

**Department of Finance Annual Report and Accounts**  
*For the year ended 31 March 2017*

*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*

*30 June 2017*



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# DEPARTMENT OF FINANCE

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

PAGE

### Contents

PERFORMANCE REPORT .....	1
OVERVIEW .....	2
PERFORMANCE ANALYSIS .....	5
ACCOUNTABILITY REPORT .....	17
OVERVIEW .....	18
CORPORATE GOVERNANCE REPORT .....	18
DIRECTORS' REPORT .....	18
STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES .....	21
GOVERNANCE STATEMENT .....	22
REMUNERATION AND STAFF REPORT .....	31
ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT .....	43
STATEMENT OF ASSEMBLY SUPPLY .....	43
OTHER ASSEMBLY ACCOUNTABILITY DISCLOSURES .....	49
THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY .....	54
FINANCIAL STATEMENTS .....	56
CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE .....	57
CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	58
CONSOLIDATED STATEMENT OF CASH FLOWS .....	59
CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY .....	60
NOTES TO THE ACCOUNTS .....	61

# **PERFORMANCE REPORT**

## OVERVIEW

The purpose of this overview section is to outline the Department's performance during the 2016-17 financial year and to highlight the key issues and risks identified by management. It also includes high level detail on the purpose and activities of the Department of Finance.

### Boundary

These accounts comprise a consolidation of the income and expenditure and assets and liabilities of those entities falling within the departmental resource accounting boundary as follows:

#### DoF Core Directorates

- Central Procurement Directorate (CPD);
- Corporate Human Resources (CHR);
- Corporate Services Group (CSG);
- Departmental Solicitor's Office (DSO);
- Enterprise Shared Services (ESS);
- Land and Property Services (LPS);
- Public Spending Directorate (PSD); *and*
- Strategic Policy and Reform Directorate (SPAR).

#### Supply Financed Agency

- Northern Ireland Statistics and Research Agency (NISRA).

#### Sponsored Bodies

- Construction Industry Forum Northern Ireland;
- Lay Observer for Northern Ireland;
- Northern Ireland Building Regulations Advisory Committee;
- Northern Ireland Civil Service Pension Board;
- Statistics Advisory Committee; and
- Renewable Heat Incentive Inquiry.

At the start of the 2016/17 business year, the Department was in the midst of re-organisation following the Voluntary Exit Scheme and all areas of the Department had to cope with the significant loss of skills and expertise that this brought. The Department delivered the majority of the business plan targets while maintaining service delivery in challenging times.

Of the **20** targets, at year end **15** were achieved, **3** on target and **2** not achieved. The Department's net resource outturn was **£182.3m** against an estimated provision of **£195.3m**. On the capital side spending was **£34.0m** compared to the opening estimate of **£33.7m**. As the Assembly was dissolved in January 2017, the process of approving the 2016-17 Spring Supplementary Estimates and associated Budget Bill did not take place. Had the Spring Supplementary Estimates and associated Budget Bill been approved by the Assembly the capital estimate would have been **£34.5m**.

The Department was required to deliver savings of **£9.5m** in order remain within its allocated resource limit, this target was achieved.

The key risks and issues to delivering our objectives are monitored through the reporting cycle noted below. There were **11** risks recorded in the last quarter of the 2016-17 year with **3** serious (red) risks namely:

- Underestimation of costs of the public inquiry into the Renewable Heat Initiative (RHI)
- Impact of leaving the European Union (EU); *and*
- Reform of Property Management Programme.

One risk that was originally recorded as serious was monitored and managed to a less serious level through the period was as follows;

- Managing the Departmental 2016-17 budget

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

Following the election on 2 March 2017, intensive political discussions took place involving the five largest parties and the UK and Irish Governments. However, resolution on a number of key issues was not made in time to enable the nomination of a First Minister, deputy First Minister and other Executive Ministers.

The Executive had not agreed a budget for 2017-18 before the Assembly was dissolved. In the absence of a Budget Act, under section 59 of the Northern Ireland Act 1998, powers available to the Permanent Secretary of the Department of Finance was used to release cash and resources to departments from April 2017 until a new administration is in place.

## **Departmental Reporting Cycle**

The DoF Business Plan 2016-17 sets out the Department's objectives and targets and how the Department will work to deliver its Departmental level objectives. This plan has been published on the Department's internet site and can be downloaded at [DoF Business Plan 2016-17](#)

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

The Department's budget for 2016-17 was set out in the Northern Ireland Executive's 'Budget 2016-17' document which was published in January 2016. The Department's 2016-17 Main Estimate reflects the opening position and was published in June 2016. 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 2016-17 Main Estimates are available on the Department's internet site and were published by and are available from:

TSO, PO Box 29,  
Norwich, NR3 1GN  
Telephone orders/General enquiries: 0870 6005522  
Fax orders: 0870 6005533  
On-line orders: [www.tsoshop.co.uk](http://www.tsoshop.co.uk)

## **Key Aims and Objectives**

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

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

The specific aims and objectives of the Department's Executive Agency are documented in the Annual Report and Accounts published for this body.

## **Principal Activities**

The Stormont House Agreement contained a commitment to reduce the number of NICS Departments from 12 to 9 following the Assembly election in May 2016. The names and high level functions of the new departments were agreed by Ministers and details can be found in the Departments Act (Northern Ireland) 2016 and The Departments (Transfer of Functions) Order (Northern Ireland) 2016. Staff working in the affected areas moved with the function. The 9-departmental model constitutes a Machinery of Government change and Department of Finance and Personnel became Department of Finance and remained largely unchanged.

The Department comprises eight core Directorates, and one Agency. The Department has a wide range of disparate business areas and Appendix 1 sets out the principal activities of these Directorates and Agency.

## PERFORMANCE ANALYSIS

### Performance During 2016-17

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

### Achievement of Departmental Targets

The Department had **20** Departmental targets in 2016-17, of which **15** were reported as "**Green**", **1** reported as "**Amber-Green**", **2** were reported as "**Amber**" and **2** as "**Red**".

The Department has made significant progress during 2016-17 and notable achievements have included:

- Collection of £1,244m in rates revenue, £28.6m more than the previous year;
- Twelve new on-line government services;
- Implementation of a new HR delivery model;
- Modernisation of the General Registrars Office; *and*
- A reduction in office accommodation by approximately 8k square metres

Performance against all of the Department's targets is available on the website at [www.finance-ni.gov.uk](http://www.finance-ni.gov.uk) and details on the two targets reported as "Red" is provided below.

#### **Target R1.01 - Facilitate Executive agreement to Northern Ireland Departments' spending plans for 2017-18 to 2019-20 by 31 March 2017.**

Due to the political situation it was not possible to agree spending plans for 2017-18 within this timescale. Contingency arrangements have been put in place under Section 59 of the NI Act and Section 7 of GRAA(NI) to provide funding for public services.

#### **Target R1.04 - Take forward various operational and administrative preparations to progress the transfer of responsibility for Corporation Tax rate setting powers to the NI Assembly from April 2018.**

The Fresh Start Agreement includes a commitment to set the local corporation tax rate at 12.5% from April 2018; however the conditions for implementation are not in place at the current time and as a result the proposed implementation date may now slip.

Progress on delivery of a new regime was made with the signing of the Memorandum of Understanding (MoU) between DoF and HMRC and to further ensure that these powers are transferred successfully and effectively, comprehensive cross-departmental project management arrangements have been established both locally and alongside the British Government. The local Project Board has met nine times with a further meeting planned for the start of Summer 2017. In addition a British Government Project Board, chaired by HMRC, has been established to lead delivery of the work set out in the above MoU. That Board has met four times with a fifth meeting planned for early June.

A Final Supplier Proposal providing the outline of the IT systems required to enable delivery of the devolved Corporation Tax regime has been received and signed off in March 2017.



HMRC has published draft guidance notes on the operation of Corporation Tax legislation and plans are being considered for a stakeholder event.

Executive officials are engaging with British Government counterparts to consider how any costs and Block Grant adjustment, that might be applied as a consequence of the transfer of these powers are right, fair and proportionate.

Research expertise is in place to assist DoF officials in this work with good progress to date.

However, the significant delay in agreeing Budget for 2017-18 is impacting on the ability to demonstrate financial sustainability over the longer term which would lead to the triggering of the commencement clause. It will be for incoming Ministers to confirm the timing of the introduction of the reduced rate and agree an implementation plan.

## Financial Review

The Department's opening resource DEL position saw a reduction of 1% compared to 2015-16 opening position. However within the 2016-17 allocation the department was required to fund the systems development in relation to corporation tax and also absorb any increases in pay and the increase in the employers national insurance contributions. This led to an effective reduction in resources of over 6%, or £9.5m.

As set out in the Statement of Assembly Supply, the Department was voted Resource Estimate Provision of **£195.3m** for 2016-17. Details of the net resource estimate and outturn are given in Table 1.

**Table 1**

	Estimate	Outturn	Variance
	£000	£000	£000
Total Request for Resources A	195,259	182,313	(12,946)
Net Cash Requirement	192,217	200,425	8,208

The net resource outturn was **£182.3m** against an estimated provision of **£195.3m**.

The total underspend was **£12.9m**, split between the departmental expenditure limit (DEL) **£0.5m**, the annually managed expenditure (AME) **£12.2m** and non-budget **£0.2m**.

By definition AME covers areas of expenditure that are more volatile. Of the underspend, £9.6m is in relation to the increase in value of the office estate, which was anticipated to decrease at the time of the Main Estimates. A further £2.5m was set aside to cover potential provisions that did not crystallise during the period.

The Department's net cash requirement outturn was **£200.4m** against an estimated provision of **£192.2m**, a variance of **£8.2m**. As the Assembly was dissolved in January 2017, the process of approving the 2016-17 Spring Supplementary Estimates and associated Budget Bill did not take place. Had the Spring Supplementary Estimates and associated Budget Bill been approved by the Assembly to reflect changes to departmental budgets that had previously been agreed by the Executive, the estimated net cash requirement would have been **£199.0m**, and the outturn would have been **£190.7m**. The difference in outturn is due to a reduction in Excess Accruing Resources from £9.9m to £0.2m.

The Department employed an average of 3,210 staff during the year ended 31 March 2017 and total administrative costs during the year, as reported in Note 2 to the Statement of Assembly Supply, were **£185.7m** (2015-16: £196.1m). The decrease is mainly as a result of a reduction in staff numbers following the voluntary exit scheme.

The total cost of Finance and Personnel Policy was **£43.6m** (2015-16: £51.8m). This function comprises Corporate Human Resources, Central Procurement Directorate, the Departmental Solicitors Office, 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, the provision of pay and grading policies and strategies, and professional legal and procurement services for the NICS and the wider public sector. The decreased cost from last year was mainly as a result of the compensation

payments made in 2015-16 to staff who exited under the voluntary exit scheme and also lower staff costs as a result of the voluntary exit scheme.

The Department continues to deliver essential shared services to departments and other public bodies. During 2016-17 the total costs of NICS Shared Services (including Account NI, the Centre for Applied Learning, HR Connect, IT Assist, Enterprise Design Authority and Digital Transformation Service) amounted to **£78.2m** (2015-16: £81.0m). The decreased cost from last year was mainly as a result of the compensation payments made in 2015-16 to staff who exited under the voluntary exit scheme.

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

LPS's main functions are to collect rates on behalf of central government and Councils, maintain domestic and non-domestic rating valuation lists, record legal interests in land in the Land Registers, provide land information services relating to the Registers for conveyancing purposes, provide mapping services in NI, collect, manage and publish spatial data in NI for use by the public and private sectors, and deliver a property valuation, estate management and property data service to the public sector. The total costs of Land and Property Services was **£54.8m** (2015-16: £63.7m). Again the decreased cost from last year was as a result of the compensation payments made in 2015-16 to staff who exited under the voluntary exit scheme and also lower staff costs in 2016-17.

The Department is responsible for the provision of office accommodation for staff employed in NICS government departments and their agencies. At 31 March 2017 the net book value of the Department's land and buildings was **£302.0m** (31 March 2016: £288.3m). The increase in value from the previous year is mainly due to refurbishment work carried out on a number of properties and also the revaluation of the office estate.

Gross resource expenditure on accommodation services was **£66.5m** (2015-16: £63.0m), which includes **£12.6m** (2015-16: £12.7m) of depreciation and impairment, and around **£38.7m** (2015-16: £37.8m) on rent, rates and maintenance of the estate. The increase in spend is mainly in relation to an allocation of £1.5m to take forward the Reform of Property Management Project and also an additional £1.0m spend on maintenance in 2016-17 compared to 2015-16. The Department continues to drive savings in this area through its accommodation strategy, with moves to modern office accommodation in 2016-17 facilitating the vacation in excess of 7,700 square meters of office space. Future plans continue to envisage use of capital allocations to undertake further such enhancements to the estate.

## Reconciliation of resource expenditure between Estimates, Accounts and Budgets For the year ending 31 March 2017

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

**Table 2**

	<b>Outturn 2016-17 £000s</b>	<b>Outturn 2015-16 £000</b>
<b>Net Resource Outturn (Estimates)</b>	<b>182,313</b>	<b>196,887</b>
Non-voted Expenditure in the Statement of Comprehensive Net Expenditure	(128)	(490)
Include Consolidated Fund Extra Receipts (CFER's) in the Statement of Comprehensive Net Expenditure	(10,085)	(153)
<b>Net Operating Costs (Accounts)</b>	<b>172,100</b>	<b>196,244</b>
Remove capital grants	2,025	1,943
Remove research & development expenditure	-114	-
Remove non-budget Consolidated Fund Extra Receipts (CFER's) in the Statement of Comprehensive Net Expenditure	10,085	153
Include Excess Accruing Resources	(9,887)	-
Include non voted expenditure that is inside the resource budget	128	490
Include rate collection income	(9,000)	(9,069)
Remove notional costs	(308)	(293)
Remove SEUPB Non Budget Grant	(976)	(896)
Include SEUPB Running Costs	1,463	1,423
<b>Resource Budget Outturn (Budget)</b>	<b>165,516</b>	<b>189,995</b>
Of which:		
Departmental Expenditure Limit (DEL)	165,711	189,515
Annually Managed Expenditure (AME)	(195)	480

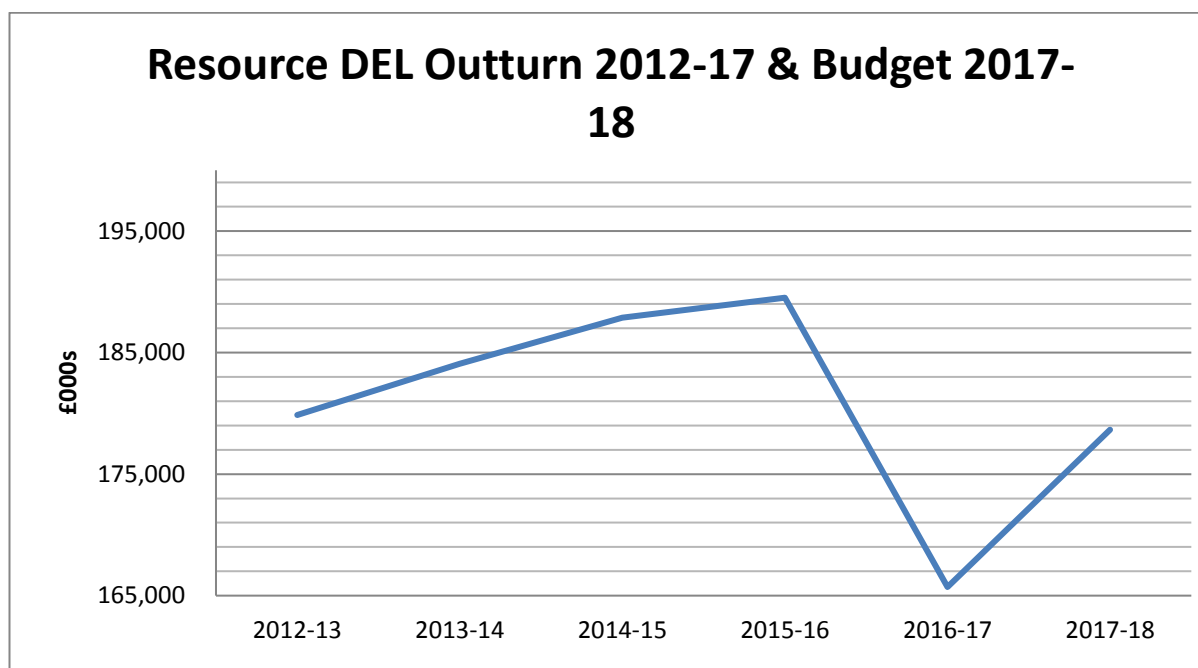
## Long-term expenditure trend

### Total departmental spending

	<b>£000</b>		
	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>
	<b>Outturn</b>	<b>Outturn</b>	<b>Outturn</b>
<b>Total Resource DEL</b>	<b>165,711</b>	<b>189,515</b>	<b>187,874</b>
<i>Of Which:</i>			
- Staff Costs	128,593	149,263	137,728
- Other	112,496	109,528	122,167
- Depreciation & Impairments	31,839	33,643	32,738
- Income	(107,217)	(102,919)	(104,759)
<b>Total Resource AME</b>	<b>(195)</b>	<b>480</b>	<b>(1,414)</b>
<i>Of Which</i>			
- Staff costs	(52)	(132)	(1,455)
- Other	(22)	(312)	291
- Depreciation & Impairments	(121)	924	(250)
<b>Total Resource Budget</b>	<b>165,516</b>	<b>189,995</b>	<b>186,460</b>
<i>Of Which:</i>			
- Staff Costs	128,541	149,131	136,273
- Other	112,474	109,216	122,458
- Depreciation & Impairments	31,718	34,567	32,488
- Income	(107,217)	(102,919)	(104,759)
<b>Total Capital DEL</b>	<b>34,121</b>	<b>29,374</b>	<b>54,574</b>
<i>Of Which:</i>			
Capital grants	(2,025)	(1,943)	1,668
<b>Total Capital AME</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Budget</b>	<b>34,121</b>	<b>29,374</b>	<b>54,574</b>
<b>Total departmental spending</b>	<b>199,637</b>	<b>219,369</b>	<b>241,034</b>
<i>Of Which:</i>			
- Total DEL	199,832	218,889	242,448
- Total AME	(195)	480	(1,414)

Following departmental restructuring in May 2016, some minor functions of the Office of the First Minister and deputy First Minister transferred to the newly established Department of Finance. The figures given for long term expenditure trends have not been restated in line with the Statement of Assembly Supply not being restated. Consequently, the figures given for 2014-15 and 2015-16 are the figures previously reported for the Department of Finance and Personnel. Figures for 2016-17 are those of the Department of Finance. The changes were small and would not have affected the overall trend analysis.

## Resource DEL Outturn 2012-17 & Budget 2017-18



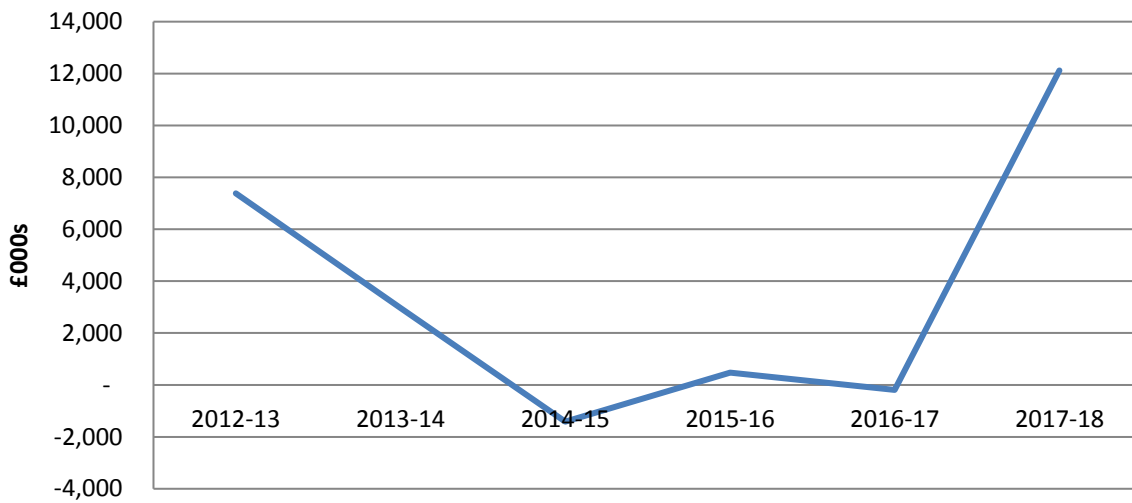
Following a technical exercise in 2012-13 the Departments baseline increased in 2013-14 and 2014-15 by around £4m in each year due to transfers in from other Departments. This included a transfer of function from Department for the Economy (formerly Department for Enterprise, Trade and Investment) to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

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

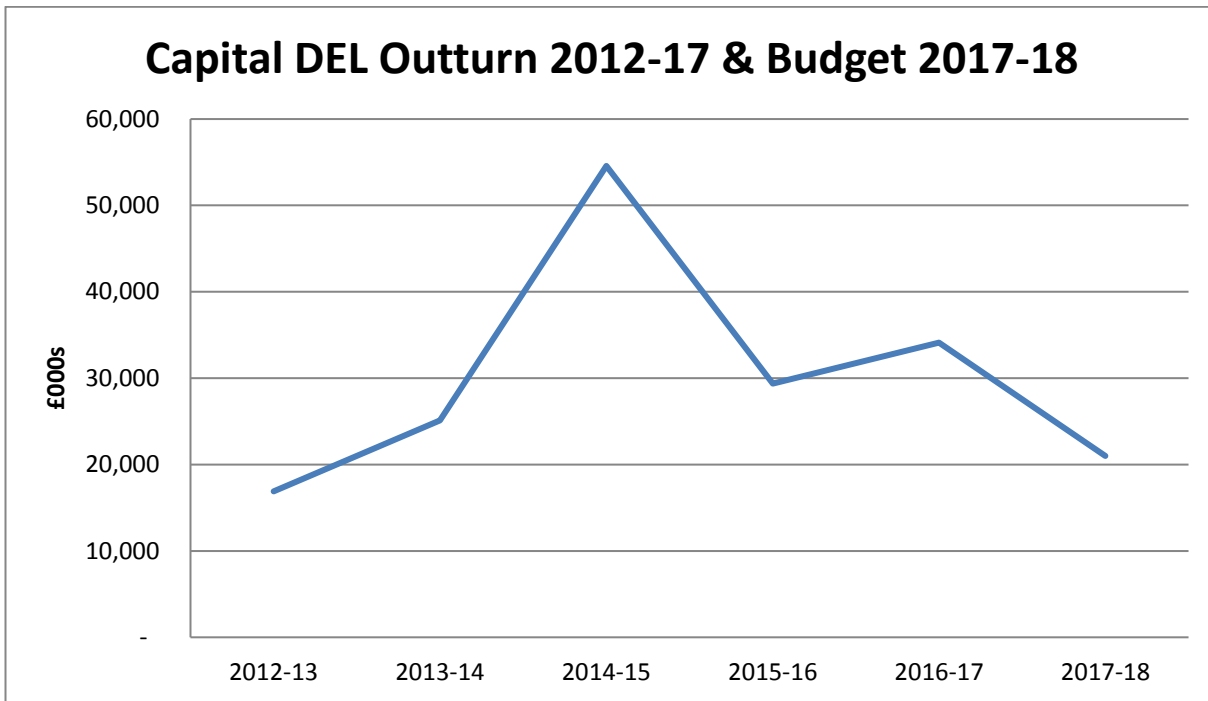
In 2016-17 the decrease is mainly because there were no VES compensation payments and also due to a decrease in staff costs following the VES scheme.

In 2017-18 the Department has been allocated an additional £7.3m to take forward the Rate Rebate Replacement Programme, the Reform of Property Management Project and Census.

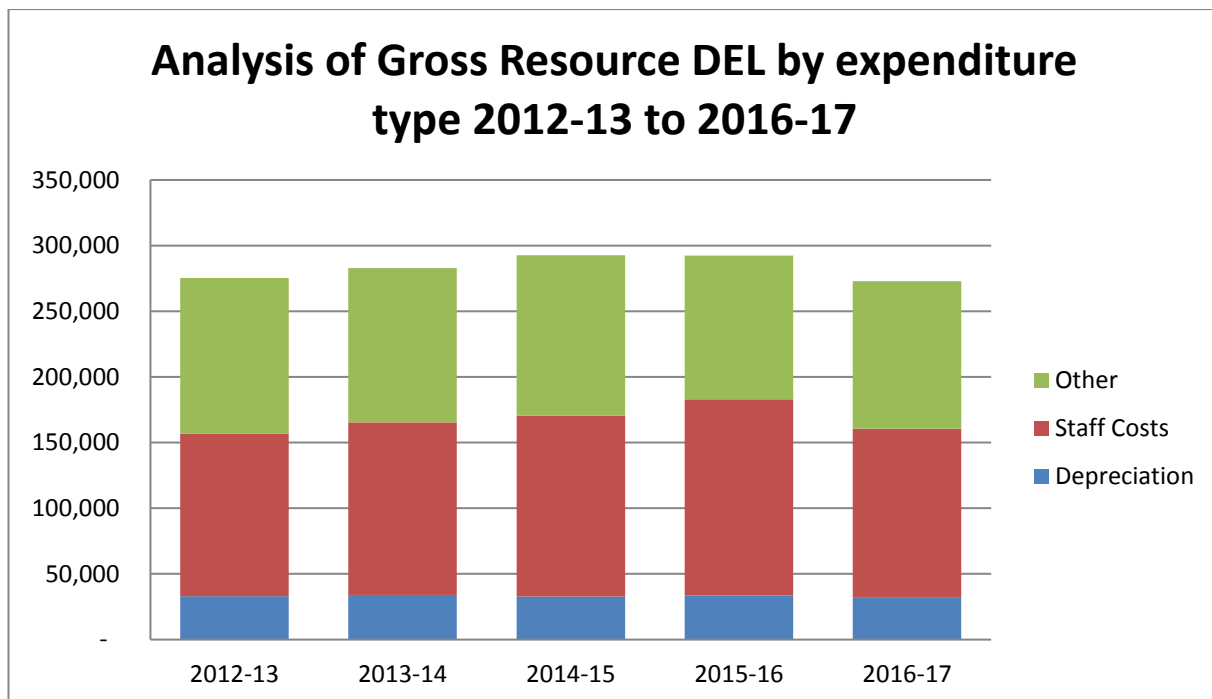
## Resource AME Outturn 2012-17 & Budget 2017-18



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 budget 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 2017-18 opening position is based on the previous year's opening budget and will be reviewed throughout the year.



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.



Over the 5 year period shown above the depreciation and impairment costs have remained relatively steady. Staff costs had increased significantly from 2012-13 to 2015-16, however the voluntary exit scheme saw a reduction in staff numbers and consequently staff costs also decreased in 2016-17. The department has faced a reduced resource baseline which has resulted in spend on other costs decreasing.



## Future Developments

The Department of Finance's operational business plan for 2017-18 will be a one-year stand alone plan that draws on the existing strategic objectives set in our 2012-15 Corporate Plan. It is anticipated that it will be followed by a multi-year corporate plan in line with the draft Programme for Government (PfG).

NICS HR went live on 3 April 2017. It is the centralised HR function for the Northern Ireland Civil Service (NICS). It brings together core HR functions including those previously delivered through Corporate HR, Departmental HR, Centre for Applied Learning and Job Evaluation analysts. This will allow HR staff to share expertise and give them the ability to adapt and respond to the needs and demands of the changing landscape and environment of the NICS going forward.

Table 3 shows the indicative net current and net capital baselines available to the Department in 2017-18. These indicative baselines were announced by the Secretary of State on 24<sup>th</sup> April 2017 in the absence of the Assembly.

**Table 3**

Spending Area	2017-18	
	Current Expenditure £m	Capital Investment £m
Finance and Personnel Policy	18.3	3.6
NICS Shared Services	61.1	7.8
NI Statistics & Research Agency	11.2	1.4
Land & Property Services	21.5	1.9
EU Programmes	0.3	-
Special EU Programmes Body	1.2	-
NICS Accommodation Services	65.1	6.3
<b>TOTAL*</b>	<b>178.7</b>	<b>21.0</b>

\*There may be slight variations due to roundings.

Whilst the Department continues to face a difficult financial environment in the future, savings delivery plans to date have been successfully delivered and the Department is therefore reasonably confident that it can continue to deliver its existing essential services within the resources that have been allocated. However, recognising the financial pressures that exist, if any significant changes took place in relation to the Budget for 2017-18, this could lead to decisions that may have a material impact on the Department's future financial position and fundamentally challenge the services delivered by the Department.

## Risks and Uncertainties

Risk management has been incorporated into the corporate planning 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 96.45% (2015-16: 96.52%). The Department did not incur any interest charges (2015-16: Nil) as a result of the late payment of bills.

In 2016-17 an average of 90.21% of DoF's invoices were paid within 10 days (2015-16: 92.34%).

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 has achieved an overall 5% reduction in energy consumption across its estate by 31st March 2017 in line with Office Estate Energy Efficiency / Carbon Reduction Plan for 2014 – 2017.

The Stormont Estate was awarded the 'Green Flag' award for the third year running, the benchmark standard for parks and green spaces in the United Kingdom. Last year 43 events were managed on the Stormont Estate; around 30 Sightseeing Buses visited every day and there were around 12,000 visitors a week during the summer period.

### **Reform of Property Management**

As part of the Executive approved Asset Management Strategy, the Reform of Property Management (RPM) programme is underway to centralise the management of office accommodation in Properties Division. An Estate Rationalisation Strategy has been endorsed by the NICS Board. New draft Government Accommodation Standards (providing a modern agile working environment to support business activities) have been developed in ongoing consultation with TUS. Preparatory work is ongoing to use Lanyon Plaza as a Pathfinder for the new Standards. User requirements for Properties Division have been established through an Agile discovery phase in an Asset Information Project. Lean Six Sigma has been implemented as Properties Division's continuous improvement methodology. The RICS Property Management Model has been adopted as the foundation for improving future practice.

**This Performance Report is approved and signed**

A handwritten signature in black ink, appearing to read 'D Sterling', with a large, sweeping flourish at the end.

**DAVID STERLING**  
**Accounting Officer**  
**Department of Finance**  
**Date: 28 June 2017**

## **ACCOUNTABILITY REPORT**

## **OVERVIEW**

The Accountability Report comprises the following:

### *Corporate Governance Report*

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

### *Remuneration and Staff Report*

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

### *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 2017.

#### **Management**

Ministerial responsibility for the Department of Finance (known as the Department of Finance & Personnel during April and beginning of May) for the 2016-17 financial year initially rested with Mervyn Storey MLA.

Following the election on 5 May 2016, Máirtín Ó Muilleoir took over the Finance Minister's role for the Department on 25 May 2016. He served as Minister until the election on 2 March 2017.

The Permanent Secretary and Accounting Officer of the Department for the 2016-17 financial year was David Sterling.

Following the election, intensive political discussions took place involving the five largest parties and the UK and Irish Governments. However, resolution on a number of key issues was not made in time to enable the nomination of a First Minister, deputy First Minister and other Executive Ministers.

The Stormont House Agreement contained a commitment to reduce the number of NICS Departments from 12 to 9 following the Assembly election in May 2016. The names and high level functions of the new departments were agreed by Ministers and details can be found in the Departments Act (Northern Ireland) 2016 and The Departments (Transfer of Functions) Order (Northern Ireland) 2016. Staff working in the affected areas moved with the function. The 9-departmental model constitutes a Machinery of

Government change and Department of Finance and Personnel became Department of Finance and remained largely unchanged.

## **Departmental Board**

The work of the Department is organised and monitored by the Departmental Board, comprising the Permanent Secretary, the Directors of Corporate Human Resources, Central Procurement Directorate, Public Spending Directorate and Strategic Policy and Reform Directorate, the Departmental Solicitor, the Departmental Finance and Corporate Services Directors, the Chief Executives for Enterprise Shared Services, Land and Property Services and the Northern Ireland Statistics and Research Agency. The Board is further strengthened by the inclusion of two independent members who bring a wide range of skills, experience and external challenge to the work of the Department.

The Board determines the future strategic direction of the Department and meets monthly to consider progress on key policy and management issues, including finance and personnel.

The Departmental Board members during the year were as follows:

David Sterling	Permanent Secretary
Claire Archbold	Deputy Departmental Solicitor (joined the Board 27 February 2017)
Des Armstrong	Director, Central Procurement Directorate
Colum Boyle	Chief Executive, Land and Property Services
Anne Breen	HR and Corporate Services Director
Mike Brennan	Director, Public Spending Directorate
Siobhan Carey	Chief Executive, Northern Ireland Research and Statistics Agency (from 1 September 2016)
Colin Lewis	Director, Corporate Human Resources
David Marshall	Acting Chief Executive, Northern Ireland Research Statistics Agency (from 1 April 2016 to 3 July 2016)
Tracy Power	Acting Chief Executive, Northern Ireland Research Statistics Agency (from 4 July 2016 to 31 August 2016)
Colin Sullivan	Director, Strategic Policy and Reform Directorate
Paul Wickens	Chief Executive, Enterprise Shared Services
Hugh Widdis	Departmental Solicitor
Brigitte Worth	Finance Director
Stephen Hodkinson	Independent Board Member
Dolores O'Reilly	Independent Board Member

## **Register of Interests**

A Register of Interests is maintained by the Department and no significant interests are currently held by board members which may conflict with their management responsibilities.

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

In order to ensure there is not a conflict of interest between the DoF Permanent Secretary in his normal role as departmental Accounting Officer and his involvement in the RHI scheme (both as DETI and DoF Accounting Officer) this issue has been considered and managed from the outset. A Grade 3 within DoF has been nominated as Accounting Officer with responsibility for sponsorship of the RHI Inquiry and steps have also been taken to ensure that there are appropriate 'ethical walls' in place between staff within the Department who are responsible for sponsorship activity connected to the Inquiry as a body, and those staff within DoF who may be subject to the Inquiry process.

## **Pension Liabilities**

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

## **Personal Data**

The Department is fully committed to complying with the Data Protection Act 1998 and has processes in place to ensure that all employees, contractors, agents, consultants and other parties who have access to personal information held by or on behalf of us are fully aware of and abide by their responsibilities under the Act. These include a data protection policy and staff handbook, departmental guidance on data sharing and a data breach management plan.

There were no reportable data breaches between 1 April 2016 and 31 March 2017.

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

## **Remuneration of Auditors for non audit work**

During 2016-17 the Department purchased the following non-audit services from its auditor, the Northern Ireland Audit Office:

Participation in the 2016-17 National Fraud Initiative £20k (2015-16: Nil).

## **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 2016-17 the Department dealt with 1,002 complaints (2015-16: 911 complaints). Of these complaints 50% originated in Land and Property Services, 18% in HR Connect, 9% in Civil Service Pensions and 16% in NI Direct.

## 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 net resource outturn, application of resources, changes in taxpayers' equity, and cash flows for the financial year.

In preparing the accounts the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by the Department of Finance, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements;
- prepare the accounts on a going concern basis;
- confirm that, as far as he is aware, there is no relevant audit information of which the Department's auditors are unaware, and he has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Department's auditors are aware of that information; and
- confirm that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

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

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Department of Finance's assets, are set out in the Accounting Officers' Memorandum issued by the Department of Finance and published in *Managing Public Money Northern Ireland*.



## 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 shown at **Annex A** at the end of the Accountability Report.

The Northern Ireland Assembly was dissolved as from 26 January 2017 for an election which took place on 2 March, on which date Ministers also ceased to hold office. An Executive was not formed following the election within the period specified in the legislation. As a consequence, a Budget Act is not yet in place for 2017-18. In the absence of a budget for 2017-18 determined by an Executive, Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 provide for the Permanent Secretary of the Department of Finance to issue cash to departments from the NI Consolidated Fund. These powers are an interim measure designed to ensure that services can be maintained until such times as a budget is agreed and a Budget Act passed.

This Governance Statement, which has been agreed by the Board, sets out how these responsibilities have been discharged during 2016-17.

### Ministerial Directions

There were no Ministerial Directions during the 2016-17 or 2015-16 financial year.

### Context

The context in which the Department's governance arrangements are required to operate is set out in the [DoF \(then DFP\) Corporate Plan 2012-15](#) which contains the strategic priorities for DoF over the period. The DoF Business Plan 2016-17 sets out the Department's vision, objectives and targets and how the Department will work to deliver its Departmental level objectives. This plan has been published on the Department's internet site and can be downloaded at [DoF Business Plan 2016-17](#).

During the 2016-17 year, a draft PfG was developed and issued for consultation. The draft Programme for Government contains 14 strategic outcomes which, taken together, set a clear direction of travel and enable continuous improvement on the essential components of societal wellbeing. They touch on every aspect of government, including the attainment of good health and education, economic success and confident and peaceful communities. In addition to merely fulfilling our statutory obligations, we will in future be able to target those things that make real improvements to the quality of life for the citizen. The outcomes are supported by 48 indicators which are clear statements for change.

A key feature of the new Programme is its dependence on collaborative working between organisations and groups, whether in the public, voluntary, or private sectors, and it is a Programme in which individuals and communities can also play an active part. It will require a significant change in approach from that used by previous administrations. The Executive will need to work collectively to deliver this Programme, driving work across boundaries and focusing on the outcomes rather than traditional departmental lines.

In due course, the Programme for Government will provide the strategic context for other key Executive strategy documents, including the Investment Strategy, the Economic Strategy and an Anti-Poverty/Social Strategy. The Programme will also inform the development of the Executive's budget over the course of the next mandate and provide a mechanism for ensuring our limited funds are best directed to where they can contribute most.

The Department of Finance's operational business plan for 2017-18 will be a one-year stand-alone plan that draws on the existing strategic objectives set in our 2012-15 Corporate Plan and also the draft PfG. It is anticipated that it will be followed by a multi-year corporate plan in line with the finalised PfG which is currently in draft form.

## **Accounting Officer**

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

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

## **Departmental Board**

The Accounting Officer chairs the Board, which in 2016-17 met on 9 occasions. Minutes of all Board meetings are published on the departmental website.

During 2016-17, the Board held regular discussions on finance and HR issues, performance against business plan objectives, fraud and whistleblowing, management of departmental risks and articles for the Staff Brief. In addition, the Board also considered and discussed papers in relation to, for example:

- NICS HR;
- Voluntary Exit Scheme;
- Information Assurance;
- Alternative Delivery Models;
- Transformation Programme;
- Sickness Absence;
- Departmental Learning and Development Plan;
- Departmental Asset Management Plan;
- Budget/Financial Planning;
- Internal Communications;
- Strategic Leadership / Issues;
- NICS Digital Transformation Programme; *and*
- Future Delivery of Corporate Services.

It is envisaged that the Board will discuss similar issues covering the breadth of the Department's areas of responsibility during 2017-18, including budget issues, the Digital Transformation Programme and the Department's contribution to the Programme for Government.

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

A formal review of the Board’s effectiveness, including a review of the quality of data received, was conducted in March 2014 by the Corporate Improvement Centre. An Improvement Plan was drawn up and agreed by the Board and actions from this have been implemented.

In addition, in April 2016 the Departmental Board had an ‘away day’ to discuss the challenges facing the NICS and the role of the Board in driving forward the leadership and cultural changes required in the Department. This session was facilitated by Cora Robinson from Create Express and resulted in a number of actions aimed at improving Board Effectiveness.

The actions were mainly in connection with the strategic nature of the information supplied to the Board. The governance and corporate performance analysis was reviewed and it was agreed to remove some items and to report by exception only. The process for setting the agenda was also reviewed with ‘Strategic Issues’ included as a new standing item.

Attendance of non-executive and executive members at Board meetings during 2016-17:

	<b>Number of Meetings attended</b>
<b>Non-executive members</b>	
Stephen Hodkinson	8 of 9
Dolores O’Reilly	8 of 9
<b>Executive members</b>	
David Sterling	8 of 9
Claire Archbold	1 of 1
Des Armstrong	8 of 9
Colum Boyle	8 of 9
Anne Breen	7 of 9
Michael Brennan	9 of 9
Siobhan Carey	5 of 6
Colin Lewis	8 of 9
David Marshall	1 of 2
Tracey Power	1 of 1
Colin Sullivan	8 of 9
Paul Wickens	6 of 9
Hugh Widdis *	6 of 9
Brigitte Worth	9 of 9

\* At the Board Meeting on 27 February 2017, it was agreed that the Deputy Departmental Solicitor would be added to the membership of the Board and would represent the interests of the Departmental Solicitor’s Office. While the Departmental Solicitor remains a DoF Board Member and has the right to attend meetings, as and when required, he would not normally attend the DoF monthly Board meetings. The change results in a structure which it is intended will improve working relationships amongst the Grade 3s in the Department given that the Deputy Departmental Solicitor was the only Grade 3 not on the Board.

## **Declarations of Interest**

Departmental HR maintains a “Register of Interests” for members of the Senior Civil Service, including both Executive and non-Executive Directors on the 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 2016-17, the Accounting Officer has been provided with assurance that no Board members have declared any conflict of interest with the business of the Department.

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

Management have introduced appropriate processes within the Department to manage conflicts of interest with the ND RHI scheme.

## **Relationships with Agencies and Other Bodies**

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

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

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

## **Departmental Audit and Risk Committee**

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

The Committee met on 5 occasions during the course of 2016-17. The Corporate Risk Register was provided to all meetings and the Committee reviewed in detail departmental level risks in relation to:

- Departmental budgets and managing the risk of over and under spends;
- Levels of collection and debt recovery in relation to domestic and non-domestic rates;
- Cross cutting reform;
- Cyber attacks to ESS ICT Systems

- Reform of Property Management;
- Rate Rebate Reform;
- Regularity of payments in relation to EU Programmes 2007-13 for which DoF is the Accountable Department;
- Impact of reduced staffing levels and financial pressures on the capacity and capability of staff to deliver the 2016-17 operating plan;
- Impact of leaving the EU; *and*
- Under estimation of costs of the public inquiry into the Non Domestic Renewable Heat Incentive (ND RHI) Scheme.

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

The Departmental Board has agreed a Risk Appetite Statement which articulates the amount of risk the Department is prepared to accept, tolerate or be exposed to in pursuit of its strategic objectives or from other inherent issues which although not 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;
- Changes to the process for recording and measuring progress against internal audit recommendations;
- Departmental Resource Accounts;
- Stewardship Statements provided by all Business Area Directors;
- Reports to Those Charged with Governance and Value for Money reports provided by NI Audit Office;
- Accountability Grids in relation to Public Accounts Committee recommendations; *and*
- Fraud and whistleblowing.

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

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

## **Financial Management**

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

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

As noted on page 7 within the Financial Review the Department is in an excess vote position due to the dissolution of the Assembly and the process of approving the 2016-17 Spring Supplementary Estimates and associated Budget Bill did not take place.

## **Governance and Control Framework**

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

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

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

## **Departmental Performance**

The DoF Business Plan 2016-17 sets out the targets and objectives for the year against which performance is reported and monitored. Progress has been reported quarterly to the Board as part of the Corporate Performance Report using a RAG status assessment of each target and narrative on the actions taken to deliver the expected outcomes.

During 2016-17 a review of the information included as part of the Corporate Performance Reports was undertaken. It was agreed that statistics on areas such as prompt payment to suppliers and hospitality would be reported on an exception only basis.

Progress against targets in the Business Plan is also reported to the Minister and scrutinised by the Committee for Finance at oral evidence sessions with the Permanent Secretary. Other key senior officials also attend evidence sessions on specific areas of departmental business as requested by the Committee. The Committee will be provided with updates as requested during the 2017-18 year.

A cross-Departmental working group was established to ensure that future business and corporate planning are aligned with the vision and outcomes that the Executive has set out in its Programme for Government and are capable of driving progress in the key indicators that support each outcome.

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

## **Level of Assurance**

The Accounting Officer is responsible for reviewing the effectiveness of the system of internal control. This review is informed by the information provided in stewardship statements from Directors bi-annually. These stewardship statements are based on assurances provided by managers within business areas on risk management, financial management, compliance with approvals and delegations and on the implementation of Internal Audit recommendations. Further assurance is provided by the Head of Internal

Audit on compliance with the controls and actions recommended in audit assignments which have been conducted.

The Department's internal audit function has conducted a programme of work during 2016-17 which has enabled the provision of opinions on the systems of internal control in operation across the Department. The reports by internal audit to senior managers provide an objective and independent assessment of the systems of internal control in operation across DoF together with prioritised recommendations to strengthen controls and implement further improvements.

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

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

- NI direct: Internal Audit was concerned about the level of expenditure made through the NI Direct contract without a fully supporting business case. Retrospective approval has subsequently been received from DoF Supply.
- Occupation Health Service: Internal Audit identified a number of significant weaknesses in the control framework operating within Occupational Health Service. No trigger points or processing timeliness targets have been set for workflow processes and no supervisory checks are completed to confirm items are processed in a timely manner. During audit testing it was noted that limitations of the eMED system impacts negatively on the ability of management to monitor service delivery. Management were aware of the issues and are liaising with senior management to obtain temporary additional IT resource and fast track the major issues.

Internal Audit conducted follow-ups in areas where limited audit opinions and is satisfied that positive progress has been made in implementing recommendations made. The DARC receives a summary position of the Recommendations Register, which details all agreed Internal Audit Recommendations, at each meeting. This supports DARC in identifying those recommendations which are past due or which require further discussion at DARC level.

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

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

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

## **Internal Control Issues**

### **LPS Fraud**

Following the discovery of a suspected fraud of £130k in Land and Property Services, the Department's Fraud Response Plan actions were initiated and the matter was the subject of a police investigation. Following the Police investigation the staff member was charged and convicted of the fraud and received a suspended sentence, they were also formally dismissed from their position. A confiscation Order has also been put in place to retrieve the misappropriated funds.

As a consequence of the fraud, the Department has undertaken a detailed review of relevant processes. A number of lessons learnt have been identified in relation to managerial issues, key control weaknesses, and systems and processes. These have been discussed at Management Board and are in the process of being implemented.

### **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 2015 the SAU estimates that total losses of £8.1 million have arisen through over and under payments of benefits to claimants due to fraud and error, £5.6 million due to error and £2.5m due to fraud.

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

### **Special EU Programmes Body Expenditure**

The Special EU Programmes Body (SEUPB) is a North South Implementation Body sponsored by the Department of Finance in Northern Ireland and the Department of Public Expenditure & Reform in Ireland. Funding is provided to SEUPB by DoF. The funding requires a business case to be approved by DoF and the North South Ministerial Council (NSMC). SEUPB had a business plan approved by the DoF Minister on 6 January for spend between January 17 and March 17. No payments were made before the Minister's approval was received.

The business plan was not approved by the NSMC at the date of signing of the DoF Annual Report and Accounts as the Northern Ireland Assembly was suspended. This made the payments irregular. Full details of this spend is given in the Assembly Accountability and Audit Report. The payments can be retrospectively regularised once the NSMC approves the plan. This will take place as soon as the Northern Ireland Assembly is restored.

### **Retrospective Approvals – Business cases**

During 2016-17 there were 2 business cases which required retrospective approval from DoF Supply. Finance Division continue to work with Business Areas to gain further assurance that processes are in place to ensure any control weaknesses are rectified to ensure compliance with the required procedures.

### **NICS Cyber Risk Assessment**

NICS Internal Audit conducted a NICS wide review of IT risks which has resulted in a draft report with a limited opinion. The report is NICS wide in nature and does not provide specifics on current risk controls or issues within any department. The draft report has been issued to the Information Governance and Innovation Board (IGIB). The DoF Permanent Secretary chairs the IGIB and it comprises Grade 5s



from all nine departments and Enterprise Shared Services. It is not considered that there are any significant implications for the financial statements in any of the Departments.

### **Fraud prevention and awareness**

The DoF Fraud Working Group met twice during 2016-17 to consider issues in relation to fraud, raise awareness of anti-fraud measures and disseminate information pertinent to the prevention and detection of fraud. Actions taken during 2016-17 include the update of business area fraud risk assessments and the departmental Fraud Risk Register, rationalisation of the fraud reporting process, the completion of the National Fraud Initiative 2014 and the start of the National Fraud Initiative 2016.

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

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

The 2014-15 NFI Data Matching exercise was completed in July 2016. Local participation in the NFI resulted in outcomes of £3.1m (actual outcomes of over £1.6m and over £1.4m of estimated outcomes) including; £1.5m in pension fraud and overpayments; £1.2m of housing benefit and overpayments; and £0.33m of rates evasion.

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

### **NIAO Value for Money Reports**

The NIAO presented a report to the Assembly on Northern Ireland Public Sector Voluntary Exit Schemes on 11<sup>th</sup> October 2016. The report concluded that the Department of Finance managed the implementation of both the Public Sector Transformation Fund and the Northern Ireland Civil Service Voluntary Exit Scheme in a way which was consistent with value for money, within restricted timescales and in an uncertain funding climate. The report also stated that, over time, it will be important to demonstrate that pay bill savings have been sustained and that the schemes have not had a negative impact on staff skills, morale or service delivery. As yet, the report has not been the subject of a Public Accounts Committee hearing.

### **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 2016-17.

## REMUNERATION AND STAFF REPORT

### DEPARTMENTAL REMUNERATION REPORT

#### Remuneration Policy

The Minister of Finance approves the pay remit for Senior Civil Service (SCS) staff. The SCS remuneration arrangements are 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. In 2012, upon creation, there were 11 points on each scale. The minimum point has been removed in each year from 2014 to 2016 (the scales now have 8 pay points) to allow progression through the pay scales within a reasonable period of time.

#### Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments which 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 can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org)

#### Salary and Pension Entitlements

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

#### Remuneration (including salary) and pension entitlements (Audited)

Minister	2016-17				2015-16			
	Salary £	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest £1,000)	Total (to nearest £1,000)	Salary £	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest £1,000)	Total (to nearest £1,000)
Mervyn Storey	3,677	-	1	5	8,376	-	3	11
Máirtín Ó Muilleoir	29,419	-	9	38	-	-	-	-

\*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 (including salary) and pension entitlements (Audited)**

	2016-17				2015-16			
Officials	Salary £000	Benefits in kind (to nearest £100)	Pension Benefits * (to nearest £1,000)	Total (£000)	Salary £000	Benefits in kind (to nearest £100)	Pension Benefits * (to nearest £1,000)	Total (£000)
<b>D Sterling Permanent Secretary</b>	115-120	Nil	45	160-165	110 -115	Nil	43	155-160
<b>C Archbold, Deputy Departmental Solicitor</b>	85-90	Nil	34	120-125	N/A	N/A	N/A	N/A
<b>D Armstrong Director</b>	90-95	Nil	36	130-135	90-95	Nil	34	125-130
<b>C Boyle Chief Executive LPS</b>	85-90	Nil	34	120-125	85-90	Nil	32	120-125
<b>A Breen Director</b>	65-70	Nil	26	95-100	65-70	Nil	24	90-95
<b>M Brennan Director</b>	85-90	Nil	34	120-125	85-90	Nil	32	120-125
<b>S Carey, Chief Executive NISRA From 1 Sept 2016</b>	50-55  (90-95 full year equivale nt)	Nil	21	75-80	Nil	Nil	Nil	Nil
<b>C Lewis Director</b>	95-100	Nil	38	135-140	95-100	Nil	36	135-140
<b>D Marshall Acting Chief Executive NISRA 1 April to 3 July 2016</b>	20-25  (85-90 full year equivale nt)	Nil	8	30-35	15-20  (85-90 full year equivale nt)	Nil	7	25-30
<b>T Power Acting Chief Executive, NISRA 4 July to 31 Aug 2016</b>	10-15  (85-90 full year equivale nt)	Nil	5	15-20	20-25  (85-90 full year equivale nt)	Nil	8	30-35
<b>C Sullivan Director</b>	85-90	Nil	34	120-125	85-90	Nil	32	120-125
<b>P Wickens Chief Executive, ESS</b>	95-100	Nil	38	135-140	90-95	Nil	35	125-130

	2016-17				2015-16			
Officials	Salary £000	Benefits in kind (to nearest £100)	Pension Benefits * (to nearest £1,000)	Total (£000)	Salary £000	Benefits in kind (to nearest £100)	Pension Benefits * (to nearest £1,000)	Total (£000)
<b>H Widdis Departmental Solicitor</b>	110-115	Nil	44	155-160	45-50  (110-115 full year equivale nt)	Nil	19	65-70
<b>B Worth Director</b>	70-75	Nil	27	100-105	65-70	Nil	25	90-95
<b>Band of Highest Paid Director's Total Remuneration</b>	115-120				110-115			
<b>Median Total Remuneration</b>	30,382				29,272			
<b>Remuneration ratio</b>	3.9				3.8			

\* 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 ex gratia payments.

The Department of Finance was under the direction and control of the following ministers during the financial year.

Minister	Dates in office
Máirtín Ó Muilleoir, MLA	25 May 2016 to 2 March 2017
Mervyn Storey, MLA	1 April 2016 to 5 May 2016

Their salaries and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in this account. These amounts do not include costs relating to the Minister's role as MLA/MP/MEP which are disclosed elsewhere.

## Benefits in kind

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

## 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 Benefits - Ministers (Audited)

Minister	Accrued pension at pension age as at 02/03/17	Real increase in pension at pension age	CETV at 02/03/17	CETV at 25/05/16	Real increase in CETV
	£000	£000	£000	£000	£000
<b>Máirtín Ó Muilleoir MLA</b> (25/05/16 to 02/03/17)	0-2.5	0-2.5	8	-	5

Minister	Accrued pension at pension age as at 31/03/17	Real increase in pension at pension age	CETV at 05/05/16	CETV at 01/04/16	Real increase in CETV
	£000	£000	£000	£000	£000
<b>Mervyn Storey MLA</b> (01/04/16 to 05/05/16)	2.5-5	0-2.5	41	40	1

## Ministerial Pensions

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

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) (Amendment) Regulations 2008 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 (Audited)

Officials	Accrued pension at pension age as at 31/03/16 (or date of leaving if earlier) and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/17 or date of leaving if earlier	CETV at 31/03/16 or start date if later*	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
<b>D Sterling Permanent Secretary</b>	55-60 plus lump sum 165-170	2.5-5 plus lump sum 7.5-10	1,303	1,197	51	N/a
<b>C Archbold Deputy Departmental Solicitor</b>	25-30 plus lump sum 65-70	-(0-2.5) plus lump sum -(7.5-10)	447	459	-35	N/a
<b>D Armstrong Director</b>	35-40	0-2.5	746	732	16	N/a
<b>C Boyle Director</b>	30-35 plus lump sum 90-95	0-2.5 plus lump sum 2.5-5	603	550	26	N/a
<b>A Breen Director</b>	26-30 plus lump sum 70-75	0-2.5 plus lump sum 0-2.5	472	434	16	N/a
<b>M Brennan Director</b>	30-35 plus lump sum of 90-95	0-2.5 plus lump sum of 2.5-5	611	558	25	N/a
<b>S Carey Chief Executive NISRA From 1 September 2016</b>	0-5	0-2.5	18	-	14	N/a
<b>C Lewis Director</b>	30-35 plus lump sum of 90-95	0-2.5 plus lump sum of 2.5-5	665	606	29	N/a
<b>D Marshall Acting Chief</b>	20-25 plus lump sum of 50-55	2.5-5 plus lump sum of 2.5-5	350	299	35	N/a

Officials	Accrued pension at pension age as at 31/03/16 (or date of leaving if earlier) and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/17 or date of leaving if earlier	CETV at 31/03/16 or start date if later*	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
<b>Executive NISRA</b> 1 November 2015 to 2 January 2016 and from 28 March 2016						
<b>T Power Acting Chief Executive NISRA</b> 3 January to 27 March 2016	20-25 plus lump sum of 70-75	0-2.5 plus lump sum of 5-7.5	473	419	33	N/a
<b>C Sullivan Director</b>	15-20	0-2.5	248	218	18	N/a
<b>P Wickens Chief Executive, ESS</b>	15-20	0-2.5	239	203	22	N/a
<b>H Widdis Departmental Solicitor</b> (From 22 October 2015)	30-35 plus lump sum of 5-10	5-7.5 plus lump sum of 0-2.5	427	335	72	N/a
<b>B Worth Director</b>	15-20	0-2.5	214	185	13	N/a

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

### 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). 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). These arrangements are unfunded with the cost of benefits met by monies voted by the Assembly each year. From April 2011 pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. Prior to 2011, pensions were reviewed in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is 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 rate is 2.3%. CARE pension benefits are reviewed annually in line with changes in the cost of living.

A new pension scheme, alpha, was introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements have also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will 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 also a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a

percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate will be 2.32%. CARE pension benefits are reviewed annually in line with changes in the cost of living.

Increases to public service pensions are the responsibility of HM Treasury. Pensions are reviewed each year in line with 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 2016 was 1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2017.

Employee contribution rates for all members for the period covering 1 April 2017 – 31 March 2018 are as follows:

### Scheme Year 1 April 2017 to 31 March 2018

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – Classic members or classic members who have moved to alpha	Contribution rates – All other members
From	To	From 01 April 2017 to 31 March 2018	From 01 April 2017 to 31 March 2018
£0	£15,000.99	4.6%	4.6%
£15,001.00	£21,422.99	4.6%	4.6%
£21,423.00	£51,005.99	5.45%	5.45%
£51,006.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**. The normal pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension schemes can be found at the website <https://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni>.

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their



former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 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 (Audited)

The number of staff serving as senior civil servants (or equivalent) as at 31 March 2017 is as follows:

Core Department & Agency	
Pay Band*	Number of Senior Civil Service staff (or equivalent)
£65,000 - £70,000	19
£70,000 - £75,000	12
£75,000 - £80,000	2
£80,000 - £85,000	1
£85,000 - £90,000	4
£90,000 - £95,000	2
£95,000 - £100,000	2
£110,000 - £115,000	1
£115,000 - £120,000	1

\* Based on full year equivalent

### Staff costs

Staff costs comprise:

	£000	£000	£000	2016-17 £000	2015-16 £000
	Permanent staff	Others	Minister	Total	Total
Wages and salaries	94,580	3,727	33	98,340	102,860
Social security costs	9,514	-	4	9,518	7,498
Other pension costs	21,044	-	5	21,049	38,645
<b>Sub Total</b>	<b>125,138</b>	<b>3,727</b>	<b>42</b>	<b>128,907</b>	<b>149,003</b>
Less recoveries in respect of outward secondments	(9,398)	-	-	(9,398)	(9,693)
	<b>115,740</b>	<b>3,727</b>	<b>42</b>	<b>119,509</b>	<b>139,310</b>
		<b>Charged to Administration</b>	<b>Charged to Programme</b>	<b>Total</b>	<b>Total</b>
Of which					
Core Department		70,683	38,588	109,271	127,723
Agency		-	10,238	10,238	11,587
<b>Total net costs</b>		<b>70,683</b>	<b>48,826</b>	<b>119,509</b>	<b>139,310</b>

\*Permanently employed staff includes the cost of the Department's Special Advisers who were paid within the pay bands £37,794-£52,816 and £59,037-£91,809 (2015-16: £59,037-£91,809). The 2016-17 pay award for Special Advisers is currently outstanding.

\*\* Of the total, £980k has been charged to capital (2015-16: £1,157k).

## **Pension Arrangements**

The Northern Ireland Civil Service (NICS) pension schemes are unfunded multi-employer defined benefit schemes but Department of Finance is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Annual Report and Accounts as at 31 March 2017.

For 2016-17, employers' contributions of £20,853,799 were payable to the NICS pension arrangements (2015-16 £22,368,045) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of alpha from April 2015. For 2017-18, the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2016-17 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £56,736 (2015-16: £35,193) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2015-16 3% to 14.7%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £2,143, 0.5% (2015-16 £2,201, 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 (2015-16: £Nil). Contributions prepaid at that date were £Nil (2015-16: £Nil).

### **Ill-health retirements**

2 persons (2015-16: 8 persons) retired early on ill-health grounds during the year. The total additional accrued pension liabilities in the year amounted to £4,481 (2015-16: £29,628).

## Average number of persons employed (Audited)

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.

**2016-17**   **2015-16**  
**Number**   **Number**

<b>Activity</b>	<b>Permanent staff</b>	<b>Others</b>	<b>Ministers</b>	<b>Special Advisers</b>	<b>Total</b>	<b>Total</b>
Central Procurement Directorate	280	7	-	-	287	335
Corporate Services Group	424	14	1	1	440	359
Corporate Human Resources	188	28	-	-	216	231
Departmental Solicitors Office	107	9	-	-	116	126
Enterprise Shared Services	560	12	-	-	572	630
Land and Property Services	948	69	-	-	1,017	1,097
Northern Ireland Statistics and Research Agency	353	71	-	-	424	459
Public Spending Directorate	59	-	-	-	59	60
Strategic Policy & Reform Directorate	76	3	-	-	79	85
Staff engaged on capital projects *	-	-	-	-	-	-
<b>Total</b>	<b>2,995</b>	<b>213</b>	<b>1</b>	<b>1</b>	<b>3,210</b>	<b>3,382</b>
Of which:						
<b>Core Department</b>	<b>2,642</b>	<b>142</b>	<b>1</b>	<b>1</b>	<b>2,786</b>	<b>2,923</b>
<b>Agency</b>	<b>353</b>	<b>71</b>	<b>-</b>	<b>-</b>	<b>424</b>	<b>459</b>

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

## Gender Analysis at 31 March 2017 (Audited)

	<b>Female staff</b>	<b>Male Staff</b>	<b>Total Staff</b>
Departmental Board	4	8	<b>12</b>
Senior Civil Service	16	16	<b>32</b>
DoF Employees	1,417	1,625	<b>3,042</b>

## Sickness Absence Data (Audited)

In 2016-17 the average number of working days lost was 10.0 (not yet validated). Finalised figures will only be available on publication of the "Sickness Absence in the Northern Ireland Civil Service 2016-17" report later this year.

## Staff policies applied for persons with disabilities during the financial year

Following the official launch in April 2016, the NICS Work Experience Scheme for People with Disabilities continued to accept applications from Disability Organisations seeking structured work placements for their clients. Further information on the scheme, including a process map and application form, is available on the NICS Recruitment website. During 2016, 33 applications were received from 10 different disability organisations. The work placements provide opportunity for the person to gain valuable experience which will increase their employability skills.

During 2016 the NICS Disability Diversity Champion instigated a review of NICS policies and practices affecting staff with disabilities. It was carried out by a Working Group composed of staff with disabilities and representatives from disability representative groups and charities. The Working Group produced a report that is currently under consideration.

## Expenditure on consultancy (Audited)

In 2016-17, the department spend £0.2 million on external consultancy (2015-16 £0.6 million).

## Off-payroll Engagements (Audited)

The Department did not have any off payroll engagements at a cost of over £58,200 during the 2016-17 year.

## Reporting of Civil Service and other compensation schemes – exit packages (Audited)

Figures in brackets represent previous year 2015-16 comparative.

Exit package cost band	Core Department and Agency		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0 ( 0 )	3 ( 23 )	2 ( 23 )
£10,000 - £25,000	0 ( 0 )	5 ( 202 )	1 ( 202 )
£25,000 - £50,000	0 ( 0 )	52 ( 173 )	0 ( 173 )
£50,000 - £100,000	0 ( 0 )	14 ( 45 )	0 ( 45 )
£100,000 - £150,000	0 ( 0 )	0 ( 1 )	0 ( 1 )
£150,000 - £200,000	0 ( 0 )	0 ( 0 )	0 ( 0 )
Total number of exit packages	0 ( 0 )	74 ( 444 )	3 ( 444 )
Total resource cost/£k	0 ( 0 )	£3,250k ( £12,639k )	£23k ( £12,639k )

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.

In 2016-17, Special Advisers received an exit package in accordance with the Code Governing the Appointment of Special Advisers issued under the Civil Service (Special Advisers) Act (Northern Ireland) 2013. The 2015-16 figures included staff leaving in Tranches 1-4 of the Voluntary Exit Scheme. The 2016-17 figures include staff leaving under the final tranche.

## ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

### STATEMENT OF ASSEMBLY SUPPLY (Audited)

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires the Department of Finance to prepare a Statement of Assembly Supply (SOAS) and supporting notes to show resource outturn against the Supply Estimate presented to the Assembly, in respect of each request for resources.

#### Summary of Resource Outturn 2016-17

Request for resources	Note	Estimate			Outturn			2016-17 £000	2015-16 £000
		Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total	Net Total outturn compared with Estimate : saving/(excess)	Net Total
A	SOAS 1	285,560	(90,301)	195,259	272,614	(90,301)	182,313	12,946	196,887
Total resources	SOAS 2	<b>285,560</b>	<b>(90,301)</b>	<b>195,259</b>	<b>272,614</b>	<b>(90,301)</b>	<b>182,313</b>	<b>12,946</b>	<b>196,887</b>
Non-operating cost Accruing Resources				-			-	-	<b>1,658</b>

#### Net cash requirement 2016-17

	Note	Estimate	Outturn	2016-17 £000	2015-16 £000
				Net total outturn compared with Estimate: saving/(excess)	Outturn
Net cash requirement	SOAS 3	192,217	200,425	(8,208)	181,714

## Summary of income payable to the Consolidated Fund

In addition to accruing resources, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics)

	<b>Note</b>	<b>Income</b>	<b>2016-17 £000 Forecast Receipts</b>	<b>Income</b>	<b>2016-17 £000 Outturn Receipts</b>
Total	SOAS 4	-	-	10,102	<i>10,102</i>

Explanations of variances between Estimate and outturn are given in Note SOAS 2 and in the Financial Review.

The Department has incurred an Excess of £8,208k for spending above the amount provided in the Main Estimate. This is because the process of approving the 2016-17 Spring Supplementary Estimates and associated Budget Bill did not take place. No Excess Vote would have occurred had the Spring Supplementary Estimates and associated Budget Bill been approved by the Assembly to reflect changes to departmental budgets that had previously been agreed by the Executive. The Department will seek Assembly approval by way of an Excess Vote in the next Budget Act.

SOAS Notes 1 to 6 form part of these accounts.

**DEPARTMENT OF FINANCE**  
**ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017**

**SOAS 1. Analysis of net resource outturn by function**

	<b>Outturn</b>						<b>2016-17 £000 Estimate</b>	<b>2015-16 £000</b>		
	<b>Admin</b>	<b>Other Current</b>	<b>Grants</b>	<b>Gross Resource Expenditure</b>	<b>Accruing Resources</b>	<b>Net Total</b>	<b>Net Total</b>	<b>Net total outturn compared with Estimate Savings/ (Excess)</b>	<b>Net total outturn compared with Estimate, adjusted for virements</b>	<b>Prior- year outturn</b>
<b>Request for Resources A</b>										
<b>Departmental Expenditure in DEL:</b>										
1. Finance and Personnel Policy	40,559	2,800	244	43,603	(25,989)	17,614	23,000	(5,386)	(102)	27,403
2. NICS Shared Services	76,803	1,376	47	78,226	(17,516)	60,710	57,263	3,447	-	60,287
3. Northern Ireland Statistics and Research Agency	1,088	25,014	-	26,102	(14,975)	11,127	9,290	1,837	-	11,728
4. Land and Property Services	1,533	53,170	100	54,803	(27,742)	27,061	27,722	(661)	(414)	35,744
5. EU Peace Programmes	-	-	998	998	-	998	-	998	-	152
6. EU Community Initiatives	-	-	1,080	1,080	-	1,080	-	1,080	-	1,499
7. European Regional Development Fund	-	40	174	214	-	214	-	214	-	334
8. NICS Accommodation Services	65,410	1,090	-	66,500	(4,079)	62,421	64,466	(2,045)	-	57,754
<b>Annually Managed Expenditure (AME):</b>										
9. Provisions	-	(75)	-	(75)	-	(75)	2,678	(2,753)	(2,753)	(127)
10. Depreciation and Impairments	-	(121)	-	(121)	-	(121)	9,389	(9,510)	(9,510)	924
<b>Non-Budget:</b>										
11. Special EU Programmes Body	-	-	976	976	-	976	996	(20)	(20)	896
12. Notional Charges	308	-	-	308	-	308	455	(147)	(147)	293
<b>Resource Outturn</b>	<b>185,701</b>	<b>83,294</b>	<b>3,619</b>	<b>272,614</b>	<b>(90,301)</b>	<b>182,313</b>	<b>195,259</b>	<b>(12,946)</b>	<b>(12,946)</b>	<b>196,887</b>

SOAS Notes 1 to 6 form part of these accounts.



**DEPARTMENT OF FINANCE  
ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017**

**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 **£182.3m** against an estimated provision of **£195.3m**.

The total underspend was **£12.9m**, split between the departmental expenditure limit (DEL) **£0.5m**, the annually managed expenditure (AME) **£12.2m** and non-budget **£0.2m**.

By definition AME covers areas of expenditure that are more volatile. Of the underspend, £9.6m is in relation to the increase in value of the office estate, which was anticipated to decrease at the time of the Main Estimates. A further £2.5m was set aside to cover potential provisions that did not crystallise during the period.

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

The Department's net cash requirement outturn was **£200.4m** against an estimated provision of **£192.2m**, a variance of **£8.2m**. As the Assembly was dissolved in January 2017, the process of approving the 2016-17 Spring Supplementary Estimates and associated Budget Bill did not take place. Had the Spring Supplementary Estimates and associated Budget Bill been approved by the Assembly to reflect changes to departmental budgets that had previously been agreed by the Executive the estimated net cash requirement would have been **£199.0m**, and the outturn would have been **£190.7m**. The difference in outturn is due to a reduction in Excess Accruing Resources from £9.9m to £0.2m.

Detailed explanations of the variances are given in the Financial Review.

**SOAS 2. Reconciliation of outturn to net operating cost**

			2016-17 £000	2015-16 £000	
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn	<b>SOAS 1</b>	182,313	195,259	(12,946)	196,887
Prior Period Adjustments		-	-	-	-
	<b>SOAS</b>				
Non-supply income (CFERs)	<b>4, 5</b>	(10,085)	-	(10,085)	(153)
Non-supply expenditure		(128)	-	(128)	(490)
<b>Net operating cost in Consolidated Statement of Comprehensive Net Expenditure</b>		<b>172,100</b>	<b>195,259</b>	<b>(23,159)</b>	<b>196,244</b>

**DEPARTMENT OF FINANCE**  
**ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017**

**SOAS 3. Reconciliation of net resource outturn to net cash requirement**

	Note	Estimate £000	Outturn £000	Net Total outturn compared with Estimate: saving/(excess) £000
<b>Resource outturn</b>	<b>SOAS 1</b>	195,259	182,313	12,946
<b>Capital</b>				
Acquisition of property, plant and equipment	<b>6,7</b>	33,697	34,006	(309)
<b>Non-operating Accruing Resources</b>				
Net Book Value of asset disposals		-	-	-
<b>Accruals to cash adjustments</b>				
<i>Adjustments to remove non-cash items:</i>				
Depreciation	<b>3,4</b>	(43,774)	(33,243)	(10,531)
New provisions and adjustments to previous provisions		(2,510)	75	(2,585)
Other non-cash items		(455)	3,325	(3,780)
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables		8,500	6,060	2,440
Increase/(decrease) in payables falling due within one year		1,500	9,914	8,414
Changes in payables falling due after more than one year		-	(2,158)	2,158
Use of provision	<b>14</b>	-	133	(133)
Excess cash receipts surrenderable to the Consolidated Fund	<b>SOAS 4</b>	-	-	-
<b>Net cash requirement</b>		<b>192,217</b>	<b>200,425</b>	<b>(8,208)</b>

**SOAS 4. Income payable to the Consolidated Fund**

**SOAS 4.1 Analysis of income payable to the Consolidated Fund**

In addition to Accruing Resources, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics).

	Note	Forecast 2016-17 £000		Outturn 2016-17 £000	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income and receipts – excess Accruing Resources		-	-	9,887	<i>9,887</i>
Other operating income and receipts not classified as Accruing Resources		-	-	198	<i>198</i>
		-	-	10,085	<i>10,085</i>
Non-operating income and receipts – excess Accruing Resources	<b>SOAS 6</b>	-	-	17	<i>17</i>
Amounts collected on behalf of the Consolidated Fund	<b>SOAS 4.2</b>	-	-	-	-
Excess cash surrenderable to the Consolidated Fund	<b>SOAS 3</b>	-	-	-	-
<b>Total income payable to the Consolidated Fund</b>		<b>-</b>	<b>-</b>	<b>10,102</b>	<b><i>10,102</i></b>

SOAS Notes 1 to 6 form part of these accounts.

**DEPARTMENT OF FINANCE  
ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017**

**SOAS 4.2 Consolidated Fund Income**

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

**SOAS 5. Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund**

	Note	2016-17 £000	2015-16 £000
Operating income	5	100,386	98,574
Adjustments for transactions between RfRs		-	-
Gross income		100,386	98,574
Income authorised to be Accruing Resources		(90,301)	(98,421)
<b>Operating income payable to the Consolidated Fund</b>	<b>SOAS 4.1</b>	<b>10,085</b>	<b>153</b>

**SOAS 6. Non-operating income – Excess Accruing Resources**

	2016-17 £000	2015-16 £000
Book value of disposals of property, plant and equipment	17	19
<b>Non-operating income – Excess Accruing Resources</b>	<b>17</b>	<b>19</b>

SOAS Notes 1 to 6 form part of these accounts.

**DEPARTMENT OF FINANCE  
ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017**

**OTHER ASSEMBLY ACCOUNTABILITY DISCLOSURES (Audited)**

**REGULARITY OF EXPENDITURE**

**i. Special European Union Programmes Body Expenditure**

Funding is provided to SEUPB by DoF. The funding requires a business case to be approved by DoF and the North South Ministerial Council (NSMC). SEUPB had a business plan approved by the DoF Minister on 6 January for spend between January and March 2017. No payments were made before the Minister's approval was received.

The business plan was not approved by the NSMC at the date of signing of the DoF Annual Report and Accounts as the Northern Ireland Assembly was suspended. Payments of £797,985 were made between the period 13 January and 21 March 2017. The amounts are deemed to be irregular. However they can be retrospectively regularised once the NSMC approves the plan. This will take place as soon as the Northern Ireland Assembly is restored.

**ii. Losses and special payments**

**Losses Statement**

In 2016-17 there were losses to the value of £1,625k which represented 19,364 cases, of which £1,624k representing 19,361 cases related to the core Department (2015-16: £2,274k which represented 23,268 cases, of which £2,274k representing 23,263 cases related to the core Department).

**Special Payments**

In 2016-17 there were special payments to the value of £134k which represented 25 cases, of which £130k representing 24 cases related to the core Department.

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

**DEPARTMENT OF FINANCE**  
**ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017**

**iii. Fees and Charges**

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

	£'000	£'000	2016-17 £'000	2015-16 £'000
	Income	Full Cost	Surplus/ (deficit)	Surplus/ (deficit)
Central Management of the Civil Service Pension Scheme	1,750	1,750	-	1
Employer Pension Services	4,384	4,121	263	159
Properties Division - Provision of property management service to the wider public sector.	2,118	1,885	233	194
Central Procurement Directorate	12,900	13,359	(459)	293
Departmental Solicitor's Office - Litigation Division commercial and Property Division	5,188	4,711	477	(1,395)
Land & Property Services – Land Registers	15,672	12,372	3,300	589
Land & Property Services – Mapping	9,942	8,952	990	1,563
Land & Property Services – Client Services	1,369	2,590	(1,221)	(1,416)
Northern Ireland Statistics and Research Agency	14,171	13,877	294	376
Enterprise Shared Services - Centre for Applied Learning	1,622	1,748	(126)	(399)
Enterprise Shared Services – Service Management Division	10,653	13,509	(2,856)	(2,684)
Occupational Health Service	1,476	1,462	14	10

	<b>Financial Objective</b>	<b>Commentary</b>
Central Management of the Civil Service Pension Schemes	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
Employer Pension Services	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.
Properties Division	To recover full costs associated with property management services provided to the wider public sector.	Objective achieved.
Central Procurement Directorate	100% cost recovery on chargeable services in relation to professional procurement services to the NICS and other public sector bodies.	Objective achieved. When recovery of notional charges and cost of work carried out for parent Department is taken into account recovery is 100%.
Departmental Solicitor's Office – Litigation and Commercial & Property services	97% cost recovery on litigation and Commercial and Property services.	DSO moved exclusively to a quarterly billing regime from 1/4/16. This meant that a significant tranche of previously unbilled work dating back to 1/4/14 was invoiced in the first quarter of the year, and this has resulted in a significant spike in income for

**DEPARTMENT OF FINANCE**

**ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017**

	<b>Financial Objective</b>	<b>Commentary</b>
		the 16/17 year.
Land & Property Services – Land Registers	To recover the costs of services in relation to land registers, registry of deeds and statutory charges registry.	100% cost recovery was achieved in the current financial year (2015-16:100%)
Land & Property Services – Mapping	To recover the full cost of mapping services provided.	100% cost recovery was achieved in the current financial year (2015-16:100%)
Land & Property Services – Client Services	To recover the full costs of services provided.	99.3% cost recovery would have been achieved (2015/16: 100%) if the notional income earned of £1,203k (2015/16: £1,447k) was included in the net expenditure. In these circumstances the deficit would be £18k (2015/16: Surplus of £31k).
Northern Ireland Statistics & Research Agency	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.
Centre for Applied Learning	To recover the full costs of service delivery of generic training to NICS Departments and other public sector customers.	Objective achieved - If DoF baselined income of £235k was included in income total income would be £1,857k leaving a surplus of £110k.
Enterprise Shared Services – Service Management Division	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.	Service management cost of £10,653k was recovered through charges to customers. £2,856k of costs was covered by baseline funding. Hence objective was achieved.
Strategic Policy & Reform - Business Consultancy Service	To recover the full costs of business consultancy services provided to NICS and other public sector bodies.	When recovery of notional charges and cost of work carried out for parent Department is taken into account recovery is 96%. There were a number of long term sick absences in the year that contributed to this.
Occupational Health Service	To recover the full costs associated with the management of NICS OHS and medical advisory services provided to the Driver and Vehicle Agency, HSC NI Pensions Scheme and Teachers Superannuation Scheme NI.	Objective achieved.

**DEPARTMENT OF FINANCE  
ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017**

**iv. Remote Contingent Liabilities**

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

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

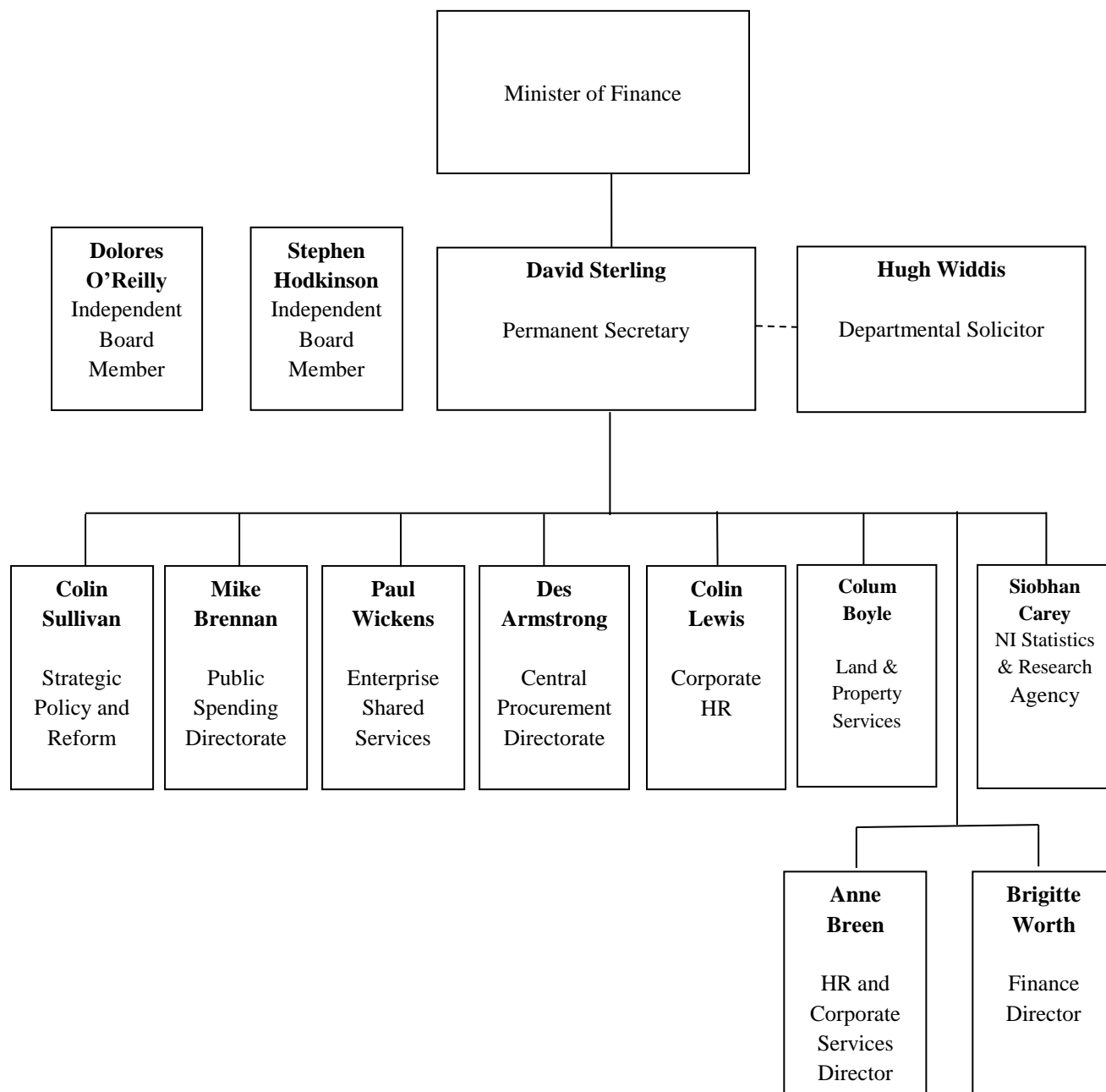
**This Accountability Report is approved and signed**

A handwritten signature in black ink, appearing to read 'D Sterling', written over a large, faint circular watermark or background mark.

**DAVID STERLING  
Accounting Officer  
Department of Finance  
Date: 28 June 2017**

**DEPARTMENT OF FINANCE  
ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017**

**ANNEX A DoF Organisation Chart as at 31 March 2017**





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

I certify that I have audited the financial statements of the Department of Finance for the year ended 31 March 2017 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. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Assembly Supply and the related notes and the information in the Directors' Report, Governance Statement, Remuneration and Staff Report and Other Assembly Accountability Disclosures that is described in that report and disclosures as having been audited.

**Respective responsibilities of the Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

**Basis for qualified opinion on regularity arising from breach of an Assembly control total**

In 2016-17 the Department of Finance required more cash than the Assembly had authorised in Net Cash Requirement resulting in an excess vote. Net Cash Requirement of £200,425,000 was £8,208,000 in excess of the £192,217,000 limit authorised by the Assembly.

This excess arose because the Assembly dissolved at the end of January 2017 and therefore the process of considering and approving the 2016-17 Spring Supplementary Estimates by way of a Budget Bill could not take place. Had the Assembly approved these Estimates the excess would not have occurred.

**Qualified opinion on regularity**

In my opinion, except for the breach described in the basis for qualified opinion paragraphs above, in all material respects:

**DEPARTMENT OF FINANCE**  
**ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017**

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2017 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.

**Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2017 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

**Opinion on other matters**

In my opinion:

- the parts of the Remuneration and Staff Report and the Assembly Accountability Disclosures 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**

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, including Losses and Special Payments, Fees and Charges and remote contingent liabilities, to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance's guidance.

**Report**

Other than as outlined in the basis for qualified opinion paragraphs above, I have no further observations to make on these financial statements.



*KJ Donnelly*  
*Comptroller and Auditor General*  
*Northern Ireland Audit Office*  
*106 University Street*  
*Belfast*  
*BT7 1EU*  
*29 June 2017*

## **FINANCIAL STATEMENTS**

**DEPARTMENT OF FINANCE**  
**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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	2016-17 Core Department & Agency £000	2015-16 Core Department & Agency £000
Income from sale of goods and services	5	(97,820)	(95,349)
Other operating income	5	(2,566)	(3,225)
<b>Total Operating Income</b>		<b>(100,386)</b>	<b>(98,574)</b>
Staff Costs	3,4	128,907	149,003
Purchase of goods and services	3,4	87,606	84,329
Depreciation and impairment charges	3,4	31,662	34,515
Provision Expense	3,4	(75)	(123)
Other Operating Expenditure	3,4	24,115	26,654
<b>Total operating expenditure</b>		<b>272,215</b>	<b>294,378</b>
<b>Net Operating Expenditure</b>		<b>171,829</b>	<b>195,804</b>
Finance Income		-	-
Finance Expense		271	440
<b>Net expenditure for the year</b>		<b>172,100</b>	<b>196,244</b>
<b>Other comprehensive net expenditure</b>			
Items that will not be reclassified to net operating costs:			
- Net (gain)/loss on revaluation of Property, Plant and Equipment	6	(7,400)	(24,108)
- Net (gain)/loss on revaluation of Intangible Assets	7	(962)	(626)
<b>Comprehensive net expenditure for the year</b>		<b>163,738</b>	<b>171,510</b>

Notes 1 to 19 form part of these accounts.

**DEPARTMENT OF FINANCE  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2017**

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	2017 Core Department & Agency £000	2016 Core Department & Agency £000
<b>Non-current assets:</b>			
Property, plant and equipment	6	334,512	315,144
Intangible assets	7	45,791	52,483
<i>Total non-current assets</i>		<u>380,303</u>	<u>367,627</u>
<b>Current assets:</b>			
Assets classified as held for sale	6	40	-
Trade and other receivables	12	48,216	37,372
Cash and cash equivalents	11	34,743	31,959
<i>Total current assets</i>		<u>82,999</u>	<u>69,331</u>
<b>Total assets</b>		<u>463,302</u>	<u>436,958</u>
<b>Current liabilities:</b>			
Trade and other payables	13	(93,937)	(83,888)
Provisions	14	(37)	(291)
<i>Total current liabilities</i>		<u>(93,974)</u>	<u>(84,179)</u>
<b>Total assets less current liabilities</b>		<u>369,328</u>	<u>352,779</u>
<b>Non-current liabilities:</b>			
Provisions	14	(149)	(103)
Other payables	13	-	(2,158)
<i>Total non-current liabilities</i>		<u>(149)</u>	<u>(2,261)</u>
<b>Total assets less liabilities</b>		<u>369,179</u>	<u>350,518</u>
<b>Taxpayers' Equity &amp; other reserves:</b>			
General Fund		272,695	256,128
Revaluation Reserve		96,484	94,390
<b>Total equity</b>		<u>369,179</u>	<u>350,518</u>

**Signed:**



**David Sterling  
Accounting Officer**

**Date:**

28 June 2017

Notes 1 to 19 form part of these accounts.

**DEPARTMENT OF FINANCE**

**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2017**

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 Departments' future public service delivery. Cash flows arising from financing activities include Assembly Supply and other cash flows, including borrowing.

	Note	2016-17 £000	2015-16 £000
<b>Cash flows from operating activities</b>			
Net operating cost		(172,100)	(196,244)
Adjustments for non-cash transactions	3, 4	29,826	30,026
Increase in trade and other receivables		(10,844)	9,405
<i>Less movements in receivables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>		4,784	(1,174)
Decrease in inventories		-	-
Increase in trade and other payables		3,737	2,060
<i>Less movements in payables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>		(7,357)	1,633
Use of provisions	14	(133)	(452)
<b>Net cash outflow from operating activities</b>		<b>(152,087)</b>	<b>(154,746)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(28,237)	(21,952)
Purchase of intangible assets	7	(5,769)	(8,409)
Proceeds of disposal of property, plant and equipment		35	3,721
<b>Net cash outflow from investing activities</b>	<b>SOAS 3</b>	<b>(33,971)</b>	<b>(26,640)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		187,039	182,108
From the Consolidated Fund (Supply) – prior year	12	-	1,174
From the Consolidated Fund (non-Supply)		-	-
Capital element of payments in respect of finance leases and on-balance-sheet (SoFP) PFI and other service concession arrangements		(2,179)	(2,025)
<b>Net financing</b>		<b>184,860</b>	<b>181,257</b>
<b>Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>			
		<b>(1,198)</b>	<b>(129)</b>
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		-	-
Payments of amounts due to the Consolidated Fund	13	(172)	(173)
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>(1,370)</b>	<b>(302)</b>
<b>Cash and Cash equivalents at the beginning of the period</b>	<b>11</b>	<b>29,489</b>	<b>29,791</b>
<b>Cash and Cash equivalents at the end of the period</b>	<b>11</b>	<b>28,119</b>	<b>29,489</b>

Notes 1 to 19 form part of these accounts.

**DEPARTMENT OF FINANCE**  
**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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). Financing and the balance from the provision of services are recorded here. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure.

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
<b>Balance at 31 March 2015</b>		<b>264,360</b>	<b>75,833</b>	<b>340,193</b>
Net Assembly Funding – drawn down		182,108	-	182,108
Net Assembly Funding – deemed		-	-	-
Supply receivable/(payable) adjustment	12	(394)	-	(394)
Amounts repayable to the Consolidated Fund				
- Operating income		(153)	-	(153)
- Excess Accruing Resources		-	-	-
- Non-operating income		(19)	-	(19)
Comprehensive Net Expenditure for the Year		(196,244)	24,734	(171,510)
<b>Non-Cash Adjustments:</b>				
Non-cash charges – auditor's remuneration	3	214	-	214
Non-cash charges – other notional costs	3, 4	79	-	79
<b>Movements in reserves:</b>				
Transfers between reserves		6,177	(6,177)	-
<b>Balance at 31 March 2016</b>		<b>256,128</b>	<b>94,390</b>	<b>350,518</b>
Net Assembly Funding – drawn down		187,039	-	187,039
Net Assembly Funding – deemed		394	-	394
Supply receivable/(payable) adjustment	12	4,784	-	4,784
Amounts repayable to the Consolidated Fund				
- Operating income	SOAS 4	(198)	-	(198)
- Excess Accruing Resources	SOAS 4, 13	(9,887)	-	(9,887)
- Non-operating income		(17)	-	(17)
Comprehensive Net Expenditure for the Year		(172,100)	8,362	(163,738)
<b>Non-Cash Adjustments:</b>				
Non-cash charges – auditor's remuneration	3	211	-	211
Non-cash charges – other notional costs	3, 4	97	-	97
<b>Movements in reserves:</b>				
Transfers between reserves		6,268	(6,268)	-
General Fund Other		(24)	-	(24)
<b>Balance at 31 March 2017</b>		<b>272,695</b>	<b>96,484</b>	<b>369,179</b>

Included within the revaluation reserve is £5.6m relating to intangibles, the balance of which at 31 March 2016 was £6.4m. During the accounting period, movements were charged at £0.8m.

Notes 1 to 19 form part of these accounts.

**DEPARTMENT OF FINANCE  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE ACCOUNTS**

**1. Statement of accounting policies**

These financial statements have been prepared in accordance with the 2016-17 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Department of Finance for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department of Finance are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the *FReM* also requires the Department to prepare one additional primary statement. The *Statement of Assembly Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

Management have reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. With the exception of the following, management consider that these are unlikely to have a significant impact on the accounts in the period of initial application.

The International Accounting Standards Board (IASB) issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards were effective with EU adoption from 1 January 2014.

Accounting boundary IFRS' are currently adapted in the *FReM* so that the Westminster departmental accounting boundary is based on The Office for National Statistics (ONS) control criteria, as designated by Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2020-21, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. Arm's Length Bodies (ALB) apply IFRS in full and their consolidation boundary may change as a result of the new Standards.'

**1.1 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.



**DEPARTMENT OF FINANCE**  
**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**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 18.

**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. Items classified as “under construction” are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred.

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

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

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

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

With the exception of the above, and items under construction, fair value is estimated by restating the value annually by reference to indices compiled by the Office of National Statistics (ONS). The indexation calculation reflects the annual movement in indices from December to December.

**DEPARTMENT OF FINANCE**  
**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**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	3-25 years
Plant and machinery	3-30 years
IT assets (including intangible assets)	3-12 years
Furniture and fittings	up to 10 years

The overall useful life of the Department's buildings takes account of the fact that different components of those buildings have different useful lives. This ensures that depreciation is charged on these assets at the same rate as if separate components had been identified and depreciated at different rates.

**1.5 Donated assets**

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

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

**1.6 Leases**

Where substantially all risks and rewards of ownership of a leased asset are borne by the Department, the asset is recorded as a non-current asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Statement of Comprehensive Net Expenditure over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

**DEPARTMENT OF FINANCE**  
**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**1.7 Service concession arrangements**

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

**1.8 Operating income**

Operating income is income which relates directly to the operating activities of the Department. It principally comprises fees and charges for services provided on a full cost basis to external customers as well as public repayment work.

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

**1.9 Administration and programme expenditure**

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

**1.10 Foreign exchange**

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

**1.11 Grants payable**

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

**1.12 Employee benefits including pensions**

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

Past and present employees are covered by the provisions of the Northern Ireland Civil Service (NICS) Pension Schemes which are described in Note 3. The scheme is an unfunded defined benefit scheme. In 20167-17 members paid contributions between 3.8% and 8.05% dependent on the pension arrangements to which they belong and their annual full-time equivalent rate of pensionable earnings. 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

**DEPARTMENT OF FINANCE**  
**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

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.

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

**1.13 Provisions**

The Department provides for legal or constructive obligations, which are of uncertain timing or amount at the reporting date on the basis of the best estimate of the expenditure required to settle the obligation. These relate to early departure charges, potential legal actions and provision for liabilities in respect of contracts. Where the effect of the time value of money is significant the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury.

**1.14 Contingent liabilities**

In addition to contingent liabilities disclosed in accordance with IAS 37, the Department discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of *Managing Public Money Northern Ireland*.

These comprise:

- a. items over £250,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to the Assembly by departmental Minute prior to the Department entering into the arrangement; *and*
- b. all items (whether or not they arise in the normal course of business) over £250,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the *FReM* to be noted in the resource accounts.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

**1.15 Value Added Tax (VAT)**

Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. VAT is recoverable on a departmental basis.

**DEPARTMENT OF FINANCE**  
**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**1.16 Financial instruments**

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial instrument is recognised when, and only when, the entity becomes a party to the contractual provisions of the instrument. A previously recognised financial asset is derecognised when, and only when, either the contractual rights to the cash flows from that asset expire, or the entity transfers the asset such that the transfer qualified for de-recognition. A financial liability is derecognised when, and only when, it is extinguished.

The Department has financial instruments in the form of trade receivables and payables and cash and cash equivalents.

In accordance with IAS 39 *Financial Instruments: Recognition and Measurement* trade receivables, cash and other receivables are classified as 'loans and receivables'. Loans and receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment.

The Department assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired.

The Department measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at 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 initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**1.17 Insurance**

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

**DEPARTMENT OF FINANCE**  
**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

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.

**1.18 Comparatives**

Comparative figures for the 2015-16 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.

The number of NICS Departments was reduced from 12 to 9 in May 2016. The Department of Finance has become Department of Finance and remains largely unchanged. As the financial impact was immaterial, it has not been necessary to restate the 2015-16 comparative.

**1.19 Exceptional items**

In accordance with *FReM*, disclosure of exceptional items is included under either administration or programme expenditure as appropriate. There were no exceptional items in 2016-17.

**1.20 Third party assets**

Third party assets are assets for which the Department acts as custodian or trustee but in which neither the Department nor government more generally has a direct beneficial interest. Third party assets are not public assets, and hence are not recorded in the primary financial statements (see note 17).

**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.

**DEPARTMENT OF FINANCE**  
**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**2. Statement of Operating Costs by Operating Segment**

Reportable segment	2016-17 £000			2015-16 £000		
	Gross expenditure	Income	Net expenditure	Gross expenditure	Income	Net expenditure
Corporate Human Resources	10,684	(7,529)	3,155	11,019	(6,674)	4,345
Central Procurement Directorate	15,460	(12,900)	2,560	17,427	(13,671)	3,756
Corporate Services Division	4,080	(60)	4,020	4,312	(172)	4,140
Departmental Solicitors Office	7,202	(5,188)	2,014	7,710	(3,532)	4,178
Enterprise Shared Services	140,475	(25,123)	115,352	138,783	(23,173)	115,610
EU Programmes	3,809	(1,820)	1,989	5,965	(3,228)	2,737
Finance Division	3,259	(276)	2,983	1,687	(265)	1,422
Land and Property Services	53,186	(37,611)	15,575	57,247	(36,975)	20,272
Northern Ireland Statistics and Research Agency	24,940	(15,660)	9,280	24,141	(14,980)	9,161
Other Bodies	790	-	790	630	-	630
Public Spending Directorate	3,271	(194)	3,077	3,290	(15)	3,275
Strategic Policy and Reform Directorate	5,033	(856)	4,177	5,258	(233)	5,025
Centrally Managed	544	-	544	15,444	-	15,444
<b>Total</b>	<b>272,733</b>	<b>(107,217)</b>	<b>165,516</b>	<b>292,913</b>	<b>(102,918)</b>	<b>189,995</b>

**Description of segments**

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

**DEPARTMENT OF FINANCE**  
**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**2.1 Reconciliation between Operating Segments and CSoCNE**

Reportable segment	Total net expenditure reported for operating segments	Notional Costs	Cost of Rate Collection Income	Capital Grants	Consolidated Fund Extra Receipts	Adjustment of Unrealised Exchange Gains/ Losses and Non Budget SEUPB	Reallocation of Centrally Managed	2016-17
								£000
								Total net expenditure per the Consolidated Statement of Comprehensive Net Expenditure
Corporate Human Resources	3,155	-	-	-	-	-	35	3,190
Central Procurement Directorate	2,560	-	-	-	-	-	28	2,588
Corporate Services Division	4,020	42	-	(13)	-	-	45	4,094
Departmental Solicitors Office	2,014	-	-	-	-	-	22	2,036
Enterprise Shared Services	115,352	-	-	(1,898)	-	-	140	113,594
EU Programmes	1,989	-	-	-	(196)	(615)	-	1,178
Finance Division	2,983	201	-	-	(2)	-	33	3,215
Land and Property Services	15,575	-	9,000	-	-	-	76	24,651
Northern Ireland Statistics and Research Agency	9,280	65	-	-	-	-	75	9,420
Other Bodies	790	-	-	-	-	-	9	799
Public Spending Directorate	3,077	-	-	-	-	-	34	3,111
Strategic Policy and Reform Directorate	4,177	-	-	-	-	-	46	4,223
Centrally Managed	544	-	-	-	-	-	(544)	-
<b>Total</b>	<b>165,516</b>	<b>308</b>	<b>9,000</b>	<b>(1,911)</b>	<b>(198)</b>	<b>(615)</b>	<b>-</b>	<b>172,100</b>



**DEPARTMENT OF FINANCE**  
**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

<b>Reportable segment</b>	<b>Total net expenditure reported for operating segments</b>	<b>Notional Costs</b>	<b>Cost of Rate Collection Income</b>	<b>Capital Grants</b>	<b>Consolidated Fund Extra Receipts</b>	<b>Adjustment of Unrealised Exchange Gains/ Losses and Non Budget SEUPB</b>	<b>Reallocation of Centrally Managed</b>	<b>2015-16</b>
								<b>£000</b>
								<b>Total net expenditure per the Consolidated Statement of Comprehensive Net Expenditure</b>
Corporate Human Resources	4,345	23	-	-	-	-	888	5,256
Central Procurement Directorate	3,756	-	-	-	-	-	1,988	5,744
Corporate Services Division	4,140	-	-	-	-	-	745	4,885
Departmental Solicitors Office	4,178	-	-	-	-	-	745	4,923
Enterprise Shared Services	115,610	80	-	(2,614)	(2)	-	3,573	116,647
EU Programmes	2,737	-	-	671	-	(1,017)	-	2,391
Finance Division	1,422	108	-	-	(1)	-	320	1,849
Land and Property Services	20,272	45	9,069	-	(67)	-	4,828	34,147
Northern Ireland Statistics and Research Agency	9,161	37	-	-	-	-	1,362	10,560
Other Bodies	630	-	-	-	-	-	-	630
Public Spending Directorate	3,275	-	-	-	-	-	391	3,666
Strategic Policy and Reform Directorate	5,025	-	-	-	(83)	-	604	5,546
Centrally Managed	15,444	-	-	-	-	-	(15,444)	-
<b>Total</b>	<b>189,995</b>	<b>293</b>	<b>9,069</b>	<b>(1,943)</b>	<b>(153)</b>	<b>(1,017)</b>	<b>-</b>	<b>196,244</b>

**DEPARTMENT OF FINANCE  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**3. Other Administration Costs**

	<b>2016-17</b>	<b>2015-16</b>
	<b>£000</b>	<b>£000</b>
<b>Note</b>	<b>Core Department &amp; Agency</b>	<b>Core Department &amp; Agency  (Restated)</b>
<b>Staff Costs</b>		
Wages and salaries	53,430	57,331
Social security costs	5,548	4,468
Other pension costs	12,080	22,672
<b>Rentals under operating leases:</b>		
Other operating leases	12,594	13,245
Hire of Plant and Machinery	20	34
<b>Interest Charges:</b>		
Finance Leases	270	440
Late payment of debt	-	-
<b>Non-cash items:</b>		
Depreciation and Amortisation*	28,516	30,381
(Profit) / Loss on Disposal of Assets	(17)	(2,097)
Auditor's Remuneration and Expenses	211	214
Other Notional Costs	55	26
<b>Other Expenditure:</b>		
Accounting and information Technology	33,228	30,912
Rates	16,888	16,812
Costs of Government Estate	10,439	9,484
Accommodation, Maintenance and Utilities	8,892	8,742
Personnel and Training Costs	1,896	2,741
Other Sundry	1,037	546
Travel and Subsistence and Hospitality	950	894
Printing, Stationery and Advertising	900	613
Legal Costs	379	247
Bad Debts and Bad Debt Provision	(26)	85
Exchange Losses/(Gains)	9	24
<b>Total</b>	<b>187,299</b>	<b>197,814</b>

During 2016-17 the Department purchased the following non-audit services from its auditor, the Northern Ireland Audit Office:

Participation in the 2016-17 National Fraud Initiative £20k (2015-16: Nil).

\* Depreciation includes Amortisation of Intangible Assets shown separately in 2015-16. The 2015-16 comparative figure is now re-stated to be consistent with this year's presentation.

**DEPARTMENT OF FINANCE  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**4. Programme Costs**

		<b>2016-17</b>	<b>2015-16</b>
		<b>£000</b>	<b>£000</b>
	<b>Note</b>	<b>Core Department &amp; Agency</b>	<b>Core Department &amp; Agency</b>
			<b>(Restated)</b>
<b>Staff Costs:</b>			
Wages and salaries		44,910	45,529
Social security costs		3,970	3,030
Other pension costs		8,969	15,973
<b>EU Grant Expenditure</b>		2,252	6,212
<b>Other Grant Expenditure</b>		1,367	1,708
<b>PFI Service Charges</b>		5,627	6,973
<b>Legal Expenditure</b>		31	157
<b>Non-cash items:</b>			
Depreciation and Amortisation*		4,727	4,591
Loss on Disposal of Assets		-	54
Permanent Diminution in Value of Assets		(1,581)	(457)
<b>Provisions:</b>			
Provided for in year	14	27	217
Provisions not required written back	14	(102)	(340)
<b>Other expenditure:</b>			
Accounting and Information Technology		5,164	4,191
Registrar Charges		2,166	2,412
Bad Debts and Bad Debt Provision		1,296	1,354
Accommodation, Maintenance and Utilities		2,723	2,206
Other Costs		1,965	1,815
Travel and Subsistence and Hospitality		483	592
Printing, Stationery and Advertising		321	277
Personnel and Training Costs		686	439
Hire of Plant and Machinery		181	171
Other Operating Leases		91	50
Exchange Losses/(Gains)		(86)	(150)
<b>Total</b>		<b>85,187</b>	<b>97,004</b>

\* Depreciation includes Amortisation of Intangible Assets shown separately in 2015-16. The 2015-16 comparative figure is now re-stated to be consistent with this year's presentation.

**DEPARTMENT OF FINANCE  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**5. Income**

	<b>2016-17</b>	<b>2015-16</b>
	<b>£000</b>	<b>£000</b>
	<b>Core Department &amp; Agency</b>	<b>Core Department &amp; Agency</b>
<b>Admin:</b>		
Sales and Recharges	47,600	43,174
Recovery of Accommodation & Facilities Costs	2,332	1,441
Buildings	1,047	1,411
Other Fees, Levies and Charges	1,480	1,654
Other Income	551	543
Recovery of Seconded Costs	375	648
	<b>53,385</b>	<b>48,871</b>
<b>Programme:</b>		
Sale of Maps and Mapping Data (including Royalties and Licences)	9,891	9,868
Other Fees, Levies and Charges	14,622	13,467
Sales and Recharges	8,057	7,588
Recovery of Seconded Costs	9,023	9,045
Mapping and Geodetic Services	1,627	1,868
EU Grant Income (Current)	1,766	3,173
EU Grant Income (Capital)	-	2,012
Other Income	2,015	2,682
	<b>47,001</b>	<b>49,703</b>
<b>Total</b>	<b>100,386</b>	<b>98,574</b>
<b>Of Which:</b>		
<b>Core Department</b>	<b>84,727</b>	<b>83,594</b>

**DEPARTMENT OF FINANCE**  
**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**6. Property, plant and equipment**

**6(a) Property, plant and equipment for the year ended 31 March 2017**

	Land	Buildings including Dwellings	Antiques	Assets under Construction	Transport	Plant & Machinery	Information Technology	Furniture & Fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>									
Gross Book Value Brought Forward	74,254	278,056	1,961	212	329	3,115	42,890	30,811	431,628
Reclassifications	(10)	(63)	(13)	-	-	(9)	12	43	(40)
Additions	(17)	18,002	-	136	128	(153)	8,052	2,089	28,237
Disposals	-	-	-	-	(30)	(94)	(2,323)	(4)	(2,451)
Revaluations	2,077	5,987	171	-	-	56	1,312	-	9,603
Impairments charged to SoCNE	199	1,510	(1)	-	-	-	107	-	1,815
Net Transfers	-	-	8	1,743	13	266	10	-	2,040
<b>Balance at 31 March 2017</b>	<b>76,503</b>	<b>303,492</b>	<b>2,126</b>	<b>2,091</b>	<b>440</b>	<b>3,181</b>	<b>50,060</b>	<b>32,939</b>	<b>470,832</b>
<b>Depreciation</b>									
Accumulated Depreciation Brought Forward	-	64,003	-	-	291	1,974	28,799	21,417	116,484
Charged in year	-	12,206	-	-	17	250	5,699	1,648	19,820
Disposals Depreciation	-	-	-	-	(30)	(86)	(2,314)	(4)	(2,434)
Revaluations Depreciation	-	1,613	-	-	-	28	562	-	2,203
Depreciation on Impairments charged to SoCNE	-	164	-	-	-	-	70	-	234
Depreciation on Net Transfers	-	(13)	-	-	-	(6)	19	13	13
<b>Balance at 31 March 2017</b>	<b>-</b>	<b>77,973</b>	<b>-</b>	<b>-</b>	<b>278</b>	<b>2,160</b>	<b>32,835</b>	<b>23,074</b>	<b>136,320</b>
<b>Carrying Amount at 31 March 2017</b>	<b>76,503</b>	<b>225,519</b>	<b>2,126</b>	<b>2,091</b>	<b>162</b>	<b>1,021</b>	<b>17,225</b>	<b>9,865</b>	<b>334,512</b>
<b>Carrying Amount at 01 April 2016</b>	<b>74,254</b>	<b>214,053</b>	<b>1,961</b>	<b>212</b>	<b>38</b>	<b>1,141</b>	<b>14,091</b>	<b>9,394</b>	<b>315,144</b>

**DEPARTMENT OF FINANCE  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**6(a) Property, plant and equipment for the year ended 31 March 2017**

	<b>Land £000</b>	<b>Buildings including Dwellings £000</b>	<b>Antiques £000</b>	<b>Assets under Construction £000</b>	<b>Transport £000</b>	<b>Plant &amp; Machinery £000</b>	<b>Information Technology £000</b>	<b>Furniture &amp; Fittings £000</b>	<b>Total £000</b>
<b>Asset financing:</b>									
Owned	76,503	214,498	2,057	2,091	162	1,021	17,225	9,865	323,422
EU Grant Funded	-	9,893	-	-	-	-	-	-	9,893
Donated	-	1,128	69	-	-	-	-	-	1,197
<b>Carrying Amount at 31 March 2017</b>	<b>76,503</b>	<b>225,519</b>	<b>2,126</b>	<b>2,091</b>	<b>162</b>	<b>1,021</b>	<b>17,225</b>	<b>9,865</b>	<b>334,512</b>
<b>Of the total</b>									
Department	76,503	225,519	2,126	1,743	162	1,012	16,949	9,842	333,856
Agency	-	-	-	348	-	9	276	23	656
<b>Carrying Amount at 31 March 2017</b>	<b>76,503</b>	<b>225,519</b>	<b>2,126</b>	<b>2,091</b>	<b>162</b>	<b>1,021</b>	<b>17,225</b>	<b>9,865</b>	<b>334,512</b>

**DEPARTMENT OF FINANCE**  
**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**6(b) Property, plant and equipment for the year ended 31 March 2016**

	Land £000	Buildings including Dwellings £000	Antiques £000	Assets Under Construction £000	Transport £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings £000	Total £000
<b>Cost or Valuation</b>									
At 1 April 2015	67,307	263,955	1,961	120	443	3,234	45,565	28,591	411,176
Adjustments*		1,512							1,512
Reclassifications	(542)	(640)	-	-	-	(7)	12	-	(1,177)
Additions	57	14,887	-	92	-	249	4,491	2,176	21,952
Disposals	-	-	-	-	(114)	(373)	(7,129)	(20)	(7,636)
Revaluations	7,573	1,670	-	-	-	10	21	63	9,337
Impairments charged to SoCNE	(141)	(3,328)	-	-	-	-	(74)	-	(3,543)
Net Transfers	-	-	-	-	-	2	4	1	7
<b>At 31 March 2016</b>	<b>74,254</b>	<b>278,056</b>	<b>1,961</b>	<b>212</b>	<b>329</b>	<b>3,115</b>	<b>42,890</b>	<b>30,811</b>	<b>431,628</b>
<b>Depreciation</b>									
At 1 April 2015	-	69,219	-	-	347	2,057	29,917	19,791	121,331
Adjustments*		1,512							1,512
Reclassifications	-	(162)	-	-	-	(2)	3	-	(161)
Charged in year	-	12,195	-	-	43	275	6,014	1,615	20,142
Disposals	-	-	-	-	(99)	(353)	(7,101)	(18)	(7,571)
Revaluations	-	(14,790)	-	-	-	(3)	(6)	29	(14,770)
Impairments charged to SoCNE	-	(3,971)	-	-	-	-	(28)	-	(3,999)
<b>At 31 March 2016</b>	<b>-</b>	<b>64,003</b>	<b>-</b>	<b>-</b>	<b>291</b>	<b>1,974</b>	<b>28,799</b>	<b>21,417</b>	<b>116,484</b>
<b>Carrying amount at 31 March 2016</b>	<b>74,254</b>	<b>214,053</b>	<b>1,961</b>	<b>212</b>	<b>38</b>	<b>1,141</b>	<b>14,091</b>	<b>9,394</b>	<b>315,144</b>
<b>Carrying amount at 31 March 2015</b>	<b>67,307</b>	<b>194,736</b>	<b>1,961</b>	<b>120</b>	<b>96</b>	<b>1,177</b>	<b>15,648</b>	<b>8,800</b>	<b>289,845</b>

\* Adjustment to bring the opening cost and depreciation in line with the fixed asset register.

**DEPARTMENT OF FINANCE  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**6(b) Property, plant and equipment for the year ended 31 March 2016**

	<b>Land</b>	<b>Buildings including Dwellings</b>	<b>Antiques</b>	<b>Assets Under Construction</b>	<b>Transport</b>	<b>Plant &amp; Machinery</b>	<b>Information Technology</b>	<b>Furniture &amp; Fittings</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Asset financing:</b>									
Owned	74,254	202,527	1,906	212	38	1,141	14,091	9,394	303,563
EU Grant Funded	-	10,172	-	-	-	-	-	-	10,172
Donated	-	1,168	55	-	-	-	-	-	1,223
Finance leased	-	186	-	-	-	-	-	-	186
<b>Carrying amount at 31 March 2016</b>	<b>74,254</b>	<b>214,053</b>	<b>1,961</b>	<b>212</b>	<b>38</b>	<b>1,141</b>	<b>14,091</b>	<b>9,394</b>	<b>315,144</b>
<b>Of the total:</b>									
Department	74,254	214,027	1,906	-	38	1,138	13,804	9,390	314,612
Agency	-	26	-	212	-	3	287	4	532
<b>Carrying amount at 31 March 2016</b>	<b>74,254</b>	<b>214,053</b>	<b>1,961</b>	<b>212</b>	<b>38</b>	<b>1,141</b>	<b>14,091</b>	<b>9,394</b>	<b>315,144</b>



**DEPARTMENT OF FINANCE**  
**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**6(c) Notes**

- i. Included within buildings are dwellings, the carrying amount of which at 31 March 2016 was £386k (Cost £418k, Accumulated Depreciation £32k). During the accounting period, depreciation was charged at £22k. The closing carrying amount as at 31 March 2017 was £384k (Cost £441k, Accumulated Depreciation £57k).
- ii. Details of the basis of valuation can be found at Note 1.3.
- iii. The depreciation charged during the accounting period in respect of assets held under finance leases was £77k (2015-16: £85k).
- iv. Included in Reclassification is a Net Book Value of £40k reclassified to Assets Held for Sale (AHFS). This asset is disclosed under current assets.

**DEPARTMENT OF FINANCE  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**7. Intangible assets**

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

**7(a) Intangible assets for the year ended 31 March 2017**

	Assets under Construction (intangible) £000	Software Licences £000	Information technology (intangible) £000	Total £000
<b>Cost or valuation</b>				
Gross Book Value Brought Forward	2,440	11,503	142,221	156,164
Reclassifications	(300)	(30)	330	-
Additions	1,317	1,725	2,727	5,769
Disposals	-	(558)	(4,653)	(5,211)
Revaluations	-	163	3,074	3,237
Net Transfers	-	2	-	2
<b>Balance at 31 March 2017</b>	<b>3,457</b>	<b>12,805</b>	<b>143,699</b>	<b>159,961</b>
<b>Amortisation</b>				
Accumulated Depreciation Brought Forward	-	7,776	95,905	103,681
Depreciation on Reclassifications	-	-	-	-
Charged in year	-	1,386	12,037	13,423
Disposals Depreciation	-	(558)	(4,652)	(5,210)
Revaluations Depreciation	-	88	2,187	2,275
Depreciation on Net Transfers	-	1	-	1
<b>Balance at 31 March 2017</b>	<b>-</b>	<b>8,693</b>	<b>105,477</b>	<b>114,170</b>
<b>Carrying Amount at 31 March 2017</b>	<b>3,457</b>	<b>4,112</b>	<b>38,222</b>	<b>45,791</b>
Carrying Amount at 01 April 2016	2,440	3,727	46,316	52,483
<b>Asset financing:</b>				
Owned	3,457	4,112	35,400	42,969
UK Grant Funded	-	-	172	172
Finance leased	-	-	2,650	2,650
<b>Carrying Amount at 31 March 2017</b>	<b>3,457</b>	<b>4,112</b>	<b>38,222</b>	<b>45,791</b>
<b>Of the total</b>				
Department	3,457	4,013	33,761	41,231
Agency	-	99	4,461	4,560
<b>Carrying Amount at 31 March 2017</b>	<b>3,457</b>	<b>4,112</b>	<b>38,222</b>	<b>45,791</b>

**DEPARTMENT OF FINANCE  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**7(b) Intangible assets for the year ended 31 March 2016**

	<b>Assets Under Construction £000</b>	<b>Software Licences £000</b>	<b>Information Technology £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>				
At 1 April 2015	673	11,333	133,551	145,557
Reclassifications	(138)	(4)	138	(4)
Additions	1,905	819	5,685	8,409
Disposals	-	(732)	(1,212)	(1,944)
Revaluations	-	87	1,450	1,537
Transfers	-	-	2,609	2,609
<b>At 31 March 2016</b>	<b>2,440</b>	<b>11,503</b>	<b>142,221</b>	<b>156,164</b>
<b>Amortisation</b>				
At 1 April 2015	-	6,840	82,952	89,792
Reclassifications	-	(1)	-	(1)
Charged in year	-	1,623	13,207	14,830
Disposals	-	(731)	(1,120)	(1,851)
Revaluations	-	45	866	911
Transfers	-	-	-	-
<b>At 31 March 2016</b>	<b>-</b>	<b>7,776</b>	<b>95,905</b>	<b>103,681</b>
<b>Carrying amount at 31 March 2016</b>	<b>2,440</b>	<b>3,727</b>	<b>46,316</b>	<b>52,483</b>
<b>Carrying amount at 31 March 2015</b>	<b>673</b>	<b>4,493</b>	<b>50,599</b>	<b>55,765</b>
<b>Asset financing:</b>				
Owned	2,440	3,727	42,003	48,170
UK Grant Funded	-	-	269	269
Finance leased	-	-	4,044	4,044
<b>Carrying amount at 31 March 2016</b>	<b>2,440</b>	<b>3,727</b>	<b>46,316</b>	<b>52,483</b>
<b>Of the total</b>				
Department	2,440	3,586	41,123	47,149
Agency	0	141	5,193	5,334
<b>Carrying amount at 31 March 2016</b>	<b>2,440</b>	<b>3,727</b>	<b>46,316</b>	<b>52,483</b>

**7(c) Notes**

The amortisation charged during the accounting period in respect of assets held under finance leases was £1,458k (2015-16: £2,031k).

**DEPARTMENT OF FINANCE  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**8. Impairments**

	<b>2016-17 £000</b>	<b>2015-16 £000</b>
	<b>Core Department &amp; Agency</b>	<b>Core Department &amp; Agency</b>
Charged direct to the Statement of Comprehensive Net Expenditure	(1,581)	(457)
Taken through the Revaluation Reserve	(8,362)	(24,734)
<b>Total impairment charge for the year</b>	<b><u>(9,943)</u></b>	<b><u>(25,191)</u></b>

**9. Capital and other commitments**

**9.1 Capital commitments**

	<b>2016-17 £000</b>	<b>2015-16 £000</b>
	<b>Core Department &amp; Agency</b>	<b>Core Department &amp; Agency</b>
Contracted capital commitments at 31 March not otherwise included in these financial statements:		
Property, plant and equipment	10,096	10,032
Intangible assets	1,661	1,675
<b>Total</b>	<b><u>11,757</u></b>	<b><u>11,707</u></b>

**9.2 Commitments under leases**

**9.2.1 Operating leases**

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	<b>2016-17 £000</b>	<b>2015-16 £000</b>
	<b>Core Department &amp; Agency</b>	<b>Core Department &amp; Agency</b>
<b>Land and Buildings</b>		
Not later than one year	8,808	9,382
Later than one year and not later than five years	21,959	24,470
Later than five years	24,036	27,250
	<b><u>54,803</u></b>	<b><u>61,102</u></b>
<b>Other</b>		
Not later than one year	122	206
Later than one year and not later than five years	474	39
Later than five years	-	-
	<b><u>596</u></b>	<b><u>245</u></b>

**DEPARTMENT OF FINANCE  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**9.2.2 Finance leases**

There were no finance leases contracted in the year. The remaining finance leases expired in the last financial year.

**9.3 Commitments under PFI and other service concession arrangements**

**9.3.1 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 will run for 15 years to July 2019. 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 are expensed in the year incurred.

**9.3.2 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 has one contract which is classified as a service concession agreement. This contract is in relation to the Account NI financial accounting system, including the design, build and test of the financial system and provision of related hardware. This twelve year contract was entered into on 9th March 2006 by DoF (then DFP) on behalf of the Northern Ireland Civil Service and includes anticipated refresh of the hardware and software. The contractor is required to meet specified service availability and service performance indicators under the contract. Failure to provide the specified level of service may result in non-payment of service charges, cost recovery, delay payments, compensation and even contract termination. Variations to the contract are managed via a change control process and there have been a number of such variations since the commencement of the contract. On expiry of the contract the Department may elect to have the asset transferred to it for zero cost, with any additional changes to the asset as a result of the change control process that have not been recovered by the contractor at this time being paid for at cost.

Details of the imputed finance lease charges are given in the table below for each of the following periods.

**DEPARTMENT OF FINANCE**  
**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

	<b>2016-17</b>	<b>2015-16</b>
	<b>£000</b>	<b>£000</b>
	<b>Core Department &amp; Agency</b>	<b>Core Department &amp; Agency</b>
<b>Total obligations under on-balance sheet (SoFP) service concession arrangements for the following periods comprise:</b>		
Not later than one year	2,245	2,450
Later than one year and not later than five years	-	2,245
Later than five years	-	-
	<u>2,245</u>	<u>4,695</u>
<i>Less interest element</i>	<u>(88)</u>	<u>(358)</u>
<b><i>Present value of obligations</i></b>	<b><u>2,158</u></b>	<b><u>4,337</u></b>

**9.3.3 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 arrangement transactions was £2.9m (2015-16: £2.9m); and the payments to which the Department and its agency are committed are as follows:

	<b>2016-17</b>	<b>2015-16</b>
	<b>£000</b>	<b>£000</b>
	<b>Core Department &amp; Agency</b>	<b>Core Department &amp; Agency</b>
Not later than one year	3,754	3,875
Later than one year and not later than five years	6,092	5,784
Later than five years	-	-
	<u>9,846</u>	<u>9,659</u>

**DEPARTMENT OF FINANCE**  
**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of off-balance sheet (SoFP) PFI and other service concession arrangement transactions was £5.6m (2015-16: £7m); and the payments to which the Department and its agency are committed are as follows (financial commitments have been disclosed on the basis that the option to break will not be exercised):

	<b>2016-17</b>	<b>2015-16</b>
	<b>£000</b>	<b>£000</b>
	<b>Core Department &amp; Agency</b>	<b>Core Department &amp; Agency</b>
Not later than one year	3,860	5,900
Later than one year and not later than five years	1,300	6,000
Later than five years	-	-
	<b><u>5,160</u></b>	<b><u>11,900</u></b>

**9.4 Other financial commitments**

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

	<b>2016-17</b>	<b>2015-16</b>
	<b>£000</b>	<b>£000</b>
	<b>Core Department &amp; Agency</b>	<b>Core Department &amp; Agency</b>
Not later than one year	22,941	24,188
Later than one year and not later than five years	54,822	65,500
Later than five years	4,697	4,115
<b>Total</b>	<b><u>82,460</u></b>	<b><u>93,803</u></b>

**10. 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.

## DEPARTMENT OF FINANCE

### RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

#### NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

##### 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 debtors (Note 12) and cash at bank and in hand (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	At fair value	From subsequent measurement Currency translation	Impairment/reversal of impairment	2017	Net gain/(loss) 2016
Loans and receivable	-	-	261	(1,270)	(1,009)	(1,141)
Financial liabilities measured at amortised cost	(271)	-	(186)	-	(457)	(612)
<b>Total</b>	<b>(271)</b>	<b>-</b>	<b>75</b>	<b>(1,270)</b>	<b>(1,466)</b>	<b>(1,753)</b>

Finance costs from financial liabilities measured at amortised cost consist of interest charges in relation to finance lease liabilities (Note 3).

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 DoF in other currencies.

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

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

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

##### Risk management

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

##### Credit risk

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



**DEPARTMENT OF FINANCE**  
**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**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 cashflows 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 2017 the net exposure was £1.5m (31 March 2016: £1.4m).

*Sensitivity analysis*

Based on the balance denoted in euro at 31 March 2017, a 15% weakening or strengthening of sterling against the euro would have increased or decreased the exchange rate movement by £224k respectively (31 March 2016: movement of £208k). 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.

**DEPARTMENT OF FINANCE  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**11. Cash and Cash Equivalents**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
	<b>Core Department &amp; Agency</b>	<b>Core Department &amp; Agency</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	29,489	29,791
Net change in cash and cash equivalent balances	(1,370)	(302)
<b>Balance at 31 March</b>	<b>28,119</b>	<b>29,489</b>

**The following balances at 31 March were held at:**

Commercial banks and cash in hand	34,743	31,959
Overdrawn account at commercial bank shown as Payable	(6,624)	(2,470)
<b>Balance at 31 March</b>	<b>28,119</b>	<b>29,489</b>

**12. Trade receivables and other current assets**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
	<b>Core Department &amp; Agency</b>	<b>Core Department &amp; Agency</b>
<b>Amounts falling due within one year:</b>		
Trade receivables	11,093	8,839
Other receivables	6,251	6,412
VAT Recoverable	5,317	3,826
Prepayments and accrued income	16,336	15,531
Amounts due from EU	4,435	2,764
Amounts due from the Consolidated Fund in respect of Supply	4,784	0
	<b>48,216</b>	<b>37,372</b>

Included within prepayments and accrued income is £486 (2015-15: £486) that will be due to the Consolidated Fund once the debts are collected.

There were no amounts due to the Department in more than one year outstanding at 31 March 2017 or at 31 March 2016.

**DEPARTMENT OF FINANCE**  
**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
	<b>Core</b>	<b>Core</b>
	<b>Department</b>	<b>Department</b>
	<b>&amp; Agency</b>	<b>&amp; Agency</b>
<b>Balance at 1 April</b>	(4,420)	(4,711)
Impairment losses recognised/derecognised on receivables	(1,270)	(1,366)
Amounts written off as uncollectable	1,486	1,657
<b>Balance at 31 March</b>	<b>(4,204)</b>	<b>(4,420)</b>

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:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
	<b>Core</b>	<b>Core</b>
	<b>Department</b>	<b>Department</b>
	<b>&amp; Agency</b>	<b>&amp; Agency</b>
Neither past due nor impaired trade receivables	7,535	6,399
1-30 days	939	829
31-60 days	296	243
61-90 days	100	259
91-180 days	446	383
181-360 days	1,651	699
361 days plus	233	167
<b>Gross carrying value</b>	<b>11,200</b>	<b>8,979</b>
Less: impairment	(107)	(140)
<b>Net carrying value</b>	<b>11,093</b>	<b>8,839</b>

**DEPARTMENT OF FINANCE**  
**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**13. Trade payables and other current liabilities**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
	<b>Core</b>	<b>Core</b>
	<b>Department</b>	<b>Department</b>
	<b>&amp; Agency</b>	<b>&amp; Agency</b>
<b>Amounts falling due within one year:</b>		
Bank overdraft	6,624	2,470
Other taxation and social security	31,023	28,952
Trade payables	436	23
Other payables	840	709
Accruals and deferred income	42,754	48,989
Current part of Finance leases	2,158	2,179
Consolidated Fund extra receipts due to be paid to the Consolidated Fund		
received	10,102	172
receivable	-	-
Amount due from EU due to be paid to the Consolidated Fund		
received	-	-
receivable	-	-
Amounts issued from the Consolidated Fund for Supply but not spent at year end	-	394
	<b>93,937</b>	<b>83,888</b>
<b>Amounts falling due after more than one year:</b>		
Finance Leases	-	2,158
	<b>-</b>	<b>2,158</b>

**DEPARTMENT OF FINANCE  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**14. Provisions for liabilities and charges**

**Provisions for the year ended 31 March 2017**

	2016-17			2015-16		
	Early Departure Costs £000	Legal Claims £000	Total £000	Early Departure Costs £000	Legal Claims £000	Total £000
Balance at 1 April	60	334	394	118	851	969
Provided in the year	12	15	27	-	217	217
Provisions not required written back	(7)	(95)	(102)	-	(340)	(340)
Provisions utilised in the year*	(32)	(101)	(133)	(58)	(394)	(452)
<b>Balance as at 31 March</b>	<b>33</b>	<b>153</b>	<b>186</b>	<b>60</b>	<b>334</b>	<b>394</b>

*Analysis of expected timing of cash flows*

	2016-17			2015-16		
	Early Departure Costs £000	Legal Claims £000	Total £000	Early Departure Costs £000	Legal Claims £000	Total £000
Not later than one year	29	8	37	38	253	291
Later than one year and not later than five years	4	145	149	22	81	103
Later than five years	-	-	-	-	-	-
<b>Balance as at 31 March</b>	<b>33</b>	<b>153</b>	<b>186</b>	<b>60</b>	<b>334</b>	<b>394</b>

\*Provisions utilised in year of £133k (2015-16: £452k) is made up of £3k (2015-16: £331k) reclassified as creditors as the amounts involved have crystallised and are known with certainty and £130k (2015-16: £121k) paid during the year.

**DEPARTMENT OF FINANCE  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**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.

**15. Contingent liabilities disclosed under IAS 37**

The Department has the following contingent liabilities:

**Public/employer liability cases**

There are currently 7 cases (2015-16: 13 cases) pending against the Department. The maximum that will be payable cannot be accurately estimated.

**Industrial tribunal cases**

There are currently no industrial tribunal cases (2015-16: 16 cases) pending.

**DEPARTMENT OF FINANCE  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**Other legal issues**

The Department is considering a judgement and the potential for any financial implications it may have. The Department considers that the obligation cannot be regarded as probable and that a reliable estimate cannot be made, at this point in time, of the potential liability. This is as a result of the complexities associated, including establishing clearly the extent to which valid claims may be made and the size of any resulting payments. Consequently, the Department does not consider that it is appropriate to make a provision under the criteria set out in IAS 37.

**Tax Compliance**

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

**16. Related-party transactions**

The Department is the parent of the agency shown in Note 18. This body is regarded as a related party with which the Department has had various material transactions during the year.

The Department of Finance 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 of Finance during the year.

**17. Third-party assets**

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

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

**18. Entities within the departmental boundary**

The entities within the boundary during 2016-17 were as follows:

**DoF Core Directorates**

- Central Procurement Directorate;
- Corporate Human Resources;
- Corporate Services Group;

**DEPARTMENT OF FINANCE  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

- Departmental Solicitor's Office;
- Enterprise Shared Services;
- Land and Property Services;
- Public Spending Directorate; *and*
- Strategic Policy and Reform Directorate.

**Supply Financed Agency**

- Northern Ireland Statistics and Research Agency.

The annual reports and accounts of this body are published separately.

**Sponsored Bodies**

- Construction Industry Forum Northern Ireland;
- Lay Observer for Northern Ireland;
- Northern Ireland Building Regulations Advisory Committee;
- Northern Ireland Civil Service Pension Board;
- Statistics Advisory Committee; and
- Renewable Heat Incentive Inquiry.

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.

**19. 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 29 June 2017.



**DEPARTMENT OF FINANCE  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**Appendix 1**

**DoF CORE DIRECTORATES**

**Central Procurement Directorate (CPD)**

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

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

Works with stakeholders to promote 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.

**Corporate Human Resources (CHR)**

Seeks to ensure that all 9 Departments comply with the law and with Government policies where these relate to the employment and management of Northern Ireland Civil Service (NICS) staff.

Ensures that corporate NICS human resources policies and services are in place to support Departments and Agencies in achieving their business objectives.

Statutory approval of specific personnel related matters in respect of North/South Bodies and Tourism Ireland Limited; includes advice to Departments on HR policies for those Bodies.

Administers the Northern Ireland Civil Service Pensions, Compensation and Injury Benefit Schemes on behalf of NICS Departments, their Agencies and NDPBs.

Seeks to provide a co-ordinated approach across public service pensions.

Provides welfare and occupational health services to support Departments.

**DEPARTMENT OF FINANCE  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

Responsible for a NICS-wide Voluntary Exit Scheme (now complete) to facilitate Departments to live with budget allocations determined by the Executive.

**Corporate Services Group (CSG)**

Provides central support for the Minister and for the overall management and governance of DoF.

Provides Departmental Human Resources (DHR) and financial services to DoF.

Provides information assurance, ICT systems development and ICT support services to DoF.

Leading the NICS HR project to centralise all Departmental and Corporate HR services within Department of Finance by 3 April 2017.

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

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

**Enterprise Shared Services (ESS)**

Provides shared services such as IT, Finance, HR, training and properties to the Northern Ireland Civil Service, and a number of services are also provided to the wider public sector. ESS is also responsible for digital transformation, including NI Direct – the official government website for Northern Ireland citizens.

Provides ICT infrastructure, common IT services, electronic records management and network services to NICS Departments and the wider public sector.

Provides information management, assurance and ICT strategies and policies for the NICS.

Provides financial processing and accounting services primarily to NICS Departments.

Provides generic training services primarily to NICS Departments.

Manages the delivery of HR services primarily to NICS Departments.

Provides office estates services, property management services and fire safety services to NICS Departments and the wider public sector.

Prepares the NI Building Regulations and supporting guidance, and regulations that transpose EU Directives on the Energy Performance of Buildings.

## **DEPARTMENT OF FINANCE**

### **RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

#### **NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

Promotes energy efficiency across the public sector and sustainable development practices across the Department.

Provides citizen facing services through the NI Direct Programme.

Manages the NICS Digital Transformation Programme and provides support to Departments in the transformation and digital delivery of their citizen facing services.

Responsible for developing an Open Data strategy and action plan for NICS Departments and the wider public sector.

Responsible for progressing the development of the Outline Business Case for the delivery of next generation shared services across the NI public sector.

#### **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 Land Register (which provides a state guarantee of title), Registry of Deeds and Statutory Charges Register and provides land information services relating to those Registers for conveyancing purposes.

Carries out the statutory responsibility to maintain the Valuation Lists 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 e.g. Road Schemes).

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

Administers various rate related reliefs including Housing Benefit, Rate Relief, Lone Pensioner Allowance and Disabled Persons Allowance to owner occupiers, and a number of business related reliefs, to help those in need pay their rates and provide assistance to business.

#### **Public Spending Directorate (PSD)**

To support the Minister and the Executive in securing the allocation and effective use of available resources through monitoring public expenditure, in line with the priorities set by the Executive.

To support decisions on the management of public expenditure, maximise the achievement of VFM and promote accountability.

To promote proper governance and financial management and to ensure resources are properly accounted for.

**DEPARTMENT OF FINANCE  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

To deliver high quality, efficient and effective services to the citizen, NICS Departments and the wider public sector.

**Strategic Policy and Reform Directorate (SPAR)**

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

Co-ordinates NI's work on EU Structural Funds and is the Northern Ireland Sponsor Department for the Special EU Programmes Body working in partnership in the delivery of the PEACE and INTERREG Programmes.

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

Leads the reform of the rating system.

Leads on Public Sector Reform across the wider public sector through business improvement and the introduction and implementation of innovative best practice.

**EXECUTIVE AGENCY**

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

Provides statistical and social research services to support decision making by Northern Ireland Ministers and Departments and to inform elected representatives and the wider community through the dissemination of reliable, impartial and objective official statistics.

Supports the measurement framework at population level for the Programme for Government

Carries out the decennial Census.

Administers marriage laws.

Provides a system for the civil registration of births, marriages, civil partnerships, adoptions and deaths in Northern Ireland.