business undertaken during the reporting period:

Major Capital Projects – PAC report was published on 8 October 2020. This followed a PAC evidence session on 5 March with DoF officials, HOCS and SIB, and a number of evidence sessions with other departments on the more detailed case studies within the NIAO report (published December 2019) on this issue. The PAC report raised concerns and issues around strengthening accountability for major capital projects and role of HOCS/NICS Board, procurement and business case processes, planning, Judicial Review processes and multi-year budgets, and made 15 recommendations. The DoF Memorandum of Reply to the PAC report was published on 18 June 2021.

The LandWeb Project: An Update – NIAO report was published on 16 June 2020. The PAC held evidence sessions on this together with an earlier report on **Management of the indirect Strategic Partner Project - helping to deliver Digital Transformation**. The PAC subsequently published their report on 21 January 2021 and raised concerns and issues around a number of issues including culture, contract management, contract extensions, commercial skills, value for money and appropriate fees, and made 11 recommendations. The DoF Memorandum of Reply responding to the Committee's recommendations was presented to the Assembly and published on 25 March 2021. The Department has committed to meeting the recommendations outlined in the Memorandum of Reply and more detail is referred to in the contract management sections previously.

Capacity and Capability in the Northern Ireland Civil Service – NIAO report was published on 18 November 2020. The overall VFM conclusion was that it is both evident and concerning that, for too long, workforce planning, organisational development and people management have been afforded inadequate priority and direction by the NICS. It was noted that these are not issues for the NICS HR function nor the Department of Finance (DoF) to address alone and will require senior leadership commitment across the NICS. The report made 23 recommendations under the following seven headings: Leadership, Governance and transformation; Workforce planning; Review of resourcing; Vacancy management processes; Skills; Performance management; and Talent management, learning and development.

The PAC held a number of evidence sessions with DoF officials and Civil Service Commissioners (NI and UK) between December 2020 and March 2021 and published their report on 20 May 2021. PAC raised concerns and issues around those reflected above and concluded that there needs to be radical reform to ensure that NICS is fit for purpose both in the present, and into the future. The Committee made a total of 12 recommendations. The DoF Memorandum of Reply to the PAC report was published on 16 June 2021.

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 2020-21.

Remuneration and Staff Report

Remuneration Report

Remuneration Policy

The pay remit for the Northern Ireland (NI) public sector, including senior civil servants (SCS), is approved by the Minister of Finance. The Minister has set the 2020-21 NI public sector pay policy (September 2020) in line with the overarching HMT parameters. Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS staff, including SCS, for 2020-21 has been finalised but not yet paid.

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)

Ministers	Salary (£)		Benefits in kind (to nearest £100)		Pension Benefits** (to nearest £1,000)		Total (to nearest £1,000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Conor Murphy (from 11 January 2020)	£89,000	£19,746 (£88,500 full year equivalent)	-	-	13,000	3,000	102,000	23,000

**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.

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

Officials	2020-21			2019-20		
	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	20	150-155	130-135	1	130-135
Hugh Widdis Head of Government Legal Service	125-130	79	205-210	120-125	66	190-195
Claire Archbold Deputy Head of Government Legal Service (on loan to DoJ from 02 Sep 2019 – 19 Jan 2020)	95-100	(69)	25-30	55 – 60 (FYE 95 – 100)	(1)	55 - 60 (FYE 95-100)
Des Armstrong Deputy Secretary CPD	100-105	55	155-160	100-105	32	130-135
Stewart Barnes DOF Finance Director	70-75	43	115-120	70-75	12	80-85
Siobhan Carey Chief Executive NISRA	100-105	52	150-155	95-100	33	130-135
Jill Minne Deputy Secretary NICSHR	105-110	44	150-155	100-105	39	140-145
Bill Pauley Deputy Secretary SPAR	95-100	54	150-155	90-95	34	126-130
Ian Snowden Chief Executive LPS	95-100	59	155-160	90-95	46	140-145
Paul Wickens Deputy Secretary ESS	105-110	49	155-160	105-110	37	140-145
Joanne McBurney Director of Budgeting PSD	90-95	47	135-140	90-95	159	250-255
Mark McLaughlin Head of CaED	70-75	28	100-105	60-65 (70-75 FYE)	26	85-90 (95-100 FYE)
Paul Duffy Acting Deputy Secretary ESS From 27 April 2020	85-90 (90-95 FYE)	141	225-230 (230-235 FYE)	n/a	n/a	n/a

None of the Departmental Board members received any benefits in kind in 2020-21 or 2019-20.

***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.*

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 Department of Finance was under the direction and control of Conor Murphy during the financial year. 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.

Pay Multiples

	2020-21	2019-20
i. Band of Highest Paid Director's Total Remuneration* (£000's)	£130-135k	£130-135k
ii. Median Total Remuneration* (£)	£31,691	£30,526
iii. Remuneration ratio	4.2	4.3

**Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.*

The 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 2021.

The banded remuneration of the highest-paid director in the Department in the financial year 2020-21 was £130,000 - £135,000 (2019-20, £130,000 - £135,000). This was 4.2 times (2019-20, 4.3) the median remuneration of the workforce, which was £31,691 (2019-20, £30,526). The median remuneration has increased by 3.82% to £31,691 from £30,526 in the two years concerned. There is a 0.1 decrease in the remuneration ratio between 2020-21 and 2019-20.

In 2020-21 and 2019-20, no employees included in this disclosure received remuneration in excess of the highest-paid director.

Remuneration ranged from £18,000 to £135,000 (2019-20, £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.

Pension Entitlements – Ministers

Officials	Accrued pension at pension age as at 31/03/21	Real increase in pension at pension age	CETV at 31/03/21	CETV at 31/03/20	Real increase in CETV
	£000	£000	£000	£000	£000
Conor Murphy Minister	0-5	0-2.5	66	79	8

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) 2011 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 scheme is named Assembly Members' Pension Scheme (Northern Ireland) 2016. Assembly Members aged 55 or over on 1 April 2015 and in continuous service between 1 April 2015 and 6 May 2016 will retain their Final Salary pension arrangements under transitional protection until 6 May 2021.

The McCloud judgement found that the transitional protection offered to members of the Judiciary and Firefighters Schemes when their schemes were reformed was discriminatory on grounds of age. In light of this decision, the government has agreed to provide remedy to eligible members across the main public sector schemes. This judgement could have an impact on Members who missed out on the Transitional Protection policy in the Assembly Members' Pension Scheme because of their age but the applicability and approach to the McCloud judgement in this scheme is still under consideration.

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 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

Officials	Accrued pension at pension age as at 31/03/21 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/21 or date of leaving if earlier	CETV at 31/03/20 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 215-220	0-2.5 plus a lump sum of 2.5-5	1613	1615	19	N/a
Hugh Widdis Head of Government Legal Service	45-50 plus a lump sum of 10-15	2.5-5 plus a lump sum of 0-2.5	706	629	48	N/a
Claire Archbold Deputy Head of Legal Service	35-40 plus a lump sum of 75-80	0 plus a lump sum of 0	678	721	(73)	N/a
Des Armstrong Deputy Secretary CPD	50-55	2.5-5	893	858	48	N/a
Stewart Barnes DOF Finance Director	35-40 plus a lump sum of 105-110	0-2.5 plus a lump sum of 5-7.5	822	750	44	N/a
Siobhan Carey Chief Executive NISRA	40-45 plus a lump sum of 120-125	2.5-5 plus a lump sum of 7.5-10	931	888	51	N/a
Jill Minne Deputy Secretary NICSHR	5-10	2.5-5	121	86	24	N/a
Bill Pauley Deputy Secretary SPAR	40-45 plus a lump sum of 130-135	2.5-5 plus a lump sum of 7.5-10	1028	983	54	N/a
Ian Snowden Chief Executive LPS	35-40 plus a lump sum of 80-85	2.5-5 plus a lump sum of 2.5-5	694	628	39	N/a
Paul Wickens Deputy Secretary ESS	25-30	2.5-5	437	383	35	N/a
Joanne McBurney Director of Budgeting PSD	40-45 plus a lump sum of 95-100	2.5-5 plus a lump sum of 0-2.5	801	743	29	N/a
Mark McLaughlin Head of CaED	15-20	0-2.5	143	123	9	N/a
Paul Duffy Acting Deputy Secretary ESS From 27 April 2020	40-45 plus a lump sum of 90-95	5-7.5 plus a lump sum of 12.5-15	757	620	112	N/a

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%.

Discrimination identified by the courts in the way that the 2015 pension reforms were introduced must be removed by the Department of Finance. It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relates to the different schemes eg classic, alpha etc and is not the monetary benefits received. This is known as the ‘McCloud Remedy’ and will impact many aspects of the Civil Service Pensions schemes including the scheme valuation outcomes. Further information on this will be included in the NICS pension scheme accounts which are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>.

Currently 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.

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).

Active members of the pension scheme will receive an Annual Benefit Statement. 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.

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 2020 was 0.5% and HM Treasury has announced that public service pensions will be increased accordingly from April 2021.

Employee contribution rates for all members for the period covering 1 April 2021 – 31 March 2022 are as follows:

Scheme Year 1 April 2021 to 31 March 2022

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 01 April 2021 to 31 March 2022
£0.00	£24,199.99	4.60%
£24,200.00	£55,799.99	5.45%
£55,800.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

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

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

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 2021 is as follows:

Core Department and Agency		
Pay band	2020-21	2019-20
	Number	Number
£50,000 - £54,999	1	1
£70,000 - £74,999	25	33
£75,000 - £79,999	22	6
£80,000 - £84,999	2	-
£90,000 - £94,999	2	6
£95,000 - £99,999	3	-
£100,000 - 104,999	2	4
£105,000 - £109,999	2	-
£120,000 - £124,999	-	1
£125,000 - £129,999	1	-
£130,000 - £134,999	1	1
Total	61	52

Staff costs

Staff costs comprise:

	2020-21			2019-20	
	Permanent staff*	Others	Minister	Total***	
	£000			£000	
	Total***			Total	
Wages and salaries	115,151	9,871	38	125,060	122,596
Social security costs	11,805	-	5	11,810	11,276
Other pension costs	34,816	-	5	34,821	33,571
Sub Total	161,772	9,871	48	171,691	167,443
Less recoveries in respect of outward secondments	(12,084)	-	-	(12,084)	(12,152)
Total net costs	149,688	9,871	48	159,607	155,291
Of which:					
	Charged to Administration	Charged to Programme	2020-21	2019-20	
			Total**	Total	
Core Department	101,462	42,903	144,365	141,260	
Agency	-	15,242	15,242	14,031	
Total net costs	101,462	58,145	159,607	155,291	

*Staff costs incurred in respect of the department's Special Adviser in 2020-21 amount to £50-55k (2019-20: £10-15k).

** Of the total, £1.5m has been charged to capital (2019-20: £1.7m).

*** Included with Other wages and salaries are apprenticeship levy payments of £577k (2019-20 £564k).

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 Public Service Pensions Act (NI) 2014 provides the legal framework for regular actuarial valuations of the public service pension schemes to measure the costs of the benefits being provided. These valuations inform the future contribution rates to be paid into the schemes by employers every four years following the scheme valuation. The Act also provides for the establishment of an employer cost cap mechanism to ensure that the costs of the pension schemes remain sustainable in future.

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 2023.

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance have also commissioned a consultation in relation to the Cost Cap Valuation which closed on 25 June 2021. The Cost Cap mechanism is a measure of scheme costs and determines whether member costs or scheme benefits require adjustments to maintain costs within a set corridor. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. On completion of the consultation the 2016 Valuation will be completed and the final cost cap results will be determined.

A case for approval of a Legislative Consent Motion (LCM) has been laid in the Assembly to extend the Public Service Pensions and Judicial Offices Bill to Northern Ireland. An LCM allows the Assembly to consent to legislation for Northern Ireland being made by the UK Parliament for devolved matters. The UK Bill will legislate how the government will remove the discrimination identified in the McCloud judgment. The Bill also includes provisions that employees will not experience any detriment if the adjusted valuation costs breach the set cost cap ceiling but any breaches of the cost cap floor (positive employee impacts) in the completed valuations will be honoured.

For 2020-21, employers' contributions of £35,237,403 were payable to the NICS pension arrangements (2019-20: £34,154,909) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £87,793 (2019-20: £85,125) 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% (2019-20, 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 £2,777, 0.5% (2019-20: £2,741, 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 (2019-20: £NIL).

Ill health retirements

7 persons (2019-20: 7 persons) retired early on ill health grounds during the year. The total additional accrued pension liabilities in the year amounted to £8,039 (2019-20: £1,066).

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					2020-21	2019-20
	Permanent staff	Others	Minister	Special Adviser	Number Total	Number Total
Construction and Procurement Delivery	338	10			348	358
Finance and Corporate Services Division	128	16	1	1	146	162
Communications and Engagement Division	31	1			32	22
Departmental Solicitors Office	131	23			154	151
Enterprise Shared Services	753	33			786	769
Group Internal Audit	73	1			74	82
Land and Property Services	903	136			1,039	1,066
NICS Human Resources	361	19			380	385
Northern Ireland Statistics and Research Agency	442	116			558	567
Public Spending Directorate	53	1			54	49
Strategic Policy & Reform Directorate	77	2			79	91
Staff engaged on capital projects *	-	-			-	-
Total	3,290	358	1	1	3,650	3,702
<i>Of which:</i>						
Core Department	2,848	242	1	1	3,092	3,135
Agency	442	116	-	-	558	567

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

Gender Analysis

The gender analysis is as at 31 March.

	2020-21			2019-20		
	Female staff	Male Staff	Total Staff	Female staff	Male Staff	Total Staff
Departmental Board	6	8	14	4	8	12
Senior Civil Service	20	27	47	18	22	40
DoF Employees	1,711	1,753	3,464	1,734	1,744	3,478
Total	1,737	1,788	3,525	1,756	1,774	3,530

Sickness Absence Data

The Department had an overall sickness absence rate of 7 days lost per employee in 2020-21 (2019-20: 10.7 days). Annual sickness absence figures can be found in the “*Sickness Absence in the Northern Ireland Civil Service 2020/21*” report at [Sickness Absence Statistics Northern Ireland Statistics and Research Agency \(nisra.gov.uk\)](https://www.nisra.gov.uk/Sickness-Absence-Statistics-Northern-Ireland-Statistics-and-Research-Agency).

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 adjustments to the working environment required by disabled persons.

The NICS has a wide and active network of Diversity Champions and one of its Deputy Secretaries is the NICS Diversity Lead for Disability. The NICS has a Disability Working Group and is a lead partner with Employers for Disability Northern Ireland. During 2020-21 the NICS established a Disability Staff Network. This Network plays a key role in promoting disability equality and inclusion across the NICS.

The NICS is committed to working towards creating a truly inclusive workplace where all colleagues feel valued. The NICS promotes a number of schemes for disabled people, 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

In the NICS, we are committed to building an inclusive workplace culture where diversity is truly valued at all levels, where you are valued for who you are and where you can bring your true self to work. We

want to make use of all the talent that exists across the NICS to ensure we are a well-led, high performing, outcome-focused Service and a Service that is a great place to work.

The [NICS People Strategy](#) includes a range of actions that will help accelerate our ambition of a truly inclusive NICS, which reflects the society we serve.

As a key element of the People Strategy, our ambitious diversity and inclusion programme of work is delivered through the implementation of an annual NICS Diversity Action Plan, and overseen by the leadership of the NICS Board, the NICS Diversity Champions Network, Departmental Diversity Champions and Thematic Diversity Champions, NICS colleague networks and NICS HR, as well as through partnership working with stakeholder organisations.

The NICS Diversity Action Plan sets out our priorities for action by diversity and inclusion theme, cross-cutting priorities, departmental priorities and includes supporting plans on communications and outreach. Equality is a cornerstone consideration in the development and review of all HR policies which determine how staff are recruited and appointed, their terms and conditions, how they are managed and developed, assessed, recognised and rewarded. The NICS' commitment to equality of opportunity is outlined in its [Equality, Diversity and Inclusion Policy](#).

As part of the NICS' efforts to ensure equality of opportunity, the NICS continually conducts comprehensive reviews into the composition of its workforce and recruitment activity, publishing a wide range of [NICS human resource statistics](#).

The annual "Equality Statistics for the Northern Ireland Civil Service" reports workforce composition and trends over time and, where appropriate, makes comparisons with the wider labour market and the Civil Service in Great Britain.

The NICS continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission for NI (ECNI), both of which assess the composition of the NICS workforce and the composition of applicants and appointees. In addition, the NICS conducts a similar formal review of the gender profile of its workforce. The findings are published in the NICS [Article 55 and Gender Reviews](#).

The NICS uses the findings of all the equality monitoring and analysis to inform its programme of targeted outreach activity to address any areas of under-representation.

As a public authority, the NICS has due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Section 75 of the Northern Ireland Act 1998 in carrying out its functions. Further information on the department's equality scheme is available at www.finance-ni.gov.uk.

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. NICSHR, consults on HR policy with all recognised Trade Unions and local departmental arrangements are in place to enable consultation on matters specific to a department or individual business area.

Learning & Development

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

Development and delivery of generic staff training is centralised in NICSHR¹. Training is delivered using a variety of learning delivery channels (including on-line, webinars), providing flexible access to learning. Coherent learning pathways are aligned to both corporate need and the NICS Competency Framework.

Talent management is a key theme of the NICS People Strategy and this year the focus was on improving the quality of the development conversation between managers and staff, with the introduction of a talent management toolkit.

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.

Consultancy and Temporary Staff Expenditure

Expenditure £000	2020-21	2019-20
External Consultancy	376	428
Temporary staff	9,871	9,532
	10,247	9,960

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) legal advice in respect of exiting and creation of new strategic partnership contract, and (3) an independent audit of the IT Assist Service Management System for certification against ISO/IEC 20000 standard; and
- LPS – Consultancy spend assisting with the provision of professional financial services and the procurement of professional legal services, in relation to the programme that will fully transform how LPS delivers its services.

¹ NICSHR is the NICS’ centralised human resources function. It falls under the responsibility of the Department of Finance.

Staff Turnover

The Department of Finance Staff Turnover percentage (the number of people that have left the Department but have moved within the NICS) for 2020-21 is 6.4%, and the general turnover percentage (the people who have left the Department and have not gone elsewhere in the NICS) is 3.1%. This has been calculated by NICSHR based on the Cabinet Office Guidance on calculations for Turnover in the Civil Service.

Staff Engagement

The 2020 NICS People Survey was conducted by NISRA across the nine NICS ministerial Departments as well as the Public Prosecution Service and the Health & Safety Executive for NI. All staff working in these organisations were invited to take part in the survey. For DoF there were 3,430 (2019-20: 3,654) staff invited to complete the survey, of which 1,833 (2019-20: 2,109) participated, a response rate of 51.3% (2019-20: 58%). The Employee Engagement Index (EEI) is the weighted average of the responses to the five employee engagement questions, and it ranges from 0% to 100%. DoF responses indicated an Employee Engagement Index of 59% (2019-20: 51%), compared to the NICS average of 57% (2019-20: 51%). The full survey can be accessed at <https://www.finance-ni.gov.uk/publications/nics-people-survey-results>.

Staff Redeployment

	Grade	Total	Long – Term Loan	Short – Term Loan
COVID-19				
Redeployed out	Grade 7	1	-	1
	DP	1	1	-
	EO2	2	1	1
EU Exit				
Redeployed out	Grade 7	1	0	1

There were no staff redeployed into the Department due to COVID-19 or EU Exit in 2020-21. There were five staff redeployed out of the Department in 2020-21, four due to COVID-19 and one due to EU Exit. The average duration of staff redeployed out of the Department due to COVID-19 was 4 months and due to EU Exit was 2 months.

The cost of staff redeployed out of the Department (to nearest £000) due to COVID-19 and EU Exit was £57k administration costs.

Off-payroll Engagements

The Department has no off-payroll 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:

	Core	Agencies
Number of existing engagements at 31 March 2021	0	0
Number of off payroll engagements during the year ended 31 March 2021	4	0
Of which:		
Number determined as out of scope of IR35	4	—
Number determined as in scope of IR35	—	—
Number reassessed for compliance or assurance purposes		
Number where the status was disputed under provisions in the off-payroll legislation	—	—

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	2020-21	2019-20
Current board members	14	12
Past board members	—	—
	14	12

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

Core Department and Agency						
	2020-21			2019-20		
	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	—	—	—	—	—	—
£10,001 - £25,000	—	1	1	—	—	—
£25,001 - £50,000	—	—	—	—	—	—
£50,001 - £100,000	—	1	1	—	—	—
£100,001 - £150,000	—	—	—	—	—	—
£150,001 - £200,000	—	—	—	—	—	—
Total number of exit packages by type	—	2	2	—	—	—
Total resource cost/£000	—	74	—	—	—	—

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.

Assembly Accountability and Audit Report

Statement of Outturn against Assembly Supply (SOAS) (Audited Information)

In addition to the primary statements prepared under IFRS, the *Government Financial Reporting Manual* (FRM) requires the Department of Finance to prepare a Statement of Outturn against 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).

The SOAS and Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on page 17, in the financial review section of the Performance Report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on www.gov.uk.

The SOAS provides a detailed view of financial performance, in a form that is voted on and recognised by the Assembly. The financial review, in the Performance Report, provides a summarised discussion of outturn against estimate and functions as an introduction to the SOAS disclosures.

Summary tables – mirror Part II and III of the Estimates**Summary table, 2020-21, all figures presented in £000s**

Type of spend	Note	Outturn			Estimate			Outturn vs Estimate, saving / (excess)	Prior Year Outturn Total, 2019-20
		Gross expenditure	Accruing Resources	Net Total	Gross expenditure	Accruing Resources	Net Total	Net Total	
Request for Resources									
A	SOAS 1	728,549	(118,367)	610,182	855,134	(118,367)	736,767	126,585	212,434
Total Resources	SOAS 2	728,549	(118,367)	610,182	855,134	(118,367)	736,767	126,585	212,434
Non-operating Accruing Resources				7,317			7,317	-	163

Net Cash Requirement 2020-21, all figures presented in £000s

Item	Note	Outturn	Estimate	Net Total Outturn compared with Estimate: saving/ (excess)	Outturn Total 2019-20
Net cash requirement	SOAS 3	460,154	729,449	269,295	23,600

Summary of income payable to the Consolidated Fund, all presented in £000s

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):

Item	Note	Forecast 2020-21		Outturn 2020-21	
		Income	Receipts	Income	Receipts
Total Income Payables to the Consolidated Fund	SOAS 4	10,981	<i>10,981</i>	11,399	<i>11,399</i>

Explanations of variances between Estimate and Outturn are given in SOAS note 1.

SOAS Notes 1 to 6 form part of these accounts.

Notes to the Statement of Outturn against Assembly Supply 2020-21 (£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, 2019-20
	Admin	Other current	Grants	Gross expenditure	Accruing Resources	Net Total	Net Total	Virement*	Net Total inc. virements		
Request for Resources A											
Departmental Expenditure in DEL											
1. Finance, Procurement and Policy	43,445	1,772	9,536	54,753	(24,889)	29,864	30,982	-	30,982	1,118	21,318
2. NICS Shared Services	118,437	721	144	119,302	(37,628)	81,674	82,217	-	82,217	543	81,361
3. NISRA	1,275	37,709	-	38,984	(17,811)	21,173	21,315	-	21,315	142	15,231
4. LPS	2,038	57,320	391,485	450,843	(30,994)	419,849	536,315	-	536,315	116,466	32,121
5. EU Peace Programmes	-	-	1,227	1,227	(1,043)	184	186	-	186	2	397
6. EU Community Initiatives	-	-	957	957	(813)	144	141	3	144	-	207
7. ERDF	-	(54)	-	(54)	-	(54)	59	(3)	56	110	161
8. NICS Accommodation Services	57,342	-	-	57,342	(5,189)	52,153	52,725	-	52,725	572	57,567
Annually Managed Expenditure (AME)											
9. Provisions	-	1,082	-	1,082	-	1,082	2,010	-	2,010	928	1,641
10. Depreciation and Impairment	-	2,755	-	2,755	-	2,755	9,394	-	9,394	6,639	1,221
Non-Budget											
11. SEUPB	-	-	1,009	1,009	-	1,009	1,023	-	1,023	14	934
12. Notional Charges	349	-	-	349	-	349	400	-	400	51	275
Total	222,886	101,305	404,358	728,549	(118,367)	610,182	736,767	-	736,767	126,585	212,434

*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

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 £610.2 against an estimated provision of £736.8m.

The total variance was £126.6m, split between the departmental expenditure limit (DEL) £119.0m, and the annually managed expenditure (AME) £7.6m.

As part of the SSE process, headroom of £300m was built in to enable additional allocations to be made to the Department to provide further support to businesses as a result of the pandemic in the event that there was available funding and approval received from the Executive. Of this £70.6m was not required. Of the budget allocated as a result of COVID-19 there was an underspend of £44.1m. Of the remaining DEL underspend, £0.5m is in relation to depreciation, a further £1.7m is due to a demand led programme, £0.6m as a result of underspends in relation to ringfenced budgets, with the remaining £1.5m in relation to the Department's non-ringfenced spend.

Departmental expenditure limit (DEL)

The total cost of Finance and Personnel Policy was **£54.8m** (2019-20: £47.4m). 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 financial assistance provided to the Belfast International and Belfast City Airports as a result of COVID-19.

The Department continues to deliver essential shared services to departments and other public bodies. During 2020-21 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 **£119.3m** (2019-20: £115.5m) The increased cost is mainly as a result of sustainability of the HRConnect system, Contact Centre upgrade costs and indirect costs. Indirect will still exist but the contract with supplier is due to change. The additional costs are in relation to BT exit costs on the contract.

The Department's main public-facing services are delivered by Land and Property Services and the Department's Agency, the Northern Ireland Statistics and Research Agency. NISRA produces 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. During 2020-21 LPS was heavily involved in providing financial assistance payments to businesses that were affected by the restrictions imposed by the Executive as a result of COVID-19. The

total costs of Land and Property Services was **£450.8m** (2019-20: £66.3m). Of this £376.2m relates to the COVID-19 payments leaving £74.6m. 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 **£57.3m** (2019-20: £63.1m), which includes **£16.0m** (2019-20: £13.0m) of depreciation and impairment, and around **£32.9m** (2019-20: £31.7m) on rent, rates and maintenance of the estate. The decrease in spend is mainly in relation to a decrease in utility and maintenance costs due to properties being vacant during the pandemic. The Department continues to drive savings in this area through its accommodation strategy, with moves to modern office accommodation in 2020-21 facilitating the vacation of 1,899 square metres 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, £6.6m is in relation to the revaluation of the office estate, which was lower than anticipated. A further £1.0m was set aside to cover potential provisions that did not crystallise during the period.

SOAS note 2. Reconciliation of Outturn to Net Operating Cost (Audited Information)

Item	Note	2020-21 £000			2019-20 £000
		Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn	SOAS 1	610,182	736,767	126,585	212,434
Non-supply income (CFERs)	SOAS 4, 5	(10,767)	(10,981)	(214)	(53)
Non-supply expenditure		–	–	–	–
Net Operating Expenditure in Consolidated Statement of Comprehensive Net Expenditure		599,415	725,786	126,371	212,381

SOAS Notes 1 to 6 form part of these accounts.

SOAS note 3. Reconciliation of Net Resource Outturn to Net Cash Requirement (Audited Information)

This note mirrors Part II of the Estimates: Resource to Cash Reconciliation

Item	Note	Outturn £000	Estimate £000	Net Total Outturn compared with Estimate: saving/ (excess) £000
Resource Outturn	SOAS 1	610,182	736,767	126,585
Capital				
Acquisition of property, plant and equipment	6, 7	24,620	28,149	3,529
Non-operating Accruing Resources				
Net book value of asset disposals		(7,317)	(7,317)	–
Accruals to cash adjustments:				
Depreciation, impairments and revaluations	3, 4	(38,568)	(45,665)	(7,097)
New provisions and adjustments to previous provisions		(1,082)	(2,010)	(928)
Notional charges		(349)	(400)	(51)
Supported capital expenditure (revenue)		–	–	–
Other non-cash items		(7,207)	(8,075)	(868)
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables		26,671	28,000	1,329
(Increase)/decrease in payables falling due within 1 year.		(146,806)	–	146,806
Use of provision	14	10	–	(10)
Net Cash Requirement		460,154	729,449	269,295

Explanation of the variation between Estimate and Outturn (Net Cash Requirement):

The Department's net cash requirement outturn was **£460.2m** against an estimated provision of **£729.4m**, a variance of £269.2m. The bulk of the variance (£148.1m) relates to the movement in working capital other than cash, specifically accruals in relation to COVID-19. A further £70.6m relates to headroom that was included in the estimates but not required, to provide flexibility for the potential provision of COVID-19 related support. Due to the timing of the legislative process it is not possible to adjust the SSEs at a later date and the headroom gave the Department the legal authority to spend up to the requested amount but only if additional funding became available and was approved by the Executive.

SOAS Notes 1 to 6 form part of these accounts.

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

This note mirrors Part III of the Estimates: Extra Receipts Payable to Consolidated Fund

SOAS note 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).

Item	Note	Forecast 2020-21		Outturn 2020-21	
		Income £000	Receipts £000	Income £000	Receipts £000
Operating income and receipts – excess Accruing Resources		-	-	92	92
Repayment of business rates relief		10,921	<i>10,921</i>	10,621	<i>10,621</i>
Other operating income and receipts not classified as Accruing Resources		60	<i>60</i>	54	<i>54</i>
		10,981	<i>10,981</i>	10,767	<i>10,767</i>
Non-operating income and receipts – excess Accruing Resources	SOAS 6	-	-	632	<i>632</i>
Amounts collectable on behalf of the Consolidated Fund	SOAS 4.2	-	-	-	-
Total income payable to the Consolidated Fund		10,981	<i>10,981</i>	11,399	<i>11,399</i>

SOAS note 4.2 Consolidated Fund Income

Consolidated Fund income shown in note SOAS 4.1 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.

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

Item	Note	2020-21 £000	2019-20 £000 (Restated)
Operating income	5	129,134	121,708
Gross income		129,134	121,708
Income authorised to be used as Accruing Resources		(118,367)	(121,655)
Operating income payable to the Consolidated Fund*	SOAS 4.1	10,767	53

*Operating income payable to the Consolidated Fund in 2020-21 includes Business rates relief refunds of approximately £10.621m

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

Item	Note	2020-21 £000	2019-20 £000
Proceeds on disposal of property, plant and equipment		632	–
Non-operating income – excess Accruing Resources		632	–

The SOAS and Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on page 17 in the financial review section of the Performance Report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on gov.uk.

SOAS Notes 1 to 6 form part of these accounts.

Other Assembly Accountability Disclosure**Regularity of Expenditure (Audited information)****i. Losses and special payments****Losses Statement**

In 2020-21 there were losses to the value of £189k which represented 974 cases, of which £182k representing 968 cases related to the core Department (2019-20: £747k which represented 8,307 cases, of which £743k representing 8,297 cases related to the core Department).

LPS did not undertake any legal recovery during the year due to the COVID-19 pandemic resulting in a significant reduction in the number of losses.

Special Payments

In 2020-21 there were special payments to the value of £98k which represented 23 cases, of which £95k representing 22 cases related to the core Department.

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

ii. 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	2020-21			2019-20	Financial Objective	Commentary
	Income	Full Cost	Surplus/ (deficit)	Surplus/ (deficit)		
	£000	£000	£000	£000		
Central Management of the Civil Service Pension Scheme	2,001	2,001	-	-	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	17,877	18,807	(930)	(69)	100% cost recovery on chargeable services in relation to professional procurement services to the NICS and other public sector bodies.	Financial objective not achieved in 2020-21. This is primarily due to a reduction in income as a result of COVID-19. At the beginning of the FY, significant amount of staff were unable to work at their usual capacity due to implications of remote working and accessibility to clients. CPD undertake a large proportion of notional work for DoF, in particular by Property Services Division. 2019-20 was the first year of PSD integration into CPD. PSD as a business model do not work on a full cost recovery basis and for this reason CPD should have a baseline to cover this element.
Departmental Solicitor's Office – Litigation Division Commercial and Property Division	4,316	4,270	46	262	Full cost recovery on Litigation and Commercial and Property services.	Objective achieved.
Employer Pension Services	3,667	3,667	-	3	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.

Business Activity	2020-21			2019-20	Financial Objective	Commentary
	Income	Full Cost	Surplus/ (deficit)	Surplus/ (deficit)		
	£000	£000	£000	£000		
Enterprise Shared Services – Service Management Division	11,119	15,332	(4,213)	(2,237)	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)	3,818	4,223	(405)	(239)	100% cost recovery on Department Internal Audit Services.	Objective achieved. Baseline funding for parent department is not included in income figure.
Land & Property Services – Client Services	2,463	2,791	(328)	(203)	To recover the full costs of services provided.	Objective not achieved. Due to COVID-19 restrictions during the 2020-21 Financial Year a number of chargeable hours were lost which meant that full cost recovery was not achieved. When notional income of £159k is included under recovery is reduced to £169k.
Land & Property Services – Land Registration	16,879	10,706	6,173	7,954	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)	1,677	1,713	(36)	7	To recover the full cost of special project mapping work provided on behalf of DAERA.	Objective achieved. Baseline funding for parent department is not included in income figure, which covers costs not chargeable to DAERA.
Land & Property Services – Ordnance Survey	10,066	11,530	(1,464)	(813)	To recover the full cost of mapping services provided.	Objective not achieved. Deficit reduced by £808k when recovery of notional charges and cost of work carried out for parent Department is taken into account. Remaining deficit of £656k as result of loss of income during the pandemic and increased full costs which will be factored into future charges for full cost recovery.
Northern Ireland Statistics and Research Agency	17,811	17,333	478	291	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	1,375	1,335	40	(40)	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. OHS charge is normally issued in two parts, 80% at the start of the year based on full year forecasts and 20% at the end of the year based on updated forecasts (normally the full 20% is not required). This year due to numerous doctors going off

Business Activity	2020-21			2019-20	Financial Objective	Commentary
	Income	Full Cost	Surplus/ (deficit)	Surplus/ (deficit)		
	£000	£000	£000	£000		
						on maternity leave and no immediate need to replace them due to the impact of COVID-19, the salary costs were down £160k on early forecasts. This resulted in the 80% charge issued at the start of the year more than covering costs and resulted in a surplus for the year.
Strategic Policy and Reform - Business Consultancy Service	722	1,253	(531)	(278)	To recover the full cost of Business Consultancy services provided to NICS and other public sector bodies.	Objective not achieved. When taking into account notional charges income recovery was 72% (including a number of strategic important projects). When also taking into account the cost of time spent on NICS Corporate / Common Good the figure is 99%. The hard charge income was impacted in the start of the year due to impact of COVID-19 which impacted Q1 and Q2. A number of long term sickness and gaps in the branch affecting allocation and delivery of hard charging work were also factors. However, overall the cost recovery was a strong outcome following a challenging start to the end due to COVID-19.
IT Assist	14,094	14,093	1	–	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.
Digital Transformation Service – Operations	1,411	4,533	(3,122)	(2,999)	To recover the full cost of the delivery of the nirect contract, with the exception of CORE service management costs which are funded centrally through a baseline.	Objective Partially Achieved. During the year nirect moved to recharging all Contact Centre Call charges out to customers. In previous years these had been covered from the central baseline. There remains CORE contract Service charges that will continue to be funded centrally from the baseline funding until the contract ends in October 2022.

iii. 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 2021, 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 93 indemnities but the possibility of these crystallising is considered to be too remote to require disclosure.

Legal cases

The Department has identified 5 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



Colum Boyle
Accounting Officer
Department of Finance
22 October 2021

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

Qualified opinion on financial statements

I certify that I have audited the financial statements of the Department of Finance for the year ended 31 March 2021 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. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted by the Government Financial Reporting Manual.

I have also audited the Statement of Outturn against 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, except for the effects of the matters described in the basis of opinions section below, the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31 March 2021 and of its net 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.

Emphasis of Matter – Uncertainty regarding property valuation

I draw your attention to the disclosure in Note 6 of the financial statements which describes the material valuation uncertainties for land and buildings revalued in the year. These have arisen due to the COVID-19 pandemic. My opinion is not modified in respect of this matter.

Qualified opinion on Regularity

In my opinion, except for the ineligible payments made in the Localised Restrictions Support Scheme and Additional Financial Assistance Schemes, described in the basis of opinions section below, in all material respects:

- the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2021 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

Included within expenditure is £245.71 million on the Localised Restrictions Support Scheme. I identified through sample testing an estimated error of £4.21 million paid to recipients who were not eligible under the scheme rules. In addition to this, DoF identified £4.52 million of ineligible payments which have not yet been recouped but raised as receivables. I consider these amounts to be material to my regularity opinion

on the accounts. I have therefore qualified my opinion on regularity as this expenditure has not been applied for the purposes intended by the Assembly and does not confirm to the authorities which govern it.

In addition, £130.16m is included in expenditure for additional support grants in March 2021. I identified instances of businesses which have received funding contrary to the eligibility criteria as set out in the scheme legislation, however I have been unable to obtain sufficient appropriate evidence to determine whether this expenditure is free from material misstatement and irregularity. This is because information to verify eligibility under certain criteria was not available. I have therefore qualified both my true and fair and regularity opinions in this regard.

The Department has classified £47.68m of grant expenditure as an accrual. I consider this amount should be recorded as a provision and, as I consider this to be material, I have qualified my true and fair opinion accordingly.

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 2019, 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 the basis for my qualified opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Department of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Department of Finance's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for the Department of Finance is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

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 that report as having been audited, and my audit certificate and report. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- 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.

Matters on which I report by exception

In the light of the knowledge and understanding of the Department of Finance and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

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
- certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Arising solely from the limitation on the scope of my work relating to grant expenditure to businesses which received funding contrary to the eligibility criteria, referred to above:

I have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

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 in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the Department of Finance's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting

unless the Accounting Officer anticipates that the services provided by Department of Finance will not continue to be provided in the future.

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 reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Department of Finance through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Government Resources and Accounts Act (Northern Ireland) 2001, the Financial Assistance (Coronavirus) (No. 2) Regulations (Northern Ireland) 2020 (as amended), the Health Protection (Coronavirus, Restrictions) (No. 2) Regulations (Northern Ireland) 2020 (as amended), the Financial Assistance (Coronavirus) (Industrial Business) Regulations (Northern Ireland) 2021, the Financial Assistance (Coronavirus) (Business Support) Regulations (Northern Ireland) 2021, and the Financial Assistance (Coronavirus) (Large Business) Regulations (Northern Ireland) 2021;
- making enquires of management and those charged with governance on the Department of Finance's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Department of Finance's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: expenditure recognition, posting of unusual journals and payments made to at-risk suppliers
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, reviewing legislation, performing substantive testing on grant awards,

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- carrying out data analytics and matching on grant applicants, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - investigating significant or unusual transactions made outside of the normal course of business; and
 - applying tailored risk factors to datasets of financial transactions and related records to identify potential anomalies and irregularities for detailed audit testing.

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Outturn against 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.

My detailed observations are included in my report attached to the financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
1 Bradford Court
Upper Galwally
Belfast
BT8 6RB

28 October 2021

FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Net Expenditure

For the year ended 31 March 2021

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.

	Note	2020-21 Core Department & Agency £000	2019-20 Core Department & Agency £000
Revenue from contracts with customers	5	(104,368)	(106,026)
Other operating income	5	(24,766)	(15,682)
Total operating income		(129,134)	(121,708)
Staff costs	3, 4	171,691	167,443
Purchase of goods and services	3, 4	106,119	111,636
Depreciation and impairment charges	3, 4	38,568	35,311
Provision expenses	3, 4	1,082	1,641
Other operating expenditure	3, 4	411,087	18,058
Total operating expenditure		728,547	334,089
Net operating expenditure		599,413	212,381
Finance expense	3	2	-
Net expenditure for the year		599,415	212,381
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	(96,443)	(4,222)
- Net (gain)/loss on revaluation of intangible assets	7	(238)	(538)
Comprehensive net expenditure for the year		502,734	207,621

Notes 1 to 22 form part of these accounts.

Consolidated Statement of Financial Position

As at 31 March 2021

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	2021 Core Department & Agency £000	2020 Core Department & Agency £000
Non-current assets			
Property, plant and equipment	6	432,011	345,424
Intangible assets	7	22,170	26,729
Trade and other receivables	12	312	88
Total non-current assets		454,493	372,241
Current assets			
Assets classified as held for sale	10	470	7,714
Trade and other receivables	12	114,221	46,659
Cash and cash equivalents	11	40,376	37,828
Total current assets		155,067	92,201
Total assets		609,560	464,442
Current liabilities			
Bank overdraft	11	(32,459)	(2,094)
Trade and other payables	13	(239,168)	(87,272)
Provisions	14	(2,744)	(1,711)
Total current liabilities		(274,371)	(91,077)
Total assets less current liabilities		335,189	373,365
Non-current liabilities			
Provisions	14	(80)	(41)
Total non-current liabilities		(80)	(41)
Total assets less total liabilities		335,109	373,324
Taxpayers' equity and other reserves			
General fund		163,968	284,708
Revaluation reserve		171,141	88,616
Total equity		335,109	373,324



Colum Boyle
Accounting Officer
22 October 2021

Notes 1 to 22 form part of these accounts.

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

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.

	Note	2020-21 Core Department & Agency £000	2019-20 Core Department & Agency £000
Cash flows from operating activities			
Net operating expenditure		(599,415)	(212,381)
Adjustments for non-cash transactions	3,4	47,544	40,379
(Increase)/decrease in trade and other receivables		(67,786)	(2,372)
<i>less movements in receivables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>		41,165	-
Increase/(decrease) in trade and other payables		151,896	(2,335)
<i>less movements in payables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>		(1,688)	4,370
Use of provisions	14	(10)	-
Net cash inflow/(outflow) from operating activities		(428,294)	(172,339)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(18,396)	(24,605)
Purchase of intangible assets	7	(8,248)	(6,818)
Proceeds from disposal of non-current assets		7,611	102
Net cash inflow/(outflow) from investing activities		(19,033)	(31,321)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		411,355	206,339
From the Consolidated Fund (Supply) – prior year		8,208	-
Capital element of payments in respect of finance leases and on-balance sheet (SoFP) PFI and other service concession arrangements		-	-
Net financing		419,563	206,339
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for payments to the Consolidated Fund		(27,764)	2,679
Payments of amounts due to the Consolidated Fund		(53)	(64)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for payments to the Consolidated Fund		(27,817)	2,615
Cash and cash equivalents at the beginning of the period	11	35,734	33,119
Cash and cash equivalents at the end of the period	11	7,917	35,734

Notes 1 to 22 form part of these accounts.

Consolidated Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2021

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 2019		278,989	90,245	369,234
Net Assembly Funding – drawdown		206,339	–	206,339
Net Assembly Funding – deemed		9,691	–	9,691
Supply receivable/(payable) adjustment	13	(7,634)	–	(7,634)
Amounts repayable to the Consolidated Fund		(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
Net Assembly Funding – drawdown		411,355	–	411,355
Net Assembly Funding – deemed		7,634	–	7,634
Net Assembly Funding – prior year excess		8,208	–	8,208
Supply receivable/(payable) adjustment	12	41,165	–	41,165
Amounts repayable to the Consolidated Fund	SOAS4	(11,399)	–	(11,399)
Comprehensive net expenditure for the year		(599,415)	96,681	(502,734)
Auditors' remuneration	3	301	–	301
Other non-cash charges	3, 4	7,255	–	7,255
Other reserves movements including transfers		14,156	(14,156)	–
Balance at 31 March 2021		163,968	171,141	335,109

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 2020-21 *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 Outturn Against 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 2022-23, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. Arm's Length Bodies (ALB) apply IFRS in full and their consolidation boundary may change as a result of the new Standards.

1.3 Property, plant and equipment and intangible assets

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

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

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

On initial recognition property, plant and equipment and intangible assets are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition. Assets classified as “under construction” are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred.

All property, plant and equipment and intangible assets are carried at fair value.

Land and buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). Professional revaluations of land and buildings are undertaken every five years. A full professional valuation of land and buildings was undertaken by Land and Property Services (LPS) as at 1 April 2020. 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 2020. 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 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 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.

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 2019-20 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 2020-21.

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

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 2020 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.

Standard	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 <i>FReM</i> , IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022.
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 2022-23.</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.

2 Statement of Operating Expenditure by Operating Segment

Reportable segment	2020-21			2019-20		
	Gross expenditure	Income	Net expenditure	Gross expenditure	Income	Net expenditure
	£000	£000	£000	£000	£000	£000
Central Government Transformation Programme	1,751	-	1,751	1,056	-	1,056
Construction and Procurement Delivery	20,296	(14,873)	5,423	20,590	(15,177)	5,413
Departmental Solicitors Office	10,657	(4,669)	5,988	9,557	(4,782)	4,775
Enterprise Shared Services	152,116	(40,322)	111,794	151,692	(37,301)	114,391
EU Programmes	3,139	(1,856)	1,283	5,118	(3,419)	1,699
Finance and Corporate Services Division	3,512	(198)	3,314	3,645	(194)	3,451
Communications and Engagement Division	2,011	-	2,011	1,531	-	1,531
Internal Audit and Fraud Investigation	4,224	(3,818)	406	4,581	(4,341)	240
Land and Property Services	448,823	(41,707)	407,116	65,152	(34,203)	30,949
Northern Ireland Civil Service Human Resources	21,891	(2,298)	19,593	22,857	(2,327)	20,530
Northern Ireland Statistics and Research Agency	37,252	(17,811)	19,441	32,615	(18,225)	14,390
Other Bodies	628	-	628	2,117	-	2,117
Public Spending Directorate	3,171	(18)	3,153	2,991	(22)	2,969
Strategic Policy and Reform Directorate	14,872	(1,435)	13,437	5,505	(1,590)	3,915
Centrally Managed	4,206	(129)	4,077	5,082	(127)	4,955
Total	728,549	(129,134)	599,415	334,089	(121,708)	212,381

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.

3 Other administration expenditure

Note	2020-21 £000 Core Department & Agency	2019-20 £000 Core Department & Agency
Staff costs¹:		
Wages and salaries	73,069	71,802
Social security costs	7,390	7,036
Other pension costs	21,639	20,690
Goods and services:		
Accommodation, maintenance and utilities	29,780	34,602
Accounting and information technology	42,910	40,938
Personnel and training costs	1,420	1,448
Printing, stationery and advertising	820	1,074
Travel, subsistence and hospitality	98	921
Legal costs	354	188
Other costs	2,664	1,623
Rentals under operating leases:		
Other operating leases	10,232	10,901
Hire of plant and machinery	332	2,853
Interest charges:		
Interest payable and similar charges	2	-
Other expenditure:		
Bad debts and bad debt provision	9	26
Exchange losses/(gains)	6	6
Losses and special payments	9	41
Non-cash items:		
Depreciation	22,422	20,254
Amortisation	9,736	10,084
Impairment	27	-
(Profit)/loss on disposal of property, plant and equipment	(334)	54
Auditors' remuneration and expenses	301	265
Total	222,886	224,806

The auditors' remuneration and expenses was a notional cost for the audit of the financial statements carried out by NIAO. During 2020-21 the Department did not purchase any non-audit services from its auditor (2019-20:£NIL).

In relation to the National Fraud Initiative, there was a cost incurred of £20k (2019-20: £NIL).

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

4 Programme costs

	Note	2020-21 £000 Core Department & Agency	2019-20 £000 Core Department & Agency
Staff costs²:			
Wages and salaries		51,991	50,794
Social security costs		4,420	4,240
Other pension costs		13,182	12,881
Grants:			
EU grant expenditure		1,857	3,419
Benefits grant expenditure		8,077	5,022
Other grant expenditure		1,527	1,845
Localised Restrictions Support - Localised Restriction Support Scheme		245,710	-
Localised Restrictions Support - Soft Play Business Grants		336	-
Localised Restrictions Support - Large NAV Scheme		30,153	-
Localised Restrictions Support - Medium Sized Industrial Business		21,505	-
Localised Restrictions Support - Small Business Top-Up Grants		78,497	-
Airport Financial Support		9,489	-
Goods and services:			
Accommodation, maintenance and utilities		3,719	3,457
Accounting and information technology		7,242	5,386
Personnel and training costs		1,619	2,342
Printing, stationery and advertising		1,204	343
Travel, subsistence and hospitality		125	579
Legal costs		118	102
Other costs		85	248
Rentals under operating leases:			
Other operating leases		14	182
Hire of plant and machinery		204	234
PFI and other service charges		3,179	4,215
Other expenditure:			
Registrar charges		2,701	2,353
Survey costs		664	218
Banking and cash handling costs		659	714
Bad debts and bad debt provision		129	928
Bad debts and bad debt provision - Small Business Top-up Grants		10	-
Bad debts and bad debt provision – Localised Restriction Support Scheme		1,920	-
Exchange losses/(gains)		(46)	50
Losses and special payments		29	16
Non-cash items:			
Depreciation		1,911	1,863
Amortisation		3,070	3,192
Impairment		1,402	(82)
(Profit)/loss on disposal of property, plant and equipment		672	4
Increase/(decrease) in provisions	14	1,082	1,641
Benefits grant expenditure (non-cash)		7,207	3,097
Total		505,663	109,283

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

5 Income

				2020-21	2019-20	
				£000	£000	
	CFN	ESS	NICS HR	PSDLG	Core Department & Agency	Core Department & Agency
Revenue from contracts with customers						
Income from NI Departments	12,675	27,121	2,058	17,773	59,627	57,114
Income from other NI Public Bodies	5,338	11,194	233	2,148	18,913	20,264
Income from UK Departments and Public Bodies	1,941	1,318	5	1,397	4,661	4,920
Income from external customers	1,470	611	1	19,085	21,167	23,728
	21,424	40,244	2,297	40,403	104,368	106,026
Other operating income						
Recovery of secondees costs					12,084	12,152
EU grant income (Current)					1,915	3,473
Other income					10,767	57
					24,766	15,682
Total					129,134	121,708
Of which:						
Core Department					111,323	102,487
Of which:						
Administration					67,702	66,854
Programme					61,432	54,854
					129,134	121,708

6 Property, plant and equipment

									2020-21
	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 2020	78,624	341,676	469	63,102	4,302	38,353	2,299	6,195	535,020
Opening balance adjustment	–	(3,259)	–	–	–	–	–	3,259	–
Additions	–	81	–	8,817	323	113	37	7,239	16,610
Disposals	(25)	31	–	(3,377)	(44)	–	–	–	(3,415)
Impairments	72	(10,140)	–	8	–	–	1	–	(10,059)
Reclassifications and transfers	2,074	3,869	–	–	–	484	(4)	(6,423)	–
Revaluations*	11,065	42,392	(109)	80	19	591	274	–	54,312
At 31 March 2021	91,810	374,650	360	68,630	4,600	39,541	2,607	10,270	592,468
Depreciation									
At 1 April 2020	25	120,664	122	38,119	2,758	27,907	1	–	189,596
Charged in year	–	12,739	19	9,397	405	1,772	1	–	24,333
Disposals	(25)	31	–	(2,645)	(44)	–	–	–	(2,683)
Impairments	(32)	(8,630)	–	4	–	–	–	–	(8,658)
Reclassifications and transfers	284	(284)	–	–	–	–	–	–	–
Revaluations	(251)	(42,089)	(107)	30	7	279	–	–	(42,131)
At 31 March 2021	1	82,431	34	44,905	3,126	29,958	2	–	160,457
Carrying amount at 31 March 2021	91,809	292,219	326	23,725	1,474	9,583	2,605	10,270	432,011
Carrying amount at 31 March 2020	78,599	221,012	347	24,983	1,544	10,446	2,298	6,195	345,424
Asset financing:									
Owned	91,809	281,276	326	23,725	1,474	9,583	2,528	10,270	420,991
EU Grant Funded	–	9,607	–	–	–	–	–	–	9,607
Donated	–	1,336	–	–	–	–	77	–	1,413
Carrying amount at 31 March 2021	91,809	292,219	326	23,725	1,474	9,583	2,605	10,270	432,011
Of the total:									
Department	91,809	292,219	326	23,633	1,463	9,075	2,605	10,135	431,265
Agency	–	–	–	92	11	508	–	135	746
Carrying amount at 31 March 2021	91,809	292,219	326	23,725	1,474	9,583	2,605	10,270	432,011

*A full professional quinquennial valuation of land and buildings was undertaken by LPS as at 1 April 2020 and revalued at year-end using indices. As a result of Covid-19, LPS considers that, at 31 March 2021 there is an absence of relevant/sufficient market evidence on which to base their judgements. The valuations are therefore reported as being subject to 'material valuation uncertainty'. As DoF hold a number of high value land and buildings, this represents a material uncertainty on the valuations figures in the Statement of Financial Position.

6 Property, plant and equipment (continued)

									2019-20
	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

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.

2020-21

	Information technology (intangible) £000	Software Licences £000	Assets under Construction (intangible) £000	Total £000
Cost or valuation				
At 1 April 2020	171,306	16,736	595	188,637
Additions	6,028	1,489	493	8,010
Disposals	-	-	-	-
Reclassifications and transfers	-	-	-	-
Revaluations	976	95	-	1,071
At 31 March 2021	178,310	18,320	1,088	197,718
Amortisation				
At 1 April 2020	148,400	13,508	-	161,908
Charged in year	11,365	1,441	-	12,806
Disposals	-	-	-	-
Impairments	-	-	1	1
Reclassifications and transfers	-	-	-	-
Revaluations	777	56	-	833
At 31 March 2021	160,542	15,005	1	175,548
Carrying amount at 31 March 2021	17,768	3,315	1,087	22,170
Carrying amount at 31 March 2020	22,906	3,228	595	26,729
Asset financing:				
Owned	17,589	3,315	1,087	21,991
UK Grant Funded	11	-	-	11
Finance leased	168	-	-	168
Carrying amount at 31 March 2021	17,768	3,315	1,087	22,170
Of the total				
Department	14,322	3,234	1,087	18,643
Agency	3,446	81	-	3,527
Carrying amount at 31 March 2021	17,768	3,315	1,087	22,170

The amortisation charged during the accounting period in respect of assets held under finance leases was £166k (2019-20: £619k).

Intangibles assets (continued)

2019-20

	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

8 Impairments

	2020-21	2019-20
	£000	£000
	Core	Core
	Department	Department
	& Agency	& Agency
Charged direct to the Statement of Comprehensive Net Expenditure	1,429	(82)
Taken through the Revaluation Reserve	(96,681)	(4,760)
Total impairment charge for the year	(95,252)	(4,842)

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:

	From interest	From subsequent measurement			2020-21	2019-20
		At fair value	Currency translation	Impairment /reversal of impairment	Net gain/ (loss)	Net gain/ (loss)
					£000	£000
Loans and receivables	–	–	54	(1,139)	(1,085)	(997)
Financial liabilities measured at amortised cost	–	–	(14)	–	(14)	(13)
Total	–	–	40	(1,139)	(1,099)	(1,010)

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, see Payment to Suppliers section page 26.

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 2021 the net exposure was £1.1m (31 March 2020: £1.1m).

Sensitivity analysis

Based on the balance denoted in euro at 31 March 2021, a 15% weakening or strengthening of sterling against the euro would have increased or decreased the exchange rate movement by £162k respectively (31 March 2020: movement of £158k). 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

	2020-21	2019-20
	£000	£000
	Core	Core
	Department	Department
	& Agency	& Agency
Balance at 1 April	7,714	2,500
Transfers in	-	5,314
Disposals	(7,217)	(100)
Impairment Loss	(27)	-
Balance at 31 March	470	7,714

11 Cash and cash equivalents

	2020-21	2019-20
	£000	£000
	Core	Core
	Department	Department
	& Agency	& Agency
Balance at 1 April	35,734	33,119
Net change in cash and cash equivalents	(27,817)	2,615
Balance at 31 March	7,917	35,734

The following balances at 31 March were held at:

Commercial banks and cash in hand	7,917	35,734
Balance at 31 March	7,917	35,734

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

Current assets	40,376	37,828
Current liabilities	(32,459)	(2,094)
Total	7,917	35,734

12 Trade receivables and other current asset

	2020-21	2019-20
	£000	£000
	Core	Core
	Department	Department
	& Agency	& Agency
Amounts falling due within one year:		
Trade receivables	10,876	8,100
Other receivables	7,311	6,806
VAT recoverable	5,180	5,951
Prepayments and accrued income	47,363	23,211
Amounts due from EU	2,326	2,591
Amounts due from the Consolidated Fund in respect of supply	41,165	-
	114,221	46,659
Amounts falling due after more than one year:		
Trade receivables	312	88
	312	88
Total	114,533	46,747

Within prepayments and accrued income nothing is due to the Consolidated Fund once the debts are collected (2019-20: £NIL).

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

	2020-21	2019-20
	£000	£000
	Core	Core
	Department	Department
	& Agency	& Agency
Balance at 1 April	(4,833)	(4,548)
Impairment losses (recognised)/derecognised in receivables	(1,139)	(954)
Amounts written off as uncollectable	148	669
Balance at 31 March	(5,824)	(4,833)

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:

	2020-21 £000	2019-20 £000
	Core Department & Agency	Core Department & Agency
Neither past due nor impaired trade receivables	6,250	5,503
1-30 days	337	1,624
31-60 days	265	353
61-90 days	99	241
91-180 days	383	246
181-360 days	4,543	132
361 days plus	375	192
Gross carrying value	12,252	8,291
Less: impairment	(1,064)	(103)
Net carrying value	11,188	8,188

13 Trade payables and other current liabilities

	2020-21 £000	2019-20 £000
	Core Department & Agency	Core Department & Agency
Amounts falling due within one year:		
Other taxation and social security	17,547	16,649
Trade payables	637	235
Other payables	21,652	20,576
Accruals and deferred income	187,933	42,125
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund:		
CFER – received	11,399	53
Amounts issued from the Consolidated Fund for Supply but not spent at year end	-	7,634
	239,168	87,272

There were no amounts payable by the Department falling due after more than one year at 31 March 2021 or at 31 March 2020.

14 Provisions for liabilities and charges

	2020-21 Core Department & Agency			2019-20 Core Department & Agency		
	Early departure costs £000	Legal claims £000	Total £000	Early departure costs £000	Legal claims £000	Total £000
Balance at 1 April	-	1,752	1,752	-	111	111
Provided in the year	-	1,084	1,084	-	1,708	1,708
Provisions not required written back	-	(2)	(2)	-	(67)	(67)
Provisions utilised in year	-	(10)	(10)	-	-	-
Balance at 31 March	-	2,824	2,824	-	1,752	1,752

Analysis of expected timing of discounted flows

	2020-21 Core Department & Agency			2019-20 Core Department & Agency		
	Early departure costs	Legal claims	Total	Early departure costs	Legal claims	Total
	£000	£000	£000	£000	£000	£000
Not later than one year	–	2,744	2,744	–	1,711	1,711
Later than one year and not later than five years	–	80	80	–	41	41
Later than five years	–	–	–	–	–	–
Balance at 31 March	–	2,824	2,824	–	1,752	1,752

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.

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. The Supreme Court hearing was scheduled for the 23 and 24 June 2021 but this was subsequently adjourned. The 2019-20 Holiday Pay provision has been estimated by NICS HR 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;
3. Ongoing negotiations with Trade Unions; and

4. The provision includes a pension element which is based on formulae provided by the Government Actuary's Department (GAD) with a variable capitalisation factor (CF). The CF used for these calculations is 12 which is based on the commutation value currently used in public section pensions. This is subject to change as the calculations have not been agreed with Trade Unions.

15 Contingent liabilities disclosed under IAS 37

The Department has entered into the following unquantifiable contingent liabilities:

Public/employer liability cases

There are currently 11 cases (2019-20: 10 cases) pending against the Department. The maximum that will be payable cannot be accurately estimated.

Industrial tribunal cases

There are currently two industrial tribunal cases (2019-20: 11 cases) pending.

Other legal issues

There are currently two judicial review cases (2019-20: NIL cases) pending.

Tax Compliance

The Department continues to work 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. It is anticipated this work will be concluded in 2021-22.

16 Leases

16.1 Finance leases

There were no finance leases contracted in the year.

16.2 Operating leases

£10.2m (2019-20: £11.1m) 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.

	2020-21	2019-20 (Restated)
	Core Department & Agency £000	Core Department & Agency £000
Land and Buildings:		
Not later than one year	10,700	10,215
Later than one year and not later than five years	35,773	26,647
Later than five years	38,357	40,947
	84,830	77,809

Other:

Not later than one year	152	124
Later than one year and not later than five years	18	129
Later than five years	1	3
	<u>171</u>	<u>256</u>

The 2019-20 operating leases total have been restated from £63.89m to £77.81m to include a 106 year ground rent lease which was omitted in error.

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 until July 2019 and was then extended until June 2021. It has since been extended to June 2026. The requirements of IFRIC 12, IFRIC 4 and IAS 17 have been considered and it has been concluded that the appropriate accounting treatment is to classify the contract as an operating lease. All lease payments were expensed in the year incurred.

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service was £3.2m (2019-20: £4.2m); and the payments to which the Department and its agency are committed are as follows:

	2020-21	2019-20
	£000	£000
	Core	Core
	Department & Agency	Department & Agency
Not later than one year	3,505	3,943
Later than one year and not later than five years	14,020	986
Later than five years	876	–
Total	<u>18,401</u>	<u>4,929</u>

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. It was initially extended to March 2020 and then to March 2022. The contract is likely to be 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 £3.5m (2019-20: £3.4m).

The service element due in future periods is:

	2020-21	2019-20
	£000	£000
	Core	Core
	Department & Agency	Department & Agency
Not later than one year	3,551	3,460
Later than one year and not later than five years	3,327	6,855
Later than five years	—	—
Total	6,878	10,315

18 Capital and Other Commitments

	2020-21	2019-20
	£000	£000
	Core	Core
	Department & Agency	Department & Agency
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Property, plant and equipment	18,012	4,128
Intangible assets	2,067	3,354
	20,079	7,482

18.1 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 nirect, 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:

	2020-21	2019-20
	£000	£000
	Core	Core
	Department & Agency	Department & Agency
Not later than one year	30,496	27,249
Later than one year and not later than five years	83,730	29,583
Later than five years	7,613	7,329
Total	121,839	64,161

19 Related Party transactions

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

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

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

20 Third party assets

The Department is responsible for the upkeep of the Ulster Memorial Tower in Thiépvail, France and costs incurred on maintenance during 2020-21 totalled £47k (2019-20: £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 2020-21 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);
- Strategic Policy and Reform Directorate (SPAR);
- The Central Government Transformation Programme (CGTP); and
- Communications and Engagement Division (CAED).

Supply Financed Agency

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

Sponsored Bodies

- Civil Service Appeals Board;
- Construction Industry Forum Northern Ireland;
- Fiscal Council and Commission;
- Legal Services Oversight Commission for Northern Ireland;

- Northern Ireland Building Regulations Advisory Committee;
- Northern Ireland Civil Service Pension Board;
- Procurement Board;
- Renewable Heat Incentive Inquiry; and
- Statistics Advisory Committee.

Relationships with Other Bodies

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

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

22 Events after the reporting period

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

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 28 October 2021.

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. Supports the Procurement Board in all aspects of public procurement policy, including the development of policies approved by the Northern Ireland Executive to be implemented 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:

- Leading on the development and delivery of the NICS People Strategy
- Strategic HR business partnering with NICS Departments and participating bodies
- Welfare Support Service and Occupational Health Services
- Policy development and review
- Provision of workforce and other HR information
- Strategic workforce and resource planning
- Talent management and diversity and inclusion
- Pay & reward
- Employee relations
- Learning and development

NICSHR also provides HR 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, Cybersecurity and information-related policies and strategies. This includes responsibility for the NI Government citizen portal www.nidirect.gov.uk (including contact centre services) and delivering the NI Digital Transformation Programme, which provides support to Departments in the transformation and digital delivery of their citizen-facing services. In addition, the division provides media monitoring and government advertising services to Departments, as well as to the NI Executive.
- Pensions Division is responsible for the overall legislation, management and administration of the NICS Pension Schemes. In addition, it provides overarching public service pensions policy and primary legislation for the wider Public Sector in Northern Ireland.
- Properties Division provides office estate services to NICS Departments and some wider public bodies, manages the Stormont Estate and maintains the Energy Performance of Buildings (Certificates and Inspection) Regulations, the Building Regulations and supporting technical guidance.
- 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. The RPM Programme is also responsible for the Recovery Programme due to the pandemic including the introduction of the connect2 hubs.
- Finance & HR Shared Services provides financial processing and accounting services (Account NI), and manages the contract for the delivery of outsourced HR and payroll services (HR Connect), primarily to NICS Departments. These services are key enablers in the delivery of Executive commitments.

- 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.

The Central Government Transformation Programme (CGTP)

The Central Government Transformation Programme (CGTP) has been established to transform the future delivery of Finance and HR & Payroll services for Central Government, including implementing a new technology solution to replace the current systems.

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, COVID-19 grants and support payments, and business tenancies, and ensures that policy implementation is supported by the necessary legislation.

During 2020-21, LPS additionally took on responsibility for administering financial support schemes for businesses impacted by the Health Protection restrictions introduced to control the COVID-19 pandemic in Northern Ireland. This has included the administration of the £10,000 Small Business Support Grants on behalf of the Department of the Economy, the design and delivery of the Localised Restrictions Support Scheme and the design of three further grant schemes launched in March 2021.

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 Treasury budget controls. This includes supporting decisions on the allocation of resources to departments in line with Executive's priorities and monitoring of in-year expenditure to support the effective use of available resources.

PSD is also responsible for ensuring that Budget legislation is in place to allow 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. PSD also liaises with the Fiscal Council and Fiscal Commission on access to Budget information.

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 and represents DoF on the New Decade New Approach cross Departmental strategic working groups including Social Inclusion and Green Growth.

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 seek replacement of the spending power that we currently derive from EU funding sources. To continue to monitor the current EU funding streams and co-ordinate NI input to Whitehall on domestic successor funding and represent 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

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.

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
bn	billion
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
DWP	Department for Working Pensions
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
HMT	Her Majesty's Treasury
HR	Human Resources
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICT	Information and Communications Technology

Acronym	Details
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
LPS	Land and Property Services
LPIS	Land Parcel Identification System
MEP	Member of the European Parliament
MHCLG	Ministry for Housing Communities and Local Government
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
NIO	Northern Ireland Office
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 Outturn Against Assembly Supply
SOFP	Statement of Financial Position
SPAR	Strategic Policy and Reform Directorate
TEO	The Executive Office

Acronym	Details
UC	Universal Credit
UK	United Kingdom
UKG	United Kingdom Government
VAT	Value Added Tax
VES	Voluntary Exit Scheme
VFM	Value for Money

Appendix 3: Audit Report

DEPARTMENT OF FINANCE 2020-21 RESOURCE ACCOUNTS

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

Introduction

In 2020-21, the Department of Finance (DoF/ the department) took responsibility for the implementation of a series of business grant schemes designed to provide support to businesses subject to closure or restrictions arising from the COVID-19 pandemic. The four main schemes were:

- Localised Restrictions Support Scheme (LRSS) (total expenditure in 2020-21 £245.71 million);
- Large Business scheme (£30.15 million);
- Medium Industrial Business scheme (£21.51 million); and
- Business Top-Up grants (£78.5 million).

The LRSS scheme was launched in October 2020 following the imposition of business restrictions initially in the Derry and Strabane District Council area and subsequently throughout Northern Ireland. This was an NI Executive initiative to provide ongoing grant funding to businesses directly impacted by the Health Regulations which imposed restrictions or closure on certain types of business. The total LRSS grant expenditure in 2020-21 was £245.71 million. The scheme ended in May 2021.

The rates provided by the scheme were:

- £800 per week for businesses in properties with a Net Annual Value of £15,000 or less;
- £1,200 per week for medium sized businesses in properties with a Net Annual Value between £15,001 and £51,000; and
- £1,600 per week for businesses in properties with a Net Annual Value of £51,001 or more.

The DoF Accounting Officer (AO) raised concerns that these amounts were considerably greater than those available in other regions in similar lockdowns and advised that value for money for these amounts could not be justified. A Ministerial Direction was therefore requested for the scheme because of these concerns and was provided on 18 October 2020.

The remaining three schemes, the Additional Financial Assistance Schemes (AFAS), were introduced in March 2021 when the Department announced further grant schemes for businesses negatively impacted during the pandemic. These comprise the Large Business, Industrial Business and the Business Support Top-Up schemes. Total grants payable to businesses amounted to £130.16 million for 2020-21.

Similar to LRSS, the DoF AO sought a Ministerial Direction for these schemes on the basis that the Department had been unable to perform a value for money assessment, and that there were concerns in respect of making automatic payments to businesses. Furthermore, the Department acknowledged that some businesses will receive funding they do not need and some recipients will fail regardless of financial assistance. This Ministerial Direction was issued on 30 March 2021.

The nature of these schemes was unprecedented and the Department had to implement them at pace to ensure support reached businesses as quickly as possible. Land and Property Service is a Directorate within DoF and had responsibility for processing payments made under these schemes. This undoubtedly

presented significant challenges for both the Department and LPS. While LPS has an established platform for the receipt of business rates, the system is not designed for the purpose of making grant payments.

During the audit of the 2020-21 annual report and accounts I conducted testing on each of these four schemes. My audit opinion is qualified on three matters as outlined below.

1. Regularity qualification as a result of ineligible payments made under the LRSS scheme

LPS has put in place arrangements for conducting post-payment checks on grants paid under the LRSS scheme. As a result of checks undertaken, the Department has identified £6.08 million that was incorrectly paid. A total of £1.56 million has been recouped i.e. £0.6 million has been repaid and £0.96 million has been recovered through offsetting amounts to which the applicant was entitled from other grant schemes, including schemes administered by other NI departments. £4.52 million remains outstanding although the Department has provided for £1.92 million of this as doubtful debt. The DoF AO notified the NI Assembly's Public Accounts and Finance Committees of the errors identified.

The Department told me they recognised the risks arising from the administration of COVID grants at an early stage and therefore, in accordance with the guidance on managing fraud risks in COVID funding schemes, which I published in August 2020, it conducted an extensive reassessment of every approved application to ensure that the relevant businesses had been paid correctly. The post-payment checking identified errors such as:

- duplicate payments to the same business,
- payments to business types not eligible for LRSS support or not operating from a commercial premises, and
- payments to businesses that had ceased trading during the restriction period, or which had not been open and trading at the start of the restriction period.

During my audit I identified a further three errors. Two errors arose where businesses had made applications for separate premises although they only occupied one of these. The businesses had submitted multiple applications using different Property IDs however they should only have been approved for a single application each. The other error related to a business that received LRSS however they were an online-only retailer and not subject to restrictions and therefore were ineligible.

I estimate that the total overpayment in LRSS is £8.73 million, of which £4.21m relates to an estimated error from the audit testing and overpayments of £4.52m identified by the Department. These overpayments are irregular as the expenditure has not been applied to the purposes intended by the Assembly. I have therefore qualified my regularity opinion on the LRSS expenditure.

2. Limitation of scope qualification as a result of multiple grants paid to business under the AFAS

The legislation for the March 2021 schemes included eligibility criteria which prevented businesses from receiving payments for multiple premises. The rationale behind this approach was to stop businesses from creating dummy companies to avail of additional grant payments. Whilst LPS carried out checks on businesses, it has subsequently recognised that these checks were not sufficient to meet the stringent requirements of the legislation. For example, two separate businesses owned by the same person and operating in separate premises received two grants but should only have received a single grant in accordance with the legislation. The department has acknowledged that errors have been made in this

respect, however the amount paid out to businesses in contravention of the legislation cannot be readily determined.

The Department told me that, when drafting the legislation, it adapted an existing provision from the Small Business Rates Relief Scheme regarding multiple premises to help prevent abuse or fraud of the scheme and believed that the legislation as drafted reflected the Executive's intentions for the schemes.

To deliver the scheme as intended by the Executive, LPS then applied a pragmatic approach to identifying 'multiple' businesses, classifying companies incorporated as distinct legal entities as separate businesses. After payments had been made, LPS became aware that the adapted provision unintentionally excluded some businesses from eligibility contrary to the Executive's intentions and that those payments had been made *ultra vires*.

The department said that it is considering the options for regularising those *ultra vires* payments, including retrospective amendment of the legislation to bring it into line with the policy intent or accepting a degree of irregular payments which are in line with Executive policy.

I have therefore qualified the accounts on the basis of a limitation of scope as I have been unable to obtain sufficient appropriate evidence to determine whether the expenditure on these schemes is free from material misstatement and irregularity.

3. True and fair view qualification regarding the misclassification of potential year end commitments relating to the COVID Business Grant Schemes

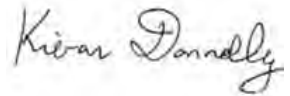
DoF has accrued £139.48 million of grant expenditure in the 2020-21 accounts. I have reviewed this accrual and consider that £47.7 million should have been recorded as a provision as it relates to applications for grant funding which were assessed after 31 March 2021. As this amount is material to the accounts and remains unadjusted I have qualified my true and fair opinion in this regard.

By applying this accounting treatment DoF was able to utilise funds in the current financial year that would otherwise have been redistributed to other departments or returned to the Treasury. Disclosing items as accruals which should properly have been treated as provisions has the effect of securing funds from existing budgets for future payments. This treatment is not in line with International Accounting Standards nor with budgetary guidance.

Conclusion

In qualifying the DoF accounts, I have given due consideration to the unprecedented and challenging circumstances faced by the Department in delivering the various grant schemes. DoF is not normally a grant paying organisation and I recognise the difficulties faced by LPS staff in making payments during the COVID-19 pandemic.

DoF has confirmed it is currently in the process of developing a lessons learned report covering the various business grant schemes. I welcome this work and I will monitor how the Department addresses the issues raised in this report. I will also review the remainder of the grant payments as part of my audit of 2021-22 accounts at which point I may report further.



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