

Office of the First Minister and deputy First Minister
Annual Report and Accounts
For the year ended 31 March 2016

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

on

01 July 2016

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2015-16 ANNUAL REPORT

THE PERFORMANCE REPORT

OVERVIEW

STATEMENT FROM THE DEPARTMENT'S ACCOUNTING OFFICER

Welcome to our Annual Report and Accounts for 2015-16. It has been a good year for the Office of First Minister and deputy First Minister (OFMDFM) and we have made significant progress and delivered excellent results in a range of functions such as; Good Relations, Race Relations, Victims and Survivors, step change in pace of delivery of Social Investment Fund, completion of signature programmes under Delivering Social Change and the sale of the St Patricks site. We know that there is still more to do to deliver consistent and quality services which will grow the economy, secure investment, create opportunity and tackle disadvantage to make Northern Ireland (NI) a great place to live and work.

The 2015-16 financial year, has not been without its challenges, and together OFMDFM management, staff and stakeholders have sought to maximise the utilisation of resources provided through the 2015-16 Budget settlement in continuing the achievement of the Executive's Programme for Government commitments.

We have taken forward actions that fall to OFMDFM from the Executive's Stormont House Agreement and Fresh Start Agreement. Within the framework of these important milestone agreements we have developed OFMDFM into The Executive Office (TEO) and undertook significant internal reorganisation to ensure that services and structures are appropriately realigned to face future challenges and to seize future opportunities that 2016-17 and future years will bring.

In the current constrained financial climate, there is a clear requirement to work efficiently and innovatively to ensure that we continue to deliver within available resources. The accountability and management structures for the Programme for Government, for which TEO has primary responsibility, will support the efforts of Departments to achieve this, helping to ensure a focus on delivery as well as necessary financial discipline in programme management.

In 2016-17 a new Executive will task the NICS to deliver a new Programme for Government. It is my firm belief that TEO is in a very strong place to meet this new challenge, building on our impressive record of achievement and our clear vision for the future for our society.

STATEMENT OF THE PURPOSE AND ACTIVITIES OF THE DEPARTMENT

The Department's overall 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.*

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In pursuing the overall aim the Department's key interlinked objectives are:

- The effective operation of the institutions of government in the delivery of the Executive's Programme for Government;
- Building a united, shared and reconciled community and improving community relations by delivering a strategic approach to good relations through the delivery of the Together: Building a United Community (T:BUC) programme;
- Tackling disadvantage and promoting equality of opportunity by driving a programme across Government to reduce poverty, promoting and protecting the interests of children, older people, people with disabilities, victims and survivors, and other socially excluded groups and addressing inequality and disadvantage; and
- Driving investment and sustainable development through regeneration of strategic former military sites; promoting effective long-term capital planning and delivery; and, promoting the Executive's policy interests internationally.

Programme for Government 2011-15

OFMDFM led or shared responsibility during 2015-16 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 (formerly Finance and Personnel) and Economy (formerly 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;
- Use the Social Protection Fund to help 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.

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Priority 3: Building a Strong and Shared Community

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

Priority 4: Delivering High Quality and Efficient Public Services

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

During 2015-16, departmental activity also focused on preparatory work for the resolution of a new, outcomes-focused Programme for Government by incoming Executive Parties following the Assembly election.

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>

KEY ISSUES AND RISKS

The key challenge in 2016-17 will be to maintain service delivery during a period of significant change in respect of the development of a new, outcomes-focused Programme for Government setting a strategic direction for the new Executive for delivery within the new 9 Departmental structure.

The Department will continue to focus on key policy areas such as:

- Strategic Policy to Deliver Social Change; creating opportunities and tackling disadvantage to ensure that disadvantaged areas and vulnerable groups will continue to be targeted to address persistent patterns of poverty and disadvantage through the implementation of the Social Investment Fund (SIF) and the Delivering Social Change (DSC) Signature Programmes.
- Together: Building a United Community (T:BUC); The strategy outlines a vision of “a united community, based on equality of opportunity, the desirability of good relations and reconciliation - one which is strengthened by its diversity, where cultural expression is celebrated and embraced and where everyone can live, learn, work and socialise together, free from prejudice, hate and intolerance.” A key element of the strategy is the investment in Urban Village (UV) initiative which aims to foster a positive community identity, build community capacity and improve the physical environment in 5 areas with a history of violence, dereliction and decay. This is a key objective of the Department in 2016-17. During 2016-17 Development Frameworks will be finalised and the delivery of investment plans will be coordinated and prioritised. An annual Work Programme and a Capital Investment Plan will be drawn up aligned to the Development Frameworks. These will detail operational focus and allocation of capital and revenue resources each year and set out key programme wide deliverables and those specific to each UV.
- Our new Racial Equality Strategy which was launched late last year establishes an up-to-date framework for government departments (and others) to tackle racial inequalities, to eradicate racism and hate crime and along with T:BUC, to promote good race relations and social cohesion. Among other things it commits Government to ethnic monitoring and reviewing our racial equality legislation. It also reaffirms our commitment to the Minority Ethnic Development Fund to develop capacity within the minority ethnic sector and to a Crisis Fund for those who face destitution.
- Historical Institutional Abuse Inquiry; to examine if there were systemic failings by the state or institutions in their duties towards children under 18 in their residential care between 1922

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and 1995. Oral hearings will be completed by July 2016 with the Chairperson's report completed by January 2017.

- Victims and Survivors; Addressing the needs of victims and survivors is a priority area for both the Department and the Executive. In 2016-17 the Department will continue to provide a more comprehensive and responsive solution to meeting the needs of individual victims and survivors and supporting the groups and organisations which work in this sector.
- International Relations; the Executive Office will continue to drive implementation of the Executive's International Relations Strategy. The NI Bureau in Beijing will help develop links with the Chinese Government and realise key targets in the economic, education and tourism sectors. The Executive offices in Washington DC and in Brussels will ensure that our profile remains high and our interests continue to be promoted in these influential locations.
- Infrastructure Investment; In 2016-17 the Department will complete the disposal of the former military site at Shackleton and the further development of the Ebrington site. The capital funding in 2016-17 will complete four buildings on the Ebrington site and will also progress essential maintenance/infrastructure works. The Department will also progress the development of Grade A Office Accommodation on Ebrington. Capital allocations will also be made to progress infrastructure development in Urban Village areas to support the delivery of key shared future objectives.

The resources provided through the 2016-17 Budget settlement will support the activities of government departments, including the Executive Office, in implementing the incoming Executive's new Programme for Government. In the current constrained financial climate, there is a clear requirement to work efficiently and innovatively to ensure that we continue to deliver within available resources. The accountability and management structures for the Programme for Government, for which the Executive Office has primary responsibility, will support the efforts of Departments to achieve this, helping to ensure a focus on delivery as well as necessary financial discipline in programme management.

The key issues and risks facing OFMDFM (now TEO) are also disclosed in the Governance Statement.

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 is responsible for a number of commitments within the Programme. Each commitment has a Senior Responsible Officer who is responsible for its delivery. 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 (formerly 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

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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 (now Finance) provides analytical and administrative support to the Delivery Oversight Group and the Executive Programme Board.

Going Concern

The Statement of Financial Position as at 31 March 2016 shows net liabilities of £2,492k. This reflects liabilities due in future years. It is appropriate to adopt a going concern basis for the preparation of the financial statements as the Department is supply financed and thus draws its funding from the Consolidated Fund and therefore no liquidity risk in respect of the liabilities due in future years. The Assembly has demonstrated its commitment to fund the Department for the foreseeable future.

PERFORMANCE SUMMARY

Supporting the work of government

- | |
|---|
| <ul style="list-style-type: none">• 17 Executive meetings• 140 Executive papers• 17 North South Ministerial Council meetings• 4 British-Irish Council meetings• 3 Joint Ministerial Committee meetings |
|---|

During 2015-16 there were 17 Executive meetings, including meetings in Enniskillen and Derry/Londonderry, at which 140 Executive papers were considered. The economy continued to be a priority and was included as an agenda item at all scheduled Executive meetings. Matters considered by the Executive included: 'A Fresh Start' – The Stormont Agreement and Implementation Plan; 'Enabling Success' - Strategy to Tackle Economic Inactivity; Justice Bill; Biodiversity Strategy for Northern Ireland; Final Policy Proposals for a Rural Proofing Bill; Shared Education Bill; Introduction of the Rural Needs Bill; Introduction of the Fisheries Bill; Racial Equality Strategy 2015-25; Response to Flooding; Active Ageing Strategy 2016-21; Reduction in the Number of Departments – Transfer of Functions Order; Scoping Exercises and Options Papers in relation to Mother and Baby Homes/Magdalene Asylums and Clerical Child Abuse; Strategy for Northern Ireland Bureau in China; Better Regulation – Action Plan for Reform; Publication of Long-Term Water Strategy for Northern Ireland (2015-40); Northern Ireland Community Safety College; Publication of the 'Stopping Domestic and Sexual Violence and Abuse' Strategy; Sign Language Framework; Homelessness Services in Belfast – Action Plan and Inter-Departmental Collaboration; Guidance for Health and Social Care Professionals on Termination of Pregnancy in Northern Ireland; Child Poverty Strategy; and Co-operating to Safeguard Children and Young People in Northern Ireland.

Executive Ministers participated in 17 meetings of the North South Ministerial Council, including two Plenary meetings. The British-Irish Council met on four occasions with Summit meetings in Dublin and London, and two meetings in sectoral format in the Creative Industries and Housing work streams. Ministers attended three meetings of the Joint Ministerial Committee in European format.

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Strategic Investment and Regeneration

- **Outline Planning Approval for the Ebrington site granted which will provide a foundation for the soft market testing on the site;**
- **Opening of Ebrington buildings 57/59, 70 and 80/81 – these projects are the first private sector investment on the site, along with upwards of 80 jobs created;**
- **Following an independent review of Ilex, the company was wound up and brought within the Department;**
- **Crumlin Road Gaol Visitor Attraction and Conference Centre exceeded visitor and conference targets. Belfast Distillery Company Ltd commenced works to convert A Wing into a boutique distillery, whiskey visitor attraction, restaurant and cafe;**
- **Shackleton, the former military site in Ballykelly was agreed for sale. Planned development of the Site by its new owners MJM Group will deliver employment, community and environmental benefits to Ballykelly and the wider North West;**
- **St Patrick's, the former military site in Ballymena, has been sold to Department of Social Development (now Communities) for a housing led regeneration project and St Lucia is to be transferred to the new Department for Infrastructure (formerly Regional Development); and**
- **The Asset Management Unit has supported the Reform of Property Management project through improved asset management, the realisation of capital receipts and re-financing. £26.1 million of additional capital raised against Executive's target of £25 million.**

The independent review of Ilex was completed in October 2015, which recommended the closure of Ilex by 1 April 2017. Due to the resignation of the entire senior management team in Ilex prior to the publication of the report, Ministers took the decision to close the company in 2016, with the department taking the lead in the regeneration of the site until the transfer to Derry City and Strabane District Council in 2017. The Ilex Board is working with the Department to ensure the orderly wind up of the company and the ongoing development of Ebrington. As with all the military sites transferred to the NI Executive, there is an expectation that the regeneration and development of the site will provide economic benefits to both the local community and beyond. There was continued progress on the regeneration of the Ebrington site with the completion and occupation of three new buildings on the site. The Walled City brewery opened in Building 70 in May 2015, the Digital Hub opened in 80/81 in August 2015 and Cafe Ollie's opened in December 2015. All of these projects have achieved job creation targets with the Creative Hub having a waiting list for tenants. Outline Planning Permission for the entire site was granted in January 2016. Following on from this, an exercise to determine the extent of private sector interest in the Grade A office accommodation project indicates a high level of interest. However it is expected that some public sector support will be needed. This will provide a platform for increased private sector investment with further opportunities for job creation and economic benefits for the city.

Crumlin Road Gaol Visitor Attraction and Conference Centre welcomed over 120,000 visitors and hosted over 480 events during the third year of its operation. Almost 500,000 people have taken a tour or attended the 1,457 events and conferences at the Gaol since the facility opened in November 2012. Belfast Distillery Ltd. commenced the development of a boutique distillery and whiskey visitor attraction in A Wing on 26 January 2015 but following unforeseen construction challenges the project was paused to enable the company to secure additional investment. The company plans to recommence development in 2016.

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In May 2015, the Royal Ulster Agricultural Society hosted its annual Agricultural Show on the Maze/Long Kesh site. The organisers confirmed that over 100,000 visitors attended the Show which is a 10% increase on the previous year's attendance. The organisers stated that the Show was regarded by all as very successful adding that the relocation of the 'Eikon' Pavilion building (a facility for retail and leisure SME exhibitors) from the Kings Hall to the Maze/Long Kesh Site in December 2015 has the potential to further increase attendance at next year's Show.

The Department sold St Patrick's, a former military site in Ballymena, to the Department for Social Development (now Communities) for a housing led regeneration project. The entire Shackleton site, Ballykelly, was agreed for sale with the main part (c. 621.5 acres) of the site being sold to the MJM Group. MJM's plans for the Site will create employment and deliver community and environmental benefits for Ballykelly and the wider North West. 85.8 acres of the Site is to be sold to NI Water for an Integrated Constructed Wetlands and 8.7 acres to be sold to Department Agriculture, Environment and Rural Affairs (formerly Agriculture and Rural Development) for its new headquarters. The Department is also working with district councils, the Department of Communities (formerly Social Development) and other public sector stakeholders to identify future uses for the St Lucia site prior to its transfer to the Department for Infrastructure (formerly Regional Development).

During 2015-16 Strategic Investment Board Limited (SIB) continued to provide advice to Ministers and departments in relation to the articulation and delivery of the Executive's major investment programmes. For the fourth year in succession, SIB has provided assistance (including research, consultancy, project management and other services) to every government department and a range of other partners including agencies, Non Departmental Public Bodies (NDPBs) and local authorities. This support included:

- managing projects contained in the Programme for Government such as the Strule Education Campus, the Community Safety College, the Regional Sports Stadiums Programme, Social Housing Reform, Belfast Rapid Transit, e-Cars, Prison Service Reform and the implementation of the Education Authority;
- supporting other projects with a regional or sub-regional significance such as arc21; Energy Wise; and Urban Villages;
- continuing to support Belfast City Council and other local authorities in the delivery of investment projects such as the Waterfront Hall Conference Centre, Connswater Greenway and the North West Sports Village; and
- achieving the Executive's targets for the realisation of capital from surplus assets; the implementation of the Executive's asset management strategy and the reform of property management.

In 2015-16 SIB supported both T:BUC and the SIF through the provision of project managers and advisers to build a strong and shared community by supporting the Social Investment Fund and a number of projects under Together: Building a United Community. Within the Investment Strategy, some £1.57 billion was invested in capital infrastructure projects across the region in the financial year 2014-15. This is higher than the 2013-14 expenditure of £1.33 billion and means that the Executive spent more than £5.6 billion on infrastructure investment over the past four years. Work has commenced on the next iteration of the Investment Strategy. SIB facilitated the achievement of some £26.1 million of additional capital in asset realisations against the Executive's target of £25 million.

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International Relations

The Executive's International Relations Strategy continues to be implemented. Key strategic goals of developing government-to-government relations with China and the US administration and enhancing our relationship with the EU were realised through:-

- **25 inward visits from international government, political and diplomatic leaders to promote productive and mutually beneficial relationships;**
- **5 Ministerial visits to the United States;**
- **7 Ministerial visits to Brussels; and**
- **Establishment of the first Chinese Consul-General to Northern Ireland in Belfast continues to strengthen relations with the People's Republic of China.**

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 2015-2016, the Department supported diplomatic visits from representatives of over 25 countries including France, Mexico, Switzerland, Chile, Poland, Luxembourg and Finland. Visits by the High Commissioners of Australia and Cyprus, the UN Special Rapporteur on Truth, Justice & Reconciliation, the New Zealand Speaker and representatives of the NZ government, and Parliamentary delegations from Kenya, Papua New Guinea and Honduras were also hosted.

The First Minister and deputy First Minister met with the Foreign Minister of the People's Republic of China, Wang Yi, during his two-day visit to Belfast in June 2015. He was accompanied to the meeting at Stormont Castle by the Chinese Ambassador to the UK, Wang Xiaoming, and the Consul-General to Northern Ireland, Madam Wang Shuying. Ministers were later special guests at the Inauguration Ceremony for the new Chinese Consulate General in Belfast.

Relationships with Liaoning and its capital city of Shenyang are developing well as is the relationship with Hubei province and its capital city of Wuhan. Hubei provincial government signed a Mutual Understanding agreement with Junior Ministers during a visit to Belfast in May 2015 which will build on collaboration between Ulster University, the Confucius Institute and Hubei Normal University. The Vice Minister of Culture, Mr Yang Zhijin, visited in August and signed a Memorandum Of Understanding on cultural exchange with the Department of Culture, Arts and Leisure now Communities. This will raise the profile of NI in China and continue to develop positive relations. It will allow us to promote NI with targeted investment organisations, create more opportunities for universities to access research funding, encourage more students to study in NI and provide a NI friendly partner to help access Chinese markets for local companies.

An international relations cross-departmental working group was established to coordinate and focus international relations activities across the Executive. It was expanded to include representatives of InvestNI and NI-CO and met on three occasions during 2015-16.

The International Relations Unit continues to develop relations on behalf of the Executive with the Foreign and Commonwealth Office.

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Northern Ireland Bureau, Washington DC

In 2015-16, the Washington Bureau continued to promote Northern Ireland's interests in close collaboration with Tourism Ireland and Invest NI. It hosted five ministerial visits including a three city week-long visit to both coasts by the First Minister and deputy First Minister in March 2016. The Ministers hosted the Bureau's largest ever St Patrick's Day breakfast attended by 320 people and had an hour long meeting in the White House with Vice President Biden and President Obama.

The Bureau supported a total of 34 visits by over 200 people, including representatives from two Assembly Committees, the PSNI, the Policing Board, Queens University Belfast, Ulster University, Belfast City Council, Derry City and Strabane District Council, Cinemagic, the Corrymeela Community, and NI Connections. It developed a week-long programme across three cities for 17 representatives (including 6 MLAs) of the NI Assembly and Business Trust in June 2015 and another week-long programme for a group of five school principals in February 2016. It organised or part-sponsored 101 events, which attracted over 25,000 attendees and supported inward visits by the organisers of the global tech, music, and screen ICONS Festival, the British American Project, and the Belfast-Beltway Boxing Project. In addition to these events, staff reached an estimated further 5,000 people through scores of speaking opportunities. All of these outreach and transatlantic visits resulted in an increased positive profile for NI in North America and strengthened mutually beneficial links between NI and North America across economic, educational, cultural and community development interests.

In July 2015, the Director and the Irish Ambassador co-hosted a welcome reception for Team Ireland at the Special Olympics in Los Angeles attended by 600 people, and participated in the Opening Ceremony and events in the team's host city of Downey. In February 2016, the Director was invited to Philadelphia to address the US-Ireland Chamber's Annual Luncheon for the first time, where he spoke to more than 450 attendees to promote the advantages of visiting, studying, and investing in Northern Ireland. The Bureau worked with Cinemagic to support a visit to the US by the cast and crew of its children's film "A Christmas Star", which included premieres in New York, Washington, and Los Angeles. The visiting children also had an opportunity to sing to 180 of the Bureau's supporters at a reception in DC.

In New York, the Bureau continues to maintain and develop high level contacts within the Irish America Diaspora, Wall Street, media, creative industries, community groups and political leaders. It remains a committed supporter of Northern Irish arts, supporting a visit by the NI children's theatre group Cahoots NI on a five city US tour and productions by the Derry Playhouse, the Irish Arts Center, the Irish Repertory Theatre, and the Ulster University Choir. It also continued its work on the West Coast by supporting a number of events, including a reception for 170 people during an Invest NI Tech Mission, where 15 NI technology companies had the opportunity to meet potential investors and the diaspora community in San Francisco.

In Canada, the Bureau continued to liaise with Tourism Ireland, NI Connections, British and Irish diplomats and the Ireland Fund of Canada, to support and host events including a reception and film screening at the Toronto Irish Film Festival, which was attended by over 200 people.

The Bureau continued its work with the US Congress and the Obama Administration. It supported the US/Ireland Research & Development Partnership and the Secretary of State's Special Representative for Global Partnerships Office in relation to their work with NICS Departments. We worked with a number of partner organisations to promote the political and economic progress at home, including the Washington Ireland Program, Irish Network USA (including especially the Irish

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Networks in DC, New York and Boston), the American Ireland Fund (including its Young Leaders), the British American Project, and Young Professionals in Foreign Policy. This ongoing engagement has helped raise Northern Ireland's profile with a new group of contacts including a younger generation of leaders and opinion makers in the US and Canada.

European Division of the Northern Ireland Executive in Brussels

European Division comprises the European Policy and Co-ordination Unit (EPCU) in Belfast and the Office of the Northern Ireland Executive in Brussels (ONIEB).

During the year key achievements included securing the agreement of the new President of the European Commission to extend the work of the Northern Ireland Task Force which was established in 2007 to strengthen engagement in European Union (EU) affairs. This close working relationship covering several key policy areas is the first and only such partnership in the EU. In addition, the arrangements for setting European priorities in Belfast and the European Taskforce Steering Group (ETSG) arrangements were reviewed and agreed by the Executive. This will allow more strategic consideration of European priorities and facilitate improved engagement with a refreshed Commission Task Force.

The Bureau facilitated a number of key meetings between Ministers and Commissioners including the public announcement by Commissioner Corina Cretu and junior Ministers Jennifer McCann and Emma Pengelly of the continuation of the Task Force and engagement between the Agriculture Minister, Michelle O'Neill and the Agriculture Commissioner Phil Hogan on industry concerns about support arrangements. The Division was involved in visits by two European Commissioners to Northern Ireland during the period – Jyrki Katainen, Vice-President and Phil Hogan, Agriculture Commissioner.

The Brussels Office played an important role with regard to the Executive's engagement with the EU institutions. It produced four Brussels Reports which gave an overview of its work and policy interests. The Common Agricultural Policy, regional co-operation, transport, the Digital Agenda, the Social Economy, Public Sector Reform, Manufacturing Excellence, Public Sector Reform, Youth Unemployment, Horizon 2020, the European Fund for Strategic Investment and international relations were discussed during six Ministerial visits as well as numerous visits by senior personnel from NICS Departments. The Office hosted some 180 workshops, seminars and meetings and welcomed over 2,100 visitors. A rich and varied cultural programme was also delivered showcasing talent from the region in the European capital.

This programme of engagement has contributed to strengthening understanding of the European dimension in Northern Ireland policy making in the run-up to the design of a new Programme for Government and a new set of European Priorities for the Executive. It has also strengthened existing European regional relationships and assisted in forming new ones, for the benefit of Departments' European priorities.

There has been continued close working with the offices of the three MEPs and regular engagement with the Assembly OFMDFM Committee.

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Executive Bureau in Beijing

The Executive Bureau in Beijing completed its first full year of operations in China and this included three high level ministerial visits to Belfast, four economic missions, one culture and one infrastructure visit.

The Bureau managed two ministerial visits to China with the Minister of Agriculture and Rural Development (DARD) (now Agriculture, Environment and Rural Affairs) and the Minister for the former Department of Enterprise, Trade and Investment (DETI). The DARD Minister's visit included meetings to secure market access for pork producers with key agricultural organisations and this was granted in November 2015. The DETI Minister visited Beijing, Shenyang and Shanghai and helped to build the relationship with the government of Liaoning and led the way to two way, economic and trade exchange programmes for 2016-17.

The Executive has also agreed its first strategy for China based on consultations with key stakeholder organisations and sets out the initial work for the Bureau and the government departments. The NI/China strategy will be implemented through an action plan detailing outcomes as well as inputs. These outcomes will be agreed with the new departments.

The Bureau continued to engage with government departments as well as businesses, agriculture, universities and technology organisations and work towards formalising partnerships with NI organisations is progressing.

The Bureau continues to meet regularly with the Chinese Ministry of Agriculture officials and Department for Agriculture, Environment and Rural Affairs (DAERA) (formerly DARD) to lobby for chicken and lamb inspection visits in Northern Ireland. Accessing the Chinese marketplace is a key priority for the local agricultural sector. The Bureau has also been active in its support of our university's collaboration with Chinese organisations and also in seeking new funding opportunities to support research collaboration.

Strategic Planning and Social Change

- **54 Social Investment Fund projects approved with associated investment of £68million;**
- **£1.4 million allocated under the *Bright Start* School Age Childcare Grant Scheme to some 75 childcare settings to create or sustain more than 2,200 low cost childcare places;**
- **Work on the full Executive Childcare Strategy at an advanced stage**
- **Child Poverty Annual Report for 2014-15 published on 25 March 2016;**
- **A new Child Poverty Strategy was also agreed and published on 25 March 2016;**
- **The Children's Services Co-operation Act (Northern Ireland) 2015 attained Royal Assent in December 2015;**
- **Active Ageing Strategy 2016-21 published on 26 January 2016;**
- **Appointment of a new Commissioner for Older People – announced on 11 March 2016 and will take up post on 14 June 2016;**
- **Consultation on policy proposals to extend age discrimination legislation to the provision of goods, facilities and services completed;**
- **Racial Equality Strategy published on 10 December 2015;**
- **Over £1million distributed in support of groups working towards better race relations;**
- **The first group of Syrian refugees arrived under the Vulnerable Persons Relocation scheme;**

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- **On 11 May 2015 and 4 November 2015 the Historical Institutional Abuse Inquiry Chairman announced further institutions to be investigated;**
- **Headline actions and other Together: Building a United Community commitments progressed;**
- **Over £17 million allocated to fund good relations activity;**
- **Over £13 million allocated to the Victims and Survivors Service.**

Central Delivering Social Change funding of some £27million was allocated to the initial six Signature Programmes announced in 2012. All central funding commitments in respect of the programmes have now been met.

The overall impact of these six programmes is still under evaluation and in some cases the outcomes may not be apparent for a number of years. However, early evidence points to the fact that each programme has reached a significant number of people:

- £13.75 million (including £1.75 million from Department of Education) was invested in a Literacy and Numeracy programme with over 18,600 primary and post primary school children benefitting from additional English and Maths support, at the most critical stages of their education. 80% of programme participants achieved/exceeded Literacy and Numeracy targets at Key Stage 2, at GCSE level 64% achieved/exceeded their Literacy target and 61% achieved/exceeded their Numeracy target;
- Around 400 of our youngest and most vulnerable children and their families benefitted from a £3 million investment in 20 new nurture units in primary schools. These nurture units provided support in respect of the social, emotional and behavioural development of young children and also provided an opportunity to challenge some of the barriers that contribute to low educational attainment. Programme participants have been re-integrated into mainstream classes and displayed improvement in respect of their behaviour, their social and emotional levels and their enjoyment of school.
- By way of a £2million investment in a suite of parenting support programmes, over 700 families and 300 health professionals benefitted from the provision of additional, high quality intervention support to both new and existing parents. Feedback from participants has indicated that the majority have benefitted from increased parenting awareness and understanding, improved family communication and an increase in positive family cohesion;
- £3 million was invested in 10 new family support hubs and 15 existing family support hubs also benefitted from continued support. Family Support Hubs are coalitions of community and voluntary organisations and agencies which provide early intervention services at a local level. By way of this programme over 5,300 families were accepted by the hubs and signposted to a range of support services;
- £4 million (including £2 million from the former Department of Employment and Learning) was invested in the Community Family Support Programme which sought to help young people not in education and training and their families. A total of 720 families participated including 300 young people who no longer fall into the NEET (not in employment or education or training) category. Over 500 participants increased at least one school performance measure e.g. attendance, punctuality and homework and 13 participants moved to employment. Participant feedback has also identified improved parent/child/family communication.; and
- £4 million was invested in 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. Through this programme over 100 social enterprises either tested or started up as a new business, 75 new social enterprise jobs were created and 42 programme participants moved to employment status.

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Embedding play within relevant policies and programmes has resulted in over £8 million investment in play and leisure projects through the Social Investment Fund including over £2.5 million in new high quality play provision in the Derry City and Strabane District Council area. In addition the creation of 2,200 Childcare places and the successful summer camps programme reaching 4,000 children have included play activities.

Three further Signature Programmes jointly funded by the Executive and The Atlantic Philanthropies continued to be implemented during 2015-16:

- Services for people with dementia and their families and carers;
- Early intervention services for young families in need of support; and
- Expansion of shared education, driving improvements in educational standards.

Up to 31 March 2016, 54 Social Investment Fund projects were approved totalling approximately £68 million. Of these, 52 projects have been committed with associated costs of £67 million; 26 projects have commenced worth £41 million and 13 are operational worth £25 million. Communities and those most in need now benefit from the opportunities offered through this significant investment.

A third call during 2015-16 under the Bright Start School Age Childcare Grant Scheme resulted in 41 successful applications that will create more than 800 low cost childcare places. OFMDFM is also leading work on the full, final version of the Executive's Childcare Strategy. This Strategy aims to deliver child development, giving children the best start in life, preparing them for lifelong wellbeing and achievement, thereby creating the basis for a more positive future. It will also enable parents, especially mothers, to join the workforce, train or study for work, thereby enhancing family incomes and wider prosperity.

The Children's Services Co-operation Act (Northern Ireland) 2015 attained Royal Assent in December 2015. Work was progressed on developing a new strategy for children and young people using a co-design process with stakeholders. A key theme within the new strategy is how government can work better to deliver better outcomes. Policy responsibility for the Childcare Strategy and children and young people transferred to the Department of Education in May 2016. Work carried out since June 2015 included reviewing the previous strategy; analysing recent reports to the United Nations Committee on the Rights of the Child; assessing available data sources; and engaging with Departments, stakeholders, children and young people, parents and carers to support the development of the new Strategy. Preliminary findings show that the new strategy will build upon the positive aspects of the previous strategy; consider the key issues facing our children and young people today; and outline how Government will work collaboratively to improve the well-being of our children and young people. Work has also been taken forward to prepare the UK State party, including Northern Ireland, for its oral examination by the UN Committee on the Convention on the Rights of the Child in Geneva in May 2016.

The first annual report on progress in implementing the Executive's Disability Strategy was published on 9 July 2015. The report outlined the numerous departmental achievements, such as:

- OFMDFM provided financial support to a number of awareness raising activities, including supporting the 6th World Congress on Mental Health and Deafness and providing support to the Special Olympics.
- Department of Finance and Personnel (now Finance) established Go ON NI for 2013–15 incorporating the main objective of increasing in the number of citizens who are online to 78% by 2015. This programme, in association with partnerships with BITC, Libraries NI and

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Supporting Communities NI, promotes digital services to the most disadvantaged groups, including those with a disability, and provides assisted digital services.

- Department of Regional Development (now Infrastructure) has completed its consideration of the administrative impact of Welfare Reform on the Northern Ireland Concessionary Fares Scheme.
- Department of Social Development (now Communities) launched “Maximising Incomes & Outcomes, a 3 year Plan for Improving the Uptake of Benefits”.

The Active Ageing Strategy, published on 26 January 2016, highlights the key issues facing older people and will be implemented through the Delivering Social Change framework with a focus on what Departments can add to existing work to make a strategic change to services or programmes in relation to older people. The Strategy, which is outcomes focused, contains five outcomes, which were developed following consultation with older people and organisations representing older people:

- Older people are involved in their family and community and in civic life;
- Older people are healthier for longer;
- Older workers remain in employment for as long as they wish or need to;
- Older people participate in cultural, educational and physical activity; and
- Older people’s dignity and human rights are effectively safeguarded.

A public consultation on the indicators to be used to measure progress on the implementation of the Strategy was launched on 22 February and closed on 17 April 2016. Policy for older people, including the Active Ageing Strategy, transferred to the Department for Communities (formerly of Social Development) in May 2016.

The Gender Equality Strategy 2006-16 sets out an overarching framework for departments, their agencies and other relevant statutory authorities to promote gender equality. Work commenced on the development of a new Gender Equality Strategy based on the findings of the review of the current Strategy. Work on the final phase of consultation on a sexual orientation strategy is at an advanced stage.

A consultation on policy proposals to extend age discrimination legislation to the provision of goods, facilities and services for people aged 16 and over ran from July 2015 to October 2015. The Department also held a series of public meetings during August 2015 to gather views on the policy proposals.

The Racial Equality Strategy was published on 10 December 2015. This Strategy establishes a framework for government departments (and others) to tackle racial inequalities, to eradicate racism and hate crime and along with T:BUC, to promote good race relations and social cohesion. Over £1million was distributed through the Minority Ethnic Development Fund to assist minority ethnic and local community organisations to promote good relations between people of different ethnic backgrounds. Ministers committed to participation in the UK Government’s Syrian Vulnerable Persons Relocation scheme. This scheme resettles the most vulnerable refugees currently living in camps in countries neighbouring Syria, principally Turkey, Jordan and Lebanon. The first group of refugees was successfully resettled in Belfast in December 2015. Further groups will arrive on a phased basis. The Red Cross was appointed to manage the Crisis Fund for 2015-16 in December 2015. The Crisis Fund provides support to minority ethnic individuals in emergency situations and help them skip destitution.

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The Historical Institutional Abuse (HIA) Inquiry continued to interview victims and other interested parties in line with its Terms of Reference. The Chairman of the Historical Institutional Abuse Inquiry Sir Anthony Hart made two announcements in 2015 on 11th May and 4th November adding further institutions and areas of work to the investigation. A total of 22 institutions and homes are being investigated along with other relevant matters including the practice of child migration from homes here to Australia and matters relating to the late Fr Brendan Smyth. The Oral Hearings are scheduled for completion by July 2016 with the report and findings due in January 2017.

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 are progressing through the appraisal process with the second tranche of projects under consideration. Following the successful 12-week pilot of the cross community sports programme in 2015, a second phase of activities ran until March 2016. The evaluation of the pilot indicates an improvement in attitudes between young people from communities of different religious or political beliefs, with many becoming friends and 88% of participants felt more confident as a result of the programme. The potential to deliver in a rural area is currently being scoped and consideration is also being given regarding delivery in an Urban Village location. The United Youth Programme pilot phase commenced in August 2015 until March 2016. Thirteen projects were selected to deliver pilot activity to over 300 young people. The lessons learned from the highly successful pilot phase are being used to inform full rollout of the United Youth Programme. On shared housing, one development was completed and officially launched by Junior Ministers on 10 March 2016. A further four sites are currently under construction with an additional five sites scheduled to commence later in 2016. Work is progressing on the development of five Urban Villages. The first draft of the development frameworks for the areas will be completed by the end of March 2016. Work continues to create the conditions to facilitate removal of interface barriers. The Summer Camps Pilot Programme was successfully completed in 2015-16, with 101 Camps taking place. The evaluation reported that 96% of participants felt that the camp environment was open and inclusive. Feedback from the young people indicated that the programme created a safe space to build relationships and to engage and catered for better recognition of the role that young people can play in peace building. A further Summer Camps Programme will run in 2016-17. The Programme opened for applications on 15 March 2016 and closed on 19 April 2016. The outcomes for Summer Camps are based upon the key priorities of the T:BUC Strategy and measured by the Good Relations Indicators.

Almost £9 million was distributed for good relations projects through OFMDFM. £500,000 was administered through the Education Authority and Belfast City Council to support planned intervention work during the summer among young people. £770,000 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. £3.09 million was allocated to the District Councils Good Relations Programme with a further £1m provided from Council resources. The Central Good Relations funding scheme was allocated £2.64 million to support productive time bound projects aimed at building a united, shared and reconciled community. Integration of the Outcomes Based Accountability methodology has been significantly progressed throughout these programmes. Outcome information has been collected at both individual project and overall programme level and this information has been used to gauge the success of interventions and to inform the planning and design of future provision. The Community Relations Council distributed £1.7 million funding on behalf of OFMDFM. The North Belfast City Learning project received £93,000 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.

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In collaboration with key stakeholders, the Department continued its Collaborative Design Programme of Work to review and improve the service delivery model which provides services to victims and survivors. The highest budget ever allocated to the Victims and Survivors Service of over £13m and timely opening of schemes has resulted in stability and improved service provision throughout the sector. The piloting of new ways of working relating to personalised budgets, caseworkers and the better assessment of needs was successful in providing greater flexibility and support for beneficiaries with services tailored to meet the specific needs of individual beneficiaries allowing the best possible outcome. Additionally, much progress has been made in improving monitoring and evaluation for victims' groups with the roll out of outcome based monitoring systems relating to counselling and complementary therapies. The outcome data received will help to inform the development of future services. This programme of work will extend throughout 2016-17.

Ministers appointed four new Board members, including a new Chair to the Service on 1 April 2015. As a result the VSS has improved capability of providing support for all victims and survivors in a coordinated, outcome focused and efficient manner. Additionally, Ministers appointed a new Commissioner for Victims and Survivors, Judith Thompson on 1 September 2015. The Commissioner's work with the Victims' Forum and advice to Ministers has contributed to the development of the Collaborative Design Programme and the positive outcomes for beneficiaries mentioned above. VSS also ran a competition to appoint a CEO.

Executive Information Service

- **Over 27 million visits to nidirect.gov.uk and 52 million page views**
- **Approval of the Executive's 2016-17 advertising programme**

The NI Direct website (www.nidirect.gov.uk) had over 27 million visits with over 52 million page views. 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 2015-16 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

- **Further 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**
- **Secured the ongoing delivery of arrangements for civil contingencies at local level following local government reform from April 2015**

During 2015-16 the Department further built upon collective emergency capability and resilience through the work of the multi-agency Civil Contingencies Group (NI), 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 in areas such as flood alert messaging and the protection of key infrastructure from natural hazards - taken together these represent an important step forward in further developing NI resilience to emergencies.

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The Department also worked successfully with key partner organisations to maintain the effective delivery of civil contingencies arrangements at local level during and following the reform of local government structures in April 2015. These arrangements include five Sub-Regional Civil Emergencies Preparedness Groups and a sub-group of the Civil Contingencies Group (NI) to deliver emergency preparedness locally. Work is ongoing with stakeholders to agree substantive arrangements for the longer term which meet the collective need, and to determine how these might be formalised to ensure delivery and so bolster our civil contingencies capabilities.

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**

OFMDFM continued to work on a collaborative basis across the public sector to reinforce the mainstreaming approaches adopted during the Assembly period.

In preparation for the transfer of the sustainable development function to the Department for Agriculture, Environment and Rural Affairs (DAERA) (formerly DARD), work to review the implementation of the Sustainable Development Strategy was brought to a conclusion, to provide a sound basis for an orderly transfer of responsibility.

PERFORMANCE ANALYSIS

In the 2015-16 year OFMDFM used traditional methods of performance monitoring such as standard financial reporting, balanced scorecards and departmental and divisional plans risk registers and assurance statements. Monitoring was carried out by way of regular written updates which were often non-quantifiable and did not permit organisational analysis in terms of performance. Going forward into 2016-17 TEO, in line with an outcomes focused Programme for Government, will also take an increased focus on organisational outcomes on which performance can be regularly monitored through the use of organisational performance accountability measures.

FINANCIAL PERFORMANCE

Table 1: OFMDFM Outturn against Estimate by Category of Spend

2015-16	Estimate £m	Outturn £m	Underspend/ (Overspend) £m/%
Administration Costs	18.405	17.975	0.430 2.34%
Grants/Grant-in-Aid	66.615	65.429	1.186 1.78%
Other Current (including accruing resources)	19.422	17.542	1.880 9.68%
Total Resources	104.442	100.946	3.496 3.35%
Capital	(0.379)	(0.302)	(0.077) 20.31%
Departmental Total	104.063	100.644	3.419 3.29%

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The Department's total Resource Outturn for the 2015-16 financial year was £100.946 million against an Estimate of £104.442 million. Total Capital Outturn for the 2015-16 financial year was (£0.302 million) against an Estimate of (£0.379 million).

Table 1 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 £66.223 million representing 80% of non-administration cost expenditure.

Resource Outturn

The Department had a total resource underspend against Estimate provision of £3.496 million, 3.35% 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 2: Summary of Resource Outturn by Request for Resource

Request for Resource (RfR)	Estimate	Outturn	Underspend	
	£m	£m	£m	%
RfRA	104.442	100.946	3.496	3.35%
Departmental Total	104.442	100.946	3.496	3.35%

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 £3.496 million is due to the combined impact of underspends in a range of business areas.

- The Department recorded an Administration cost underspend of £0.430 million (2.34%). This underspend arose primarily as a consequence of the net impact of lower than anticipated Notional costs and Ministerial travel costs and a reduction in Holiday Pay accrual and admin salary costs
- The Department recorded a Resource underspend of £3.066 million (3.6%) mainly due to the following underspends:
 - Strategic Sites (AME) (£0.936 million):
 - relating to lower than anticipated revaluation charges on the reduction in value of land and buildings at OFMDFM Strategic Sites;
 - Northern Ireland Judicial Appointments Commission (£0.156 million):
 - relating to early drawdown of grant in aid in 2014/15 to cover impending holiday period;

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- Support for government and other services (£0.275 million):
 - Relating to reduction in Holiday Pay accrual, lower than anticipated running costs in OFMDFM Bureaus and lower than anticipated salary costs;
- Provision (AME) (£0.204 million):
 - relating to a lower than anticipated take up of provision for Injury Award claim;
- Central Funds (Ring Fenced) (£0.265 million):
 - relating to lower than anticipated expenditure in delivery of Social Investment Fund programmes
- Good Relations (£0.283 million):
 - Relating to lower than anticipated take up of funding for Good Relations schemes and release of legacy accruals;
- Support for Equality, Human Rights and Community Relations (£0.963 million):
 - Relating to lower than anticipated expenditure for the Historical Institutional Abuse Inquiry, delays in take up of Urban Village capital grants and lower take up of Race funding.

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 2015-16 in contrast to 2014-15:

- Staff related costs - reduction of £58,000 (17.6%) on 2014-15; and
- Office services costs – reduction of £32,000 (7.7%) on 2014-15.

Capital Outturn

The Department had a total capital overspend against Estimate provision of £0.077 million, 20.31% of the budget for the year.

Analysis of Capital Underspend by Request for Resource

Table 3: Summary of Capital Outturn by Request for Resource

Request for Resource (RfR)	Estimate	Outturn	Underspend/ (Overspend)	
	£m	£m	£m	%
RfRA	(0.379)	(0.302)	(0.077)	-20.31%
Departmental Total	(0.379)	(0.302)	(0.077)	-20.31%

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 Overspend against RfRA of £0.077 million (20.31%) was mainly due to lower than anticipated capital receipts due to delay in sale of land at Shackelton.

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Assets Valuation

OFMDFM Land and Buildings are valued annually by Land and Property Services. In the 2015-16 financial year OFMDFM impaired its land and buildings by £0.9m (Note 9) which was funded by Annually Managed Expenditure budget.

Net Cash Requirement

The net cash requirement for 2015-16 was £85.412 million. This is £9.492 million lower than the estimated net cash requirement of £94.904 million. The Resource Outturn underspend of £3.496 million (as detailed at Table 1), the net capital overspend of £0.077 million (as detailed at Table 3), and changes in working capital and non cash costs of £6.073 million, reduced the net cash requirement by £9.492 million against the estimated net cash requirement of £85.412 million.

NON-FINANCIAL PERFORMANCE

Freedom of Information

In the 2015 calendar year OFMDFM received 131 Freedom of Information (FOI) requests. This was higher than the 125 received in the previous year. Of the requests received, 61% came from members of the public and 20% from the media. The remainder came from businesses, campaigning groups, public representatives, researchers and solicitors. In addition, 13 internal reviews were carried out, and three complaints against the Department were investigated by the Information Commissioner. Following his investigations, the Commissioner found that OFMDFM had failed to respond to the three requests within the statutory deadline and ordered the Department to respond appropriately within calendar 35 days. OFMDFM continues to play a lead policy role for all departments and continues to compile and publish an annual FOI report, detailing compliance with the FOI Act and Environmental Information Regulations 2004.

Information Assurance and Management

The Department continued to comply with its legal obligations in registering with the Information Commissioner's Office as a data controller. Its Information Management and Central Advisory Branch remained proactive in providing practical assistance in identifying, and minimising or eliminating the occurrence of incidents involving data breaches resulting from normal business processes.

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 corporate and personal information within a secure environment.

The Department's Annual Security Review was extended to include all sponsored arm's length bodies. No areas of concern or non-compliance that represented significant security or information risks were identified. Several articles concerning the protection of information were published in the Departmental Brief for the benefit of all staff, and a poster advocating the use of 'secure print' was designed and displayed in printer rooms. The Information Assurance section of the Intranet was maintained ensuring up to date information, and a new Staff Guide to Data Protection was issued to

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all staff. Staff were regularly informed about cyber-security issues and provided with guidance on how to minimise risks.

The Department completed its implementation of the NICS Legacy Project consolidating TRIM as the sole repository for holding corporate information.

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.

In 2015-16 the Department did not receive any complaints.

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

Corporate Social Responsibility

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

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 is stagnant with the previous year and remains above the NICS average. In 2015-16 an average of 93% of invoices were paid within 10 days; this represents stagnant performance with the previous year and remains above the NICS average.

OFMDFM Prompt Payment Performance 2015-16 and 2014-15

Prompt Payments Rates	2015-16		2014-15	
	OFMDFM	NICS	OFMDFM	NICS
Total number of invoice payments	5,131	185,584	6,125	202,279
Number of invoice payments within 30 days	5,008	180,204	5,979	195,632
Percentage paid within 30 days (%)	98%	97%	98%	97%
Number of invoice payments within 10 days	4,767	170,573	5,687	184,713
Percentage paid within 10 days (%)	93%	92%	93%	91%

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Greening Government Commitments

The Executive Office is a participant of the Carbon Reduction Commitment (CRC) Scheme, a mandatory Scheme that aims to improve energy efficiency and reduce the amount of carbon dioxide (CO₂) emitted in the UK. The total tonnes of CO₂ emissions was 922 in the year 2015-16 (995: 2014-15), a reduction of 7.3%. Departmental Premises Officers in larger buildings have access to a building energy management interface to provide direct access to temperature variables and overtime settings. This provides a facility for Premises Officers to fine tune temperature settings in order to reduce energy consumption and reduce Helpdesk calls.

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, car sharing, car parking spaces with electric charging points and the mandatory use of recycled paper from legal and sustainable sources. The Department has reduced the number of printers and installed multi-functional devices throughout its buildings. In line with NICS Policy the Department supports the use of Fair Trade products. The Stormont Estate has a dedicated staff allotment site which provides opportunities to promote more sustainable living.

Approved and signed



Mark Browne (Dr)
Accounting Officer

28 June 2016

THE ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

DIRECTORS' REPORT

The Office of the First Minister and deputy First Minister (OFMDFM) presents its accounts for the financial year ended 31 March 2016 as directed by the Department of Finance (formerly 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.

Accounting Boundary

The Departmental boundary is determined by the way in which in-year budgetary control is exercised by the Department. For the year 2015-16 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. A total of 24 institutions and associated matters is under investigation; oral hearings will be completed in July 2016 and the final report provided in January 2017. 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 first Commissioner took up post on 14 November 2011 and completed her term of office on 13 November 2015. A new Commissioner was announced on 11 March 2016, and will take up post on 14 June 2016. The principal aim of the Commissioner is to safeguard and promote the interests of older persons. His 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.

- **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

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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. A new Commissioner was appointed on 1 September 2015. 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. 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 discharged its responsibilities through the implementation of a Corporate Plan and a related annual Business Plan. An independent review of Ilex was completed in October 2015, which recommended the closure of Ilex by April 2017. This was brought forward to March 2016, and the Ilex Board is working with the Department to ensure wind up of the company.

- **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.

- **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. In 2015-16 the First Minister and deputy First Minister appointed two new Non-Executive Directors to replace two outgoing members. 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.

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- **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 contained a commitment to reduce the number of NICS Departments from 12 to 9 following the Assembly election in May 2016 involving the creation of nine new departments aimed at better aligning functions and ensuring that government works more efficiently. The names and high level functions of the new departments have been agreed by Ministers. Under the new arrangements the Office of First Minister and deputy First Minister will become the Executive Office. It will include a new strategic policy and innovation unit and retain many of its existing functions with the exception of a range of policy responsibilities, a number of sponsor branches and some functions relating to strategic investment and regeneration. More detail can be found in the Departments Act (Northern Ireland) 2016 and the Departments (Transfer of Functions) Order (Northern Ireland) 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*. It 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 roles and responsibilities of the Departmental Board and its sub committees are detailed in the Governance Statement at Page 30.

During 2015-16 the Departmental Board comprised the following members:

- Malcolm McKibbin, Permanent Secretary
- Mark Browne, Accounting Officer and Director of Finance, Strategic Planning and Social Change
- 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
- Henry Johnston Director of Equality and Reform Directorate
- Liz Elliott, Director of Corporate Services
- Stephen Boyd, Director of Finance.

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Management

Responsibility for the Department is jointly exercised by the First Minister, Arlene Foster, who replaced Peter Robinson on 11 January 2016, and deputy First Minister, Martin McGuinness, who are supported in all aspects of their responsibilities by two Junior Ministers Jonathan Bell and Jennifer McCann. Jonathan Bell was replaced by Michelle McIlveen on 11 May 2015, who was later replaced by Emma Pengelly on 28 October 2015. 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 2015-16. The Department's original Estimates for the year were set out in *Northern Ireland Main Estimates 2015-16*. Revised Estimates were published in *Northern Ireland Spring Supplementary Estimates 2015-16*. Both documents are available at <https://www.finance-ni.gov.uk/publications/estimates-publications> or from *The Stationery Office, TSO*.

Pension Liabilities

The treatment of pension costs and liabilities is disclosed in the Remuneration Report and Note 1.8 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. The Department's register of interest is available at <https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/ofmdfm/ofmdfm-register-interests-2015-16.pdf>.

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 serious personal data breaches and 2 minor internal incidents.

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 2015-16 resulted in a notional audit fee of £58,000 and is included in the administration costs in the statement of comprehensive net expenditure. No non audit work was performed.

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITY

Under the Government Resources and Accounts Act (Northern Ireland) 2001 the Department of Finance (formerly Finance and Personnel) has directed the Office of the First Minister and deputy

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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 (now DoF) 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 the Department of Finance and Personnel (now Finance) 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 Department of Finance and Personnel (now Finance) and published in Managing Public Money Northern Ireland.

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. The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

GOVERNANCE STATEMENT

Introduction

This statement is given in respect of the Departmental Resource Account for 2015-16. 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 OFMDFM.

During 2015-16 the Department was responsible for fifteen arm's length bodies (ALBs), however the Northern Ireland Memorial Fund (NIMF) was formally dissolved on 3rd July 2015, and Ministers announced the closure of Ilex Urban Regeneration Company Limited (Ilex) on 29th October 2015.

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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.

Compliance with Corporate Governance Code

Departments are expected to apply the principles of the Department of Finance and Personnel's (DFP) (now Finance (DoF)) *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.

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

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 DFP's (now DoF) guidance *Managing Public Money Northern Ireland*

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(MPMNI). In my role as Accounting Officer, I am supported by the Departmental Board ('the Board').

In addition, I am 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 ('the Code')*. 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 Code. The Board Operating Framework was reviewed in year resulting in a number of minor presentational changes.

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

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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.

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);
- risk management (quarterly);
- scrutiny of performance of the Department's sponsored bodies (quarterly);

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- 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.

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.

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, in early summer, by its Independent Board Member. The results of the review were favourable, recommending a few minor suggestions around performance management, the ongoing training needs of the Board and communication with staff. This review informed the reorganisation of the Department and the future roles of the Directors. Within the restructuring of the Northern Ireland Civil Service into nine Departments, OFMDFM will become the Executive Office.

Nine Departmental Board meetings were held in 2015-16. 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	7	9
Stephen Boyd	Director of Finance	9	9
Mark Browne	Accounting Officer and Director of Finance, Strategic Planning and Social Change	9	9
Liz Elliott	Director of HR & Corporate Services	8	9
Stephen Grimason	Director of the Executive Information Service	7	9
Neill Jackson	Head of Executive Division	9	9
Henry Johnston	Director of Equality and Reform	8	9
Brenda King	Head of the Office of the Legislative Counsel	6	9
Colm Shannon	Joint Secretary (North), North South Ministerial Council Joint Secretariat	8	9
George Thorley	Independent Board Member	8	9

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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 (ARAC) does not have executive powers and its membership is independent of the Department. Its purpose is to support the Board and the 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 of the Committee are reviewed on a biennial basis in accordance with best practice contained in the DFP (now DoF) Audit and Risk Assurance Committee Handbook (NI) 2014

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and in consultation with the Committee and Departmental Board members. The next review will take place in 2016-17.

Membership of the OFMDFM Audit and Risk Assurance Committee in 2015-16 comprised:

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

The Committee met four times during 2015-16. A minimum of two members of the ARAC is required to form a quorum and all meetings in 2015-16 were deemed quorate. The independent member from the Senior Civil Service completed his term in office during the year and in line with the terms of reference of the ARAC, a new member was appointed on 1st January 2016.

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's (now DoF) 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. The ARAC also considered a new report on whistle-blowing which will form part of its future core work programme. The Accounting Officer reports annually to the ARAC on the operation of the Department's whistle-blowing arrangements and the system in place for employees to gain access to the NICS Standards of Conduct for Employees. The Department's whistle-blowing arrangements are detailed in its Fraud Prevention Policy and Fraud Response Plan.

In this financial year, the ARAC also considered and commented on individual issues of internal governance and their implications for wider governance arrangements which included reports on the test drilling of business cases and post project evaluations, and reports on the processes for the implementation and outcomes of the National Fraud Initiative (NFI). No issues were identified from NFI for the Department.

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 annual report noted the ongoing progress within the Department on its delivery of a wide range of complex and high risk social/economic initiatives and on its oversight role in relation to its large family of ALBs. It concluded the ARAC's opinion that the Departmental systems of internal control are satisfactory and that the ARAC operated in accordance with UK Treasury guidance.

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 (FSC) 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 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 seventeen times to consider expenditure proposals such as the Delivering Social Change Summer Camps Programme, proposals 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.

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 2016 and up to the date of approval of the Annual Report and Accounts, and accords with Department of Finance and Personnel (now Finance) guidance.

A key element of the system of internal control is the Assurance Statement process. The statement provides assurance to the Accounting Officer that robust systems of internal control are in place and

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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 Accounting/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 Corporate Governance Branch continues 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 (now DoF) and the Department, of around 10% of all business cases/post project evaluations, highlighted the embedding of good practice across this discipline;
- 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 four times in 2015-16 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.

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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 experimental nature of a number of initiatives under the T:BUC, Social Investment Fund and Urban Villages programmes led to innovative methods of collaborative working which accelerated project implementation.

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.

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 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. Scrutiny of the risk register forms part of the ARAC core work programme.

The Board has continued to focus on the five strategic corporate risks and no new risks were identified in 2015-16.

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

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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.

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.

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 serious personal data breaches and measures have been put in place to ensure that two minor internal incidents do not happen again.

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.

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 (now DoF) Internal Audit Unit.

The Accounting Officer and the Board are independently advised by the DFP (now DoF) Head of Internal Audit who operates in accordance with Public Sector Internal Audit Standards (PSIAS). The

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

During 2015-16, Internal Audit reported on eleven risk-based assignments (two reports are currently in draft), one validation exercise, nine follow-ups and two External Quality Assurance Reviews of the Internal Audit Service provided to Arms Length Bodies. Internal Audit also provided advice to the Fraud Investigation Oversight Group, the Racial Equality Unit and to United Communities on grant funding. The Head of Internal Audit provided a substantial opinion in six areas; a satisfactory opinion in five areas and a limited opinion on the Private Office for 2014-15 concerning weaknesses in administrative procedures which are currently being addressed. Two compliance exercises and two risk-based assignments remain 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 DFP's (now DoF) Guidance and Dear Accounting Officer (DAO) advice and that OFMDFM operate a robust corporate governance framework within the requirements of DFP (now DoF).

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 2015-16.

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.

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 (now DoF) 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

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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.

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; 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. Using a risk based approach, the Board for the first time, considered annual business plans for the larger ALBs in advance of their submission for Ministerial approval. This will now be a standing item in the Board's forward workplan.

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.

Four separate Governance sessions involving ALBs were held in 2015-16. In July 2015, October 2015 and March 2016, meetings were held with ALB Accounting Officers to discuss the ongoing financial situation and the Budget position. In November 2015, the Department met with the Chairs of the ALB Audit Committees. This meeting was seen as an opportunity to share best practice and provide an update on current governance guidance.

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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.

During the year, Ministers announced the decision to close the Ilex Urban Regeneration Company Limited (Ilex) with its functions transferring to the Department.

Adherence to Procedures

Adherence to Procurement and Appraisal Procedures

Further 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 exercises undertaken in 2015-16 which concluded that progress has been made in the standard of business cases completed by the Department and its ALBs when compared to those approved in previous years. Test drilling exercises were also undertaken in relation to Post Project Evaluations during the year, in which positive findings were observed along with recommendations to improve the expenditure evaluation process going forward.

Whistle Blowing and Investigations

Within the Department, the Fraud Investigation Oversight Group (FIOG) established in August 2010, meets on a quarterly 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 2015-16, the Department managed twenty-four special investigations, eleven 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', Minority Ethnic and Community Relations sectors. Following investigation five cases were closed during the year, with no evidence of fraud or irregularity found in four of those cases. Nineteen cases will be carried forward into the next financial year. As a result of the investigations two cases totalling £374k have been written off and two cases have been referred to the PSNI.

Divergences – Prior Year

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 2012-13 (£0.369m) 2014-15 (£1.04m), and 2015-16 (£0.011m) was not considered material and did not affect the C&AG's opinion. In addition an ongoing salary assignment, now concluded, had not received proper approvals in previous years, expenditure in 2015-16 of £8k is therefore considered irregular.

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Divergences – Current Year

Ilex - In addition to the irregular expenditure on the car park and salary, due to prior year issues; in the current year Ilex failed to secure proper approvals for a legal assignment due to time pressures to close the company and this expenditure of £8k is also considered irregular.

During 2015-16 the Department secured retrospective approval from the Department of Finance, for an addendum to the main business case in relation to public realm works at Cunningham Square of the Ebrington site, to a value of £724k. The business case for the fees to design the project had been approved internally in December 2008, as had a business case for works to comply with various licences including an entertainment licence, these business cases totalled £150k. The Ilex CEO granted retrospective approval for a minor amount of overspend in this regard, £3k.

These retrospective approvals mean that the Department considers all expenditure on this project is now considered regular.

VSS - The Department became aware, in December 2015, that VSS took the decision not to undertake the 10% spot checks on existing clients for their 2014-15 Financial Assistance Scheme (FAS). The Department immediately requested that the spot checks be reinstated, however the grants for the 2015-16 Scheme had already been awarded. The Department then requested that VSS review the grants made and their initial estimate of the actual value of ineligible awards, which will be deemed irregular expenditure, is £119k (an error rate of 7.65%). However, there are awards not yet supported by full documentation to support the regularity of the expenditure and when extrapolated and added to the ineligible awards amount to £376k at present.

The Department has requested that additional processes be put in place for the 2016-17 Scheme to tighten controls in this area and is assured that VSS have introduced controls to prevent a recurrence of this issue. Verification checks on the 2015-16 Scheme are ongoing and any remaining issues may be resolved through information provided for the 2016-17 Scheme. The Department and VSS therefore expect the value of this potential error to decline.

The Department has worked closely with VSS since this issue was raised and has provided assistance and challenge where necessary throughout the process.

CRC

An ongoing issue in relation to pension allowances paid to the staff of the NI Community Relations Council has resulted in irregular expenditure of around £32k. The allowance was paid to ensure that staff at the Council, on terms and conditions analogous to the Northern Ireland Civil Service, were not disadvantaged by membership of the pension scheme to which they belonged. Work is progressing to address the issue.

With the exception of the issues identified above, no significant issues have arisen.

Ministerial Directions

No new Ministerial Directions have been issued since the publication of the 2014-15 accounts.

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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.

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 2015-16.

REMUNERATION AND STAFF REPORT

Departmental Remuneration Report

Remuneration Policy

The Minister of Finance approves the pay remit for Senior Civil Service (SCS) staff. The SCS remuneration arrangements are based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance. In 2012, upon creation, there were 11 points on each scale. This was subsequently reduced to 10 points in 2014 and 9 points in 2015 to allow progression through the pay scales within a reasonable period of time.

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 (now DoF).

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)

	2015-16				2014-15			
	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** (to 10/09/15 and from 20/10/15 to 11/01/16)	48,452	NIL	18,000	66,000	72,000	NIL	24,000	96,000
Mrs Arlene Foster (from 11/01/16)	16,065	NIL	6,000	22,000	-	-	-	-
Mr M McGuinness	72,000	NIL	24,000	96,000	72,000	NIL	21,000	93,000
Mr Jonathan Bell (to 10/05/15)	1,621	NIL	1,000	2,000	14,710	NIL	5,000	20,000
Ms Michelle McIlveen (from 11/05/15 to 10/09/15)	4,011	NIL	2,000	6,000	-	-	-	-
Mrs Emma Pengelly (from 28/10/15)	5,129	NIL	2,000	7,000	-	-	-	-
Ms Jennifer McCann	12,000	NIL	4,000	16,000	12,000	NIL	4,000	16,000

* 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 decrease due to a transfer of pension rights.

**Mr Peter Robinson stood aside from his role as First Minister on 10 September 2015 and resumed his role on 20 October 2015, he did not receive his office holder's allowance as First Minister during this period. Mrs Arlene Foster received no remuneration in addition to her office holder's allowance as Minister for Enterprise Trade and Investment and her salary as an MLA while she was standing in for Mr Robinson.

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Senior Civil Servants (Audited)

	2015-16					2014-15				
	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	Pension Benefits * (to nearest £1000)	Total (£'000)	Salary £'000	Bonus Payment s £'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	71,000	220-225	150-155	NIL	NIL	(22,000)	125-130
Ms Brenda King <i>Director</i>	140-145	NIL	NIL	55,000	195-200	135-140	NIL	NIL	97,000	235-240
Mr Stephen Grimason <i>Director</i>	95-100	NIL	NIL	29,000	125-130	95-100	NIL	NIL	25,000	120-125
Dr Mark Browne <i>Director</i>	85-90	NIL	NIL	34,000	120-125	85-90	NIL	NIL	28,000	110-115
Mr Henry Johnston <i>Director (from 1 April 2015)</i>	85-90	NIL	NIL	202,000	285-290	-	-	-	-	-
Dr Denis McMahon <i>Director (to 30 March 2015)</i>	-	-	-	-	-	85-90 (85-90 full year equivalent)	NIL	NIL	(348,000)	(260)-(265)
Mr Neill Jackson <i>Director</i>	70-75	NIL	NIL	31,000	100-105	70-75	NIL	NIL	24,000	95-100
Mr Alan Maitland <i>Director (to 1 August 2014)</i>	-	-	-	-	-	20-25 (65-70 full year equivalent)	NIL	NIL	4,000	25-30
Mr Stephen Boyd <i>Director</i>	65-70	NIL	NIL	34,000	100-105	65-70	NIL	NIL	19,000	85-90
Mr Colm Shannon <i>Director</i>	65-70	NIL	NIL	29,000	95-100	65-70	NIL	NIL	28,000	95-100
Mrs Elizabeth Elliott <i>Director (from 2 March 2015)</i>	50-55	NIL	NIL	108,000	160-165	0-5 (50-55 full year equivalent)	NIL	NIL	9,000	10-15
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
Mr George Thorley <i>Independent Non Executive Board Member</i>	5-10	NIL	NIL	-	5-10	5-10	NIL	NIL	N/A	5-10

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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 and any increase or decrease due to a transfer of pension rights.

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.

	2015-16	2014-15
Band of Highest Paid Director's Total Remuneration	£155-160k	£150-155k
Median Total Remuneration	£34,562	£31,135
Ratio	4.56	4.90

The banded remuneration of the highest-paid director in OFMDFM in the financial year 2015-16 was £155,000-£160,000 (2014-15: £150,000-£155,000). This was 4.56 times (2014-15: 4.90 times) the median remuneration of the workforce, which was £34,562 (2014-15: £31,135).

In 2015-16, one employee (2014-15: 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 2015-16 and 2014-15 is primarily the result of leavers between the two years, as the majority were lower paid staff, eleven under £30k.

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 up to 11 January 2016, Arlene Foster from 11 January 2016 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 HM Revenue and Customs as a taxable emolument. None of the above received any benefits in kind.

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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 2015-16 and 2014-15.

Pension Benefits

Ministers (Audited)

	Accrued pension at pension age as at 31/03/16	Real increase in pension at pension age	CETV at 31/03/16	CETV at 31/03/15	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Mr P Robinson (to 10/09/15 and from 20/10/15 to 11/01/16)	15-20	0-2.5	281	266	15
Mrs Arlene Foster (from 11/01/16)	5-10	0-2.5	84	71	5
Mr M McGuinness	10-15	0-2.5	247	220	21
Mr Jonathan Bell (to 10/05/15)	0-5	0-2.5	24	16	4
Ms Michelle McIlveen (from 11/05/15 to 10/09/15)	0-5	0-2.5	19	13	3
Mrs Emma Pengelly (from 28/10/15)	0-5	0-2.5	1	0	0
Ms Jennifer McCann	0-5	0-2.5	18	14	2

Ministerial pensions

Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2012 (AMPS). The scheme is made under s48 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 accrual rate (1/50th or 1/40th) 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 20.6% 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.

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Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total office holder service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This is the increase in accrued pension due to the department's contributions to the AMPS, and excludes increases due to inflation and contributions paid by the Minister and is calculated using valuation factors for the start and end of the period. Prior to October 2015, the CETV factors were calculated using a net discount rate of 3%, which was the rate set by HM Treasury for the major public service pension schemes. Following completion of the 2014 funding valuation of the AMPS the assumptions used to calculate the scheme's factors were reviewed. The AMPS is not covered directly by the financial assumptions set by HM Treasury for other public service pension schemes, and the Trustees instead decided to adopt the financial assumptions used in the scheme's funding valuation to calculate CETVs (a net discount rate of 3.5%) rather than the HM Treasury rate. This has led to a reduction in CETVs in general and a difference between the closing CETVs reported in 2014-15, and the opening CETVs reported in 2015-16.

Pension Entitlements

Senior Civil Servants (Audited)

	Accrued pension at pension age as at 31/03/16 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/16	CETV at 31/03/15	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Dr Malcolm McKibbin (Head of the Department)	65-70 plus lump sum of 205-210	2.5-5 plus lump sum of 10-12.5	1,601	1,447	71	-
Ms Brenda King Director	50-55 plus lump sum of 160-165	2.5-5 plus lump sum of 7.5-10	995	888	42	-
Mr Stephen Grimason Director	20-25 plus lump sum of 60-65	0-2.5 plus lump sum of 2.5-5	481	423	30	-
Dr Mark Browne Director	30-35 plus lump sum of 100-105	0-2.5 plus lump sum of 5-7.5	745	671	32	-
Dr Henry Johnston Director (from 1 April 2015)	40-45 plus lump sum of 125-130	7.5-10 plus lump sum of 25-27.5	980	768	201	-

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Mr Neill Jackson <i>Director</i>	30-35 plus lump sum of 100-105	0-2.5 plus lump sum of 2.5-5	793	721	31	-
Mr Stephen Boyd <i>Director</i>	15-20 plus lump sum of 45-50	0-2.5 plus lump sum of 0-2.5	279	239	17	-
Mr Colm Shannon <i>Director</i>	40-45 plus lump sum of nil	0-2.5 plus lump sum of nil	772	701	27	-
Mrs Elizabeth Elliott <i>Director (from 2 March 2015)</i>	20-25 plus lump sum of 65-70	2.5-5 plus lump sum of 12.5-15	487	363	102	-

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 the Assembly each year. From April 2011 pensions payable under classic, premium, and classic plus 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 were eligible for membership of the nuvos arrangement or they could have opted 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, was introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements have also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is also a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate will be 2.32%. CARE pension benefits are increased annually in line with increases in the CPI.

Increases to public service pensions are the responsibility of HM Treasury. Pensions are reviewed each year in line with the cost of living. Increases are applied from April and are determined by the CPI figure for the preceding September. The CPI in September 2015 was negative (-0.1%) and HM Treasury has announced that there will be no increase to public service pensions from April 2016. Therefore public service pensions will remain at their current level.

Employee contribution rates for all members for the period covering 1 April 2016 – 31 March 2017 are as follows:

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Scheme Year 1 April 2016 to 31 March 2017

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – Classic members or classic members who have moved to alpha	Contribution rates – All other members
From	To	From 1 April 2016 to 31 March 2017	From 1 April 2016 to 31 March 2017
£0	£15,000.99	3.8%	4.6%
£15,001.00	£21,210.99	4.6%	4.6%
£21,211.00	£48,471.99	5.45%	5.45%
£48,472.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 14.7% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

Cash Equivalent Transfer Values

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

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Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. The actuarial factors used to calculate CETVs changed during the 2015-16 year and, consequently, CETV figures increased even without any further pension accrual. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Compensation for loss of office

There were no payments of compensation for loss of office.

Staff Report (Audited)

Senior Civil Servants

The number of Senior Civil Service staff (or equivalent) by salary band is as follows:

	2015-16	2014-15
Salary Band	Number	Number
Pay Scale 4 £148,652-£178,709	1	1
Pay Scale 3 £110,191-£132,007	1	1
Pay Scale 2 £85,951-£100,091	5	4
Pay Scale 1 £66,850-£78,275	22	22
Special Advisors £63,736-£91,809	7	8

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Staff numbers and related costs

Staff costs comprise of:

				2015-16	2014-15
	Permanently employed staff*	Others	Ministers**	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	15,674	1,038	159	16,871	17,688
Social security costs	1,343	48	19	1,410	1,508
Other pension costs	3,508	105	33	3,646	3,532
Sub Total	20,525	1,191	211	21,927	22,728
Less recoveries in respect of outward secondments	(189)	-	-	(189)	(165)
Total net costs***	20,336	1,191	211	21,738	22,563

Of which:	Charged to Administration £000	Charged to Programme £000	Total £000
Core department	12,550	9,188	21,738

*Permanently employed staff includes the cost of the Departments' Special Advisors, all seven of whom are paid in the band £63,736-£91,809 (2014-15: £59,037-£91,809).

**Ministers' salary costs are notional.

*** Of the total, £000 has been charged to capital.

The Northern Ireland Civil Service pension schemes 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. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP (now DoF) Superannuation and Other Allowances Resource Accounts as at 31 March 2016.

For 2015-16, employers' contributions of £3,512,122 were payable to the NICS pension arrangements (2014-15: £3,231,456) at one of four rates in the range of 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of new career average earning scheme, alpha from April 2015. For 2016-17, the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2015-16 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2014-15: £nil) were paid to one or more of the panel

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of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 14.7% (2014-15: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £nil, 0.5% (2014-15: £nil, 0.8%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the **partnership** pension providers at the reporting period date were £nil. Contributions prepaid at that date were £nil.

No persons (2014-15: one persons) retired early on ill-health grounds, the total additional accrued pension liabilities in the year amounted to £nil (2014-15: £265.17).

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.

					2015-16	2014-15
	Permanently employed staff Number	Other staff Number	Ministers Number	Special Advisers Number	Total Number	Total Number
Core Departmental staff in post	300	24	4	7	336	359
North South Ministerial Council	10	-	-	-	10	10
Planning Appeals Commission and Water Appeals Commission	32	-	-	-	32	33
Commissioner for Public Appointments for Northern Ireland	2	-	-	-	2	2
The Inquiry into Historical Institutional Abuse	21	13	-	-	34	33
Attorney General for Northern Ireland	16	-	-	-	16	17
Staff engaged on capital projects*	-	-	-	-	-	-
Total for RfR A	381	37	4	7	430	454

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

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Staff Composition at 1 April 2015 and 1 April 2016

The number of persons of each gender who were directors, senior managers, and employees of OFMDFM at 1 April 2015 and 1 April 2016 is as follows;

	2015-16		2014-15	
	Male	Female	Male	Female
Directors (Departmental Board)	8	2	9	2
Senior Managers (Grade 5 and above)	23	13	23	12
Employees (All other staff)	138	219	151	234
Total	169	234	183	248

* Special Advisers are included in senior managers

Absence management

The table below shows sick absence statistics for the last three years. Validated end of year information for 2015-16 is not yet available but provisional figures from February 2016 suggest the Department may be on target 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 13 health and fitness events including nutrition, fitness, cardio vascular checks and advice on specific physical and cancer awareness. As part of its commitment to improving the health and wellbeing of staff OFMDFM continues to plan and promote events and work alongside the NICS Well programme.

OFMDFM and NICS Sick Absence Statistics

Data provided by Northern Ireland Statistics and Research Agency

	2014-15		2013-14		2012-13	
	OFMDFM	NICS	OFMDFM	NICS	OFMDFM	NICS
Days Lost per Staff Year	8.3	10.8	8.9	10.1	7.8	10.6
% of Staff with no recorded absence	58.9	52.1	60.2	55.3	63.7	52.3
Long term absence						
% of staff with one or more long-term absence	6.5	11.2	7.7	10.4	7.2	10.4
% of working days lost due to long-term absence	69.3	73.6	69.7	73	73.8	70.7
Average duration (working days)	70.5	60.2	65.6	59.8	65.5	60

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Staff Policies

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. 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. Plans are also in place to develop a new Disability Action plan in the Executive Office.

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 equality scheme covering the period 2013-18 has been approved by 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.

Learning and Development

During 2015-16 there was significant emphasis on improving leadership, management, and policy development and a high uptake of learning & development opportunities was maintained across the Department.

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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.

Expenditure on consultancy and temporary staff

Expenditure on consultancy and temporary staff is as follows;

	2015-16 £000	2014-15 £000
Consultancy Costs	138	291
Agency staff	495	431
Seconded in staff	696	1,150
Total Temporary Staff	<u>1,191</u>	<u>1,581</u>

The movement in programme consultancy costs is mainly due to the reclassification of Central Procurement Directorate fees and the movement of accrual balances in 2015-16.

The movement in temporary staff costs is the result of a reduction in headcount.

Off Payroll Payments Engagements

The Department had the following 'off-payroll' engagements at a cost of over £58,200 per annum in place during 2015-16.

OFMDFM Off Payroll Engagements

	Number
The opening number of 'off-payroll' engagements at 1 April 2015	6
The number of new engagements during the year	
– The number of these engagements which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	
– The number for whom insurance has been requested	
– The number for whom assurance has been requested but not received	
– The number that has been terminated as a result of assurance not being received	
The number of engagements that have come onto payroll during the year	(3)
The number of engagements that have come to an end during the year	(3)
The closing number of engagements at 31 March 2016	0

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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	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<£10,000	-	-	2	-	2	-
£10,000-£24,999	-	-	7	-	7	-
£25,000-£49,999	-	-	3	2	3	2
£50,000-£99,999	-	-	-	-	-	-
£100,000-£149,999	-	-	-	-	-	-
£150,000-£200,000	-	-	-	-	-	-
Total number of exit packages	-	-	12	2	12	2
Total resource cost/£000	-	-	271	62	271	62

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 2015-16, three Special Advisers (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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ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

Statement of Assembly Supply (Audited)

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires 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 2015-16

Estimate					Outturn			2015-16	2014-15
								Net total outturn compared with estimate: saving/(excess)	Net Total
Request for Resources	Note	Gross expenditure £000	Accruing Resources £000	Net Total £000	Gross expenditure £000	Accruing Resources £000	Net Total £000	£000	£000
RfR A	SOAS1	105,810	(1,368)	104,442	102,240	(1,294)	100,946	3,496	138,114
Total Resources	SOAS2	105,810	(1,368)	104,442	102,240	(1,294)	100,946	3,496	138,114
Non-operating cost Accruing Resources				3,090			2,700	390	11

Net cash requirement 2015-16

				2015-16	2014-15
				Net total outturn compared with estimate: saving/(excess)	Outturn
				£000	£000
				Estimate	Outturn
				£000	£000
Net cash requirement	SOAS3			94,904	85,412
				9,492	131,877

The notes on pages 75 to 95 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 2015-16		Outturn 2015-16	
		Income £000	<i>Receipts</i> £000	Income £000	<i>Receipts</i> £000
Total	SOAS4	<u>64</u>	<u>64</u>	<u>72</u>	<u>134</u>

Explanation of variances between Estimate and Outturn are given in Note SOAS1 and in the Performance Analysis.

The notes on pages 75 to 95 form part of these accounts.

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

SOAS1 Analysis of net resource outturn by function

Outturn							Estimate		2015-16	2014-15
							Net Total	Net Total	Net Total	Prior -
							compared	compared	compared	year
							with	with	with	outturn
							estimate	estimate	estimate	
							£000	£000	£000	£000
							£000	£000	£000	£000
Request for resources A: Departmental Expenditure in DEL										
A1	10,295	3,356	50	13,701	(250)	13,451	13,816	365	317	14,626
A2	134	883	-	1,017	-	1,017	1,027	10	10	735
A3	-	2,052	-	2,052	(70)	1,982	1,983	1	1	2,111
A4	1,814	-	-	1,814	-	1,814	1,876	62	62	1,543
A5	-	1,417	-	1,417	(180)	1,237	1,161	(76)	*(28)	329
A6	2,362	6,437	1,148	9,947	-	9,947	10,972	1,025	1,025	13,618
A7	-	-	2,786	2,786	-	2,786	3,069	283	283	5,866
A8	-	-	1,059	1,059	(794)	265	278	13	13	3,783
A9	-	19	-	19	-	19	22	3	3	44
A10	-	585	5,372	5,957	-	5,957	6,222	265	260	740
A11	-	188	-	188	-	188	183	(5)	-	516
A12	-	387	-	387	-	387	398	11	11	469
A13	-	908	3,607	4,515	-	4,515	4,543	28	28	-
Annually Managed Expenditure (AME)										
A14	(2)	154	-	152	-	152	356	204	204	529
A15	-	1,656	-	1,656	-	1,656	2,592	936	936	2,584
Non-Budget										
A16	-	-	22,116	22,116	-	22,116	22,116	-	-	56,220
A17	-	-	2,391	2,391	-	2,391	2,391	-	-	3,075
A18	-	-	1,357	1,357	-	1,357	1,357	-	-	1,351
A19	-	-	5,762	5,762	-	5,762	5,762	-	-	6,216
A20	-	-	913	913	-	913	913	-	-	820
A21	-	-	818	818	-	818	974	156	148	1,179
A22	-	-	820	820	-	820	820	-	-	863
NIMF	-	-	-	-	-	-	-	-	-	6
A23	-	-	2,997	2,997	-	2,997	3,014	17	17	2,389
A24	-	-	13,500	13,500	-	13,500	13,500	-	-	13,165
A25	-	-	1,527	1,527	-	1,527	1,519	(8)	-	1,741
A26	3,372	-	-	3,372	-	3,372	3,578	206	206	3,596
Resource Outturn	17,975	18,042	66,223	102,240	(1,294)	100,946	104,442	3,496	3,496	138,114

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

The notes on pages 75 to 95 form part of these accounts.

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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 for Northern Ireland
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	Together: Building a United Community
A14	<i>Provisions</i>
A15	<i>Strategic Sites</i>
A16	Strategic Investment Board Limited
A17	Ilex Urban Regeneration Company Limited
A18	Commissioner for Children & Young People for Northern Ireland
A19	Equality Commission for Northern Ireland
A20	Commission for Victims and Survivors for Northern Ireland
A21	Northern Ireland Judicial Appointments Commission
A22	Commissioner for Older People for Northern Ireland
NIMF	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 £3.496 million against RfR A is mainly due to underspends in Strategic Sites (AME) (£0.936m), Northern Ireland Judicial Appointments Commission (£0.156m), Good Relations (£0.283m), Support for the government and other services (£0.365m), Central Funds (£0.265m), Support for Equality, Human Rights and Community Relations (£1.025m) Notionals (£0.206 m) and Provision (AME) (£0.204m).

The notes on pages 75 to 95 form part of these accounts.

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

The net cash requirement for 2015-16 was £85.412 million. This was £9.492 million lower than the estimated net cash requirement of £94.904 million. This is mainly due to a resource underspend of £3.496 million, a net capital overspend of £0.077 million and non-cash adjustments of £6.073 million.

Detailed explanations of the variances are given in the Financial Performance section (pages 18 to 20) of the Performance Analysis.

SOAS2 Reconciliation of net resource outturn to net operating cost

		2015-16			2014-15
	Note	Outturn £000	Supply Estimate £000	Outturn compared with Estimate £000	Outturn £000
Net resource outturn	SOAS1	100,946	104,442	3,496	138,114
Non supply income (CFERs)	SOAS4	(72)	(64)	8	(259)
Non supply expenditure (unrealised foreign exchange gain)		567	-	(567)	(852)
Net Operating Cost in Consolidated Statement of Comprehensive Net Expenditure		101,441	104,378	2,937	137,003

The notes on pages 75 to 95 form part of these accounts.

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

SOAS3 Reconciliation of net resource outturn to net cash requirement

	Note	Estimate	Outturn	Net total outturn compared with Estimate: Saving/ (excess)
		£000	£000	£000
Resource Outturn	SOAS1	104,442	100,946	3,496
Capital:				
-Acquisition of property plant and equipment	7,8	2,711	2,398	313
Non-operating Accruing Resources:				
- Proceeds of asset disposals	12	(3,090)	(2,700)	(390)
Accruals to cash adjustments:				
<i>Adjustments to remove non-cash items:</i>				
- Depreciation (includes impairments/revaluations)	4,5	(3,605)	(2,659)	(946)
- Other non-cash items	Acc Rep,4,5	(3,578)	(3,373)	(205)
- Changes in working capital other than cash	14,15	(2,000)	(9,064)	7,064
- Changes in payables falling due after more than one year	15	-	15	(15)
- New provisions and adjustments to previous provisions	16	(356)	(160)	(196)
- Use of provisions	16	380	9	371
Excess cash receipts surrenderable to the Consolidated Fund	SOAS4	-	-	-
Net cash requirement		94,904	85,412	9,492

The notes on pages 75 to 95 form part of these accounts.

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

SOAS4 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 Income £000	2015-16 <i>Receipts</i> £000	Outturn 2015-16 Income £000	<i>Receipts</i> £000
Operating income and receipts – excess Accruing Resources		-	-	22	<i>24</i>
Other operating income and receipts not classified as Accruing Resources		64	<i>64</i>	50	<i>110</i>
Subtotal	SOAS5	64	<i>64</i>	72	<i>134</i>
Non-operating income and receipts – excess Accruing Resources	SOAS6	-	-	-	-
Excess cash surrenderable to the Consolidated Fund	SOAS3	-	-	-	-
Total income payable to the Consolidated Fund		64	<i>64</i>	72	<i>134</i>

SOAS5 Reconciliation of income recorded with the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

	Note	2015-16 £000	2014-15 £000
Operating income	6	1,366	12,372
Gross income		1,366	12,372
Income authorised to be Accruing Resources	SOAS1	1,294	12,113
Operating income payable to the Consolidated Fund	SOAS4	72	259

SOAS6 Non-operating income – Excess Accruing Resources

	Note	2015-16 £000	2014-15 £000
Proceeds on disposal of property, plant and equipment	6	-	-
Other miscellaneous income	6	-	-
Non-operating income – excess Accruing Resources		-	-

The notes on pages 75 to 95 form part of these accounts.

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Other Assembly Accountability Disclosures

Regularity of Expenditure (Audited)

i. Losses and special payments

	2015-16 Number	2015-16 £000
Total – Losses	25	374

£370k of these losses are made up of a write off, of an amount potentially due from a funded group which the Department has now assessed as not being recoverable. However the Department reserves the right to recover funds at a later date where possible. The remainder of the losses are made up of non refundable charges and non-capital equipment write offs.

There were no cases over £250,000 in 2014-15.

ii. Fees and Charges

There were no fees and charges.

iii. Remote Contingent Liabilities

There were no remote contingent liabilities.

Long Term Expenditure Trends

Total Departmental Spending	Outturn 2013-14 £000	Outturn 2014-15 £000	Outturn 2015-16 £000
Resource DEL (including Non Budget)			
RfR A	86,170	82,930	81,266
Of Which			
Staff Costs	19,930	20,306	18,889
ALBS	40,639	38,550	37,701
Other	7,702	7,104	5,620
Central Funds	1,536	1,725	11,047
Baseline Programme	16,363	15,245	8,009
Total resource DEL	86,170	82,930	81,266
Resource AME			
RfR A	6,573	3,113	1,808
Of Which			

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Diminution of Value of PPE	6,568	2,583	1,656
Provision for Bad Debt		370	
Increase in Provision		160	152
Settlement of NICS Equal Pay Claims	5	-	-
Total resource AME	6,573	3,113	1,808

Of Which			
Depreciation	7,055	3,214	2,659

Capital DEL

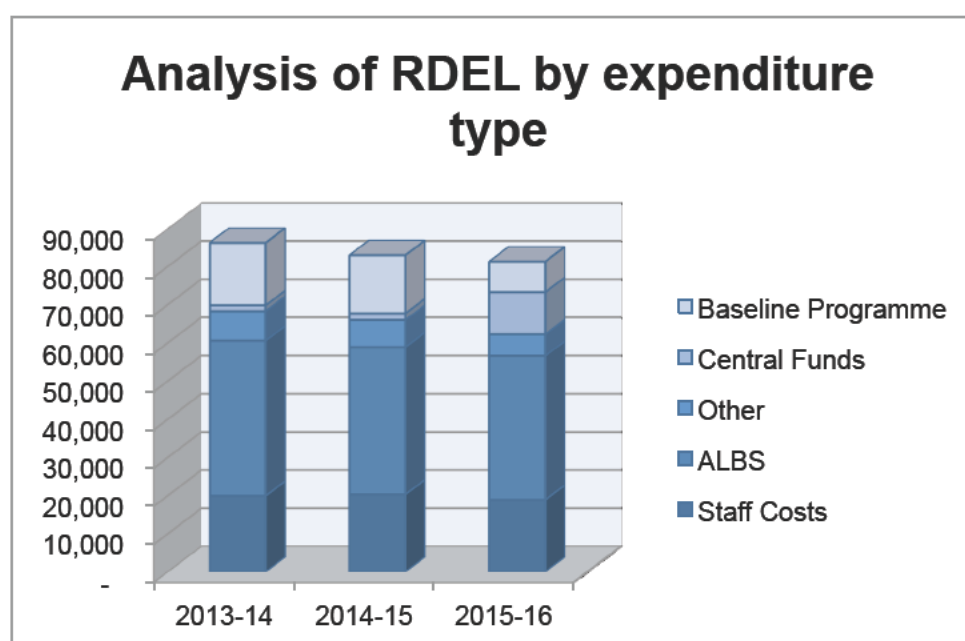
RfR A	8,082	3,461	2,398
Of Which			
Plant, Property and Equipment	7,658	3,207	2,396
Intangible Assets	424	254	2
Total Capital DEL	8,082	3,461	2,398

Capital AME

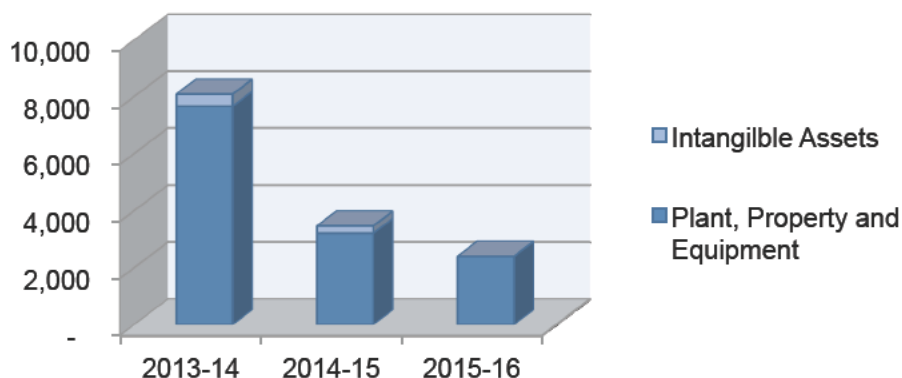
RfR A	-	-	-
Of Which	-	-	-
Total Capital AME	-	-	-

Total Departmental Spending

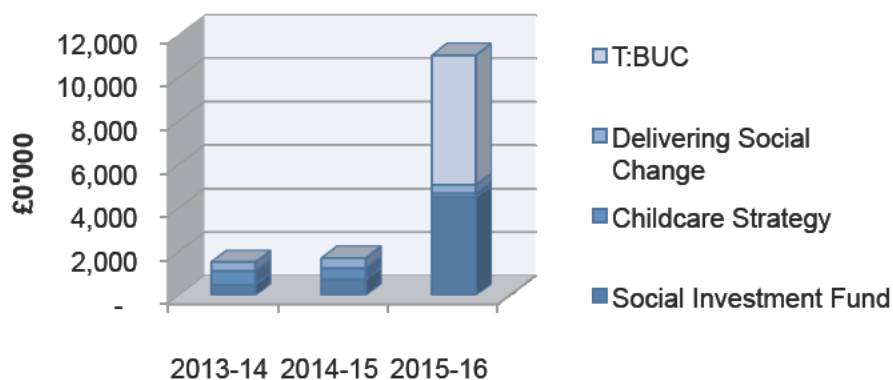
Of Which			
Total DEL	94,253	86,391	83,664
Total AME	6,573	3,113	1,808



Analysis of CDEL by expenditure type



Analysis of Central Funds by Function



Approved and signed

Mark Browne (Dr)
Accounting Officer

28 June 2016

Office of the First Minister and deputy First Minister

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 2016 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Assembly Supply and the related notes and the information in the Remuneration and Staff Report and the Assembly Accountability 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 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 2016 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 2016 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance (formerly Department of Finance and Personnel) directions issued thereunder.

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Assembly Accountability Report to be audited have been properly prepared in accordance with Department of Finance (formerly Department of Finance and Personnel) directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Performance Report and Assembly Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

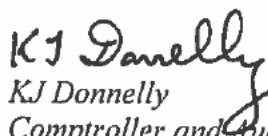
I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Assembly Accountability Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance's (formerly Department of Finance and Personnel) guidance.

Report

In December 2015, on completion of my audit of the financial statements for 2014-15 of the Victims and Survivors Service (VSS), I reported a key internal control failure. This related to the absence of spot checks on self-declared applications for payments under the Financial Assistance and Care for Carers Schemes. After my staff raised this matter the Department asked that the spot checks be re-instated for 2015-16 and carried out in advance of payments being made. However, grants for the 2015-16 scheme had already been awarded and payments made without spot checks being completed on eligibility. As a result irregular expenditure has been incurred.

The Department has consulted VSS and estimates that ineligible expenditure amounts to £376k in 2015-16. In its governance statement the Department has disclosed this irregularity and a number of other matters concerning the regularity of expenditure. I have not qualified my audit opinion on the Department's financial statements, however, I will consider the matters further in my audits of the financial statements for 2015-16 of VSS and the Ilex Urban Regeneration Company.


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

28 June 2016

Office of First Minister and deputy First Minister

THE FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2016

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.

	Note	2015-16 Total £000	2014-15 Total £000
Operating income	6	(1,366)	(12,372)
Total Operating Income		(1,366)	(12,372)
Staff costs	3	21,927	22,728
Purchase of goods and services	4,5	11,847	13,002
Depreciation and impairment charges (includes revaluation and disposal)	4,5	2,659	3,214
Provision expenses	4,5	152	160
Other operating expenditure	5	66,222	110,271
Total Operating Expenditure		102,807	149,375
Net operating expenditure	SOAS2	101,441	137,003
Finance Income		-	-
Finance Expense		-	-
Net expenditure for the year		101,441	137,003
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	31	(293)
- Net (gain)/loss on revaluation of Intangible Assets	8	(1)	(10)
Items that may be reclassified to net operating costs:			
- Net (gain)/loss on revaluation of Investments		-	-
Comprehensive Net Expenditure for the year ended 31 March 2016		101,471	136,700

The notes on pages 75 to 95 form part of these accounts.

Office of First Minister and deputy First Minister

Statement of Financial Position as at 31 March 2016

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.

			2015-16 £000	2014-15 £000
	Note	£000		
Non-current assets				
Property, plant and equipment	7	11,826		13,499
Intangible assets	8	46		613
Total non-current assets			11,872	14,112
Current assets				
Assets classified as held for sale	12	1,424		2,700
Trade and other receivables	14	720		5,523
Cash and cash equivalents	13	124		140
Total current assets			2,268	8,363
Total assets			14,140	22,475
Current liabilities				
Trade and other payables	15	(16,278)		(11,558)
Provisions	16	(173)		(19)
Total current liabilities			(16,451)	(11,577)
Total assets less current liabilities			(2,311)	10,898
Non-current liabilities				
Other payables	15	(36)		(51)
Provisions	16	(146)		(149)
Total non-current liabilities			(182)	(200)
Total assets less total liabilities			(2,493)	10,698
Taxpayers' equity and other reserves				
General fund			(3,339)	9,708
Revaluation reserve			846	990
Total equity			(2,493)	10,698



Mark Browne (Dr)
Accounting Officer

The notes on pages 75 to 95 form part of these accounts.

28 June 2016

Office of First Minister and deputy First Minister

Statement of Cash Flows for the year ended 31 March 2016

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.

	Note	2015-16 £000	2014-15 £000
Cash flows from operating activities			
Net operating cost	SOAS2	(101,441)	(137,003)
Adjustments for non-cash transactions	Acc	6,192	6,967
	Rep,4,5		
(Increase)/Decrease in trade and other receivables	14	4,803	12,222
Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure	14	(362)	(1,699)
Increase/(Decrease) in trade and other payables	15	4,705	(10,525)
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	15	1,191	2,056
Use of provisions	16	(9)	(2)
Net cash outflow from operating activities		(84,921)	(127,984)
Cash flows from investing activities			
Purchase of property, plant and equipment	7,8, 15	(3,056)	(3,787)
Proceeds on disposal of property, plant and equipment	6,12	2,700	13
Net cash outflow from investing activities		(356)	(3,774)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		85,276	131,379
From the Consolidated Fund (Supply) – prior year		498	2,196
Advances from the Contingencies Fund		14,730	38,475
Repayments to the Contingencies Fund		(14,730)	(38,475)
Net financing		85,774	133,575
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		497	1,817
Payments of amounts due to the Consolidated Fund		(152)	(122)
		(152)	(122)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		345	1,695
Cash and cash equivalents at the beginning of the period	13	(393)	(2,088)
Cash and cash equivalents at the end of the period	13	(48)	(393)

The notes on pages 75 to 95 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 2016

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). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of a department, to the extent that the total is not represented by other reserves and financing items.

	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 31 March 2014		11,267	718	11,985
Net Assembly Funding		131,379	-	131,379
Supply (payable)/receivable adjustment	14	498	-	498
CFERs payable to the Consolidated Fund	SOAS4	(259)	-	(259)
CFERs payable to the Consolidated Fund written off		200	-	200
Comprehensive Net Expenditure for the year		(137,003)	302	(136,701)
Auditors remuneration	4	65	-	65
Non-cash charges – other notional costs	Acc Rep,4	3,531	-	3,531
Transfers between reserves		30	(30)	-
Balance at 31 March 2015		9,708	990	10,698
Net Assembly Funding		85,276	-	85,276
Supply (payable)/receivable adjustment	14	136	-	136
CFERs payable to the Consolidated Fund	SOAS4	(72)	-	(72)
CFERs payable to the Consolidated Fund written off		91	-	91
SIB FTC loan repayment received	11	180	-	180
SIB FTC loan repayment paid to the Consolidated Fund	11	(180)	-	(180)
Comprehensive Net Expenditure for the year		(101,441)	(29)	(101,470)
Auditors remuneration	4	58	-	58
Non-cash charges – other notional costs	Acc Rep,4	3,314	-	3,314
Transfers between reserves		115	(115)	-
Transfer of assets to DFP (now DoF)	8	(524)	-	(524)
Balance at 31 March 2016		(3,339)	846	(2,493)

The notes on pages 75 to 95 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 2015-16 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance and Personnel (now Finance). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which 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 assets and liabilities to fair value as determined by the relevant accounting standards, and subject to the interpretations and adaptations of those standards in FReM.

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

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts continued

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 9 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:

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

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

1.4 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

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts continued

Estimate but also income to the Consolidated Fund, authorised by the Department of Finance (formerly Finance and Personnel) to be treated as operating income. Operating income is stated net of VAT.

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.

1.5 *Administration and programme expenditure*

The Statement of Comprehensive Net Expenditure is analysed between operating income and expenditure. Expenditure is analysed between administration and programme expenditure in notes 4 and 5. Administration costs reflect the costs of running the Department. 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 (formerly Finance and Personnel).

1.6 *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.

1.7 *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 the Staff Report. 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.

1.8 *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.

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts continued

1.9 *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.

1.10 *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 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 -1.55% and -0.80% depending on when the cash flow occurs).

1.11 *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.

1.12 *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.

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts continued

1.13 *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.

1.14 *Financial Instruments*

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

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

1.15 *Comparatives*

Comparative figures for the 2014-15 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.

1.16 *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 by FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out but a decision has yet to be made by the Executive. 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 period of initial application.

Office of First Minister and deputy First Minister

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 (formerly 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, Washington and China 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.

	Note	2015-16			2014-15		
		Support for the Executive £000	Equality £000	Total £000	Support for the Executive £000	Equality £000	Total £000
Gross Expenditure	3,4,5	50,213	52,594	102,807	85,759	63,616	149,375
Income	6	(575)	(791)	(1,366)	(411)	(11,961)	(12,372)
Net Expenditure		49,638	51,803	101,441	85,348	51,655	137,003
Total assets	7,8,12,13,14,15,16	13,952	188	14,140	15,205	7,270	22,475

2.1 Reconciliation between Operating Segments and SoCNE

	Note	2015-16			2014-15		
		Support for the Executive £000	Equality £000	Total £000	Support for the Executive £000	Equality £000	Total £000
Total net expenditure reported for operating segments		49,638	51,803	101,441	85,348	51,655	137,003
Reconciling items:							
Income		-	-	-	-	-	-
Expenditure		-	-	-	-	-	-
Total net expenditure per the Statement of Comprehensive Net Expenditure		49,638	51,803	101,441	85,348	51,655	137,003

Office of First Minister and deputy First Minister

Notes to the Departmental Resource Accounts continued

2.2 Reconciliation between Operating Segments and SoFP

		2015-16			2014-15		
	Note	Support for the Executive £000	Equality £000	Total £000	Support for the Executive £000	Equality £000	Total £000
Total assets reported for operating segment		13,952	188	14,140	15,205	7,270	22,475
Reconciling items:							
Income		-	-	-	-	-	-
Expenditure		-	-	-	-	-	-
Total assets per the Statement of Financial Position		13,952	188	14,140	15,205	7,270	22,475

3 Staff Costs

	2015-16 £000	2014-15 £000
Wages and Salaries	16,871	17,688
Social security costs	1,410	1,508
Other pension costs	3,646	3,532
Sub Total	21,927	22,728
Less recoveries in respect of outward secondments	(189)	(165)
Total	21,738	22,563
Of which:		
Charged to Administration	12,550	13,322
Charged to Programme	9,188	9,241

A breakdown of the above costs into permanent staff, Ministers costs and others can be found in the Staff Report within the Accountability Report.

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Notes to the Departmental Resource Accounts continued

4 Other Administration Costs

	2015-16 £000	2014-15 £000
Office Services (including advertising, communications and stationery)	385	417
Contracted Out Services	362	344
Staff related costs (including travel and subsistence and training)	271	329
Accommodation costs	203	133
Professional Costs	140	139
Other (including hospitality)	134	169
Rentals under operating leases	115	130
Non Capital purchases	18	31
Consultancy	-	23
Non-cash items:		
Office accommodation	1,467	1,741
Other notional charges	1,637	1,562
Diminution in value of property, plant and equipment	354	-
Depreciation	94	118
Auditors' remuneration and expenses	58	65
Disposal of property plant and equipment	1	-
Amortisation	-	1
(Decrease)/Increase in provision	(2)	160
Total	5,237	5,362

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

	2015-16 £000	2014-15 £000
Grants	65,428	98,924
Other*	2,425	2,139
Contracted Out Services	1,040	1,920
Office Services	865	918
Rentals under operating leases	859	817
Professional Costs	829	567
EU Programme Spend	794	11,347
Accommodation Costs	550	606
Staff related costs	335	302
Consultancy Costs	138	268
Non Capital Purchases	16	12
Non-cash items:		
Diminution in value of property, plant and equipment	1,666	2,582
Depreciation	498	400
Increase in Provision	154	-
Amortisation	46	113
Provision for bad debt	-	370
Total	75,643	121,285

*Other includes an exchange loss of £623,067 (2014-15: exchange loss of £214,848).

6 Income

	2015-16 £000	2014-15 £000
EU Income	794	11,346
Atlantic Philanthropies	-	344
Recovery of Seconded Costs	189	165
Planning Appeals Commission and Water Appeals Commission	87	66
Rental Income	169	166
Miscellaneous Other Operating Income	127	285
Operating Income	1,366	12,372

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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 2015	8,715	4,895	61	838	209	461	-	15,179
Additions	80	621	-	181	47	24	1,443	2,396
Reclassifications	(1,130)	1,178	-	(43)	-	-	(1,443)	(1,438)
Disposals	-	(627)	-	(11)	(30)	-	-	(668)
Impairment (a)	(41)	(581)	-	-	-	-	-	(622)
Revaluation charged to SCNE (a)	(383)	(813)	-	(11)	-	-	-	(1,207)
Revaluation (a)	(20)	16	-	3	1	2	-	2
At 31 March 2016	7,221	4,689	61	957	227	487	-	13,642
Depreciation								
At 1 April 2015	-	996	16	326	143	199	-	1,680
Charged in period	-	405	15	84	33	55	-	592
Reclassifications	-	-	-	(13)	-	-	-	(13)
Disposals	-	(627)	-	(11)	(29)	-	-	(667)
Impairment (a)	-	298	-	-	11	-	-	309
Revaluation charged to SCNE (a)	-	(116)	-	(2)	-	-	-	(118)
Revaluation (a)	-	41	-	(2)	(1)	(5)	-	33
At 31 March 2016	-	997	31	382	157	249	-	1,816
Carrying amount								
At 31 March 2015	8,715	3,899	45	512	66	262	-	13,499
At 31 March 2016	7,221	3,692	30	575	70	238	-	11,826
Asset financing:								
Owned	7,221	3,692	30	575	70	238	-	11,826
Carrying amount at 31 March 2016	7,221	3,692	30	575	70	238	-	11,826

- (a) Revaluations were undertaken in respect of Ebrington Barracks; Ballymena; Shackleton Ballykelly; St Lucia Omagh and the Crisis Management Centre as at 31 March 2016 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 £4,656,500 (£4,650,000) for land and £2,205,000 (£1,955,000) for buildings. Former HMP Belfast was revalued at £1,665,000 (£1,665,000) for land and £835,000 (£835,000) for buildings. Shackleton was valued at £1,500,000 (£1,500,000) for land. St Lucia was valued at £775,000 (£775,000) 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 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

8 Intangible Assets

	Software Licenses £000	Developed Software £000	Web Sites £000	Total £000
Cost or valuation				
At 1 April 2015	5	927	5	937
Additions	2	(1)	1	2
Disposals	-	(180)	-	(180)
Revaluations charged to SCNE	-	-	-	-
Revaluations	-	1	-	1
Transfers	-	(637)	-	(637)
At 31 March 2016	7	110	6	123
Amortisation				
At 1 April 2015	2	320	2	324
Charged in period	1	43	2	46
Disposals	-	(180)	-	(180)
Revaluations charged to SCNE	-	-	-	-
Revaluations	-	-	-	-
Transfers	-	(113)	-	(113)
At 31 March 2016	3	70	4	77
Carrying amount at 31 March 2015	3	607	3	613
Carrying amount at 31 March 2016	4	40	2	46
Asset Financing				
Owned	4	40	2	46
Finance Leased	-	-	-	-
Contracts	-	-	-	-
Carrying amount at 31 March 2016	4	40	2	46

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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 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

9 Impairments

	2015-16 £000	2014-15 £000
Amounts charged to the Statement of Comprehensive Net Expenditure	931	1,630

Impairments include the works carried out during the financial year on LPS valued land and buildings. Impairments also include cost of sales for the sale of Shackleton in compliance with IFRS 5, see Note 12.

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Notes to the Departmental Resource Accounts continued

10 Capital and other commitments

10.1 Capital Commitments

	2015-16 £000	2014-15 £000
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Property, plant and equipment	184	1,102
Total	184	1,102

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.

	2015-16 £000	2014-15 £000
Buildings:		
Not later than one year	884	939
Later than one year and not later than five years	2,258	2,557
Later than five years	1,333	1,866
	4,475	5,362
Other :		
Not later than one year	37	28
Later than one year and not later than five years	57	63
Later than five years	-	-
	94	91

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:

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Notes to the Departmental Resource Accounts continued

	2015-16 £000	2014-15 £000
Not later than one year	26	-
Later than one year and not later than five years	9	-
Later than five years	-	-
	<u>35</u>	<u>-</u>

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 £14.5 million grant in aid payment to the Strategic Investment Board Limited (SIB) to enable them to provide a loan to Queens University Belfast (QUB) in 2015-16 in respect of the University's Computer Science facilities (£4.5 million) and School of Law / Integrated Student Hub (£10 million) projects under the Financial Transactions Funding Scheme. The contractual loan agreement is between QUB 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 SoCNE.

QUB commenced repayment of the £4.5 million loan in 2015-16 in line with the Memorandum of Understanding. Repayments will commence in 2016-17 for the £10 million loan.

12 Assets Held for Sale

	2015-16 £000	2014-15 £000
At 1 April	2,700	-
Transfer in from non current assets	1,424	2,700
Transfer out to non current assets	-	-
Transfer of carrying value	-	-
Disposal of carrying value	(2,700)	-
At 31 March	<u>1,424</u>	<u>2,700</u>

A Ministerial direction was issued on 12th May 2015, 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. It is expected that the sale will be completed in the 2016-17 financial year as sale has been agreed with MJM Group, the Department of Agriculture, Environment and Rural Affairs formerly the Department of Agriculture and Rural Development and NI Water.

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Notes to the Departmental Resource Accounts continued

2014-15 Assets held for sale comprises land at the former St Patrick's Barracks (valued at £2.7m). The sale to the Department for Social Development now part of the Department for Communities was completed in the 2015-16 financial year.

Under IFRS 5 cost of sales are impaired from the value of the asset when it is transferred to assets held for sale. Assets held for sale are included within the "Support for the Executive" operating segment.

13 Cash and Cash Equivalents

	2015-16 £000	2014-15 £000
Balance at 1 April	(393)	(2,088)
Net change in cash equivalent balances	345	1,695
Balance at 31 March	(48)	(393)
The following balances at 31 March were held at:		
Commercial banks and cash in hand	(48)	(393)
Balance at 31 March	(48)	(393)
The balance comprises		
Cash	124	140
Overdraft	(172)	(533)
	(48)	(393)

14 Trade receivables, financial and other assets

	2015-16 £000	2014-15 £000
Amounts falling due within one year:		
Trade receivables	37	375
Deposits and Advances	19	1,087
Other Receivables	44	87
Prepayments & Accrued Income	226	1,178
Amounts due from the Consolidated Fund in respect of supply	136	498
Amounts due from EU	54	2,065
VAT	186	213
	702	5,503
Amounts falling due after more than one 1 year:		
Deposits and Advances	18	18
Other Receivables	-	2
	720	5,523

Trade receivables and other current assets contains £7,633 (2014-15: £162,456) which will be surrendered to the Consolidated Fund when received.

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Notes to the Departmental Resource Accounts continued

15 Trade payables and other current liabilities

	2015-16 £000	2014-15 £000
Amounts falling due within one year:		
Bank Overdraft	172	533
Trade payables	34	13
Other payables	-	17
Accruals and deferred income	9,442	8,506
Non Current Asset Accruals	1,563	2,221
Amounts due to EU	4,971	1
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	88	105
Receivable	8	162
	<u>16,278</u>	<u>11,558</u>
Amounts falling due after one year:		
Other payables, accruals and deferred income	36	51
	<u>16,314</u>	<u>11,609</u>

16 Provisions for liabilities and charges

2014-15	Equal Pay £000	Injury Award £000	Other Provisions £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				
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

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Notes to the Departmental Resource Accounts continued

	Equal Pay	Injury Award	Other Provisions	Total
2015-16				
Balance at 1 April 2015	10	158	-	168
Provided in the year	-	6	154	160
Provisions not required written back	-	-	-	-
Provisions utilised in the year	-	(9)	-	(9)
Balance at 31 March 2016	10	155	154	319
Analysis of expected timing of discounted flows				
Not later than one year	10	9	154	173
Later than one year and not later than five years	-	33	-	33
Later than five years	-	113	-	113
Balance at 31 March 2016	10	155	154	319

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 2016 represents the expected future equal pay costs for OFMDFM as advised by DoF (formerly 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 1.37% per annum discount rate applicable to post-employment benefits according to HM Treasury guidance.

16.3 Other Provisions

This provision represents the weighted average cost informed by the Departmental Solicitors Office estimate of potential compensation, medical and legal costs for ongoing cases regarding alleged incidents at two of the Department's properties.

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Notes to the Departmental Resource Accounts continued

17 Contingent liabilities

The department has entered into the following unquantifiable contingent liabilities.

17.1 Legal issues

The Department is considering three 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 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.

19 Third-party assets

The Department has no third-party assets.

20 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) |

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Notes to the Departmental Resource Accounts continued

21 Events after the Reporting Period

The Stormont House Agreement contained a commitment to reduce the number of NICS Departments from 12 to 9 following the Assembly election in May 2016, which will involve functions transferring from some departments to others. The names and high level functions of the new departments have been agreed by Ministers and details can be found in the Departments Act (Northern Ireland) 2016 and the Departments (Transfer of Functions) Order (Northern Ireland) 2016. It is anticipated that staff working in the affected areas will move with the function. The 9-departmental model constitutes a Machinery of Government change and the Office of First Minister and deputy First Minister will become The Executive Office and will largely remain unchanged.

On 28 April 2016 the Department of Environment now the Department for Communities designated the former Regional Government Headquarters site as an historical monument. No adjustments have been made to the value of the asset in 2015-16. Revaluation of the asset will be conducted on an historical asset basis in 2016-17.

On 23 June the UK held a Referendum to determine whether the country would remain in or leave the European Union. The Department is currently considering the impact of the majority leave result on its activities. However, it is likely to be some time before the impact, will be known.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 28 June 2016.

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