

Office of the First Minister and deputy First Minister
Annual Report and Accounts
For the year ended 31 March 2015

*Laid before the Northern Ireland Assembly by the
Department of Finance and Personnel under
section 10(4) of the Government Resources
and Accounts Act (Northern Ireland) 2001*

on

02 July 2015



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2014-15 ANNUAL REPORT

DIRECTORS' REPORT

The Office of the First Minister and deputy First Minister (OFMDFM) presents its accounts for the financial year ended 31 March 2015 as directed by the Department of Finance and Personnel under section 9(1) of Government Resources and Accounts Act (Northern Ireland) 2001. These accounts have been prepared in accordance with the appropriate form and disclosure requirements of the Government Financial Reporting Manual.

SCOPE

Accounting Boundary

The Departmental boundary is determined by the way in which in-year budgetary control is exercised by the Department. For the year 2014-15 in addition to the OFMDFM core department the following are considered to be within the boundary and their financial performance is consolidated in the Department's resource accounts:

- **Attorney General for Northern Ireland**

The commencement of Sections 22-26 of the Justice (Northern Ireland) Act 2002 on 12 April 2010 (when policing and justice powers were devolved) established the position of the Attorney General for Northern Ireland as a statutory office within the devolved administration. The Attorney General is an independent statutory office holder appointed by the First Minister and deputy First Minister for a fixed term in accordance with the terms of his appointment and the provisions of the Justice (Northern Ireland) Act 2002. Further details are available at www.attorneygeneralni.gov.uk.

- **Commissioner for Public Appointments for Northern Ireland**

The post of Commissioner for Public Appointments for Northern Ireland was established in 1995 on the recommendation of the Committee on Standards in Public Life. The Commissioner is appointed by the First Minister and deputy First Minister and is a statutory office holder operating at arm's length from the Department. The Commissioner's role is to regulate, monitor and report on Ministerial appointments to a range of public bodies as outlined in legislation. Further details are available at www.publicappointmentsni.org.

- **Inquiry into Historical Institutional Abuse**

The Inquiry into Historical Institutional Abuse was established on 1 October 2012 and the Inquiry into Historical Institutional Abuse Act (Northern Ireland) 2013 came into operation on 19 January 2013. The Statutory Rules became operational on 25 July 2013 and the Oral Hearings began in the former Banbridge Courthouse in January 2014. A one-year extension to the timeframe of the Inquiry was approved by the Assembly on 3 February 2015. The Inquiry into Historical Institutional Abuse (Amendment of the Terms of Reference) Order (Northern Ireland) 2015 became operational on 11 February 2015. Further details are available at the Inquiry's website www.hiainquiry.org or at www.nidirect.gov.uk/historical-institutional-abuse.

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- **North South Ministerial Council Joint Secretariat (North)**

Established under the terms of the Belfast/Good Friday Agreement, the North South Ministerial Council brings together Ministers from the Northern Ireland Executive and the Irish Government to develop consultation, co-operation and action on matters of mutual interest. The North South Ministerial Council is supported by a Joint Secretariat, based in Armagh and staffed by civil servants from OFMDFM and the Irish Civil Service. The North South Ministerial Council Joint Secretariat (North) provides advice and support for Ministers in relation to their participation in the North South Ministerial Council. Further details are available at www.northsouthministerialcouncil.org.

- **Planning Appeals Commission and Water Appeals Commission**

The Planning Appeals Commission and Water Appeals Commissions are independent appellate bodies established under statute to deal with a wide range of land use, planning, water and related issues. Further details are available at www.pacni.gov.uk.

Entities outside the Accounting Boundary

The Department provides funding to a number of non-departmental public bodies and sponsored bodies which are outside the Departmental accounting boundary, as listed below. Each of these bodies produces its own published annual reports and accounts, and their financial performance is not consolidated into the Department's resource accounts.

- **Commissioner for Children and Young People for Northern Ireland**

The Commissioner for Children and Young People was established as an executive non-departmental public body in 2003 under the Commissioner for Children and Young People Order (Northern Ireland) 2003. Its primary role is to promote and safeguard the rights and best interests of children and young people in Northern Ireland. The third Commissioner took up position on 2 March 2015. Further information, including the Commissioner's annual report and accounts can be obtained at www.niccy.org.

- **Commissioner for Older People for Northern Ireland**

The Commissioner for Older People for Northern Ireland was established as an executive non-departmental public body under the Commissioner for Older People Act (Northern Ireland) 2011 and the Commissioner took up post on 14 November 2011. The principal aim of the Commissioner is to safeguard and promote the interests of older persons. Her duties include promoting an awareness of, and safeguarding matters relating to the interests of older people, and keeping under review the adequacy and effectiveness of relevant law and practice and services. Further information can be obtained at www.copni.org.

- **Northern Ireland Community Relations Council**

The Community Relations Council was established with government support in 1990. It is an executive non-departmental public body and formed as an independent company with charitable status. Its strategic aim is to support the development and implementation of the good relations outcomes and objectives specified in the Programme for Government including the administration and allocation of good relations funding to third party delivery organisations. Further information, including its Annual Report and Accounts, can be obtained at www.community-relations.org.uk.

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- **Commission for Victims and Survivors for Northern Ireland**

The Commission for Victims and Survivors for Northern Ireland was established as an executive non-departmental public body in June 2008. The principal aim of the Commission is to promote the interests of victims and survivors. Its duties include promoting an awareness of, and safeguarding matters relating to the interests of victims and survivors, and keeping under review the adequacy and effectiveness of law and practice and services provided for victims and survivors. Further information including the Commission's work plan can be obtained at www.cvsni.org.

- **Equality Commission for Northern Ireland**

The Equality Commission for Northern Ireland is an executive non-departmental public body established under the Northern Ireland Act 1998 with statutory functions which include working towards eliminating unlawful discrimination and to promote equality of opportunity on the grounds of disability, sex, race and religious belief/political opinion. The Commission also has responsibilities under Section 75 of the Northern Ireland Act 1998 in relation to the public sector equality duties. Further information, including its Corporate Plan and Annual Report and Accounts can be obtained at www.equalityni.org.

- **Ilex Urban Regeneration Company Limited**

Ilex was established as an executive non-departmental public body limited by guarantee on 17 July 2003 to create and promote the co-ordinated regeneration of the Derry City Council area through the collective force of private and public sector drive, expertise, finance and development skills. The company is funded by OFMDFM and the Department for Social Development as set out in the Financial Memorandum. OFMDFM assumed full sponsorship responsibility for Ilex from 1 April 2013 with the funding responsibilities of the Department for Social Development for the remainder of the current budget period managed through a memorandum of understanding between both departments. Ilex discharges its responsibilities through the implementation of a Corporate Plan and a related annual Business Plan. Further information can be obtained at www.ilex-urc.com.

- **Maze/Long Kesh Development Corporation**

The Maze/Long Kesh Development Corporation was established as an executive non-departmental public body on 10 September 2012. The overall aim of the Corporation is to secure the regeneration of the Maze/Long Kesh site. The Corporation has its own Board and is funded by OFMDFM.

- **Northern Ireland Judicial Appointments Commission**

The Northern Ireland Judicial Appointments Commission is a non-departmental public body which was established on 15 June 2005 under the Justice (Northern Ireland) Act 2002 as amended by the Justice (Northern Ireland) Act 2004. Sponsorship of the Commission transferred to OFMDFM on the devolution of policing and justice powers in April 2010. It is currently responsible for selecting and appointing, or recommending for appointment, applicants in respect of all listed judicial offices up to and including High Court Judge. Further information, including the Commission's Annual Report and Accounts, can be obtained at www.nijac.gov.uk.

- **Northern Ireland Memorial Fund**

The Northern Ireland Memorial Fund is an executive non-departmental public body and formed as a company limited by guarantee with charitable status. It administered funding to individual victims

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and survivors on behalf of OFMDFM until 31 March 2013 when the function transferred to the Victims and Survivors Service. The Fund is now being wound up for closure.

- **Strategic Investment Board Limited**

The Strategic Investment Board Limited is an executive non-departmental public body and formed as a company limited by guarantee. It prepares and oversees the Investment Strategy for Northern Ireland, to support the successful delivery of major and complex infrastructure projects, to foster reform in public sector systems and processes and to advise on the effective use of public sector property assets. The company plays a key role in supporting the Programme for Government and Economic Strategy. It has its own Board and is wholly funded by OFMDFM. Further details of the work of the Strategic Investment Board, the projects in which it is involved and other information can be obtained at www.sibni.org.

- **Victims and Survivors Service Limited**

The Victims and Survivors Service is an executive non-departmental public body and formed as a company limited by guarantee. It was established by OFMDFM to administer funding and support to victims and survivors and opened in April 2012. The Service provides funding to both individual victims and survivors through the provision of goods, services and financial assistance, and Victims Groups. Further information on the Victims and Survivors Service can be obtained at www.victimsservice.org.

Transfer of OFMDFM Functions

The Stormont House Agreement contains a commitment to reduce the number of NICS Departments from 12 to 9 following the Assembly election in May 2016, which will involve functions transferring from some departments to others. The number, names and high level functions of the new departments are currently being considered by Ministers. It is anticipated that staff working in the affected areas will move with the function. The proposed 9-departmental model outlines a machinery of government change where some of the functions of the Office of First Minister and deputy First Minister will transfer to other departments in May 2016.

OFMDFM Departmental Board

The Departmental Board is chaired by the Head of the Civil Service in his capacity as Permanent Secretary of OFMDFM. The Board supports the delivery of effective corporate governance and operates within best practice guidelines outlined in *Corporate Governance in Central Government Departments: Code of Good Practice (NI) (2013)*. The Board takes an objective long-term view of the business of the Department, leading its strategic planning process and assisting the Permanent Secretary and the Accounting Officer in meeting their corporate governance responsibilities.

The roles and responsibilities of the Departmental Board and its sub committees are detailed in the Governance Statement at Page 41.

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During 2014-15 the Departmental Board comprised the following members:

- Malcolm McKibbin, Permanent Secretary
- Mark Browne, Accounting Officer and Director of Resources, Regeneration, International Relations and Institutional Review
- George Thorley, Independent Board Member
- Brenda King, First Legislative Counsel
- Stephen Grimason, Director of the Executive Information Service
- Neill Jackson, Head of Executive Division
- Colm Shannon, Joint Secretary (North), North South Ministerial Council Joint Secretariat
- Denis McMahon, Director of Equality and Strategy Directorate left the Department on 30 March 2015 and was replaced by Henry Johnston on 1 April 2015.
- Alan Maitland, Director of Corporate Services retired on 1 August 2014 and replaced by Siobhan Broderick until 27 February 2015 and subsequently by Liz Elliott on 2 March 2015.
- Stephen Boyd, Director of Finance

Management

Responsibility for the Department is jointly exercised by the First Minister, Peter Robinson and deputy First Minister, Martin McGuinness, who are supported in all aspects of their responsibilities by two Junior Ministers Jonathan Bell (replaced by Michelle McIlveen on 11 May 2015) and Jennifer McCann. Malcolm McKibbin has held the position of Head of the Civil Service and Permanent Secretary of OFMDFM since 17 October 2011. Mark Browne was appointed as Departmental Accounting Officer from 8 April 2013.

Departmental Reporting Cycle

This report provides a summary of the Department's performance and key achievements during 2014-15. The Department's original Estimates for the year were set out in *Northern Ireland Main Estimates 2014-15*. Revised Estimates were published in *Northern Ireland Spring Supplementary Estimates 2014-15*. Both documents are available at <http://www.dfpni.gov.uk/main-estimates> or from *The Stationery Office, TSO*.

Pension Liabilities

The treatment of pension costs and liabilities is disclosed in the Remuneration Report and Note 1.9 to the departmental resource accounts.

Register of Interests

No members of the Departmental Board held any positions outside the Department which may have conflicted with their management responsibilities.

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Personal Data Related Incidents

The Departmental Security Officer continued to review and report to the Departmental Board on data resilience, vulnerabilities and risks during the year. There were no reported personal data incidents.

Absence management

Table 1 shows sick absence statistics for the last three years. Validated end of year information for 2014-15 is not yet available but while absence levels may have decreased slightly from the previous year, the Department is unlikely to achieve its target of 7.5 days.

OFMDFM continued to place a high priority on absence management and had a wide variety of support mechanisms in place to help staff who were sick, including Occupational Health Service, Welfare Services and Carecall who provide independent counselling services. A Workplace Health and Fitness programme ran throughout the year, with over 20 health and fitness events including nutrition, fitness, cardio vascular checks and advice on specific physical and mental health issues. As part of its commitment to improving the health and wellbeing of staff OFMDFM continues to work with the new NICS Well programme.

Table 1: OFMDFM and NICS Sick Absence Statistics

Data provided by Northern Ireland Statistics and Research Agency

	2013-14		2012-13		2011-12	
	OFMDFM	NICS	OFMDFM	NICS	OFMDFM	NICS
Days Lost per Staff Year	8.9	10.1	7.8	10.6	8.7	10.1
% of Staff with no recorded absence	60.2	55.3	63.7	52.3	65.9	53.7
Long term absence						
% of staff with one or more long-term absence	7.7	10.4	7.2	10.4	7.7	10.4
% of working days lost due to long-term absence	69.7	73	73.8	70.7	75.5	71.3
Average duration (working days)	65.6	59.8	65.5	60	72	58.6

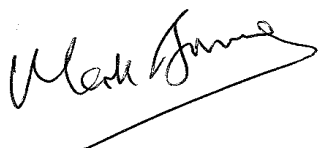
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Auditors

The Department's Accounts are audited by the Comptroller and Auditor General for Northern Ireland in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. The audit of the financial statements for 2014-15 resulted in a notional audit fee of £65,000 and is included in the administration costs in the operating cost statement. A fee of £1,332 was also paid to the Northern Ireland Audit Office in respect of the 2014-15 National Fraud Initiative exercise.

So far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware. The Accounting Officer 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.

Approved and signed

A handwritten signature in black ink, appearing to read 'Mark Browne', with a long horizontal line extending from the end of the signature.

Mark Browne (Dr)
Accounting Officer

25 June 2015

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STRATEGIC REPORT

Departmental Aim

The Department's aim is to *build a peaceful and prosperous society with respect for the rule of law where everyone can enjoy a better quality of life now and in years to come.*

Programme for Government 2011-15

OFMDFM led or shared responsibility during 2014-15 for the following Programme for Government commitments:

Priority 1: Growing a Sustainable Economy and Investing in the Future

- Press for the devolution of Corporation Tax and reduce its level (shared with Departments of Finance and Personnel and Enterprise, Trade and Investment)
- Develop Maze/Long Kesh as a regeneration site of regional significance
- Develop the 'One Plan' for the regeneration of Derry/Londonderry, incorporating the key sites at Fort George and Ebrington
- Provide financial and other support across government to ensure the success of the Derry/Londonderry City of Culture 2013
- Facilitate delivery of the Executive's 20% target for increased drawdown of competitive EU funds.

Priority 2: Creating Opportunities, Tackling Disadvantage and Improving Health and Wellbeing

- Provide £40m to address dereliction and promote investment in the physical regeneration of deprived areas through the Social Investment Fund
- Invest £40m to improve pathways to employment, tackle systemic issues linked to deprivation and increase community services through the Social Investment Fund
- Publish and implement a Childcare Strategy with key actions to provide integrated and affordable childcare
- Deliver a range of measures to tackle poverty and social exclusion through the Delivering Social Change framework, including helping individuals and families facing hardship due to the current economic downturn
- Fulfil our commitments under the Child Poverty Act to reduce child poverty
- Extend age discrimination legislation to the provision of goods, facilities and services
- Establish an advisory group to assist Ministers in alleviating hardship including any implications of the UK Government's Welfare Reform Programme.

Priority 4: Building a Strong and Shared Community

- Publish the Cohesion, Sharing and Integration Strategy to build a united community and improve community relations.

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Priority 5: Delivering High Quality and Efficient Public Services

- Agree any changes to post-2015 structures of Government in 2012.

Programme for Government Delivery Framework

The Programme for Government is supported by a structured Delivery Framework within which processes, roles and responsibilities are clearly identified and assigned. OFMDFM, along with all other Northern Ireland Civil Service (NICS) Departments, has produced a detailed Delivery Plan for each commitment for which it has responsibility. Each Plan has a Senior Responsible Officer who is responsible for its currency and accuracy, and it is this document which underpins the monitoring and reporting of progress throughout the lifetime of the Programme for Government. Delivery of the commitments is managed at three levels:

- **Executive Programme Board**

The Executive Programme Board is chaired by the First Minister and deputy First Minister, attended by the Minister of Finance and Personnel and supported by the Head of the Civil Service. Its main function is to consider and approve strategic direction as well as managing the overall Programme. The Board reports to the Executive on progress.

- **Delivery Oversight Group**

The Executive Programme Board is supported by the Delivery Oversight Group which is chaired by the Head of the Civil Service and supported by the Permanent Secretaries Group. Its main objective is to drive and support Programme delivery, ensuring constancy of direction and purpose. It acts to assure the Executive Programme Board of progress and, where necessary, to recommend actions to address issues that may arise.

- **Central Team**

A Central Team comprised of OFMDFM and officials of the Department of Finance and Personnel provides analytical and administrative support to the Delivery Oversight Group and the Executive Programme Board.

Programme for Government Reporting

Progress against each of the commitments is reported publicly. Reports are published on the Executive's website at:

<http://www.northernireland.gov.uk/index/work-of-the-executive/programme-for-government-and-budget-v1/pfg/strategic-online-report-2011-2015.htm>

Summary versions of Delivery Plans are published online, and these can be found on the Executive's website at:

<http://www.northernireland.gov.uk/index/work-of-the-executive/programme-for-government-and-budget-v1/pfg/pfg-2011-2015-delivery-plans.htm>

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PERFORMANCE ON KEY PRIORITIES IN 2014-15

Supporting the work of government

- **24 Executive meetings**
- **160 Executive papers**
- **25 North South Ministerial Council meetings**
- **5 British-Irish Council meetings**
- **5 Joint Ministerial Committee meetings**

During 2014-15 there were 24 Executive meetings at which 160 Executive papers were considered. The economy continued to be a major and ongoing priority and was included as an agenda item at all scheduled Executive meetings. Matters considered by the Executive included: Strategic Framework for Public Health 2013-23; Justice Bill; Selection and Designation of Marine Conservation Zones; Strategy for Marine Protected Areas; Development of a Strategic Approach to Drainage Infrastructure; Relocation of DARD Headquarters; Innovation Strategy for Northern Ireland; Future of Education Administration; Education Bill; New Regulatory Regime for Houses in Multiple Occupation; Measures to tackle Human Trafficking and Slavery; Pensions Bill; Partnership Panel for Northern Ireland; Regeneration Bill; Reduction in the Number of NICS Departments; Water Bill – Final Policy; Public Sector Restructuring and Reform; NICS Voluntary Exit Scheme; Special Education Needs and Disability Bill; Standardised Packaging for Tobacco Products; and Open Data Strategy for Northern Ireland.

Executive Ministers participated in 25 meetings of the North South Ministerial Council, including two Plenary meetings and one Institutional meeting. The British-Irish Council met on five occasions with Summit meetings in Guernsey and the Isle of Man, and three meetings in sectoral format in the Misuse of Substances, Environment, and Indigenous, Minority and Lesser-used Languages work streams. Ministers attended a plenary meeting of the Joint Ministerial Committee in December 2014 and also attended four meetings of the Joint Ministerial Committee in European format.

Strategic Investment and Regeneration

- **Completion of the underground car park and Enabling Platform at Ebrington**
- **Submission of Outline Planning application for Ebrington site in line with the Ebrington Development Framework**
- **Crumlin Road Gaol exceeded visitor and conference targets**
- **Belfast Distillery Ltd commenced works to convert A Wing into a boutique distillery, whiskey visitor attraction, restaurant and cafe**
- **Shackleton, St Patrick's and St Lucia former military sites secured and maintained while proposals for disposal of the sites were developed**
- **Strategic Investment Board assistance to every government Department and range of other partners including contribution to delivery of 18 actions across 13 PfG commitments**
- **Asset Management Strategy and Implementation Plan implemented**
- **£76.62 million of additional capital raised against Executive's target of £71.8 million**

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Ilex continued to progress the regeneration of the Ebrington site with the completion of the underground car park, a key feature to ensure the opening up of the site. In addition the capital works at building 70 has been completed with the works at 57/59 nearing completion with tenants secured for both buildings.

The Crumlin Road Gaol was renovated as a public asset helping to transform North Belfast's physical appearance; contributing to the city and wider region in terms of economic prosperity and job creation, improved social conditions, community confidence and cohesion. Since opening in November 2012, the Gaol has attracted over 304,550 visitors to the site, hosted over 900 conferences and events which have far exceeded OFMDFM's targets. Belfast Distillery Ltd. commenced works on the redevelopment of A Wing on 26 January 2015. It is anticipated that the boutique distillery and history of whiskey visitor attraction will open to the public in 2016.

The Royal Ulster Agricultural Society hosted its second annual Agricultural Show on the Maze/Long Kesh site. Attendance figures continue to exceed that achieved on its previous site in Belfast.

The Department continued to manage the three former military sites at St Patrick's Barracks in Ballymena, St Lucia in Omagh and Shackleton Barracks, Ballykelly. The Department of Agriculture and Rural Development commenced demolition on the section of the Shackleton site that will be used for its new headquarters building. OFMDFM is developing plans to place the remainder of the Shackleton site for sale on the open market. The sites hosted a number of community and sporting events in 2014-15. OFMDFM is also working with local Councils, the Department for Social Development and other public sector stakeholders to identify future uses for the St Lucia and St Patrick's sites.

The Strategic Investment Board (SIB) continued to support the delivery of the Investment Strategy and other major investment projects. Some £1.33 billion in capital investment in infrastructure was made during 2013-14 and it is expected that a similar level of investment will have occurred in 2014-15. Final figures will be available after all departments have completed and laid their Accounts. The Executive agreed the Asset Management Strategy and Implementation Plan and work on implementation is underway. The SIB facilitated the achievement of some £76.62million for the period 2011/12 to 2014-15 against the Executive's £71.8 million target for raising additional capital for reinvestment.

International Relations

- **32 inward visits from international government, political and diplomatic leaders to promote productive and mutually beneficial relationships**
- **6 Ministerial visits to the United States**
- **9 Ministerial visits to Brussels**
- **NI Bureau in Beijing established**
- **First Chinese Consul-General to Northern Ireland in Belfast to strengthen further government relations with the People's Republic of China**

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The Executive's International Relations Strategy which was agreed in February 2014 committed Ministers to adopting a corporate approach to international activity with the longer term aim of creating effective government-to-government relationships and establishing mutually beneficial international partnerships.

An important element of this work is the facilitation of an annual programme of inward international visits. During 2014/2015, the Department supported diplomatic visits from representatives of over 30 countries including Romania, Turkey, South Korea, Argentina, Sweden, Hungary, Latvia and Luxembourg. Visits by High Commissioners and their deputies included India, Mozambique and Canada, while delegations from Burma and the Philippines were also hosted. In addition the Department facilitated the Royal Visit to Crumlin Road Gaol and supported the organisation of the America Ireland Fund Conference in June 2014.

The First Minister and deputy First Minister met with the first Consul General of the People's Republic of China appointed to Northern Ireland and OFMDFM continued to support the Consulate team as it becomes established in Belfast. In 2014, following two visits to China by the First Minister and deputy First Minister, a Bureau in Beijing was established.

An international relations working group involving all Departments was established to coordinate and focus international relations activities across the Executive.

Northern Ireland Bureau, Washington DC

In 2014-15, the Washington Bureau continued to promote Northern Ireland's interests in close collaboration with Tourism Ireland and Invest NI. It hosted six ministerial visits and supported visits by representatives from two Assembly Committees, the PSNI, the Policing Board, Intercomm, Queens University Belfast, Ulster University, Belfast City Council, Derry City Council and the NI Science Park. It organised or part-sponsored 72 events which attracted nearly 29,000 attendees and supported inward visits by the Worldwide Ireland Funds and the Faith and Politics Institute. In September 2014, the Bureau hosted the 40th Anniversary of the founding of Project Children. In Canada, it continued to liaise with Tourism Ireland, British and Irish diplomats and the Ireland Fund of Canada, attending 9 events which included a reception and film screening at the Toronto Irish Film Festival.

The Bureau continued its work with the US Congress and the Obama Administration. It supported the US/Ireland R&D Partnership and the Secretary of State's Special Representative for Global Partnerships Office in relation to their work with NICS Departments. This ongoing engagement has helped raise Northern Ireland's profile with a new group of contacts and both organisations conducted inward visits in 2014-15.

The New York office maintained high level contacts within the Irish America Diaspora, Wall Street, media, creative industries, community groups and political leaders. It was involved in events for over 21,000 people including a sellout concert at Carnegie Hall for the Cross Border Orchestra and a reception for over 700 people to celebrate Belfast artist Marcus Robinson's BAFTA winning documentary "Rebuilding the World Trade Center". It also co-hosted a number of events to promote the Sister Cities Agreement between Belfast and Boston and extended its remit to the West Coast, working with Invest NI on four visits which enabled the office to reach out to a new Diaspora and influential business and financial leaders in San Francisco and San Diego. The highlight event was working with Invest NI, NI Science Park and Belfast City Council to promote 15 innovative technology companies in San Francisco and San Diego.

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Office of the Northern Ireland Executive in Brussels

A new Commission took up office on 1 November 2014 for a five year term under President Juncker who restructured the Commission into project teams with Vice-Presidents in place to co-ordinate approaches across the various Directorate-Generals. Executive Ministers had early meetings with the new Commissioners and their Cabinets in Brussels.

President Juncker announced a new €315bn 'Investment Plan for Europe' for the period 2015-2017 to unlock public and private investments to stimulate the EU economy. Thematic Groups have been reformed into three groups: Economy; Environment & Climate Change; and Social with clearly identified European priorities.

The Brussels Office continued to play a central role in regard to the Executive's engagement with the EU. The Common Agricultural Policy, the Russian food ban, regional co-operation, transport, the future of the Barroso (now European) Taskforce Working Group, the Digital Agenda, the Social Economy, Delivering Social Change, Manufacturing Excellence, Public Sector Reform, Youth Unemployment, Horizon 2020 and international relations were discussed during nine Ministerial and three Permanent Secretary programmes. The Head of the Civil Service received a positive report from the Director General of DG Regio on the outworkings of the Barroso Taskforce.

A funding gateway of competitive EU funding opportunities was developed. Phase 1 of the NI regional database was completed, and a partner search database is now in development. A dedicated Twitter account @BrusselsNI is in place. The Office has also been working closely with the Commission on planned visits to Northern Ireland by Commissioners Hogan and Cretu and it continues to provide ongoing help and assistance to the three MEPs and a range of key stakeholders on EU matters.

Executive Bureau in Beijing

The Executive Bureau in Beijing opened for business on 1 September 2014. It is based on the 23rd floor of the China World Trade Centre Tower 1 in the heart of Beijing's financial district.

In the first six months of operation, the Bureau has engaged in an extensive outreach programme promoting awareness of Northern Ireland in targeted regions across China. Events have included eight briefings on International Relations to universities and five presentations on Business, five on Cultural Awareness, two on Science and Research and two on Tourism. A particular focus has been on the regions of Liaoning and Hubei. Plans are at an advanced stage for the Provincial governments in these areas to formalise agreements with the Executive over the coming months.

The Bureau has met directly with the UK Secretary of State for Agriculture and with DEFRA and the Chinese Ministry of Agriculture officials to secure pork inspection visits in Northern Ireland. Accessing the Chinese marketplace continues to be a key priority for the local agricultural sector. The Bureau has been active in its support of the Ulster University's collaboration with Hubei New University and the NI Confucius Institute and of Queen's University's partnership with a number of Chinese universities in Beijing and Shenyang.

Equality and Strategy

- **33 Social Investment Fund projects approved to the value of £53.5 million**
- **£2.7 million allocated under the *Bright Start* School Age Childcare Grant Scheme to some 80 childcare settings to create or sustain around 2,300 low cost childcare places**
- **Work on the full Executive Childcare Strategy at an advanced stage**
- **Third Annual Report for the 2011-14 Child Poverty Strategy published**
- **Review of 2011-14 Child Poverty Strategy completed with recommendations informing development of 2014-17 strategy**
- **Delivering Social Change for Children and Young People Analysis Report published**
- **Review of Gender Equality Strategy completed and new strategy under development**
- **Draft strategies developed on Sexual Orientation and Active Aging**
- **Policy proposals for Age GFS legislation developed**
- **Comprehensive consultation on new Racial Equality Strategy**
- **Over £1million distributed in support of groups working towards better race relations**
- **One year extension to Historical Institutional Abuse Inquiry approved in February 2015**
- **Headline actions and other Together: Building a United Community commitments progressed**
- **Over £14 million allocated to fund good relations activity**
- **Over £12 million allocated to the Victims and Survivors Service**

A key element for the successful delivery of the Programme for Government commitments is the Delivering Social Change framework established to tackle poverty and social exclusion. Six Signature Programmes are being rolled out:

- £12 million is being invested in 232.3 full time equivalent teachers providing additional teaching support in primary and post-primary schools to children and young people who are at risk of underachieving in English and Maths at critical stages of their education;
- £3 million is being invested in 20 new nurture units, which have been rolled out in 20 primary schools to help support the social, emotional and behavioural development of young children and provide an opportunity to challenge some of the barriers that contribute to low educational attainment. This investment will support up to 480 children and their families;
- £2 million is being invested in a suite of parenting support programmes which are providing additional, high quality intervention support to both new and existing parents. Up to 1,200 families will benefit from the programmes;
- £3 million is being invested in 15 existing family support hubs which are benefitting from continued support and 8 new hubs have been established. Some 6,000 families are expected to benefit from these hubs;
- £4 million has been invested to upscale the Community Family Support Programme which successfully piloted 44 families. A total of 720 families have benefitted; and
- £4 million is being invested to progress the setting up and operation of 11 social enterprise hubs to tackle the lack of employment opportunities within local communities and encourage business set-up.

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A seventh Signature Programme is also in place to enhance play and leisure opportunities for children and young people to the value of up to £1.6 million over three years from 2014. Funding was secured in-year and the Department of Environment working with local school children brought forward a project for a natural play area in Crawfordsburn Country Park.

During 2014-15 33 Social Investment Fund projects were approved totalling approximately £53.5 million. Projects have commenced on the ground to deliver benefits to those most in need.

The Bright Start School Age Childcare Grant Scheme was launched at the end of March 2014. The successful applicants to the scheme will be awarded £2.7 million over a three year period and their projects will sustain or create 2,300 school age childcare places. Most of these places will serve disadvantaged communities.

OFMDFM is also leading work on the full, final version of the Executive's Childcare Strategy. This has been taken forward on a co-design basis in partnership with childcare stakeholders and the childcare sector. Work has included a series of one-to-one meetings with stakeholders and providers and two workshop events. A draft Childcare Strategy is currently under consideration in the department. When it has secured Ministerial and Executive approval, it will be put to public consultation after which the Strategy will be finalised for publication.

A formal review of the 2011-14 Child Poverty Strategy took place and recommendations have contributed to the development of the 2014-17 strategy. The third Annual Report for the 2011-14 Child Poverty Strategy was published and demonstrated that child poverty rates have been falling since 2009/10. A 2014-15 Child Poverty Annual Report was developed and will be published shortly.

Consultation was launched on the Delivering Social Change for Children and Young People. Following consultation an Analysis Report was published which indicated that stakeholders wished to see the Ten Year Strategy for Children and Young People 2006-16 continue to set the strategic direction until 2016 and that a Child Poverty Strategy should be a separate Strategy. The Executive Ten Year Strategy for Children and Young People will end in 2016 and work is underway to develop a new strategy utilising the co-design process post 2016.

The first annual report on progress in implementing the Executive's Disability Strategy has been prepared and will be published in the near future.

The Gender Equality Strategy 2006-2016 sets out an overarching framework for departments, their agencies and other relevant statutory authorities to promote gender equality. Work commenced in 2014 to develop a new Gender Equality Strategy based on the findings of the review of the current strategy.

A consultation on developing a Sexual Orientation Strategy closed in June 2014. The results of this consultation informed the development of the draft strategy which is underway. A consultation on developing an Active Ageing Strategy closed in May 2014. The draft Strategy highlights the key issues facing older people and will be implemented through the Delivering Social Change

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framework. The strategic aims of the draft strategy are based on The United Nations Principles for Older Persons. It is anticipated that the final Strategy will be launched in Summer 2015.

On 19 February 2015, Ministers made a Ministerial Statement to the Assembly about the Programme for Government commitment to extend age discrimination legislation to the provision of goods, facilities and services. The statement announced their decision that the proposed legislation will apply to people aged 16 and over. The aim of the proposed new legislation is to protect all people aged 16 and over from unfair age discrimination by those providing goods, facilities and services. A consultation document will be brought forward in 2015, setting out proposals for legislation.

There has been significant progress towards a new Executive Racial Equality Strategy. Consultation took place between June and October 2014.

The Historical Institutional Abuse Inquiry continued to interview victims and other interested parties in line with its Terms of Reference. A one-year extension to the Inquiry timeframe was approved by the Assembly on 3 February 2015 and the Inquiry into Historical Institutional Abuse (Amendment of the Terms of Reference) Order (Northern Ireland) 2015 became operational on 11 February 2015.

Good progress was made in taking forward the headline actions arising from the Together: Building a United Community strategy. The first 3 shared education campuses were identified with the second tranche of projects under consideration. The pilot of the cross community sports programme was launched on 5 January 2015 with very positive feedback. The United Youth pilot programme is ready to launch at the start of April 2015. On shared housing one development was completed and work is ongoing on a number others. A further three Urban Villages were announced during the year, bringing the total number of Urban Villages to five, one more than originally planned. A Ministerial Panel was established to oversee the implementation of the Strategy complemented by a Good Relations Programme Board to monitor progress and ensure good relations are at the heart of the work going forward. Work also commenced on establishing a new Equality and Good Relations Commission which includes development of a Draft Bill which will be subject to a full public consultation.

Almost £9 million was distributed for good relations projects through OFMDFM. £700,000 was administered through Education and Library Boards and Belfast City Council to support summer intervention work among young people. £750,000 was allocated to support continued good relations activity in the North Belfast area and to build on the effective working relationships established within the community. £3.27 million was allocated to the District Councils Good Relations Programme. The Central Good Relations funding scheme was allocated £1.71 million to support productive time bound projects aimed at building a united, shared and reconciled community The Contested Spaces Programme which is jointly funded with Atlantic Philanthropies supported projects to the value of £747,000 and the Community Relations Council distributed £1.7 million funding on behalf of OFMDFM. The North Belfast City Learning project received £92,000 for the cross-departmental pilot project which includes non-school facilities at the Boys and Girls Model Schools to meet the educational and wider cross community and social needs in the North Belfast area.

In collaboration with key stakeholders, plans commenced to review and improve the service delivery model which provides services to Victims and Survivors. The collaborative design programme of work looks at how best to meet the needs of victims going forward and will help inform and design the types of services required for victims and survivors and accurately cost the associated budgets to

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help deliver them for the next budget rounds. This programme of work will extend throughout 2015/16.

Economic Policy

- **Work continued on costs and technical issues associated with a devolved Corporation Tax regime**

The Programme for Government includes a commitment to press for the devolution of corporation tax and reduce its level as a means of stimulating growth in the local economy. As part of the Stormont House Agreement, the Government committed to introducing the legislation to enable the transfer of responsibility for corporation tax rate setting powers to the Assembly. The Corporation Tax (Northern Ireland) 2015 Act received Royal Assent in March 2015. Work is ongoing to prepare for the transfer of responsibility for the tax including administrative arrangements and the implications for the Executive Block Grant, in order to maximise the benefits of a reduced rate in an affordable manner.

Executive Information Service

- **25 million visits to nidirect.gov.uk**
- **17 advertising campaigns worth over £1.2 million and advice and guidance to non-departmental public bodies**
- **Over 4,000 classified advertisements delivered at a value of £1.65 million with estimated savings of over £230,000**
- **Approval of the Executive's 2015-16 advertising programme**

The NI Direct website (www.nidirect.gov.uk) had 25 million visits in the last year, seven million more than in the previous 12 months. As well as making government information and services easily available to the citizen, the site continued to show its value as a robust platform for rapid mass communication.

During 2014-15 the Government Advertising Unit delivered the Executive's Advertising Programme which ensured that all campaigns run by departments, their agencies, non-departmental public bodies and arm's length bodies were aligned to the Programme for Government.

Civil Contingencies

- **Significant enhancement of the collective emergency capability across the public sector through the Civil Contingencies Group (NI) which is the principal strategic emergency preparedness body for the public sector**
- **Enhanced arrangements for civil contingencies at local level delivered**

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During 2014-15 the Department facilitated and built upon the success of the multi-agency Civil Contingencies Group (NI) aimed at enhancing collective emergency capability, and the delivery of a cross-departmental work programme. Delivery of this programme led to a number of significant advances during the course of the year.

Notably the Department worked with key partnership organisations to secure effective delivery of measures to enhance civil contingencies arrangements at local level. Five Sub-Regional Civil Emergencies Preparedness Groups and a new sub-group of the Civil Contingencies Group (NI) are in operation working to deliver enhanced emergency preparedness locally. The department also worked with key stakeholders to agree revised arrangements to manage the impact of local government re-organisation from 1 April 2015.

Sustainable Development

- **Engagement with cross-governmental and Assembly structures on key issues within the sustainable development agenda**
- **Improved collaboration and engagement with other devolved administrations and sectoral partners**

During 2014-15 work focused on mainstreaming sustainability into the operations of government departments and district councils, and supporting the sharing of good practice across the public sector. OFMDFM also chaired the Sustainability Champions Network and provided cross-departmental advice and support to Ministerial-led groups and Assembly Committees. Externally, the Department continued to work with local government, academia and private sector organisations to progress the policy agenda.

OFMDFM continued to work in partnership with the Northern Ireland Local Government Association, and the Society of Local Government Chief Executives to support the implementation of the Sustainable Development Statutory Duty. On 22 October 2014, OFMDFM published a sustainable development good practice report which was launched at a Public Sector Sustainable Development Showcase event and provided an opportunity to highlight examples of transferable good practice, identified through the reporting process.

In collaboration with the United Kingdom Government and the devolved administrations in Scotland and Wales, OFMDFM continued to support the sharing of knowledge and good practice between jurisdictions, and the work of the Business in the Community Environment Sub-Committee.

Freedom of Information

In the 2014 calendar year OFMDFM received 125 Freedom of Information requests. This was lower than the 153 received in the previous year. Of the requests received, 55% came from members of the public and 25% from the media. The remainder came from businesses, campaigning groups, public representatives, researchers and solicitors. In addition, 10 internal reviews were carried out, and 6 complaints against the Department were investigated by the Information Commissioner, all of which

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were deemed invalid complaints under the terms of the complaints procedure. OFMDFM continued to provide a central advisory service to all Departments on compliance with the FOI Act 2000 and the Environmental Information Regulations 2004. A FOI Annual Report for 2013 for all Departments was also published.

Information Assurance and Management

OFMDFM continued to strengthen its protective security processes and procedures through the implementation of the Information Assurance Action Plan and the accreditation of all information systems used by the Department and its sponsored bodies. These measures ensure the continuing protection, assurance, legitimate processing and secure disposal of sensitive business and personal information within a secure environment. The Senior Information Risk Owner continued to lead in this important work.

In addition to the established requirement for this area to be included in quarterly assurance statements, the Department's Annual Security Review included all sponsored arm's length bodies.

Several articles concerning the protection of information were published in the Departmental Brief for the benefit of all staff. In addition, a scenario-based workshop was held for Information Asset Owners and their deputies.

With a view to identifying high value corporate data and associated risks, Information Asset Registers were created for all business areas in the Department which were quality assured by Information Management and Central Advisory Branch.

Implementation of the NICS Legacy Project Continued during 2014-15. The project aims to address the issue of many thousands of 'legacy' electronic documents held on shared drives. The project also seeks to consolidate TRIM as the single repository for holding business information.

Principal Risks and Uncertainties

The principal risks and uncertainties facing OFMDFM are disclosed in the Governance Statement.

SUSTAINABILITY REPORT

The Department promotes sustainable development through its operational activities and policy responsibilities. The Sustainability Statement identifies the Department's efforts in contributing to the priorities and objectives in the Sustainable Development Strategy. The Statement was approved by the Departmental Board and endorsed by the Head of the Civil Service in his role as Permanent Secretary of OFMDFM.

The primary aims of the Statement are to:

- Increase departmental awareness and build sustainable development intelligence;
- Introduce governance structures for monitoring and reporting sustainability performance;
- Build relationships/partnerships to support delivery of priorities;
- Mainstream sustainability into decision-making processes; and
- Achieve efficiencies through the application of sustainable development principles.

The Departmental Board is committed to the regular review of sustainable development practices and activities with the Sustainable Development Champion reporting periodically.

Internal Activities

The Department monitors progress on delivery of its sustainability targets through its Sustainability Action Plan. This includes a commitment to raise awareness through the publication of intranet articles and sustainability themed briefings. Sustainable behaviours are promoted through encouraging staff to travel by sustainable methods, for example, the Cycle to Work and Taxsmart initiatives, and the mandatory use of 100% recycled paper. The Department has reviewed printer provision and has extended the use of multi-function devices. The Sustainability Champions Group is working to produce an Energy Reduction Plan for Castle Buildings. The Stormont Estate has a dedicated staff allotment site which provides opportunities to promote more sustainable living.

Strategic Policy

The Department leads on strategic policy for sustainable development and take forward work designed to promote, encourage and embed sustainability across and beyond government. The Department has, over the course of the last year assisted local government organisations in furthering understanding of the statutory obligations emanating from the *Northern Ireland (Miscellaneous Provisions) Act 2006*. This resulted in the publication of new guidance for public authorities affected by the legislation, and it is the Department's intention to promote this through an extended engagement exercise.

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FINANCIAL PERFORMANCE

Table 2: OFMDFM Outturn against Estimate by Category of Spend

2014-15	Estimate £m	Outturn £m	Underspend/ (Overspend) £m/%	
Administration Costs	19.374	18.850	0.524	2.70%
Grants/Grant-in-Aid	99.234	98.924	0.310	0.31%
Other Current (including accruing resources)	21.110	20.340	0.770	3.65%
Total Resources	139.718	138.114	1.604	1.14%
Capital	4.493	3.448	1.045	23.25%
Departmental Total	144.211	141.562	2.649	1.83%

The Department's total Resource Outturn for the 2014-15 financial year was £138.114 million against an Estimate of £139.718 million. Total Capital Outturn for the 2014-15 financial year was £3.448 million against an Estimate of £4.493 million.

Table 2 provides a breakdown of the total outturn figure, as compared against Estimate, by category of expenditure.

The majority of the Department's non-administration expenditure was in relation to Grants or Grant-in-Aid in support of the Department's objectives. The Department's grant expenditure totalled £98.924 million representing 83% of non-administration cost expenditure.

Resource Outturn

The Department had a total resource underspend against Estimate provision of £1.604 million, 1.14% of the budget for the year. The Department is committed to improving its overall financial performance and reducing the level of year end underspend.

Analysis of Resource Underspend by Request for Resource

Table 3: Summary of Resource Outturn by Request for Resource

Request for Resource (RfR)	Estimate	Outturn	Underspend	
	£m	£m	£m/%	
RfRA	139.718	138.114	1.604	1.14%
Departmental Total	139.718	138.114	1.604	1.14%

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Request for Resources A (RfR A)

Driving investment and sustainable development; making people's lives better through support for equality, human rights and community relations; and the effective operation of the institutions of Government.

The net underspend against RfR A of £1.604m million is due to the combined impact of the underspends in a range of business areas.

- The Department recorded an Administration cost underspend of £0.524 million (2.7%). This underspend arose primarily as a consequence of the net impact of
 - lower than anticipated Notional costs and Ministerial travel costs and admin salary costs; and
 - a provision for Injury Award claim created during the financial year.
- The Department recorded a Resource underspend of £1.080 million (0.9%) mainly due to the following underspends:
 - Strategic Sites (AME) (£1.129million):
 - relating to lower than anticipated revaluation charges on the reduction in value of land and buildings at OFMDFM Strategic Sites;
 - Maze/Long Kesh Development Corporation (£0.240 million):
 - relating to minor capital projects not progressing;
 - Reinvestment and Reform Initiative (£0.173 million):
 - relating to delay in projects and lower than anticipated security costs at Crumlin Road Gaol; and
 - over estimation of depreciation charges for strategic sites
 - Good Relations (£0.172 million):
 - relating to lower than anticipated expenditure under the Good Relations Programme along with reduced costs of delivery.
- Offset by the following overspends:
 - Support for Equality, Human Rights and Community Relations (£0.318million):
 - relating to higher than anticipated movement in foreign exchange rate on EU claims paid;
 - Northern Ireland Judicial Appointments Commission (£0.212 million):
 - relating to early drawdown due to impending holiday period;
 - Central Funds (Ring Fenced) (£0.100 million):
 - relating to higher than anticipated costs of the set up and delivery of Social Investment Fund and Childcare Strategy programmes

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Management of Administration Costs

The Department is committed to achieving value for money and the delivery of efficiencies in the use of public funds. Departmental administrative expenditure on the following areas reduced in 2014-15 in contrast to 2013-14:

- Staff related costs - reduction of £200,000 (37.8%) on 2013-14; and
- Professional costs – reduction of £77,000 (35.6%) on 2013-14.

Capital Outturn

The Department had a total capital underspend against Estimate provision of £1.045 million, 23.25% of the budget for the year.

Analysis of Capital Underspend by Request for Resource

Table 4: Summary of Capital Outturn by Request for Resource

Request for Resource (RfR)	Estimate	Outturn	Underspend	
	£m	£m	£m/%	
RfRA	4.493	3.448	1.045	23.25%
Departmental Total	4.493	3.448	1.045	23.25%

Request for Resources A (RfR A)

Driving investment and sustainable development; making people's lives better through support for equality, human rights and community relations; and the effective operation of the institutions of Government.

The capital underspend against RfR A of £1.045 million (23.25%) was mainly due to lower than anticipated expenditure within Ilex (Ebrington) and at Crumlin Road Gaol.

Assets Valuation

OFMDFM Land and Buildings are valued annually by Land and Property Services. In the 2014-15 financial year OFMDFM impaired its land and buildings by £1.6m (Note 9) which was funded by Annually Managed Expenditure budget.

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Table 5: Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets

	2014/15	2013/14
	£000's	£000's
Net Resource Outturn (Estimates)	138,114	121,354
<i>Adjustments to include:</i>		
Non voted expenditure in the SOCNE	(852)	(142)
Consolidated Fund Extra Receipts (CFERs) in the SOCNE	(259)	(95)
Net Operating Costs (Accounts)	137,003	121,117
<i>Adjustments to remove:</i>		
Capital Grants	(292)	-
EU Income and related adjustments		
Voted resource expenditure outside the budget	(89,769)	(69,108)
<i>Adjustments to include:</i>		
Consolidated Fund Extra Receipts (CFERs) in the SOCNE	259	95
Resource consumption of Non Departmental Public Bodies	49,244	46,171
Capital Receipts	-	-
Resource Outturn (Budget)	96,445	98,275
<i>Of which:</i>		
Departmental Expenditure Limit (DEL)	81,820	84,963
Annually Managed Expenditure (AME)	14,625	13,312

Net Cash Requirement

The net cash requirement for 2014-15 was £131.877 million. This is £5.255 million lower than the estimated net cash requirement of £137.132 million. The Resource Outturn underspend of £1.604 million (as detailed at Table 3), the net capital underspend of £1.045 million (as detailed at Table 4), and changes in working capital and non cash costs of £2.606 million, reduced the net cash requirement by £5.255 million against the estimated net cash requirement of £137.132 million.

Savings Delivery Plans

The Department developed and published a series of savings plans to deliver these savings, and to provide additional spending capacity for priority programmes within the constraints of the Budget 2010 allocations for OFMDFM. These Savings Delivery Plans intended to achieve savings of £7.33 million, £8.36 million, £9.37 million and £10.39 million for the 4 years of the Budget 2010 period.

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In 2014-15 OFMDFM achieved total savings of £11.903 million. This was £1.520 million (14.6%) in excess of the total annual proposed savings of £10.383 million as set out in the original Savings Delivery Plans. During the period 1 April 2011 to 31 March 2015, OFMDFM achieved total savings of £38.162 million. This was £2.729 million in excess of the total target savings of £35.433 million, as set out in the original Savings Delivery Plans.

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PUBLIC INTEREST AND OTHER

Disabled Persons

The Department's Equal Opportunities policy applies to the employment of people with a disability. The Department is committed to ensuring that its policies and practices comply with the requirements of the Disability Discrimination Act 1995 and published its Disability Action Plan (www.ofmdfmni.gov.uk) following consultation with representative groups. The Department has established a Disability Focus Group and a network of Disability Contact Officers who have received disability awareness training, and is an accredited member of Employers for Disability NI.

Equal Opportunities

As an Equal Opportunity employer OFMDFM is fully committed to the elimination of all forms of discrimination, harassment and victimisation. It has a statutory obligation under Section 75 and Schedule 9 of the Northern Ireland Act 1998 to ensure that it carries out its various functions having due regard to the need to promote equality of opportunity between nine social categories, including persons of different religious belief, political opinion, racial group, age, marital status, sexual orientation, gender, persons with/without a disability and persons with/without dependants. It is also required to have regard to the desirability of promoting good relations between persons of different religious belief, political opinion, and racial group.

These statutory obligations are implemented through the Equality Scheme which shows how OFMDFM proposes to fulfil these duties, by carrying out equality screening and, where necessary, equality impact assessments on policies. This is to ascertain whether the policy has any potential positive or negative implications for equality of opportunity on one or more of the nine listed categories. OFMDFM's new equality scheme has been submitted to the Equality Commission.

Employee Involvement

OFMDFM places considerable reliance on engagement and involvement of its employees. It makes every effort to ensure that staff are kept informed of plans and developments through a formal monthly team briefing process, staff brief, intranet, circulars and publication of corporate and business plans. Staff have access to the NICS Welfare Services, an Employee Assistance Programme and trade union membership.

OFMDFM has achieved Investors in People Bronze level award and continued to engage with staff during the year.

The Department continues to use the established Whitley process for staff consultation. The Departmental Whitley Committee provides an agreed forum for discussion. Meetings take place quarterly and are attended by both employer and trade union representatives.

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Learning and Development

During 2014-15 there was significant emphasis on improving leadership, financial management and governance skills, and a high uptake of learning & development opportunities was maintained across the Department.

Staffing Statistics at 1 April 2015 and 1 April 2014

Table 6 shows the number of persons of each gender who were directors, senior managers, and employees of OFMDFM at 1 April 2015 and 1 April 2014.

Table 6: OFMDFM Staffing Statistics

	2014-15		2013-14	
	Male	Female	Male	Female
Directors (Departmental Board)	9	2	9	1
Senior Managers* (Grade 5 and above)	23	12	25	8
Employees (All other staff)	151	234	146	248

* Special Advisers are included in senior managers

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 has increased for the sixth successive year. The Department incurred penalties totalling £160 as a result of the late payment of bills. In 2014-15 an average of 93% of invoices were paid within 10 days; this represents continuous improvement on previous years (Table 7).

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Table 7: OFMDFM Prompt Payment Performance 2014-15 and 2013-14

Prompt Payments Rates	2014-15		2013-14	
	OFMDFM	NICS	OFMDFM	NICS
Total number of invoice payments	6,125	202,279	6,341	224,511
Number of invoice payments within 30 days	5,979	195,632	6,186	217,127
Percentage paid within 30 days (%)	98%	97%	98%	97%
Number of invoice payments within 10 days	5,687	184,713	5,624	199,714
Percentage paid within 10 days (%)	93%	91%	89%	89%

Off Payroll Payments Engagements

The Department had the following ‘off-payroll’ engagements at a cost of over £58,200 per annum in place during 2014-15.

Table 8: OFMDFM Off Payroll Engagements

	Number
The opening number of ‘off-payroll’ engagements at 1 April 2014	5
The number of new engagements during the year	1
The closing number of engagements at 31 March 2015	6

There were no new off payroll engagements between 1 October 2014 and 31 March 2015.

Health and Safety

The Department is committed to applying all existing health and safety at work legislation and regulations to ensure that staff and visitors enjoy the benefits of a safe environment.

Complaints Handling

OFMDFM is committed to providing a quality service to the people with whom we come in contact and the Departmental Board has adopted the NICS Customer Service Principles as the framework for developing customer services within the Department. Good customer service, whilst aiming to ensure a positive customer experience, also acknowledges the need to address any dissatisfaction, and the Departmental Board endorsed the introduction of a process to enable this to happen.

From January 2009 all customers who are unhappy with the quality of service received from OFMDFM have been able to have their complaint addressed through the Complaints Procedure. The procedure focuses on providing customers with a simple and effective means by which they can raise

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concerns about the quality of service and receive an answer. The intention is that this procedure will help the Department to identify areas in which we can improve the quality of service to the people we serve.

Business areas are responsible for investigating and responding to complaints relating to their areas of responsibility, whilst Central Management Unit provide a co-ordination and monitoring service to the Department. In order to provide the opportunity to learn from complaints, business areas are required to provide information on any feedback received and any resulting changes to policy or procedures.


In 2014-15 the Department received 6 complaints, none of which were not deemed to be valid complaints under the terms of the complaints procedure.

Details of how to complain are available on the OFMDFM internet and intranet and on the NI direct website. Guidance for staff is available in the TRIM reference library.

Corporate Social Responsibility

The Department maintained a Corporate Social Responsibility Framework Document, addressing its CSR responsibilities in the environment, marketplace, community and workplace.

Approved and signed

A handwritten signature in black ink, appearing to read 'Mark Browne', with a long horizontal line extending from the end of the signature.

Mark Browne (Dr)
Accounting Officer

25 June 2015

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DEPARTMENTAL REMUNERATION REPORT

Remuneration Policy

The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister approved a restructured SCS pay settlement broadly in line with the Senior Salaries Review Board report which he commissioned in 2010. The commitment to a Pay and Grading Review for SCS was the second phase of the equal pay settlement approved by the Executive.

The Permanent Secretary of the Department is also Head of the Civil Service. Pay of the Permanent Secretary of the Department is determined as part of the Permanent Secretary remuneration arrangements in DFP.

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.

Salary and pension entitlements

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

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Remuneration (including salary) and pension entitlements

Ministers (Audited)

	2014-15				2013-14			
	Salary £'s	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest £1000)	Total (to nearest £1000)	Salary £'s	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest £1000)	Total (to nearest £1000)
Mr P Robinson	72,000	NIL	24,000	96,000	72,000	NIL	45,000	117,000
Mr M McGuinness	72,000	NIL	21,000	93,000	72,000	NIL	38,000	110,000
Mr Jonathan Bell	14,710	NIL	5,000	20,000	14,710	NIL	7,000	22,000
Ms Jennifer McCann	12,000	NIL	4,000	16,000	12,000	NIL	5,000	17,000

- The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

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Senior Civil Servants (Audited)

	2014-15					2013-14				
	Salary £'000	Bonus Payment £'000	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest £1000)	Total (£'000)	Salary £'000	Bonus Payment £'000	Benefits in kind (to nearest £100)	Pension Benefits * (to nearest £1000)	Total (£'000)
Dr Malcolm McKibbin <i>Head of the Department</i>	150-155	NIL	NIL	(22,000) **	125-130	145-150	NIL	NIL	29,000	175-180
Ms Brenda King <i>Director</i>	135-140	NIL	NIL	97,000	235-240	135-140	NIL	NIL	230,000	365-370
Mr Stephen Grimason <i>Director</i>	95-100	NIL	NIL	25,000	120-125	95-100	NIL	NIL	18,000	110-115
Dr Mark Browne <i>Director (from 8 April 2013)</i>	85-90	NIL	NIL	28,000	110-115	80-85 (85-90 full year equivalent)	NIL	NIL	8,000	90-95
Dr Denis McMahon <i>Director (to 30 March 2015)</i>	85-90 (85-90 full year equivalent)	NIL	NIL	(348,000) ***	(260)-(265)	85-90	NIL	NIL	19,000	100-105
Mr George Thorley <i>Independent Non Executive Board Member</i>	5-10	NIL	NIL	N/A	5-10	5-10	NIL	NIL	N/A	5-10
Mr Neill Jackson <i>Director</i>	70-75	NIL	NIL	24,000	95-100	70-75	NIL	NIL	11,000	80-85
Mr Alan Maitland <i>Director (to 1 August 2014)</i>	20-25 (65-70 full year equivalent)	NIL	NIL	4,000	25-30	65-70	NIL	NIL	11,000	75-80
Mr Stephen Boyd <i>Director</i>	65-70	NIL	NIL	19,000	85-90	60-65	NIL	NIL	12,000	75-80
Mr Colm Shannon <i>Director</i>	65-70	NIL	NIL	28,000	95-100	65-70	NIL	NIL	57,000	120-125
Mrs Siobhan Broderick <i>Director (from 1 September 2014 to 2 March 2015)</i>	30-35 (60-65 full year equivalent)	NIL	NIL	8,000	40-45	-	-	-	-	-
Mrs Elizabeth Elliott <i>Director (from 2 March 2015)</i>	0-5 (50-55 full year equivalent)	NIL	NIL	9,000	10-15	-	-	-	-	-

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* 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 or any increase or decreases due to a transfer of pension rights.

**Dr Malcolm McKibben entered into a 'scheme pays' arrangement giving rise to the reduction in pension benefits.

***In 2013-14, separate periods of service were aggregated. As the option to aggregate was not taken in 2014-15, pension benefits for the current period only are included. Pension Benefits of £23,000 would have been reported in 2014-15 if current service only applied in 2013-14.

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 gratia payments.

The Office of the First Minister and deputy First Minister was under the joint direction and control of the First Minister, Peter Robinson and the deputy First Minister, Martin McGuinness during the financial year. Their salaries and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in this resource account. These amounts do not include costs relating to the Ministers' roles as MLAs which are disclosed elsewhere.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue and Customs as a taxable emolument. None of the above received any benefits in kind.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. No bonuses were paid in 2014-15 and 2013-14.

Pay Multiples (Audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

	2014-15	2013-14
Band of Highest Paid Director's Total Remuneration	£150-155k	£145-150k
Median Total Remuneration	£31,135	£31,500
Ratio	4.90	4.68

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The banded remuneration of the highest-paid director in OFMDFM in the financial year 2014-15 was £150,000-£155,000 (2013-14: £145,000-£150,000). This was 4.90 times (2013-14: 4.68 times) the median remuneration of the workforce, which was £31,135 (2013-14: £31,500).

In 2014-15, one employee (2013-14: 1 employee) received remuneration in excess of the highest-paid director. As only one employee is involved in each of the last two years, provision of a remuneration range would allow identification of the amount received by the individual. This could be challenged under the Data Protection Act. Accordingly, it has been decided not to disclose the amount received.

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

The movement in the ratio between 2014-15 and 2013-14 is primarily the result of the increase in band of the Highest Paid Director's Total Remuneration.

Pension Benefits

Ministers (Audited)

	Accrued pension at age 65 as at 31/03/15	Real increase in pension at age 65	CETV at 31/03/15	CETV at 31/03/14	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Mr P Robinson	10-15	0-2.5	279	251	22
Mr M McGuinness	10-15	0-2.5	231	198	20
Mr Jonathan Bell	0-5	0-2.5	19	14	2
Ms Jennifer McCann	0-5	0-2.5	16	12	2

Ministerial pensions

Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2012 (AMPS). The scheme is made under Section 48 of the Northern Ireland Act 1998. As Ministers will be Members of the Legislative Assembly they may also accrue an MLA's pension under the AMPS (details of which are not included in this report). The pension arrangements for Ministers provide benefits 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

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accrual rate ($1/50^{\text{th}}$ or $1/40^{\text{th}}$) multiplied by the cumulative contribution factors and the relevant final salary as a Member.

Benefits for Ministers are payable at the same time as MLA's benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Ministers pay contributions of either 7% 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 and representing the balance of cost. This is currently 21.6% of the Ministerial salary.

The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65 or immediately on ceasing to be an active member of the scheme if they are already 65.

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 ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 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 common market valuation factors for the start and end of the period.

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Senior Civil Servants (Audited)

	Accrued pension at pension age as at 31/03/15 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/15	CETV at 31/03/14	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Dr Malcolm McKibbin <i>(Head of the Department)</i>	65-70 plus lump sum of 195-200	0-(2.5) plus lump sum of 0-(2.5)	1,430	1,377	(16)	Nil
Ms Brenda King <i>Director</i>	50-55 plus lump sum of 150-155	2.5-5 plus lump sum of 12.5-15	871	758	70	Nil
Mr Stephen Grimason <i>Director</i>	15-20 plus lump sum of 55-60	0-2.5 plus lump sum of 2.5-5	418	372	24	Nil
Dr Mark Browne <i>Director</i>	30-35 plus lump sum of 95-100	0-2.5 plus lump sum of 2.5-5	661	606	24	Nil
Dr Denis McMahon <i>Director (to 30 March 2015)</i>	5-10 plus lump sum of Nil	(15)-(17.5) plus lump sum of Nil	114	345	(252)	Nil
Mr Neill Jackson <i>Director</i>	30-35 plus lump sum of 95-100	0-2.5 plus lump sum of 2.5-5	712	656	23	Nil
Mr Alan Maitland <i>Director (to 1 August 2014)</i>	30-35 plus lump sum of 100-105	0-2.5 plus lump sum of 0-2.5	772	771	10	Nil
Mr Stephen Boyd <i>Director</i>	10-15 plus lump sum of 40-45	0-2.5 plus lump sum of 2.5-5	235	211	11	Nil
Mr Colm Shannon <i>Director</i>	35-40 plus lump sum of Nil	0-2.5 plus lump sum of Nil	690	633	24	Nil
Mrs Siobhan Broderick <i>Director (from 1 September 2014 to 2 March 2015)</i>	10-15 plus lump sum of 40-45	0-2.5 plus lump sum of 0-2.5	231	216	5	Nil
Mrs Elizabeth Elliott <i>Director (from 2 March 2015)</i>	15-20 plus lump sum of 50-55	0-2.5 plus lump sum 0-2.5	353	345	8	Nil

Northern Ireland Civil Service (NICS) Pension arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements 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 Parliament each year. From April 2011 pensions payable under classic, premium, and classic plus

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are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased 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 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is an '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 increased annually in line with increases in the CPI.

A new pension scheme, alpha, will be introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements will move 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 increased annually in line with increases in the CPI.

For 2015, public service pensions will be increased by 1.2% for pensions which began before 6 April 2014. Pensions which began after 6 April 2014 will be increased proportionately.

Employee contribution rates for all members for the period covering 1 April 2015 – 31 March 2016 are as follows:

Scheme Year 1 April 2015 to 31 March 2016

Pay band – assessed each pay period		Contribution rates – Classic members	Contribution rates – classic plus, premium, nuvos and alpha
From	To	From 1 April 2015 to 31 March 2016	From 1 April 2015 to 31 March 2016
£0	£15,000.99	3%	4.6%
£15,001.00	£21,000.99	4.6%	4.6%
£21,001.00	£47,000.99	5.45%	5.45%
£47,001.00	£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.

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The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (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 0.8% 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 will be linked to the member's State Pension Age but cannot be before age 65. Further details about the CSP arrangements can be found at the website www.dfpni.gov.uk/civilservicepensions-ni.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP 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 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.

Approved and signed



Mark Browne (Dr)
Accounting Officer

25 June 2015

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STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITY

Under the Government Resources and Accounts Act (Northern Ireland) 2001 the Department of Finance and Personnel (DFP) has directed the Office of the First Minister and deputy First Minister 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 DFP including the relevant accounting and disclosure requirement, 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 accounts; and
- Prepare the accounts on a going concern basis.

The Permanent Secretary is normally appointed by DFP as Accounting Officer of a Department. However, due to the unique circumstances in OFMDFM where the Permanent Secretary of the Department is also the Head of the Civil Service, the role of Accounting Officer has been delegated to a Deputy Secretary.

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

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GOVERNANCE STATEMENT

1. Introduction

This statement is given in respect of the Departmental Resource Account for 2014-15. It reflects the Department's governance, risk management and internal control arrangements for directing and controlling its functions and how assurance is provided to support me in my role as Accounting Officer for the Office of the First Minister and deputy First Minister (OFMDFM).

During 2014-15 the Department was responsible for fifteen arm's length bodies (ALBs), however the Northern Ireland Memorial Fund (NIMF) will be formally dissolved in 2015-16. The fifteen ALBs include independent bodies and executive non-departmental public bodies which sit both inside and outside the Department's accounting boundary. Oversight of our ALBs is managed by sponsor divisions responsible for the provision of advice on, and monitoring of adherence to, all aspects of accountability and good governance.

The following statement, whilst primarily focussing on the Department, incorporates issues within its ALBs.

2. Compliance with Corporate Governance Code

Departments are expected to apply the principles of the Department of Finance and Personnel's (DFP) *Corporate governance in central government departments: Code of good practice (2013)* ('the Code') unless good governance can be achieved by other means. The Department complies with the principles of good practice in the Code and continues to further strengthen its governance arrangements.

Corporate Governance refers to the way in which organisations are directed, controlled and led. OFMDFM's governance framework, which ensures the effectiveness of the direction and control of the Department, is set out in the following paragraphs.

In compliance with the Code, OFMDFM has established key organisational structures which support the delivery of Corporate Governance in the Department:

- the Ministers;
- the Accounting Officer;
- the Departmental Board;
- the Audit and Risk Assurance Committee (ARAC); and
- the Finance Sub-Committee (FSC).

These key organisational structures within the Department's Corporate Governance Framework, along with an overview of their responsibilities and performance in-year, are explained in detail in the relevant sections below.

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The Department's governance and accountability procedures in relation to its arm's length bodies, and the assurance that these provide, is discussed in detail in the relevant section below.

3. Corporate Governance Responsibilities and Performance

Ministers

The First Minister and the deputy First Minister (acting jointly) lead the Department and are responsible and accountable to the Northern Ireland Assembly for the policies, programmes and actions of OFMDFM including its ALBs. They may designate their Junior Ministers to assist them in carrying out their duties.

Accounting Officer

As Accounting Officer, I have responsibility for maintaining a sound system of internal governance that supports the achievement of the Department's policies, aims and objectives. I also have responsibility for the propriety and regularity of the public finances voted to the Department and for safeguarding those public funds and Departmental assets, in accordance with the responsibilities assigned to me in the Department of Finance and Personnel's (DFP's) guidance *Managing Public Money Northern Ireland (MPMNI)*. In my role as Accounting Officer, I am supported by the Departmental Board ('the Board').

I am also required to combine my Accounting Officer role with my responsibilities to the Ministers, which include providing advice on the allocation of departmental resources and the setting of appropriate financial and non-financial performance targets for ALBs. My responsibilities to the Board include highlighting specific business issues or risks and, where appropriate, their implications and/or the mitigating measures that could be employed to manage these risks.

Departmental Board

The Departmental Board supports the delivery of effective Corporate Governance and operates within best practice guidelines outlined in *Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013*. It does not decide policy nor exercise the powers of a Minister as policy is decided by Ministers on advice from officials. The Board advises on the operational implications and effectiveness of policy proposals and takes an objective long-term view of the business of the Department, leading its strategic planning process and assisting the Permanent Secretary and the Accounting Officer in meeting their corporate governance responsibilities for the Department. The Board is supported by a secretariat, located within the Head of the Civil Service (HOCS) office, which is responsible for organising the agenda for monthly Board meetings and ensuring that HOCS and Board members are provided with timely information to support full discussion at each meeting. These requirements are set out in the Board Operating Framework.

The Board Operating Framework makes clear the Board's responsibility to establish and oversee the Department's Corporate Governance arrangements. Notwithstanding this, all tiers of management have commensurate responsibilities for ensuring that good governance practices are followed at an organisational/business area level. The Board Operating Framework is in compliance with the 2013 Code.

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The Board Operating Framework also includes guidance on conflicts of interest. At the beginning of each meeting, Board members are asked to declare any conflicts of interest with the business to be discussed. Those identified are recorded in the Board minutes. Members withdraw from any discussion in which they have any interests which may, or may be perceived, to influence their judgement.

The purpose of the Board is to provide overall strategic direction within the policy and funding framework set by Ministers and to promote the values of the organisation. The Programme for Government (PfG) sets out the Executive's policies and programmes. Departmental policies are set by the First Minister and deputy First Minister and are co-ordinated, where appropriate, with other departments.

The Board advises on the five key areas set out in the Code:

- strategic clarity – the Board is responsible for ensuring that all OFMDFM activities, either directly or indirectly, contribute towards the vision of the organisation. It is also responsible for ensuring that strategic decisions are based on a collective understanding of policy issues; and that, through the appointment of its Independent Board Member, the Department is challenged on its outcomes;
- commercial sense – the Board is responsible for ensuring sound financial management; scrutinising the allocation of financial and human resources to achieve the business plan; and ensuring that the organisation and structure supports the delivery of OFMDFM's PfG commitments and strategic objectives. It sets the risk appetite and ensures that controls are in place to manage risk and evaluation of the Board and its members;
- organisational and staff capability – the Board is responsible for ensuring that OFMDFM has the capability to deliver and to plan to meet current and future needs;
- results focus – the Board agrees the draft business plan for submission to Ministers including objectives, targets and actions. It monitors performance against plan, scrutinises the performance of the Department's arm's length bodies and holds senior staff to account for their performance; and
- management information – the Board is responsible for ensuring clear, consistent, comparable performance information is used to drive improvement.

The Board operates as a collegiate forum, under the leadership of HOCS, to manage the running of the Department. It ensures that appropriate strategic planning processes are in place to provide the Ministers with high quality policy advice and to secure the implementation and effective operational management of Ministerial policy decisions. The Board operates in an advisory and consultative capacity, offering guidance when sought and seeking assurance when necessary. It does not usually direct any of its members on how to run their business areas; day-to-day operational matters are the responsibility of the individual Directors and Heads of Division in OFMDFM.

In order to achieve the Board's objectives, a forward plan is maintained which schedules matters for its consideration.

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The Board offers rigorous challenge and collectively scrutinises the performance of OFMDFM and its arm's length bodies. It takes strategic decisions:

- on the Departmental and ALBs business plans for submission to Ministers;
- on financial, physical and human resources required to implement the business plan and long-term capability of the Department;
- on budget and resource allocation across OFMDFM business areas;
- on appropriate operational strategies to best implement policies set by Ministers and ensure coherence of policy across OFMDFM business areas;
- on key business risks that might affect the delivery of the Department's priorities;
- to inform Ministers of any changes likely to impact on strategic direction, performance and delivery of departmental priorities;
- on corporate leadership of the Department;
- on issues of strategic importance to the management of OFMDFM and its business areas;
- to ensure that Section 75 and Human Rights issues have been fully considered; and
- the shape and coverage of the Governance Statement

Day-to-day operational matters are the responsibility of Directors and Heads of Divisions in OFMDFM. The Board considers information on:

- progress against business plan milestones and targets (quarterly);
- financial performance (monthly);
- progress against Programme for Government delivery plans including on strategic programmes such as Delivering Social Change and Together: Building a United Community (monthly);
- performance against Savings Delivery Plans (monthly);
- risk management (quarterly);
- scrutiny of performance of the Department's sponsored bodies (quarterly);
- progress on learning and development, workforce planning and absence management (quarterly); and
- resilience and security matters such as civil contingencies, business continuity planning and information assurance (6-monthly).

All reports/papers conform to a standard layout to ensure the appropriate focus on key issues. Financial and performance data is extracted from the accounting and operational systems and is therefore subject to regular, planned internal quality assurance checks, independent audits and external assurance (for example, from the Northern Ireland Audit Office).

The Board considers the information provided to be sufficient to allow it to discharge its strategic planning and corporate governance responsibilities.

The Board also reviews, prior to publication, the Departmental Annual Report and Accounts and the Governance Statement.

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In line with best practice, the operational procedures of the Departmental Board are kept under continuous review.

In the current financial year, the Board's review of its own effectiveness took the form of a review of the Board Operating Framework and Risk Management System. The Board considers that the imminent restructuring of the Northern Ireland Civil Service into nine Departments, within which OFMDFM will become the Executive Office akin to a policy-making Cabinet Office, requires a review of the future roles of its members. The Board is planning to have a review, in early summer by its Independent Board Member which will inform the reorganisation of the Department and the future roles of the Directors.

Departmental Board meetings were held monthly during 2014-15. The members and their records of attendance are set out below.

Board Member	Role	Number of Meetings Attended	Out of a Possible
Malcolm McKibbin	Head of the NI Civil Service and OFMDFM Permanent Secretary	11	12
Stephen Boyd	Director of Finance	10	12
Siobhan Broderick	Director of HR & Corporate Services from 1 September 2014 to 27 February 2015	5	6
Mark Browne	Accounting Officer and Director of Resources, Regeneration, International Relations and Institutional Review to 27 March 2015, Director of Finance, Strategic Planning and Social Change from 30 March 2015	12	12
Liz Elliott	Director of HR & Corporate Services from 2 March 2015	1	1
Stephen Grimason	Director of the Executive Information Service	10	12
Neill Jackson	Head of Executive Division	9	12
Brenda King	Head of the Office of the Legislative Counsel	10	12
Alan Maitland	Director of HR & Corporate Services to 2 August 2014	3	3
Denis McMahon	Director of Equality and Strategy to 27 March 2015	11	12
Colm Shannon	Joint Secretary (North), North South Ministerial Council Joint Secretariat	8	12
George Thorley	Independent Board Member	12	12

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Individual Roles and Responsibilities

The Chair

The Head of the Civil Service (HOCS), acting in his capacity as Permanent Secretary of OFMDFM chairs the Departmental Board and:

- facilitates Board meetings;
- ensures that systems are in place to provide Board members with accurate and timely information of good quality to allow the Board to consider properly all matters before it;
- ensures that an evaluation of the Board's effectiveness is performed annually with independent input at least every three years, and that results are acted upon; and
- ensures adherence to the principles of good governance as set out in the Corporate Governance Framework and the 2013 Code of Good Practice.

Executive Board Members

Each Executive Board Member:

- is the main policy advisor to Ministers for their area of responsibility, subject to the overall direction of HOCS;
- participates in the high-level corporate decision-making process as a member of the Board;
- contributes to corporate governance arrangements within the Department; and
- supports HOCS.

Independent Board Member

The Board includes one Independent Board Member (IBM), appointed on merit in line with the Commissioner for Public Appointments' guidance. His appointment for a one-year fixed term is renewed annually, subject to approval by the First Minister and deputy First Minister. He:

- uses his experience to challenge and support the Board, acting corporately and not simply reflecting their own functions;
- ensures that the Board obtains and considers all appropriate information relating to the performance and progress of the department, including the use of human and financial resources;
- challenges the Board on the operational and delivery implications of policy proposals;
- maintains a critical overview of the Department's financial controls and procedures for assessing and managing risk;
- chairs the Audit and Risk Assurance Committee (ARAC); and
- inputs to the appraisal of the Chair of the Board.

Board Sub-Committees

The Board is supported and advised in its role by two sub-committees - an Audit and Risk Assurance Committee and a Finance Sub-Committee (FSC).

Departmental Audit and Risk Assurance Committee

The Departmental Audit and Risk Assurance Committee does not have executive powers and its membership is independent of the Department. Its purpose is to support the Board and the

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Accounting Officer by monitoring the Departmental risk, control and governance systems (including financial reporting). Additionally, the Committee will give advice to the Accounting Officer on the adequacy of the coverage of audit arrangements (internal and external) to provide the required assurances.

The Terms of Reference for the Committee were revised in 2014-15, in accordance with best practice contained in the DFP Audit and Risk Assurance Committee Handbook (NI) 2014 and in consultation with the Committee and Departmental Board members.

Membership of the OFMDFM Audit and Risk Assurance Committee in 2014-15 comprised:

- Chairman, who is also the independent board member; and
- two independent members.

The Committee met four times during 2014-15. A minimum of two members of the ARAC is required to form a quorum and all meetings in 2014-15 were deemed quorate.

ARAC meetings are normally attended by the Accounting Officer, Finance Director, the Head of Internal Audit and a Northern Ireland Audit Office (NIAO) representative. However, the Audit and Risk Assurance Committee may ask any other Departmental officials to attend to assist with its discussions on any particular matter.

In line with best practice set out in the DFP Handbook, the Chair set an agreed core work programme for each of the Committee's meetings, which included:

- reviewing the corporate risk register;
- reviewing the Departmental Assurance Statement;
- considering the internal and external audit strategies;
- reviewing internal and external audit findings;
- reviewing the Direct Award Contracts report;
- monitoring and challenging the Fraud Investigation Oversight Group progress report; and
- monitoring progress against outstanding internal and external audit, and Public Accounts Committee (PAC), recommendations.

The Department provided regular reports to the Audit and Risk Assurance Committee on business planning, risk management and assurance in the Department, and accountability and assurance for its ALBs. In addition to its core work programme, the ARAC also scrutinises the Department's annual accounts, advising on the content of the Governance Statement.

In this financial year, the ARAC also considered and commented on individual issues of internal governance and their implications for wider governance arrangements.

The Chair of the Committee presented regular reports to the Departmental Board throughout the year on the work of ARAC and the main governance issues considered by it. The Chair of the Committee also presents an annual report to the Departmental Board, based on the ARAC's annual work plan and performance.

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The ARAC considers its own effectiveness annually, using guidelines issued by the National Audit Office. Findings of the self assessment are presented to ARAC for action as appropriate. The overwhelming assessment of the Committee members is that it operates in accordance with the good practice principles set out by the National Audit Office.

Finance Sub-Committee

The Finance Sub-Committee of the Board has the overall objective of improving financial management within OFMDFM, through the challenge of significant expenditure proposals on behalf of the Board. Expenditure proposals are presented to a quorum of three Departmental Board members and the meeting is normally chaired by OFMDFM's Accounting Officer. Arrangements are in place to ensure scrutiny is by senior officials with no management responsibility for the proposal. This provides an independent perspective as well as facilitating the sharing of knowledge/experiences/lessons gained from across the Department which is of particular relevance in OFMDFM, given its wide remit. In addition to the members, attendance by finance and economist representatives brings an extra professional perspective to the casework scrutiny process.

In the current financial year the FSC met eight times to consider expenditure proposals such as those submitted for the Social Investment Fund; development at the Reinvestment and Reform Initiative Sites and accommodation for the Department's ALBs. Updates and findings from the FSC meetings were reported to the Board, by the Accounting Officer.

4. Internal Control and Risk Management

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of departmental policies, aims and objectives;
- to evaluate the likelihood of those risks being realised and the impact should they be realised; and
- to manage those risks efficiently, effectively and economically.

All relevant internal control considerations and risks are taken into account in the development of Departmental policies, aims and objectives, and where necessary, are brought to the attention of the Ministers.

The system of internal control has been in place in the Department for the year ended 31 March 2015 and up to the date of approval of the Annual Report and Accounts, and accords with Department of Finance and Personnel guidance.

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A key element of the system of internal control is the ‘Assurance Statement’ process. In previous years the Department sought Stewardship Statements from senior members of staff. This year, the process has been developed following suggestions and consultations within the Department, and informed by good practice in other Departments and ALBs. It was renamed an assurance statement, rather than a stewardship statement during the year, as its scope is now much wider than the stewardship of resources.

The statement provides assurance to the Accounting Officer that robust systems of internal control are in place and adhered to, for the period of the report. By signing the assurance statement, officials are confirming their responsibility for maintaining a robust system of internal control whilst safeguarding public funds and assets under their control. They are also confirming that a thorough risk assessment has been completed against each of the risk factors set out in the Internal Control Checklist.

The checklist covers twelve key areas of risk including:

- risk management;
- business planning;
- legislative authorities;
- budget cover, business cases, database and post project evaluations;
- monitoring of expenditure;
- procurement;
- consultancy;
- information/data management and assurance;
- staff management;
- arm’s length bodies;
- internal, external audit and PAC reports/recommendations; and
- other issues.

This process requires each Director (and Senior Accountable Officer in the Department’s ALBs) to provide a quarterly assurance statement, informed by those prepared by their staff in the Department and ALBs. These statements are used as a basis for the authorisation, by the Principal Accounting Officer, of the annual “Governance Statement”.

There are also a number of other processes which contribute to corporate governance in the Department:

- the Governance Units within the Finance, Strategic Planning and Social Change, and the Equality and Reform Directorates continue to provide advice and support to officials across the Department;
- guidance on the policy and procedures for the approval of Departmental expenditure and delegated limits are kept under review and disseminated throughout the Department;
- test drilling exercises undertaken by both DFP and the Department ensure compliance with both Departmental and DFP expenditure approval processes;

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- governance is reinforced through the Grade 3 led Sponsorship and ALB Accounting Officers' Forums, which share best practice and guidance across the Department and its ALBs;
- the corporate and business planning process, including Programme for Government commitments and the associated performance monitoring and reporting system (Delivery Plans), by the Board and managers throughout the Department;
- the Performance Management System;
- HR policies designed to ensure the Department complies with employment law and has the appropriate numbers of staff with suitable skills to meet its objectives;
- budgets & priorities setting and In-Year Monitoring process;
- the Departmental Fraud Prevention Policy and Response Plan, incorporating Departmental arrangements for whistle-blowing, details responsibilities for the prevention of fraud and the procedures to be followed in the event of a fraud being detected or suspected. This document relates to fraud and loss within the Department and its sponsored bodies; and
- the Fraud Investigation Oversight Group which met six times in 2014-15 to oversee the investigation of whistle-blowing allegations, allegations of financial irregularity, relevant PSNI action and options for action if funds have been obtained fraudulently.

Managing risk is particularly important in OFMDFM, since the Department undertakes a wide range of services and activities either directly or via its ALBs, many of which are within sensitive and challenging operational areas. This influences the mechanisms deployed to manage risk and the Department's risk appetite.

The risk appetite defines the level of exposure that the Department is willing to accept. If the risk appetite is low, the Board will not be prepared to accept risks which have been assessed as having a high or medium rating.

The Departmental Board has a low appetite for risks that are likely to:

- endanger or significantly impact upon the delivery of the Department's Programme for Government commitments or other strategic objectives; or
- create significant adverse publicity or reputational damage for Ministers or the Department; or
- result in an overspend or under spend of significant proportions.

The Board tolerates a degree of risk towards projects or initiatives that:

- are innovative;
- have the potential for significant additional benefit to the delivery of Programme for Government commitments;
- where the risks have been fully stated and accepted with an appropriate business case agreed; and
- where the risks will be fully managed.

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To assist in the Risk Management Process, the Department has developed a Corporate Risk Register which is scrutinised through a quarterly Corporate Performance Report to the Departmental Board. The Register:

- identifies the Department's high level risks; and
- analyses the risks related to the current OFMDFM Departmental Business Plan.

The Corporate Risk Register identifies the risk owner for each of these risks and reinforces the inextricable link between risk management and the business planning process. Directors are required to review their Directorate Risk Register on a quarterly basis as part of the Corporate Performance Report, report any amendments to the Departmental Board, and review and revise the Risk Register as necessary. All new business activities are assessed for key risks and controls to mitigate them are then put in place.

The Corporate Risk Register is endorsed by the Accounting Officer and Departmental Board and is subject to regular revision, through scrutiny by the Audit and Risk Assurance Committee, and the inclusion of lessons learned from the previous reporting year. Assurance on the mitigation of identified risks is provided to the Accounting Officer, through the quarterly assurance statement process.

The Board has continued to focus on the five strategic corporate risks and no new risks were identified in 2014-15.

Monthly Strategic Planning meetings are held which give the Board time and space outside of the normal governance framework of the Board Meeting, to consider more strategic issues and to identify and consider any emerging external risks/threats that could affect the Department's capacity to deliver on its Programme for Government/Departmental Plan commitments.

In terms of Information Risk Assurance, OFMDFM continued to strengthen its protective security processes and procedures through the implementation of the Information Assurance Action Plan and the accreditation of all information systems used by the Department and its sponsored bodies. These measures will ensure the continuing protection, assurance, legitimate processing and secure disposal of sensitive business and personal information within a secure environment. The Senior Information Risk Owner continues to lead in this important work. Internal Audit have identified data security weaknesses in some of our Business Areas, in one draft report provided a limited opinion and made recommendations that are currently being implemented.

In addition to the established requirement for this area to be included in quarterly assurance statements, the Department's Annual Security Review now includes all arm's length bodies. Several articles concerning the protection of information were published in the Departmental Brief for the benefit of all staff. In addition, a scenario-based workshop was held for Information Asset Owners and their deputies.

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With a view to identifying high value corporate data and associated risks, Information Asset Registers were created for all Divisions. Information Management and Central Advisory Branch carried out a quality assurance exercise to ensure the accuracy and consistency of the entries.

The Departmental Security Officer continued to review and report to the Departmental Board on resilience, vulnerabilities and risks. There were no reported personal data incidents.

Review of Effectiveness of the System of Internal Governance

As Accounting Officer, I have responsibility for reviewing the effectiveness of the OFMDFM system of internal governance. My review of the effectiveness of this system is informed by the work of the Internal Audit Service and the executive directors within the Department, who have responsibility for the development and maintenance of the internal framework. I also consider the comments made by NIAO in its Report to Those Charged with Governance and other reports. I have been advised on the implications of the results of my review of the effectiveness of the system of internal control, by the Departmental Board and the Audit and Risk Assurance Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

5. Sources of Independent Assurance

The Department relies on Independent Assurance from the following sources:

- Internal Audit Service; and
- the Northern Ireland Audit Office.

Internal Audit

Internal Audit Service (IAS) provides independent assurance by giving an independent opinion on the adequacy and effectiveness of the Department's system of internal control, to the Accounting Officer and Audit and Risk Assurance Committee.

The Internal Audit work programme includes the assessment of the completeness and effectiveness of OFMDFM's corporate governance arrangements. The Department's Internal Audit Service is provided by DFP's Internal Audit Unit.

The Accounting Officer and the Board are independently advised by the DFP Head of Internal Audit who operates in accordance with Public Sector Internal Audit Standards (PSIAS). The primary role of Internal Audit is to provide the Accounting Officer and the Board with an independent and objective opinion on risk management, control and governance, by measuring and evaluating their effectiveness in achieving the Department's agreed objectives.

Internal Audit has played a crucial role in this review in OFMDFM by:

- focusing audit activity on the key business risks;
- being available to guide managers and staff through improvements in internal controls;
- auditing the application of risk management and control as part of Internal Audit reviews of key systems and processes; and

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- providing advice to management on internal governance implications of proposed and emerging changes.

During 2014-15, Internal Audit reported on fourteen risk-based assignments, one corporate governance review, two additional management requests, one validation exercise, four external quality assurance reviews on the provision of internal audit services to Arm's Length Bodies and seven follow-ups. Internal Audit also continued to provide advice to the Fraud Investigation Oversight Group. The Head of Internal Audit provided a substantial opinion in five areas, and satisfactory opinions in eleven areas. One risk-based assignment remains ongoing.

Internal Audit was fully satisfied that Government Advertising Unit had accurately reported on the achievement of targets. Internal Audit was also satisfied that the provision of an internal audit service to OFMDFM's ALBs generally operated within the Public Sector Internal Audit Standards (PSIAS). IAS was also satisfied that ALBs have established properly constituted Audit and Risk Assurance Committees and that these are complying with HM Treasury Guidance and Dear Accounting Officer (DAO) advice and that OFMDFM operate a robust corporate governance framework within the requirements of HM Treasury.

The Head of Internal Audit was satisfied that the audit work provides assurance that the risk management, control and governance framework within OFMDFM is operating effectively and consequently provided a **satisfactory** opinion for 2014-15.

Northern Ireland Audit Office (NIAO)

The Department is also subject to independent scrutiny from the Northern Ireland Audit Office. The Audit Office is independent of Government and is tasked by the Assembly to hold the Northern Ireland Departments and their Agencies to account, for their use of public money. As Head of the NIAO, the Comptroller and Auditor General (C&AG) works closely with the Assembly's Public Accounts Committee which can require Accounting Officers and senior officials to account for their actions in relation to the stewardship of public funds.

6. Governance and Accountability of OFMDFM's ALBs

The Department's fifteen ALBs are key to the delivery of its objectives and strong governance of ALBs is critical to the Department.

ALBs use their own governance structures developed in line with DFP's guidance Managing Public Money Northern Ireland, the requirements of the Department and others, and other relevant guidance. Each ALB which sits outside the Departmental Accounting Boundary publishes its own individual governance statement within its Annual Report and Accounts. ALB Boards have corporate responsibility for ensuring that their organisation fulfils its statutory responsibilities, aims and objectives set by the Department/Ministers, including promoting the efficient, economic and effective use of staff and other resources. As Principal Accounting Officer, I have a duty to satisfy myself that all ALBs have adequate governance systems and procedures in place to promote the effective, efficient conduct of their business and to safeguard financial propriety and regularity.

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In fulfilling the sponsorship and oversight role the following key governance arrangements are in place to provide effective sponsorship of the Department's ALBs and assurance to Ministers and the Accounting Officer:

- ALB Sponsorship Manual;
- a nominated sponsor team for each ALB;
- Management Statement and Financial Memorandum/Memorandum of Understanding;
- budgets and priorities setting and in-year Monitoring process;
- performance management;
- assurance statements;
- accountability and liaison meetings;
- departmental sponsorship forum;
- ALB finance forums; and
- annual governance meetings.

An ALB Sponsorship Manual is in place for use by Departmental Sponsor Teams. The guidance and arrangements described within it have been developed to meet the responsibilities placed on the Department, under Managing Public Money NI, for the sponsorship of ALBs operating under its control.

Each ALB has a Management Statement/Financial Memorandum, or Memorandum of Understanding, in place and a nominated sponsor team within the Department. Specific risk-based delegated authority levels have been set for each ALB.

The performance of ALBs is reviewed by the Departmental Board, through the ALB Performance report, on a quarterly basis. These reports include performance against plans; finance; risk management; consultancy expenditure and staffing matters. The reports were revised in-year to enhance the reporting and management of ALB risks.

Quarterly Assurance Statements from all OFMDFM ALBs are completed by the ALB Accounting/Senior Accountable Officers and are reviewed by the sponsor team and Corporate Governance Branch. Any significant issues are escalated through inclusion in the Senior Sponsor Departmental Assurance Statement.

Accountability and Liaison meetings are held on a quarterly basis (or more frequently if considered necessary) between the Senior Sponsor and the ALB Accounting/Senior Accountable Officer. The quarterly meetings are structured to cover all relevant governance issues affecting the organisation and provide an accountability mechanism to support this Governance Statement.

Six separate Governance sessions involving ALBs were held in 2014-15. In April 2014, a meeting was held with ALB Accounting Officers to discuss the 2014 budgetary position. In August 2014, the Department met with the Chairs of the ALB Audit Committees, and separately held a senior management-led forum with their sponsorship teams in September 2014. These meetings were seen as an opportunity to share best practice and provide an update on current governance guidance. In

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November 2014 a meeting was held with the Chief Executives of the ALBs, to discuss the draft budget for 2015-16. In February 2015, a follow-up meeting took place with the Chief Executives of the ALBs in relation to the final budget position for 2015-16 and a further meeting was held in relation to proposed changes in the Departmental structure.

Collectively these actions provide the Department with the assurance that individual ALBs are effectively discharging their functions and that public money is being properly used to deliver the objectives and targets set, while ensuring compliance with the requirements for regularity, propriety and value for money.

7. Internal Governance Divergences

Prior Year Issues

In 2012-13 the Department received an unqualified opinion on its annual resource accounts from the Comptroller and Auditor General (C&AG) within which he referred to the Ilex project to regenerate Ebrington barracks that began in 2010-11, the final part of which (the car park) has been open since early November 2014. The irregular expenditure, on this project of £4.59m in 2011-12 and £4.31m in 2013-14 was considered sufficiently material to require a qualified opinion on the grounds of regularity. However, the expenditure in both 2012-13 (£369K) and 2014-15 (£1.04m) was not considered material and did not affect the C&AG's opinion.

Current Year Issues

Whistle Blowing and Investigations

Within the Department, the Fraud Investigation Oversight Group (FIOG) established in August 2010, continues to meet on a bi-monthly basis overseeing the investigation of whistle-blowing allegations as well as allegations of financial irregularity, relevant PSNI action and options for action if funds have been obtained fraudulently. During 2014-15, the Department managed twenty-two special investigations, sixteen of which were reported in the current financial year. The investigations related to OFMDFM's funding, either directly, via the Community Relations Council (CRC), the Northern Ireland Memorial Fund (NIMF) or Victims & Survivors Service (VSS), or through third party organisations in the victims and survivors sector, minority ethnic sector and community relations sector. Following investigation nine cases were closed during the year. Thirteen cases will be carried forward into the next financial year. As a result of the investigations six cases have been referred to the PSNI.

Adherence to Procurement and Appraisal Procedures

Progress has been made in the overall awareness of governance procedures and in the quality of the content of businesses cases prepared. This is evidenced in the Department's test drilling exercise undertaken in 2014-15 which found a marked year-on-year improvement in the quality of the business cases reviewed, emphasised by the fact that only low priority issues were raised and no high or medium priority shortcomings were identified.

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Issues Arising as a Result of the Audit of Sponsored Bodies

NIAO qualified its opinion on the 2010-11 and 2011-12 accounts of the Ilex Urban Regeneration Company Limited, on the basis of regularity as Ilex had not secured the necessary approvals for a number of projects. NIAO provided an unqualified opinion on Ilex's accounts for 2012-13 and 2013-14, as the amount of irregular expenditure was not considered material. No significant new failures have been identified this year.

DSD's Internal Audit Service has provided an opinion of satisfactory assurance for the last three financial years over Ilex's internal control systems.

The irregular expenditure reported in OFMDFM's accounts in this financial year is £1.04m and results from Ilex not obtaining the correct approvals on the Ebrington Parade Ground project in previous years. However this was not considered material by the C&AG and did not affect his opinion on the Department's accounts.

With the exception of the issues identified above, no significant issues have arisen as a result of the audit of sponsored bodies.

Internal Audit was satisfied that the provision of an internal audit service to OFMDFM's ALBs generally operated within the Public Sector Internal Audit Standards (PSIAS). IAS was also satisfied that ALBs have established properly constituted Audit and Risk Committees and that these are complying with HM Treasury Guidance and Dear Accounting Officer (DAO) advice and that OFMDFM operate a robust corporate governance framework within the requirements of HM Treasury.

New Issues for 2014-15

No new issues were identified in 2014-15.

8. Ministerial Directions

A Ministerial direction was issued on 12 May 2015, after the close of the 2014-15 financial year but before I signed the accounts, regarding the disposal of the Shackleton site.

The former Shackleton Barracks site at Ballykelly was gifted, as part of the Hillsborough agreement by the Ministry of Defence, to OFMDFM in October 2011. Following the Ministers' assessment of the benefits in disposing of the site expeditiously, Executive approval was granted under urgent decision procedure, to put the site on the market without going through a business case process. As Accounting Officer I have informed the Comptroller and Auditor General and the Department of Finance and Personnel.

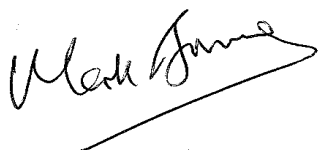
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9. Conclusion

OFMDFM has a rigorous system of accountability on which I rely, as Accounting Officer, to form an opinion on the probity and use of public funds, as detailed in Managing Public Money NI.

The Internal Audit Service undertook a review of the Department's corporate governance systems on which the Head of Internal Audit provided a **substantial** level of assurance.

Having considered the corporate governance framework within the Department and its arm's length bodies operated and in conjunction with assurances given to me by the Audit and Risk Assurance Committee, I am content that the Department has operated a sound system of internal governance during the period 2014-15.

A handwritten signature in black ink, appearing to read 'Mark Browne', with a long horizontal line extending from the end of the signature.

Mark Browne
Accounting Officer

25 June 2015

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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 Office of the First Minister and deputy First Minister for the year ended 31 March 2015 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. I have also audited the Statement of Assembly Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report 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

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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.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2015 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 2015 and of its net operating cost, cash flows and changes in taxpayers' equity 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 and Personnel directions issued thereunder.

Opinion on other matters

In my opinion:

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- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Finance and Personnel directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Director's Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

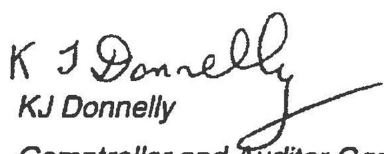
Matters on which I report by exception

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 part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.


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

29 June 2015

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Statement of Assembly Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires OFMDFM 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 2014-15

Estimate					Outturn			2014-15	2013-14
Request for Resources	Note	Gross expenditure	Accruing Resources	Net Total	Gross expenditure	Accruing Resources	Net Total	Net total outturn compared with estimate: saving/(excess)	Net Total
		£000	£000	£000	£000	£000	£000	£000	£000
RfR A	SOAS2	151,931	(12,213)	139,718	150,227	(12,113)	138,114	1,604	121,354
Total Resources	SOAS3	151,931	(12,213)	139,718	150,227	(12,113)	138,114	1,604	121,354
Non-operating cost Accruing Resources		-	-	11	-	-	11	-	24

Net cash requirement 2014-15

				2014-15	2013-14
				Net total outturn compared with estimate: saving/(excess)	Outturn
				£000	£000
Note	Estimate	Outturn			
	£000	£000			
Net cash requirement	SOAS4	137,132	131,877	5,255	118,671

The notes on pages 72 to 101 form part of these accounts.

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Statement of Assembly Supply continued

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).

	Note	Forecast 2014-15		Outturn 2014-15	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
		£000	£000	£000	£000
Total	SOAS5	<u>70</u>	<u>70</u>	<u>259</u>	<u>119</u>

Explanation of variances between Estimate and Outturn are given in Note SOAS2 and in the Management Commentary.

The notes on pages 72 to 101 form part of these accounts.

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Notes to the Departmental Resource Accounts (Statement of Assembly Supply)

SOAS1. Statement of accounting policies

The Statement of Assembly Supply and supporting notes have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel. The Statement of Assembly Supply accounting policies contained in the FReM are consistent with these set out in the 2014-15 Consolidated Budgeting Guidance and Supply Estimates in Northern Ireland Guidance Manual.

SOAS1.1 Accounting convention

The Statement of Assembly Supply and related notes are presented consistently with Treasury budget control and Supply Estimates in Northern Ireland. The aggregates across government are measured using National Accounts, prepared in accordance with the internationally agreed framework 'European System of Accounts' (ESA95). ESA95 is in turn consistent with the System of National Accounts (SNA93), which is prepared under the auspices of the United Nations.

The budgeting system and the consequential presentation of Supply Estimates and the Statement of Assembly Supply and related notes have different objectives to IFRS-based accounts. The system supports the achievement of macro-economic stability by ensuring that public expenditure is controlled, with relevant Assembly authority, in support of the Government's fiscal framework. The system provides incentives to departments to manage spending well so as to provide high quality public services that offer value for money to the taxpayer.

The Government's objectives for fiscal policy are set out in the Charter for Budget Responsibility. These are to:

- ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness, and ensure the effectiveness of wider government policy; and
- support and improve the effectiveness of monetary policy in stabilising economic fluctuations.

SOAS1.2 Comparison with IFRS-based accounts

Many transactions are treated in the same way in National Accounts and IFRS-based accounts.

The notes on pages 72 to 101 form part of these accounts.

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Notes to the Departmental Resource Accounts (Statement of Assembly Supply)

SOAS2 Analysis of net resource outturn by function

Outturn							Estimate		2014-15	2013-14
								Net Total compared with estimate	Net Total compared with estimate adjusted for virements	Prior - year outturn
Admin	Other current	Grants	Gross resource expenditure	Accruing Resources	Net Total	Net Total	Net Total	Net Total		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Request for resources A: Departmental Expenditure in DEL										
A1	10,423	4,354	50	14,827	(201)	14,626	14,736	110	55	14,887
A2	-	735	-	735	-	735	735	-	-	751
A3	-	2,171	-	2,171	(60)	2,111	2,137	26	-	2,151
A4	1,543	-	-	1,543	-	1,543	1,488	(55)	-	1,484
A5	-	329	-	329	-	329	502	173	3	297
A6	3,129	9,476	1,175	13,780	(162)	13,618	13,464	(154)	*(2)	13,212
A7	-	-	6,210	6,210	(344)	5,866	6,038	172	72	6,452
A8	-	-	15,129	15,129	(11,346)	3,783	3,809	26	26	4,761
A9	-	44	-	44	-	44	-	(44)	-	-
A10	-	385	355	740	-	740	659	(81)	-	481
A11	-	190	326	516	-	516	500	(16)	-	653
A12	-	469	-	469	-	469	466	(3)	-	402
Annually Managed Expenditure (AME)										
A13	159	370	-	529	-	529	371	(158)	-	-
A14	-	2,584	-	2,584	-	2,584	3,713	1,129	971	6,568
Settlement of NICS Equal Pay Claims										5
Non-Budget										
A15	-	-	56,220	56,220	-	56,220	56,274	54	54	31,426
A16	-	-	3,075	3,075	-	3,075	3,075	-	-	3,804
Economic Research Institute of Northern Ireland										(135)
A17	-	-	1,351	1,351	-	1,351	1,351	-	-	1,447
A18	-	-	6,216	6,216	-	6,216	6,196	(20)	-	6,246
A19	-	-	820	820	-	820	857	37	-	1,067
A20	-	-	1,179	1,179	-	1,179	967	(212)	-	1,241
A21	-	-	863	863	-	863	863	-	-	925
A22	-	-	6	6	-	6	10	4	-	456
A23	-	-	2,389	2,389	-	2,389	2,389	-	-	3,433
A24	-	-	13,165	13,165	-	13,165	13,165	-	-	12,019
A25	-	-	1,741	1,741	-	1,741	1,981	240	49	3,710
A26	3,596	-	-	3,596	-	3,596	3,972	376	376	3,611
Resource Outturn	18,850	21,107	110,270	150,227	(12,113)	138,114	139,718	1,604	1,604	121,354

*Excess arising from Accruing Resources Outturn being less than the amount included in the Estimate.

The notes on pages 72 to 101 form part of these accounts.

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts (Statement of Assembly Supply) continued

Key to Request for Resources

- A1 Support for the government and other services
- A2 North-South Ministerial Council
- A3 Planning Appeals Commission and the Water Appeals Commission
- A4 Attorney General for Northern Ireland
- A5 Reinvestment and Reform Initiative
- A6 Support for Equality, Human Rights and Community Relations
- A7 Good Relations
- A8 EU Programme for Peace and Reconciliation
- A9 Victims and Survivors
- A10 Social Investment Fund
- A11 Childcare Strategy
- A12 Delivering Social Change
- A13 Provision*
- A14 Strategic Sites*
- A15 Strategic Investment Board Limited
- A16 Ilex Urban Regeneration Company Limited
- A17 Commissioner for Children & Young People for Northern Ireland
- A18 Equality Commission for Northern Ireland
- A19 Commission for Victims and Survivors for Northern Ireland
- A20 Northern Ireland Judicial Appointments Commission
- A21 Commissioner for Older People for Northern Ireland
- A22 Northern Ireland Memorial Fund
- A23 Northern Ireland Community Relations Council
- A24 Victims and Survivors Service Limited
- A25 Maze/Long Kesh Development Corporation
- A26 Notional Charges

Request for Resources A

Driving investment and sustainable development, making people's lives better through support for equality, human rights and community relations; and the effective operation of the institutions of Government.

The net underspend of £1.604 million against RfR A is mainly due to underspends in Strategic Sites (AME) (£1.129m), Maze/Long Kesh Development Corporation (£0.240m), Good Relations (£0.172m), Support for the government and other services (£0.110m), Reinvestment and Reform

The notes on pages 72 to 101 form part of these accounts.

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts (Statement of Assembly Supply) continued

Initiative (£0.173m) and Notional Charges (£0.376m). These underspends are offset by overspends in Northern Ireland Judicial Appointments Commission (£0.212m), Central Funds (£0.100m), Support for Equality, Human Rights and Community Relations (£0.154m) and Provision (£0.158m).

The net cash requirement for 2014-15 was £131.877 million. This was £5.255 million lower than the estimated net cash requirement of £137.132 million. This is mainly due to a resource underspend of £1.604 million, a net capital underspend of £1.045 million and non-cash adjustments of £2.606 million.

Detailed explanations of the variances are given in the Financial Performance (pages 21 to 25) of the Management Commentary.

SOAS3 Reconciliation of outturn to net operating cost and against Administration Budget

SOAS3.1 Reconciliation of net resource outturn to net operating cost

		2014-15		2013-14	
			Supply	Outturn compared with	
	Note	Outturn	Estimate	Estimate	Outturn
		£000	£000	£000	£000
Net resource outturn	SOAS2	138,114	139,718	1,604	121,354
Non supply income (CFERs)	SOAS5	(259)	(70)	189	(95)
Non supply transfer of capital receipt		-	-	-	-
Non supply expenditure (unrealised foreign exchange gain)		(852)	-	852	(142)
Net Operating Cost in Consolidated Statement of Comprehensive Net Expenditure		137,003	139,648	2,645	121,117

The notes on pages 72 to 101 form part of these accounts.

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts (Statement of Assembly Supply) continued

SOAS3.2 Outturn against final Administration Budget

	Note	2014-15 Budget £000	2014-15 Outturn £000	2013-14 Outturn £000
Gross Administration Budget	SOAS2	19,374	18,850	18,837
Income allowable against the administration budget		-	-	-
Administration expenditure excluded from the Administration cost limit	SOAS2	(3,972)	(3,596)	(3,611)
Net outturn against final Administration Budget		15,402	15,254	15,226

SOAS4 Reconciliation of net resource outturn to net cash requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate: Saving/(excess) £000
Resource Outturn	SOAS2	139,718	138,114	1,604
Capital:				
-Acquisition of property plant and equipment	7,8	4,504	3,461	1,043
Non-operating Accruing Resources:				
- Proceeds of asset disposals		(11)	(13)	2
Accruals to cash adjustments:				
<i>Adjustments to remove non-cash items:</i>				
- Depreciation	4,5	(4,340)	(3,214)	(1,126)
- Other non-cash items	3,4	(3,972)	(3,596)	(376)
- Changes in working capital other than cash	14,15	1,604	(2,716)	4,320
- Changes in payables falling due after more than one year	15	-	(1)	1
- New provisions and adjustments to previous provisions	16	(371)	(160)	(211)
- Use of provisions	16	-	2	(2)
Excess cash receipts surrenderable to the Consolidated Fund	SOAS5	-	-	-
Net cash requirement		137,132	131,877	5,255

The notes on pages 72 to 101 form part of these accounts.

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts (Statement of Assembly Supply) continued

SOAS5 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 2014-15		Outturn 2014-15	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
		£000	£000	£000	£000
Operating income and receipts – excess Accruing Resources		-	-	17	15
Other operating income and receipts not classified as Accruing Resources		70	70	242	104
Subtotal	SOAS6	70	70	259	119
Non-operating income and receipts – excess Accruing Resources	SOAS7	-	-	-	-
Excess cash surrenderable to the Consolidated Fund	SOAS4	-	-	-	-
Total income payable to the Consolidated Fund		70	70	259	119

SOAS6 Reconciliation of income recorded with the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

	Note	2014-15	2013-14
		£000	£000
Operating income	6	12,372	15,582
Gross income		12,372	15,582
Income authorised to be Accruing Resources	SOAS2	12,113	15,487
Operating income payable to the Consolidated Fund	SOAS5	259	95

SOAS7 Non-operating income – Excess Accruing Resources

	Note	2014-15	2013-14
		£000	£000
Proceeds on disposal of property, plant and equipment	6	-	-
Other miscellaneous income	6	-	-
Non-operating income – excess Accruing Resources		-	-

The notes on pages 72 to 101 form part of these accounts.

Office of First Minister and deputy First Minister

Statement of Comprehensive Net Expenditure for the year ended 31 March 2015

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

					2014-15	2013-14
	Note	Staff Costs £000	Other Costs £000	Income £000	Total £000	Total £000
Administration costs:						
Staff costs	3	13,487			13,487	13,192
Other administration costs	4		5,362		5,362	5,645
Operating income	6			(216)	(216)	(309)
Programme costs:						
Staff costs	3	9,241			9,241	8,761
Programme costs	5		121,285		121,285	109,101
Income	6			(12,156)	(12,156)	(15,273)
Net Operating Cost for year ended 31 March 2015	SOAS3	22,728	126,647	(12,372)	137,003	121,117
Other Comprehensive Net Expenditure						
Items that will not be reclassified to net operating costs:						
Net (gain)/loss on revaluation of Property Plant and Equipment	7				(293)	(261)
Net (gain)/loss on revaluation of Intangibles	8				(10)	(13)
Items that may subsequently be reclassified to net operating costs:						
Net (gain)/loss on revaluation of available for sale financial assets					-	-
					(303)	(274)
Total Comprehensive Net Expenditure year ended 31 March 2015					136,700	120,843

The notes on pages 72 to 101 form part of these accounts.

Office of First Minister and deputy First Minister

Statement of Financial Position as at 31 March 2015

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

	Note	£000	2014-15 £000	2013-14 £000
Non-current assets				
Property, plant and equipment	7	13,499		15,810
Intangible assets	8	613		463
Total non-current assets			14,112	16,273
Current assets				
Assets classified as held for sale	12	2,700		-
Trade and other receivables	14	5,523		17,746
Cash and cash equivalents	13	140		110
Total current assets			8,363	17,856
Total assets			22,475	34,129
Current liabilities				
Trade and other payables	15	(11,558)		(22,084)
Provisions	16	(19)		(10)
Total current liabilities			(11,577)	(22,094)
Non-current assets plus/less net current assets/liabilities			10,898	12,035
Non-current liabilities				
Other payables	15	(51)		(50)
Provisions	16	(149)		-
Total non-current liabilities			(200)	(50)
Total assets less liabilities			10,698	11,985
Taxpayers' equity and other reserves				
General fund			9,708	11,267
Revaluation reserve			990	718
Total equity			10,698	11,985



Mark Browne (Dr)

Accounting Officer

25 June 2015

The notes on pages 72 to 101 form part of these accounts.

Office of First Minister and deputy First Minister

Statement of Cash Flows

for the year ended 31 March 2015

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	2014-15 £000	2013-14 £000
Cash flows from operating activities			
Net operating cost	SOAS3	(137,003)	(121,117)
Adjustments for non-cash transactions	3,4,5	6,967	10,671
(Increase)/Decrease in trade and other receivables	14	12,222	(3,465)
Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure	14	(1,699)	2,167
Increase/(Decrease) in trade and other payables	15	(10,525)	3,270
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	15	2,056	(2,326)
Use of provisions	16	(2)	(9)
Net cash outflow from operating activities		(127,984)	(110,809)
Cash flows from investing activities			
Purchase of property, plant and equipment	7,8,15	(3,787)	(7,641)
Proceeds on disposal of property, plant and equipment		13	22
Net cash outflow from investing activities		(3,774)	(7,619)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		131,379	116,475
From the Consolidated Fund (Supply) – prior year		2,196	29
Advances from the Contingencies Fund		38,475	-
Repayments to the Contingencies Fund		(38,475)	-
Net financing		133,575	116,504
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		1,817	(1,924)
Receipts due to the Consolidated fund which are outside the scope of the Department's activities		-	-
Payments of amounts due to the Consolidated Fund		(122)	(409)
		(122)	(409)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		1,695	(2,333)
Cash and cash equivalents at the beginning of the period	13	(2,088)	245
Cash and cash equivalents at the end of the period	13	(393)	(2,088)

The notes on pages 72 to 101 form part of these accounts.

Office of First Minister and deputy First Minister

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2015

This statement shows the movement in the year on the different reserves held by OFMDFM, 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. Other earmarked reserves are shown separately where there are statutory restrictions of their use.

	Note	General Fund	Revaluation Reserve	Total Reserves
		£000	£000	£000
Balance at 31 March 2013		10,178	463	10,641
Net Assembly Funding – drawn down		116,475	-	116,475
Net Assembly Funding – deemed		-	-	-
Supply (payable)/receivable adjustment	14	2,196	-	2,196
CFERs payable to the Consolidated Fund	SOAS6	(95)	-	(95)
Comprehensive Net Expenditure for the year		(121,117)	274	(120,843)
Non-cash Adjustments:				
Non-cash charges – auditors remuneration	4	65	-	65
Non-cash charges – other notional costs	3,4	3,546	-	3,546
Movements in Reserves				
Transfers between reserves		19	(19)	-
Transfers of assets from other departments		-	-	-
Balance at 31 March 2014		11,267	718	11,985
Net Assembly Funding – drawn down		131,379	-	131,379
Net Assembly Funding – deemed		-	-	-
Supply (payable)/receivable adjustment	14	498	-	498
CFERs payable to the Consolidated Fund	SOAS6	(259)	-	(259)
CFERs payable to the Consolidated Fund written off		200	-	200
Comprehensive Net Expenditure for the year		(137,003)	302	(136,701)
Non-cash Adjustments:				
Non-cash charges – auditors remuneration	4	65	-	65
Non-cash charges – other notional costs	3,4	3,531	-	3,531
Movements in Reserves				
Transfers between reserves		30	(30)	-
Balance at 31 March 2015		9,708	990	10,698

Included within the revaluation reserve is £19,435 relating to intangibles, the balance of which at 31 March 2014 was £12,614. During the accounting period, movements were charged at £6,821. The notes on pages 72 to 101 form part of these accounts.

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2014-15 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance and Personnel. 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 has been judged to be the most appropriate to the particular circumstances of OFMDFM for the purpose of giving a true and fair view has been selected. The policies adopted by the Department 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.

1.1 Accounting convention

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

1.2 Property, Plant and Equipment and Intangible Assets

The minimum level for capitalisation of a tangible fixed asset is £1,000. Computer systems (bespoke software) which have been developed internally have been capitalised at the full cost incurred. Where material, assets have been pooled/grouped so as to reflect property, plant and equipment holdings more accurately.

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 balance sheet 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 Standards prepared and published by the Royal Institution of Chartered Surveyors (RICS). Full professional valuations of land and buildings are undertaken at specific intervals, but at least every five years. Land and buildings are revalued annually, between valuations, either by reassessment or using indices provided by Land and Property Services (LPS). All valuations are carried out by LPS, an external valuer, as defined in the Appraisal and Valuation Standards referred to above.

Operational properties are valued on the basis of existing use value, unless they are specialised, in which case they are valued on a depreciated replacement cost basis. Properties surplus to requirements are valued on the basis of open market value less any material directly attributable selling costs. With the exception of the above and items under construction, fair value is estimated

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts continued

by restating the value annually by reference to indices compiled by the Office for National Statistics (ONS).

Surpluses and deficits arising on revaluation are taken to the revaluation reserve. Where appropriate, permanent reductions in the value of fixed assets are charged to the Statement of Comprehensive Expenditure.

Revaluations below historic cost which are not temporary fluctuations in market value are treated as an impairment in accordance with IAS 36, Impairment of Assets, and charged in full to the Statement of Comprehensive Net Expenditure. Impairment reviews of property, plant and equipment are performed annually and additionally where there is an indication of an impairment as defined by IAS 36. The impairment of assets in note 7 relates to assets under construction and additions.

Assets paid for on behalf of OFMDFM by other Northern Ireland Civil Service Departments have also been capitalised and depreciated in line with current policy, and have been credited to the general fund.

1.3 Depreciation

Property, plant and equipment are depreciated at rates calculated to write them down to estimated residual value on a straight line basis over their estimated useful lives. Depreciation is charged in the month of acquisition. No depreciation is provided on freehold land since they have unlimited or very long estimated useful lives. Items under construction are not depreciated until they are commissioned.

Properties that are surplus to requirements and not in use are not depreciated. Capital expenditure on leasehold improvements is depreciated over the remaining term of the lease.

Asset lives are normally in the following ranges:

Telecoms Equipment	2-10 years
Motor Vehicles	4 years
Computer Equipment	3-6 years
Plant and Machinery	3-20 years
Office Equipment	3-11 years
Furniture and Fittings	2-15 years
Computer Systems	6-10 years
Freehold Buildings	25 years
Leasehold Buildings	length of lease

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

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts continued

on these assets at the same rate as if separate components had been identified and depreciated at different rates.

1.4 *Inventories*

Stocks are valued at the lower of cost or net realisable value.

1.5 *Research and development*

Expenditure on research and development will be written off in the year of expenditure through the Statement of Comprehensive Net Expenditure.

1.6 *Operating income including income receivable from the European Union*

Operating income is income which related 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 sector repayment work. It includes not only accruing resources of the Estimate but also income to the Consolidated Fund, authorised by the Department of Finance and Personnel to be treated as operating income. Operating income is stated net of VAT. Operating income is analysed under the following headings in the Statement of Comprehensive Net Expenditure;

- Administration Income
- Programme Income

All receipts from the EU are separately identified and shown as income in the notes to the Statement of Comprehensive Net Expenditure. EU income is received in arrears, expenditure having been initially funded by the Department.

1.7 *Administration and programme expenditure*

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. Administration costs reflect the costs of running the Department. These include both administrative costs and associated operating income. Income is analysed in the notes between that which, under the administrative cost-control regime, is allowed to be offset against gross administrative costs in determining outturn against the administration cost limit, and that operating income which is not. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the department, as well as certain staff costs where they relate directly to service delivery. The classification of expenditure and income as administration or as programme follows the definition of administration costs set by the Department of Finance and Personnel.

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts continued

1.8 *Foreign exchange*

Transactions which are denominated in a foreign currency and which are covered by a related forward contract are translated into sterling at the exchange rate specified in the contract. Transactions which are not covered by a related forward contract are translated into sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for the period is used. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the Statement of Comprehensive Net Expenditure.

1.9 *Employee Benefits including Pensions*

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme Northern Ireland (PCSPS (NI)) which are described in Note 3. The defined benefit schemes are unfunded. The department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). In respect of the defined contribution schemes, the department recognises the contributions payable for the year. A separate scheme statement is prepared for PCSPS (NI) as a whole.

1.10 *Leases*

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

1.11 *Grants payable*

The department is responsible for the payment of a number of Government Grants, both discretionary and mandatory. These grants are recorded in the period in which the recipient carries out the activity which created the entitlement. The recognition of entitlement will vary according to the details of the individual scheme. Unpaid and unclaimed grants may represent obligations to be recognised as liabilities. Where the amount of the claim is not known at the Statement of Financial Position date, an estimate will be made. Overpayments of grants are shown as receivables at the Statement of Financial Position date.

1.12 *Provisions*

The department provides for legal or constructive obligations which are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts continued

expenditure required to settle the obligation. 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 (currently between -1.5% and 2.2% depending on when the cash flow occurs).

1.13 *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:

- 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
- 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.

1.14 *Value Added Tax*

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 property, plant and equipment. VAT is recoverable on a departmental basis.

1.15 *Disclosure of Figures*

The Office of the First Minister and deputy First Minister have no other entities within the accounting boundary which require consolidation. The accounts have been presented as a single entity.

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.

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts continued

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 derecognition. 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 balance sheet 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 the 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.

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts continued

1.17 *Comparatives*

Comparative figures for the 2013-14 year are shown for those items listed in the primary schedules and associated notes, in compliance with the disclosure requirements of FReM unless otherwise stated.

1.18 *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*

The IASB have 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 are 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 ONS control criteria, as designated by Treasury. A review of the NI financial process, which will bring NI departments under the same adaptation, has been presented to the Executive, but a decision has yet to be made. Should the Executive agree to the recommendations, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may change as a result of the new Standards.

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

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Notes to the Departmental Resource Accounts continued

2 Statement of Operating Costs by Operating Segment

The principal activities of the Department comprise: Support for the Executive and Human rights, equality and community relations. This is reflected in the high-level structure under which the Department reports performance to the Department of Finance and Personnel and HM Treasury.

"Support for the Executive" embraces provision of advice and guidance to Ministers, managing the Programme for Government, maintaining a presence in Brussels and Washington and delivering an integrated investment strategy, including the regeneration of former military and security sites. "Human rights, equality and community relations" ("Equality") comprises the development and implementation of a cross-departmental strategy to tackle poverty and social exclusion, promote equality and improve people's lives. The Accounting Officer receives detailed monthly reports for each business area in the Department which are aggregated to show performance over principal activities.

There are no transactions between reportable segments and there is no reliance on major customers.

		2014-15			2013-14		
	Note	Support for the Executive £000	Equality £000	Total £000	Support for the Executive £000	Equality £000	Total £000
Gross Expenditure	3,4,5	85,759	63,616	149,375	69,815	66,884	136,699
Income	6	(411)	(11,961)	(12,372)	(438)	(15,144)	(15,582)
Net Expenditure		85,348	51,655	137,003	69,377	51,740	121,117
Total assets	7,8,12, 13,14,15,16	15,205	7,270	22,475	15,722	18,407	34,129

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts continued

2.1 Reconciliation between Operating Segments and SoCNE

Note	2014-15			2013-14		
	Support for the Executive	Equality	Total	Support for the Executive	Equality	Total
	£000	£000	£000	£000	£000	£000
Total net expenditure reported for operating segments	85,348	51,655	137,003	69,377	51,740	121,117
Reconciling items:						
Income	-	-	-	-	-	-
Expenditure	-	-	-	-	-	-
Total net expenditure per the Statement of Comprehensive Net Expenditure	85,348	51,655	137,003	69,377	51,740	121,117

2.2 Reconciliation between Operating Segments and SoFP

Note	2014-15			2013-14		
	Support for the Executive	Equality	Total	Support for the Executive	Equality	Total
	£000	£000	£000	£000	£000	£000
Total assets reported for operating segment	15,205	7,270	22,475	15,722	18,407	34,129
Reconciling items:						
Income	-	-	-	-	-	-
Expenditure	-	-	-	-	-	-
Total assets per the Statement of Financial Position	15,205	7,270	22,475	15,722	18,407	34,129

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Notes to the Departmental Resource Accounts continued

3 Staff numbers and related costs

Staff costs comprise of:

				2014-15	2013-14
	Permanently employed staff*	Others	Ministers**	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	16,204	1,313	171	17,688	17,093
Social security costs	1,400	88	20	1,508	1,451
Other pension costs	3,315	180	37	3,532	3,409
Total	20,919	1,581	228	22,728	21,953

	Charged to Administration	Charged to Programme	Total
	£000	£000	£000
Of which:	13,487	9,241	22,728

*Permanently employed staff includes the cost of the Departments' Special Advisors, all eight of whom are paid in the band £59,037-£91,809 (2013-14: £58,452-£91,809).

**Ministers' salary costs are notional.

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit schemes, but the Office of the First Minister and deputy First Minister 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. The valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Resource Accounts as at 31 March 2015.

For 2014-15, employers' contributions of £3,231,456 were payable to the NICS pension arrangements (2013-14: £3,115,433) at one of four rates in the range of 18% to 25% 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 new career average earning scheme from April 2015. From 2015-16, the new rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

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Notes to the Departmental Resource Accounts continued

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2013-14: £nil) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% (2013-14: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £nil, 0.8% (2013-14: £nil, 0.8%) of pensionable pay, were payable to the PSCPS (NI) 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 balance sheet date were £nil. Contributions prepaid at that date were £nil.

One person (2013-14: no persons) retired early on ill-health grounds, the total additional accrued pension liabilities in the year amounted to £265.17 (2013-14: £nil).

Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows. These figures include those working in the Department as well as other bodies included within the Departmental resource account.

					2014-15	2013-14
	Permanently Employed staff	Other staff	Ministers	Special Advisers	Total	Total
	Number	Number	Number	Number	Number	Number
Core Departmental staff in post	317	30	4	8	359	361
North South Ministerial Council	10	-	-	-	10	11
Planning Appeals Commission and Water Appeals Commission	33	-	-	-	33	35
Commissioner for Public Appointments for Northern Ireland	2	-	-	-	2	2
The Inquiry into Historical Institutional Abuse	22	11	-	-	33	21
Attorney General for Northern Ireland	17	-	-	-	17	16
Staff engaged on capital projects*	-	-	-	-	-	-
Total for RfR A	401	41	4	8	454	446

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

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Notes to the Departmental Resource Accounts continued

3.1 Reporting of Civil Service and other compensation schemes – exit packages

Exit package costs band	Number of compulsory redundancies		Number of other Departures agreed		Total number of exit packages by cost band	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
<£10,000	-	-	-	-	-	-
£10,000-£24,999	-	1	-	-	-	1
£25,000-£49,999	-	1	2	-	2	1
£50,000-£99,999	-	-	-	-	-	-
£100,000-£149,999	-	-	-	-	-	-
£150,000-£200,000	-	-	-	-	-	-
Total number of exit packages	-	2	2	-	2	2
Total resource cost/£000	-	60	62	-	62	60

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 year of departure. 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 2014-15, two Special Advisers received exit packages in accordance with the Code Governing the Appointment of Special Advisers under the Civil Service (Special Advisers) Act (Northern Ireland) 2013.

Disclosures of the maximum (highest), minimum (lowest) and median values of the payments would conflict with a legal obligation arising as a result of the Data Protection Act 1998.

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Notes to the Departmental Resource Accounts continued

4 Other Administration Costs

	2014-15	2013-14
	£000	£000
Staff related costs (including travel and subsistence and training)	329	529
Office Services (including advertising, communications and stationery)	417	497
Contracted Out Services	344	313
Other (including hospitality)	169	220
Professional Costs	139	216
Accommodation costs	133	152
Rentals under operating leases	130	129
Consultancy	23	45
Non Capital purchases	31	37
Non-cash items:		
Office accommodation	1,741	1,828
Other notional charges	1,562	1,493
Auditors' remuneration and expenses	65	65
Depreciation	118	116
Amortisation	1	1
Increase in provision	160	-
Disposal of property plant and equipment	-	4
Total	5,362	5,645

Auditors' remuneration relates fully to audit work.

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts continued

5 Programme Costs

	2014-15	2013-14
	£000	£000
Grants	98,924	79,501
EU Programme Spend	11,347	14,280
Contracted Out Services	1,920	2,686
Other*	2,139	1,772
Office Services	918	985
Accommodation Costs	606	743
Rentals under operating leases	817	720
Professional Costs	567	399
Consultancy Costs	268	298
Staff related costs	302	284
Non Capital Purchases	12	19
Non-cash items:		
Diminution in Value of property, plant and equipment	2,582	6,568
Bad debts written off	-	475
Depreciation	400	340
Amortisation	113	27
Increase in Provision	-	4
Provision for bad debt	370	-
Profit on Disposal	-	-
Total	121,285	109,101

*Other includes an exchange loss of £214,848 (2013-14: exchange gain of £78,838).

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Notes to the Departmental Resource Accounts continued

6 Income

	2014-15	2013-14
	£000	£000
EU Income	11,346	14,281
Atlantic Philanthropies	344	710
Recovery of Seconded Costs	165	258
Planning Appeals Commission and Water Appeals Commission	66	67
Rental Income	166	157
Miscellaneous Other Operating Income	285	109
Operating Income	12,372	15,582

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Notes to the Departmental Resource Accounts continued

7 Property, plant and equipment

	Land	Buildings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Payments on Accounts & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2014	12,170	3,120	81	592	181	957	-	17,101
Additions	134	904	-	249	33	83	1,803	3,206
Reclassifications	(2,682)	2,356	-	7	-	(578)	(1,803)	(2,700)
Disposals	-	-	(20)	(14)	(6)	(2)	-	(42)
Impairment (a)	(61)	(1,629)	-	-	-	-	-	(1,690)
Revaluation charged to SCNE (a)	(763)	(258)	-	-	-	-	-	(1,021)
Revaluation (a)	(83)	402	-	4	1	1	-	325
At 31 March 2015	8,715	4,895	61	838	209	461	-	15,179
Depreciation								
At 1 April 2014	-	550	6	278	128	329	-	1,291
Charged in period	-	319	18	64	26	90	-	517
Reclassifications	-	209	-	-	-	(209)	-	-
Disposals	-	-	(8)	(14)	(6)	(2)	-	(30)
Impairment (a)	-	(60)	-	-	-	-	-	(60)
Revaluation charged to SCNE (a)	-	(70)	-	-	-	-	-	(70)
Revaluation (a)	-	48	-	(2)	(5)	(9)	-	32
At 31 March 2015	-	996	16	326	143	199	-	1,680
Carrying amount								
At 31 March 2014	12,170	2,570	75	314	53	628	-	15,810
At 31 March 2015	8,715	3,899	45	512	66	262	-	13,499
Asset financing:								
Owned	8,715	3,899	45	512	66	262	-	13,499
Carrying amount at 31 March 2015	8,715	3,899	45	512	66	262	-	13,499

(a) Revaluations were undertaken in respect of Ebrington Barracks; former St Patrick's Barracks, Ballymena; Shackleton Ballykelly; St Lucia Omagh and the Crisis Management Centre as at 31 March 2015 by Land & Property Services. Valuations reflect the current situation in the property market in Northern Ireland. Previous year valuations are shown in brackets. Ebrington was valued at £4,650,000 (£4,650,000) for land and £1,955,000 (£970,000) for buildings. Former HMP Belfast was revalued at £1,665,000 (£1,665,000) for land and £835,000 (£835,000) for buildings. St Patrick's was valued at £2,700,000 (£3,550,000) for land. Shackleton was valued at £1,500,000 (£1,500,000) for land. St Lucia was valued at £775,000 (£680,000) for land. The Crisis Management Centre was valued at £125,000 (£125,000) for land and £125,000 (£125,000) for buildings.

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Notes to the Departmental Resource Accounts continued

7 Property, plant and equipment continued

	Land	Buildings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Payments on Accounts & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2013	11,890	2,436	76	404	184	929	-	15,919
Additions	91	2,571	62	129	(5)	26	4,784	7,658
Reclassifications	90	4,643	-	51	-	-	(4,784)	-
Disposals	-	-	(57)	(5)	-	(8)	-	(70)
Impairment (a)	-	(6,153)	-	-	-	-	-	(6,153)
Revaluation charged to SCNE (a)	(16)	(487)	-	(1)	1	-	-	(503)
Revaluation (a)	115	110	-	14	1	10	-	250
At 31 March 2014	12,170	3,120	81	592	181	957	-	17,101
Depreciation								
At 1 April 2013	-	391	20	229	111	228	-	979
Charged in period	-	259	19	52	17	108	-	455
Reclassifications	-	-	-	-	-	-	-	-
Disposals	-	-	(33)	(4)	-	(7)	-	(44)
Impairment (a)	-	(82)	-	-	-	-	-	(82)
Revaluation charged to SCNE (a)	-	(7)	-	-	1	-	-	(6)
Revaluation (a)	-	(11)	-	1	(1)	-	-	(11)
At 31 March 2014	-	550	6	278	128	329	-	1,291
Carrying amount								
At 31 March 2013	11,890	2,045	56	175	73	701	-	14,940
At 31 March 2014	12,170	2,570	75	314	53	628	-	15,810
Asset financing:								
Owned	12,170	2,570	75	314	53	628	-	15,810
Carrying amount at 31 March 2014	12,170	2,570	75	314	53	628	-	15,810

- (a) Revaluations were undertaken in respect of Ebrington Barracks; former St Patrick's Barracks, Ballymena; Shackleton Ballykelly; St Lucia Omagh and the Crisis Management Centre as at 31 March 2014 by Land & Property Services. Valuations reflect the current situation in the property market in Northern Ireland. Previous year valuations are shown in brackets. Ebrington was valued at £4,650,000 (£4,300,000) for land and £970,000 (£390,000) for buildings. Former HMP Belfast was revalued at £1,665,000 (£1,665,000) for land and £835,000 (£835,000) for buildings. St Patrick's was valued at £3,550,000 (£3,550,000) for land. Shackleton was valued at £1,500,000 (£1,500,000) for land. St Lucia was valued at £680,000 (£750,000) for land. The Crisis Management Centre was valued at £125,000 (£125,000) for land and £125,000 (£125,000) for buildings.

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Notes to the Departmental Resource Accounts continued

8 Intangible Assets

	Software Licenses £000	Developed Software £000	Web Sites £000	Total £000
Cost or valuation				
At 1 April 2014	2	661	5	668
Additions	3	251	-	254
Disposals	-	-	-	-
Revaluations charged to SCNE	-	-	-	-
Revaluations	-	15	-	15
At 31 March 2015	5	927	5	937
Amortisation				
At 1 April 2014	1	204	-	205
Charged in period	1	111	2	114
Disposals	-	-	-	-
Revaluations charged to SCNE	-	-	-	-
Revaluations	-	5	-	5
At 31 March 2015	2	320	2	324
Carrying amount at 31 March 2014	1	457	5	463
Carrying amount at 31 March 2015	3	607	3	613
Asset Financing				
Owned	3	607	3	613
Finance Leased	-	-	-	-
Contracts	-	-	-	-
Carrying amount at 31 March 2015	3	607	3	613

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts continued

8 Intangible Assets continued

	Software Licenses £000	Developed Software £000	Web Sites £000	Total £000
Cost or valuation				
At 1 April 2013	-	233	-	233
Additions	2	417	5	424
Disposals	-	(6)	-	(6)
Revaluations charged to SCNE	-	-	-	-
Revaluations	-	17	-	17
At 31 March 2014	2	661	5	668
Amortisation				
At 1 April 2013	-	179	-	179
Charged in period	1	27	-	28
Disposals	-	(6)	-	(6)
Revaluations charged to SCNE	-	-	-	-
Revaluations	-	4	-	4
At 31 March 2014	1	204	-	205
Carrying amount at 31 March 2013	-	54	-	54
Carrying amount at 31 March 2014	1	457	5	463
Asset Financing				
Owned	1	457	5	463
Finance Leased	-	-	-	-
Contracts	-	-	-	-
Carrying amount at 31 March 2014	1	457	5	463

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Notes to the Departmental Resource Accounts continued

9 Impairments

	2014-15	2013-14
	£000	£000
Amounts charged to the Statement of Comprehensive Net Expenditure	1,630	6,071

10 Capital and other commitments

10.1 Capital Commitments

	2014-15	2013-14
	£000	£000
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Property, plant and equipment	1,102	1,691
Total	1,102	1,691

10.2 Commitments under leases

10.2.1 Operating leases

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

	2014-15	2013-14
	£000	£000
Buildings:		
Not later than one year	939	819
Later than one year and not later than five years	2,557	2,630
Later than five years	1,866	2,324
Total	5,362	5,773
Other:		
Not later than one year	28	16
Later than one year and not later than five years	63	40
Later than five years	-	-
Total	91	56

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Notes to the Departmental Resource Accounts continued

10.2.2 Finance leases

The Department has no finance lease commitments.

10.3 Commitments under PFI contracts and other service concession arrangements

The Department has no commitments under PFI contracts.

10.4 Other financial commitments

The Department has entered into non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangements), relating to grant payments and amounts committed in relation to contracted services. The payments to which the Department is committed are as follows:

	2014-15	2013-14
	£000	£000
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

11 Financial Instruments

As the cash requirements of the Department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk.

In exception to the above, the Department made a £48.475 million grant in aid payment to the Strategic Investment Board Limited (SIB) to enable them to provide a loan to the University of Ulster (UU) in 2014-15 in respect of the University's Greater Belfast Development project under the Financial Transactions Funding Scheme. The contractual loan agreement is between UU and SIB who have accounted for this transaction in their accounts. Therefore as the Department is not exposed to any risk this transaction is only shown as a grant in aid payment in the SCNE.

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts continued

12 Assets Held for Sale

	2014-15	2013-14
	£000	£000
At 1 April 2014	-	-
Transfer in from non current assets	2,700	-
Transfer out to non current assets	-	-
Transfer of carrying value	-	-
Disposal of carrying value	-	-
At 31 March 2015	2,700	-

Assets held for sale comprises land at the former St Patrick's Barracks (valued at £2.7m). The Department has received Ministerial approval to proceed with the disposal of the land to the Department for Social Development. It is expected that the sale will be completed in the 2015-16 financial year. Assets held for sale are included within the "Support for the Executive" operating segment.

A Ministerial direction was issued on 12th May 2015, after the close of the 2014-15 financial year but before the accounts were signed by the Accounting Officer, regarding the disposal of the Shackleton site (valued at £1.5m). The former Shackleton Barracks site at Ballykelly was gifted, as part of the Hillsborough agreement by the Ministry of Defence, to OFMDFM in October 2011. Following the Ministers' assessment of the benefits in disposing of the site expeditiously, Executive approval was granted under urgent decision procedure, to put the site on the market without going through a business case process. The direction to sell has not yet met all of the conditions under IFRS5 requiring the recognition of an asset held for sale. This issue will be progressed in the 2015-16 financial year.

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Notes to the Departmental Resource Accounts continued

13 Cash and Cash equivalents

	2014-15	2013-14
	£000	£000
Balance at 1 April	(2,088)	245
Net change in cash equivalent balances	1,695	(2,333)
Balance at 31 March	(393)	(2,088)

The following balances at 31 March were held at:

Commercial banks and cash in hand	(393)	(2,088)
Balance at 31 March	(393)	(2,088)

The balance comprises

Cash	140	110
Overdraft	(533)	(2,198)
	(393)	(2,088)

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Notes to the Departmental Resource Accounts continued

14 Trade receivables and other assets

	2014-15	2013-14
	£000	£000
Amounts falling due within one year:		
Trade receivables	375	406
Deposits and Advances	1,087	2,359
Other Receivables	87	78
Prepayments & Accrued Income	1,178	1,532
Amounts due from the Consolidated Fund in respect of supply	498	2,196
Amounts due from EU	2,065	10,638
VAT	213	529
	<hr/> 5,503	<hr/> 17,738
Amounts falling due after more than one 1 year:		
Deposits and Advances	18	4
Other Receivables	2	4
	<hr/> 5,523	<hr/> 17,746

Trade receivables and other current assets contains £162,456 (2013-14: £223,454) which will be surrendered to the Consolidated Fund when received.

14.1 Intra-Government Balances

	2014-15	2013-14	2014-15	2013-14
	Amounts falling due within one year		Amounts falling due after one year	
	£000	£000	£000	£000
Balances with other central government bodies	921	2,941	-	-
Balances with local authorities	1	9	-	-
Balances with NHS bodies	26	27	-	-
Balances with public corporations and trading funds	1	1	-	-
<i>Subtotal: intra-government balances</i>	<hr/> 949	<hr/> 2,978	<hr/> -	<hr/> -
Balances with bodies external to government	4,554	14,760	20	8
Total receivables as 31 March	<hr/> 5,503	<hr/> 17,738	<hr/> 20	<hr/> 8

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Notes to the Departmental Resource Accounts continued

15 Trade payables and other current liabilities

	2014-15 £000	2013-14 £000
Amounts falling due within one year:		
Bank Overdraft	533	2,198
Trade payables	13	55
Other payables	17	2
Accruals and deferred income	8,506	10,111
Non Current Asset Accruals	2,221	2,548
Amounts due to EU	1	6,839
Amounts issued from the Consolidated fund for supply but not spent at year end	-	-
Consolidated fund extra receipts due to be paid to the Consolidated Fund		
Received	105	108
Receivable	162	223
	<u>11,558</u>	<u>22,084</u>
Amounts falling due after one year:		
Other payables, accruals and deferred income	51	50
	<u>11,609</u>	<u>22,134</u>

15.1 Intra-Government Balances

	2014-15 Amounts falling due within one year £000	2013-14 £000	2014-15 Amounts falling due after one year £000	2013-14 £000
Balances with other central government bodies	1,125	1,254	-	-
Balances with local authorities	2,341	1,992	-	-
Balances with NHS bodies	-	-	-	-
Balances with public corporations and trading funds	32	22	-	-
<i>Subtotal: intra-government balances</i>	<u>3,498</u>	<u>3,268</u>	<u>-</u>	<u>-</u>
Balances with bodies external to government	8,060	18,816	51	50
Total payables as 31 March	<u>11,558</u>	<u>22,084</u>	<u>51</u>	<u>50</u>

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Notes to the Departmental Resource Accounts continued

16 Provisions for liabilities and charges

2013-14	Equal Pay £000	Total £000
Balance at 1 April 2013	15	15
Provided in the year	4	4
Provisions not required written back	-	-
Provisions utilised in the year	(9)	(9)
Balance at 31 March 2014	10	10

Analysis of expected timing of discounted flows

	Equal Pay £000	Total £000
Not later than one year	10	10
Later than one year and not later than five years	-	-
Later than five years	-	-
Balance at 31 March 2014	10	10

2014-15	Equal Pay £000	Injury Award £000	Total £000
Balance at 1 April 2014	10	-	10
Provided in the year	-	160	160
Provisions not required written back	-	-	-
Provisions utilised in the year	-	(2)	(2)
Balance at 31 March 2015	10	158	168

Analysis of expected timing of discounted flows

	Equal Pay £000	Injury Award £000	Total £000
Not later than one year	10	9	19
Later than one year and not later than five years	-	33	33
Later than five years	-	116	116
Balance at 31 March 2015	10	158	168

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts continued

16.1 Equal Pay

This provision represents the department's share of the settlement pay made to staff at AA, AO, EO11 and analogous grades in the NICS as the result of an agreement with NIPSA in respect of Equal Pay.

The bulk of staff has now agreed to the settlement and the associated taxation obligations to HMRC were discharged. The provision for equal pay at 31 March 2015 represents the expected future equal pay costs for OFMDFM as advised by DFP.

16.2 Injury Award

The provision represents the future costs of monthly payments in settlement of an injury claim by a former employee. Payments are expected to continue for the lifetime of the claimant, increasing in line with the Consumer Prices Index.

The amount of the provision is calculated using the current monthly payment and actuarial tables which show average life expectancy.

Future costs have been discounted at the 1.3% per annum discount rate applicable to post-employment benefits according to HM Treasury guidance.

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts continued

17. Contingent liabilities

The department has entered into the following unquantifiable contingent liabilities.

17.1 Voluntary Exit Scheme (VES)

The Northern Ireland Civil Service launched a Voluntary Exit Scheme (VES) across all departments on 2 March 2015. The closing date for applications was 27 March 2015. At the balance sheet date, there is a possible obligation on the department which may give rise to a liability should any of the department's employees apply and be successful. It is not possible, at the balance sheet date, to quantify what this potential liability may be.

17.2 Judicial Reviews

There is currently one Judicial Review case pending against the Department.

17.3 Invoice in dispute

There is currently one amount in dispute with a contractor working on regeneration projects for OFMDFM. It is not known when, or at what value if any, settlement will be reached in this case.

17.4 Other legal issues

The Department is considering two legal issues and the potential for any financial implications they may have. The Department considers that the obligations cannot be regarded as probable and that a reliable estimate cannot be made, at this point in time, of the potential liabilities. 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.

The Department has not entered into any quantifiable guarantees, indemnities or provided letters of comfort.

18 Losses and special payments

18.1 Losses Statement

	2014-15	2014-15	2013-14	2013-14
	Number	£000	Number	£000
Total – Losses	50	23	43	479

There were no cases over £250,000 in either 2014-15 or 2013-14.

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts continued

18.2 Special Payments

There were no special payments.

19 Related-party transactions

The Office of the First Minister and deputy First Minister has had a number of material transactions with other government departments and central government bodies.

No ministers, board members, key managerial staff or other related parties have undertaken any material transactions with the Department during the year. The Department is also the sponsor of NDPBs and companies limited by guarantee, as referred to in the Annual Report.

20 Third-party assets

The Department has no third-party assets.

21 Entities within the Departmental boundary

The entities within the boundary during the period were as follows:

- | | | |
|-----|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) | Supply financed agencies | None |
| (b) | Other entities | North/South Ministerial Council
Planning Appeals Commission and Water Appeals
Commission (www.pacni.gov.uk)
Office of the Commissioner for Public Appointments
for Northern Ireland (www.ocpani.gov.uk)
Office of the Attorney General for Northern Ireland
(www.attorneygeneralni.gov.uk) |

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts continued

22 Events after the Reporting Period

Since 31 March 2015, applications for the Voluntary Exit Scheme have been processed, communicated and agreed with staff. This has resulted in an obligation arising on the Department, since the balance sheet date. The value of this liability may be approximately £75k. This is a non-adjusting event and consequently, the 2014-15 accounts have not been adjusted. Funding for the scheme has not been confirmed, and offers may be withdrawn if funding is not available. It is expected that payments to settle this liability will be made during the 2015-16 financial year.

A Ministerial direction was issued on 12th May 2015, after the close of the 2014-15 financial year but before the accounts were signed by the Accounting Officer, regarding the disposal of the Shackleton site (valued at £1.5m). The former Shackleton Barracks site at Ballykelly was gifted, as part of the Hillsborough agreement by the Ministry of Defence, to OFMDFM in October 2011. Following the Ministers' assessment of the benefits in disposing of the site expeditiously, Executive approval was granted under urgent decision procedure, to put the site on the market without going through a business case process. The direction to sell has not yet met all of the conditions under IFRS5 requiring the recognition of an asset held for sale. This issue will be progressed in the 2015-16 financial year.

The Stormont House Agreement contains a commitment to reduce the number of NICS Departments from 12 to 9 following the Assembly election in May 2016, which will involve functions transferring from some departments to others. The number, names and high level functions of the new departments are currently being considered by Ministers. It is anticipated that staff working in the affected areas will move with the function. The proposed 9-departmental model outlines a machinery of government change where some of the functions of the Office of First Minister and deputy First Minister will transfer to other departments in May 2016.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 29 June 2015.

Copies available from:

<http://www.ofmdfmini.gov.uk/index/about-ofmdfm/about-the-department/financial-information.htm>

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