

Department of Finance Annual Report and Accounts
For the year ended 31 March 2018

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Finance under section 10(4) of the Government
Resources and Accounts Act (Northern Ireland) 2001*

02 July 2018



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DEPARTMENT OF FINANCE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

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PERFORMANCE REPORT

DEPARTMENT OF FINANCE

PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2018

OVERVIEW

The purpose of this overview section is to outline the Department's performance during the 2017-18 financial year and to highlight the key issues and risks identified by management. It also includes high level detail on the purpose and activities of the Department of Finance.

Key Aims and Objectives

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

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

The specific aims and objectives of the Department's Executive Agency, Northern Ireland Research and Statistics Agency (NISRA), are documented in the Annual Report and Accounts published for this body.

Principal Activities

The Department of Finance is one of nine Northern Ireland departments of which the names and high level functions were agreed by Ministers and details can be found in the Departments Act (Northern Ireland) 2016 and the Departments (Transfer of Functions) Order (Northern Ireland) 2016.

The Department comprises nine core Directorates and one Agency. The Department has a wide range of disparate business areas and [Appendix 1](#) sets out the principal activities of these Directorates and Agency.

Group Internal Audit and Fraud Investigation Service (GIAFIS) was created in 2017-18 (refer Appendix 1).

Boundary

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

DoF Core Directorates

- Central Procurement Directorate (CPD);
- Finance and Corporate Services Division (FCSD);
- Departmental Solicitor's Office (DSO);
- Enterprise Shared Services (ESS);
- Group Internal Audit and Fraud Investigation Service (GIAFIS);
- Land and Property Services (LPS);
- Northern Ireland Civil Service Human Resources (NICSHR);
- Public Spending Directorate (PSD); *and*
- Strategic Policy and Reform Directorate (SPAR).

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Supply Financed Agency

- Northern Ireland Statistics and Research Agency (NISRA).

Sponsored Bodies

- Construction Industry Forum Northern Ireland;
- Legal Services Oversight Commissioner for Northern Ireland;
- Northern Ireland Building Regulations Advisory Committee;
- Northern Ireland Civil Service Pension Board;
- Renewable Heat Incentive Inquiry; and
- Statistics Advisory Committee.

Relationships with Other Bodies

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

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

Performance

At the start of the 2017-18 business year, the Department was in a position where there was no Minister, Executive or budget for the year. Despite the difficulties faced the Department continued to deliver the majority of the business plan targets while maintaining service delivery in challenging times.

Progress was reported quarterly to the Board as part of the Corporate Performance Report using a Red, Amber or Green (RAG) status assessment of each target and narrative on the actions taken to deliver the expected outcomes.

Of the **25** targets, at year end **15** were achieved (Green), **6** on target (Amber or Amber Green) and **4** (Red) not achieved. The Department's net resource outturn was **£197.3m** against an estimated provision of **£210.6m**. On the capital side spending was **£31.4m** compared to the final estimate of **£32.1m**.

The Department's opening resource DEL position increased by 11.7% compared to the 2016-17 opening position. This is attributable to the department's new responsibility in 2017-18 of a new shared NICS Human Resources function to all NICS departments, additional allocations to fund the Rate Rebate Replacement Programme, the Reform of Property Management Project, the Census 2021 and an allocation to allow the RHI Inquiry to proceed. Without these additional responsibility and allocations, the opening resource DEL would have seen a 4% reduction compared to the 2016-17 opening position. This reduction was intended to provide the incoming administration with sufficient budget flexibility to fund emerging budget priorities in 2017-18.

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The key risks and issues to delivering our objectives are monitored through the reporting cycle noted below. There were **10** risks recorded in the last quarter of the 2017-18 year with **4** serious (red) risks namely:

- Underestimation of costs of the public inquiry into the Renewable Heat Initiative (RHI)
- Impact of leaving the European Union (EU);
- Reform of Property Management Programme *and*
- Enterprise Shared Services Delivery of Finance & HR Shared Services.

Three risks that were originally recorded as serious were monitored and managed to a less serious level through the period as follows;

- Managing the DoF 2017-18 budget;
- Rates Collection – level of Collection;
- Debt Recovery – Level of Recovery

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

Departmental Reporting Cycle

The DoF Business Plan 2017-18 sets out the Department's objectives and targets and how the Department will work to deliver its Departmental level objectives. The plan was not published on the Department's internet site as it had not been approved by a Minister.

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

The Department's budget for 2017-18 was set out in the Northern Ireland Budget 2017-18 document which was published in November 2017. The Department's 2017-18 Main Estimate reflects the opening position and was also published in November 2017. The Main Estimate sets out the resource and capital expenditure limits of the Department together with the limit placed on income which the Department can offset against expenditure. It includes additional detail on the services for which budgetary cover was provided, and sets out the financial reporting structure of the Department which aligns with Departmental objectives. The Department's budget position was updated during the year, following the outcome of an in-year monitoring round. The budgetary changes arising from the outcome of the in-year monitoring round are reflected in the Department's 2017-18 Spring Supplementary Estimate, which was published in March 2018.

The 2017-18 Main and Spring Supplementary Estimates are available on the Department's internet site and were published by and are available from:

TSO, PO Box 29,
Norwich, NR3 1GN
Telephone orders/General enquiries: 0333 202 5070
Fax orders: 0333 202 5080
On-line orders: www.tsoshop.co.uk

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PERFORMANCE ANALYSIS

Performance During 2017-18

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

Achievement of Departmental Targets

The Department had **25** Departmental targets in 2017-18, of which **15** were reported as "**Green**", **3** reported as "**Amber-Green**", **3** were reported as "**Amber**" and **4** as "**Red**". It was not possible for the Department to progress a number of the targets in year due to the absence of a Minister.

The Department has made significant progress during 2017-18 and notable achievements have included:

- Delivery of emergency legislation to enable the issue of rates bills for the 2017-18 year;
- Collection of £1.2 billion in rates revenue to help fund important local and central Government public services, exceeding the previous target by £1.9m;
- A new Rate Rebate Scheme successfully launched in September 2017;
- Development of an ambitious and far-reaching NICS People Strategy which was presented to the NICS Board just after the year end in April 2018;
- Managing the lack of an agreed budget for the year and successfully putting in place contingency ensuring the NICS departments had sufficient cash and resource cover to meet their requirements for the ongoing delivery of public services.;
- Preparations for the 2021 Census considerably advanced ready for public consultation in the coming year; *and*
- A reduction in office accommodation by approximately 10k square metres.

Details on the four targets reported as "Red" is provided below:

Target R1.06 – Take forward various operational and administrative preparations to progress the transfer of responsibility for Corporation Tax rate setting powers to the Assembly.

The Fresh Start Agreement includes a commitment to set Northern Ireland's corporation tax rate at 12.5% from April 2018. While DoF officials made practical arrangements for implementation (as far as is possible), the absence of Ministers has meant that the conditions for implementation are not in place at the current time and as a result the proposed implementation date has not been met. It will be for incoming Ministers to confirm the timing of the introduction of the reduced rate and agree an implementation plan.

Target C1.3 – Complete the development of an Outline Business Case for Public Sector Shared Services by 31 March 2018.

During 2017-18 significant progress has been made on the development of an Outline Business Case (OBC) for the Public Sector Shared Services Programme (PSSSP). An extensive baselining exercise of HR, Finance and IT services across the participating sectors of Central Government, Health and Education has been completed which has enabled comparisons of service delivery across the organisations and with externally recognised benchmarks. A transformation partner was appointed to support the internal cross-sector team in taking forward the development of the OBC. Progress has been reported to a Programme Board, chaired by the Head of Civil Service, with representatives from the participating sectors. This is

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supported by Strategic and Technical Advisory Groups which have also been established. Based on the analysis and work carried out by the Programme, the approach to the development of the OBC has been agreed. In order to allow for ongoing engagement on the development of options, the Programme Board has agreed to the extension of the timescale for completion of the OBC to 30 September 2018.

Target IP1.3 – To develop a Departmental plan to put policies and procedures in place to implement procedures to comply with GDPR by 25 May 2018 and to regularly report progress against that plan to the Departmental Board to ensure implementation across the Department.

An action plan is in place and being taken by business areas with progress reported to the Departmental Board.

An update was provided to the March meeting of Departmental Board outlining a number of risks to compliance. These included the absence of a Data Protection Officer, which has now been addressed, initially through the designation of the current acting Grade 7 in Information Management and Assurance Branch, with a service wide trawl to provide the permanent position. Particular issues raised included failure to identify all personal data holdings, risks around the delivery of on-line training, addressing legacy information and overall preparation to meet the implementation requirements. The Departmental Board has commissioned a review of action plans. This includes the use of external challenge, together with detailed reports on key issues to be addressed.

Target OPI.1 – To develop a 3-year workforce plan for the Department for the period 2018-21 to inform HR, finance and accommodation decisions by 31 March 2018.

The delivery of this target has been delayed due to other work priorities and capacity issues as a result of staff vacancies in both FCSD and NICSHR. Work is being taken forward in 2018-19 year, in conjunction with NICSHR, to develop a workforce planning process to better inform the Department on staffing requirements and budget for 2018-19 and beyond.

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Financial Review

The Department's opening resource DEL position increased by 11.7% compared to the 2016-17 opening position. This is attributable to the department's new responsibility in 2017-18 of a new shared NICS Human Resources function to all NICS departments, additional allocations to fund the Rate Rebate Replacement Programme, the Reform of Property Management Project, the Census 2021 and an allocation to allow the RHI Inquiry to proceed. Without these additional responsibility and allocations, the opening resource DEL would have seen a 4% reduction compared to the 2016-17 opening position. This reduction was intended to provide the incoming administration with sufficient budget flexibility to fund emerging budget priorities in 2017-18.

As set out in the Statement of Assembly Supply, the Department was voted Resource Estimate Provision of **£210.6m** for 2017-18. Details of the net resource estimate and outturn are given in Table 1.

Table 1

	Estimate	Outturn	Variance saving
	£000	£000	£000
Total Request for Resources A	210,653	197,285	13,368
Net Cash Requirement	205,052	184,936	20,116

The net resource outturn was **£197.3m** against an estimated provision of **£210.6m**.

The total underspend was **£13.3m**, split between the departmental expenditure limit (DEL) **£5.2m**, the annually managed expenditure (AME) **£7.6m** and non-budget **£0.5m**.

Of the AME underspend, £5.6m is in relation to the revaluation of the office estate, which was lower than anticipated. A further £2.0m was set aside to cover potential provisions that did not crystallise during the period. AME spend is by its nature unpredictable.

The Department's net cash requirement outturn was **£184.9m** against an estimated provision of **£205.0m**, a variance of **£20.1m**. The bulk of the variance (£16.1m) relates to the movement in working capital other than cash.

The Department employed an average of 3,589 staff during the year ended 31 March 2018 and total administrative costs during the year, as reported in Note 1 to the Statement of Assembly Supply, were **£202.1m** (2016-17: £185.7m). The increase is mainly as a result of the Department's new responsibility in 2017-18 of providing a shared NICS Human Resources function to all NICS departments.

The total cost of Finance and Personnel Policy was **£39.2m** (2016-17: £43.6m). This function comprises Central Procurement Directorate, the Departmental Solicitors Office, Group Internal Audit and Fraud Investigation services, Public Spending Directorate and Strategic Policy and Reform Division. Key activities include work to improve the overall management of public funds and the spending performance of departments, and professional legal and procurement services for the NICS and the wider public sector.

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The decreased cost from last year was mainly as a result of Corporate HR moving to NICS Shared Services following the creation of NICSHR.

The Department continues to deliver essential shared services to departments and other public bodies. During 2017-18 the total costs of NICS Shared Services (including Account NI, the Centre for Applied Learning, HR Connect, IT Assist, Enterprise Design Authority, Digital Transformation Service and NICS Human Resources) amounted to **£101.6m** (2016-17: £78.2m). The increased cost is mainly as a result of the creation of NICSHR.

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

LPS's main functions are to collect rates on behalf of central government and Councils, maintain domestic and non-domestic rating valuation lists, record legal interests in land in the Land Registers, provide land information services relating to the Registers for conveyancing purposes, provide mapping services in NI, collect, manage and publish spatial data in NI for use by the public and private sectors, and deliver a property valuation, estate management and property data service to the public sector. 2017-18 saw LPS take on a new role in respect of rate rebate payments to those who qualify and are in receipt of Universal credit. The total costs of Land and Property Services was **£56.2m** (2016-17: £54.8m). The increased costs are mainly as a result of additional allocation to administer the new rate rebate scheme following the introduction of Universal Credit.

The Department is responsible for the provision of office accommodation for staff employed in NICS government departments and their agencies. At 31 March 2018 the net book value of the Department's land and buildings was **£304.1m** (31 March 2017: £302.0m). The increase in value from the previous year is mainly due to refurbishment work carried out on a number of properties and also the revaluation of the office estate.

Gross resource expenditure on accommodation services was **£68.9m** (2016-17: £66.5m), which includes **£13.2m** (2016-17: £12.6m) of depreciation and impairment, and around **£36.6m** (2016-17: £39.1m – restated) on rent, rates and maintenance of the estate. The increase in spend is mainly in relation to an asset transfer which was offset by a decrease in property running costs. The Department continues to drive savings in this area through its accommodation strategy, with moves to modern office accommodation in 2017-18 facilitating the vacation in excess of 10,000 square meters of office space. Future plans continue to envisage use of capital allocations to undertake further such enhancements to the estate.

DEPARTMENT OF FINANCE**PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2018****Reconciliation of resource expenditure between Estimates, Accounts and Budgets
For the year ended 31 March 2018**

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

Table 2

	Outturn 2017-18 £000s	Outturn 2016-17 £000s
Net Resource Outturn (Estimates)	197,285	182,313
Non-voted Expenditure in the Statement of Comprehensive Net Expenditure	352	(128)
Include Consolidated Fund Extra Receipts (CFER's) in the Statement of Comprehensive Net Expenditure	(119)	(10,085)
Net Operating Costs (Accounts)	197,518	172,100
Remove capital grants	(3,700)	2,025
Remove research & development expenditure	-	-114
Remove non-budget Consolidated Fund Extra Receipts (CFER's) in the Statement of Comprehensive Net Expenditure	119	10,085
Include Excess Accruing Resources	(21)	(9,887)
Include non voted expenditure that is inside the resource budget	(352)	128
Include rate collection income	(8,530)	(9,000)
Remove notional costs	(268)	(308)
Remove SEUPB Non Budget Grant	(2,624)	(976)
Include SEUPB Running Costs	1,577	1,463
Resource Budget Outturn (Budget)	183,719	165,516
Of which:		
Departmental Expenditure Limit (DEL)	182,813	165,711
Annually Managed Expenditure (AME)	906	(195)

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Long-term expenditure trend

Total departmental spending			
	2017-18	2016-17	£000
	Outturn	Outturn	Outturn
Total Resource DEL	182,813	165,711	189,515
<i>Of Which:</i>			
- Staff Costs	145,715	128,593	149,263
- Other	113,679	112,496	109,528
- Depreciation & Impairments	31,655	31,839	33,643
- Income	(108,236)	(107,217)	(102,919)
Total Resource AME	906	(195)	480
<i>Of Which</i>			
- Staff costs	92	(52)	(132)
- Other	36	(22)	(312)
- Depreciation & Impairments	778	(121)	924
Total Resource Budget	183,719	165,516	189,995
<i>Of Which:</i>			
- Staff Costs*	145,807	128,541	149,131
- Other	113,712	112,474	109,216
- Depreciation & Impairments	32,433	31,718	34,567
- Income	(108,236)	(107,217)	(102,919)
Total Capital DEL	31,384	34,121	29,374
<i>Of Which:</i>			
Capital grants	3,700	(2,025)	(1,943)
Total Capital AME	-	-	-
Total Capital Budget	31,384	34,121	29,374
Total departmental spending	215,103	199,637	219,369
<i>Of Which:</i>			
- Total DEL	214,197	199,821	218,889
- Total AME	906	(195)	480

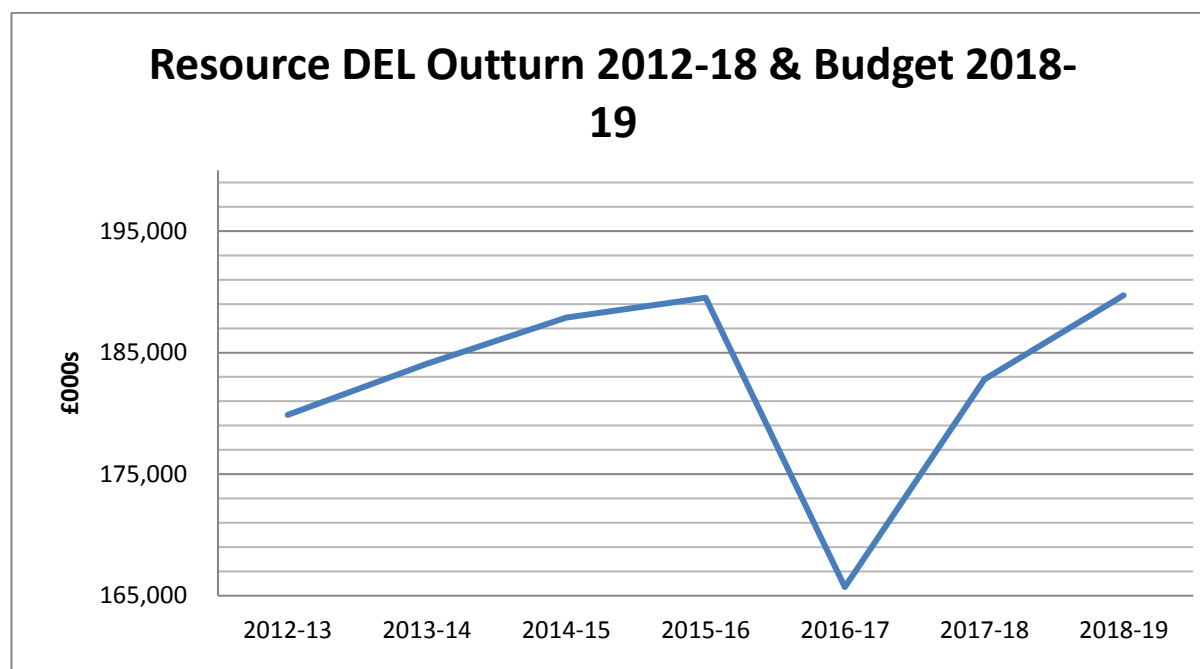
*Difference in staff costs within the long term expenditure trends budget outturn and the remuneration report is attributable to the NI share of SEUPB staff costs amounting to £590k.

Following departmental restructuring in May 2016, some minor functions of the Office of the First Minister and deputy First Minister transferred to the newly established Department of Finance. The figures given for long term expenditure trends have not been restated in line with the Statement of Assembly Supply. Consequently, the figures given for 2014-15 and 2015-16 are the figures previously reported for the

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Department of Finance and Personnel. Figures for 2016-17 are those of the Department of Finance. The changes were small and would not have affected the overall trend analysis.



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

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

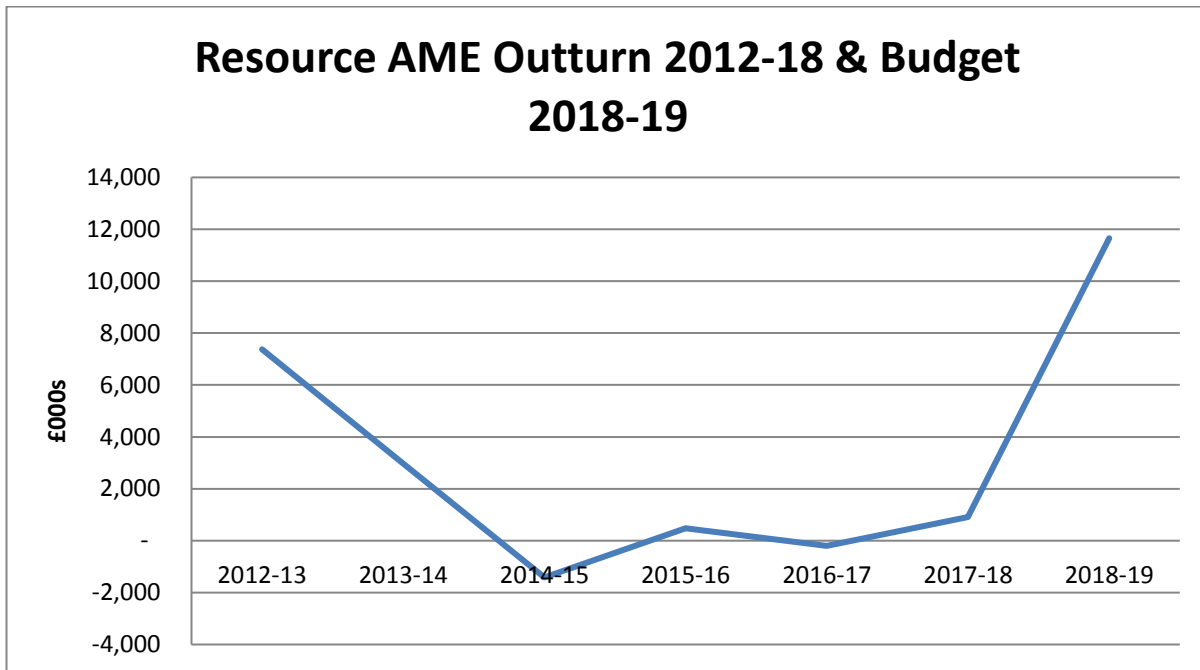
In 2016-17 the decrease is mainly because there were no VES compensation payments and also due to a decrease in staff costs following the VES scheme.

In 2017-18 the increase is mainly in relation to the Department's new responsibility of providing a shared NICS Human Resources function to all NICS departments. In addition the Department received allocations of £7.3m to take forward the Rate Rebate Replacement Programme, the Reform of Property Management Project and Census. Funding was also provided to enable the RHI Inquiry to proceed.

In 2018-19 the Department has been allocated additional funding to take forward a voluntary exit scheme (VES) for Legal Grades.

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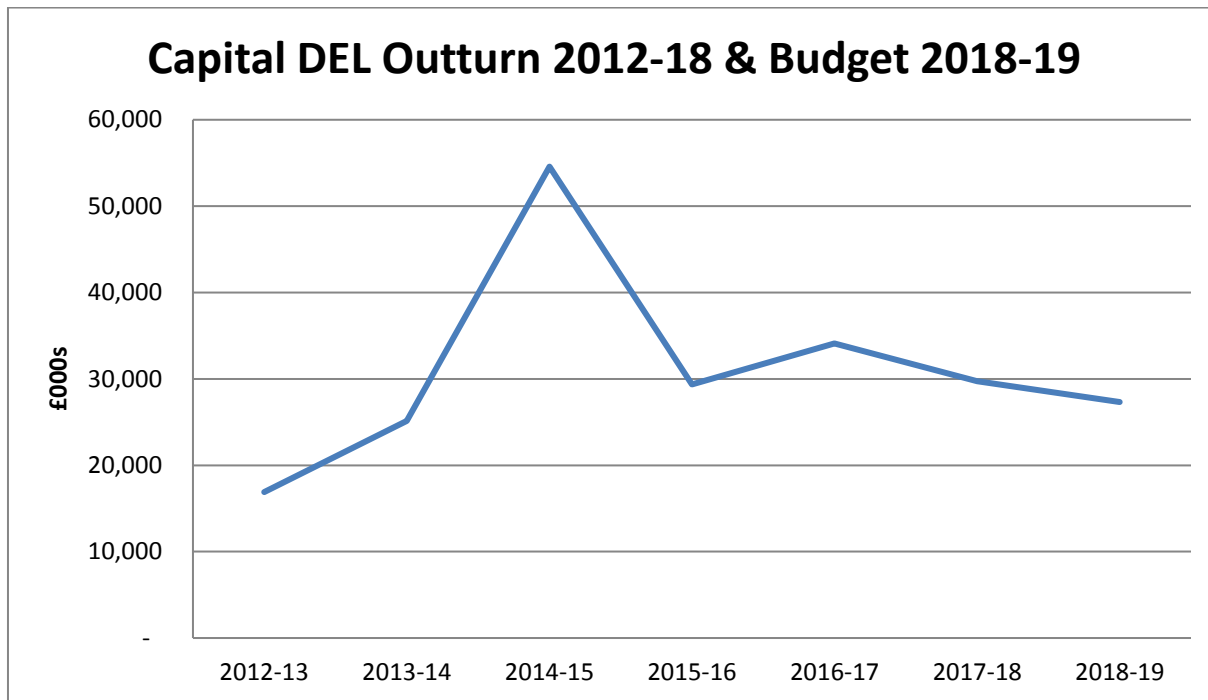
PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2018



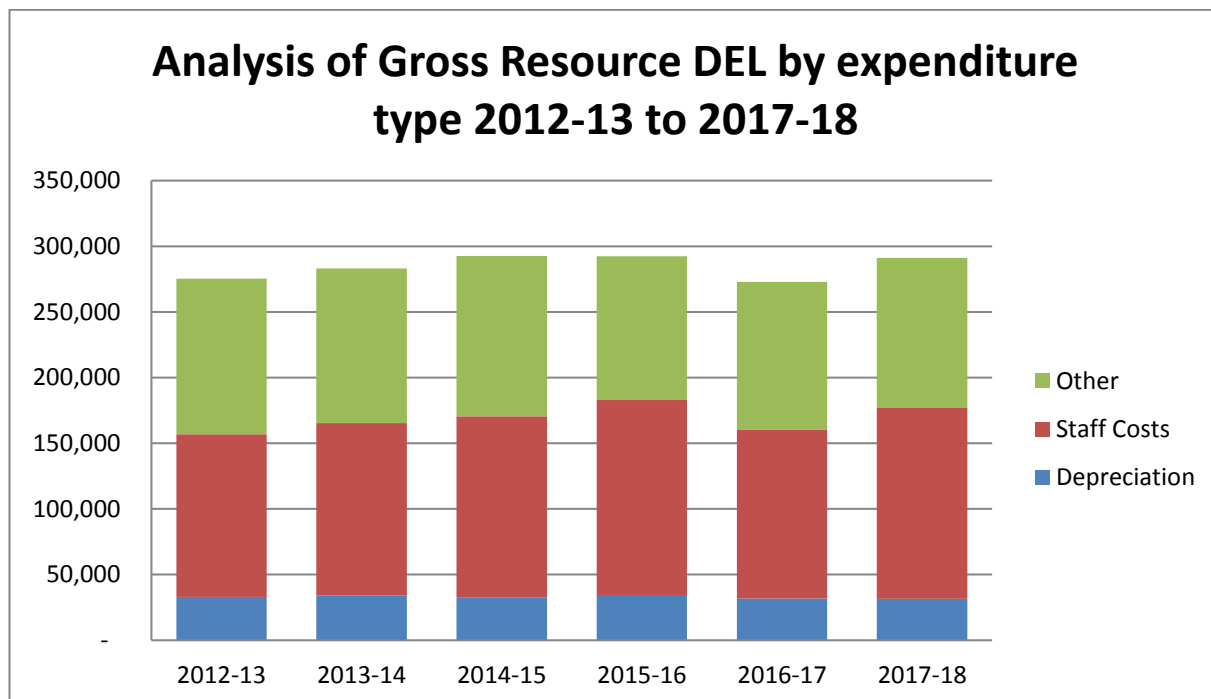
AME covers areas of expenditure that are more volatile including the revaluation of the office estate as a result of changes in market value and potential legal liabilities. The negative outturn in 2014-15 was as a result of the release of a number of provisions including the NICS equal pay claim. The 2016-17 negative outturn is as a result of the revaluation of the office estate being lower than anticipated. The 2018-19 opening position is based on the most recent forecast provided in January 2018 and will be reviewed throughout the year.

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The large increase in 2014-15 was as a result of the Department taking forward the Reform of Property Management project including the purchase of a number of properties which were being leased in order to reduce ongoing revenue costs.



Over the 6 year period shown above:

1. depreciation and impairment costs – these have remained relatively constant;
2. staff costs – these had increased steadily from 2012-13 to 2015-16. There was a decrease in 2016-17 due to the voluntary exit scheme to reduce staff numbers. There was an increase in staff costs in 2017-18 due to the new responsibility of a new shared NICS Human Resources and GIAFIS

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functions. The 2017-18 staff costs would have remained broadly at 2016-17 level had these services not been introduced within the Department; and

3. Other costs – these have remained relatively constant despite inflationary pressures and additional corporate functions.

Future Developments

The Department of Finance's operational business plan for 2018-19 will be a one-year stand-alone plan that draws on the existing strategic objectives set in our 2012-15 Corporate Plan. It is anticipated that it will be followed by a multi-year corporate plan in line with the draft Programme for Government (PfG).

Table 3 shows the net current and net capital baselines available to the Department in 2018-19. The Department's opening baselines were announced by the Secretary of State on 8th March 2018 in the absence of the Assembly. The baselines were amended through a post budget exercise in April 2018 and these changes are reflected in the figures below.

Table 3

Spending Area	2018-19	
	Current Expenditure £m	Capital Investment £m
Finance and Personnel Policy	20.8	0.3
NICS Shared Services	77.4	12.7
NI Statistics & Research Agency	11.5	1.7
Land & Property Services	18.9	3.8
EU Programmes	0.3	-
Special EU Programmes Body	1.2	-
NICS Accommodation Services	59.6	8.8
TOTAL*	189.7	27.3

*There may be slight variations due to roundings.

Whilst the Department continues to face a difficult financial environment in the future, savings delivery plans to date have been successfully delivered and the Department is therefore reasonably confident that it can continue to deliver its existing essential services within the resources that have been allocated. However, recognising the financial pressures that exist, if any significant changes took place in relation to the Budget for 2018-19, this could lead to decisions that may have a material impact on the Department's future financial position and fundamentally challenge the services delivered by the Department.

Risks and Uncertainties

Risk management has been incorporated into the corporate planning and decision-making processes of the Department. The Department has a Policy and Framework for Risk Management, which defines the framework and describes the process for identifying and managing risks. Further details on the Department's capacity to handle risk, the risk and control framework within which the Department operates, and a review of effectiveness of the Department's system of internal control are provided in the Governance Statement.

Events after the Reporting Period

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

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PUBLIC INTEREST AND OTHER

Payment to Suppliers

The Department is committed to the prompt payment of bills for goods and services received in accordance with the Late Payment of Commercial Debts (Interest) Act 1998. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or on presentation of a valid invoice or similar demand, whichever is the later.

The Department's performance in relation to the payment of invoices within 30 days was 96% (2016-17: 96%). The Department did not incur any interest charges (2017-18: Nil) as a result of the late payment of bills.

In 2017-18 an average of 90% of DoF's invoices were paid within 10 days (2016-17: 90%).

Full details of performance in terms of paying invoices within 30 days and 10 days can be found at

<https://www.finance-ni.gov.uk/articles/account-ni-questions-and-answers>

Sustainability and Environmental Matters

Properties Division has commenced a new 3 Year Office Estate Energy Efficiency / Carbon Reduction Plan for 2017-18 to 2019-20.

During 2017-18 over 40 events including the BBC Antiques Roadshow, the Giro d'Italia Gran Fondo, Race for Life and Run in the Dark were managed on the Stormont Estate. The Estate also hosts a weekly Stormont park run which attracts 200-300 participants;

The Stormont Estate received the 'Green Flag' Award for the fourth year running, the benchmark standard for parks and green spaces in the United Kingdom. A minor tree thinning operation to secure the future of part of the woodlands was completed, the path network was refurbished, new street furniture was installed and a jogging trail on the Estate developed.

In partnership with the Northern Ireland Assembly, the Stormont Estate has again been awarded the Platinum Biodiversity Charter presented by 'Business in the Community'. The certificate is valid for 3 years and was previously awarded in 2015.

Reform of Property Management (RPM)

New draft Government Accommodation Standards (providing a modern agile working environment to support business activities) have been developed and consultation is ongoing with TUS. An Investment Strategy Model has been developed. Lean Six Sigma has been implemented as Properties Division's continuous improvement methodology. Four 'green belt' and 14 'yellow belt' projects were completed using this methodology and 5 staff are now accredited Lean Six Sigma practitioners at Green Belt level, 18 at Yellow Belts and 3 Champions. A new operating approach has been agreed by the RPM Programme Board with an implementation plan being developed: draft SLAs are in development, including roles,

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responsibilities and governance. Key future functions have been identified and a draft high level organisation structure has been developed.

As part of the Asset Management System pre-procurement, market engagement was conducted to gain insight to the market possibilities and potential for an innovative solution. A detailed specification was developed for a commercial off-the-shelf product. Supplier days were held with CPD, PD and ITAssist. Bidders' proposals were evaluated and following completion of a successful verification exercise, Concerto Support Services Ltd was awarded the contract.

This Performance Report is approved and signed

A handwritten signature in black ink that reads "Sue Gray". The signature is written in a cursive, slightly slanted style.

SUE GRAY
Accounting Officer
Department of Finance
Date: 27 June 2018

ACCOUNTABILITY REPORT

**DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2018**

OVERVIEW

The Accountability Report comprises the following:

Corporate Governance Report

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

Remuneration and Staff Report

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

Assembly Accountability and Audit Report

The Assembly Accountability and Audit report brings together the key Assembly accountability documents within the annual report and accounts.

CORPORATE GOVERNANCE REPORT

DIRECTORS' REPORT

Introduction

The Department of Finance (DoF) presents its accounts for the financial year ended 31 March 2018.

Management

The Department of Finance did not have a Minister during 2017-18. Following the last election on 2 March 2017, intensive political discussions took place involving the five largest parties and the UK and Irish Governments. However, resolution on a number of key issues was not possible. Executive Ministers have therefore not been nominated to Departments and the Assembly remains dissolved.

For the 2017-18 financial year, David Sterling was the Permanent Secretary and Accounting Officer of the Department from the start of the year until 3 July 2017. He was appointed interim Head of the Civil Service on 14 June 2017, but remained in his Permanent Secretary post until July. Hugh Widdis moved from his role of Departmental Solicitor to be appointed interim Permanent Secretary and Accounting Officer of the Department for the period 3 July 2017 to 13 May 2018.

Sue Gray was appointed as the Permanent Secretary with responsibilities of Accounting Officer for the Department of Finance with effect from 14 May 2018.

**DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2018**

Departmental Board

The work of the Department is organised and monitored by the Departmental Board, comprising the Permanent Secretary, the Directors of NICSHR, Central Procurement Directorate, Public Spending Directorate and Strategic Policy & Reform Directorate, the Departmental Solicitor (who is member of the Board but only attends board meetings if required), the Deputy Departmental Solicitor, the Director of Finance & Corporate Services, the Senior HR Business Partner, and the Chief Executives for Enterprise Shared Services, Land & Property Services and the Northern Ireland Statistics & Research Agency. The Board is further strengthened by the inclusion of two independent non-executive members who bring a wide range of skills, experience and external challenge to the work of the Department.

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

The Departmental Board members during the year were as follows:

Executive members	
David Sterling	Permanent Secretary (until July 2017)
Hugh Widdis	Interim Permanent Secretary (from July 2017)
Hugh Widdis	Departmental Solicitor (until July 2017)
Claire Archbold	Acting Departmental Solicitor (from July 2017)
Claire Archbold	Deputy Departmental Solicitor (until July 2017)
Des Armstrong	Director, Central Procurement Directorate
Stewart Barnes	Finance Director (from March 2018)
Colum Boyle	Chief Executive, Land and Property Services
Mike Brennan	Director, Public Spending Directorate (until May 2017)
Siobhan Carey	Chief Executive, Northern Ireland Research and Statistics Agency
Paul McGinn	Deputy Departmental Solicitor (from July 2017 until March 2018)
Eugene O’Loan	Deputy Departmental Solicitor (from March 2018)
Bill Pauley	Director, Strategic Policy and Reform Directorate (from October 2017)
Colin Sullivan	Director, Strategic Policy & Reform Directorate (until September 2017)
Julie Thompson	Director, Public Spending Directorate (from May 2017)
Paul Wickens	Chief Executive, Enterprise Shared Services
Michele Woods	Acting Finance Director (from October 2017 to March 2018)
Brigitte Worth	Finance Director (until October 2017)
Non-executive members	
Liz Ensor	Non-executive Member (from September 2017)
Stephen Hodkinson	Non-executive Member (until June 2017)
Dolores O’Reilly	Non-executive Member (until August 2017)
John Smyth	Non-executive Member (from September 2017)

Register of Interests

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

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

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2018

At that time in order to ensure there was not a conflict of interest between the then DoF Permanent Secretary in his normal role as departmental Accounting Officer until July 2017 and his involvement in the RHI scheme (both as DETI and DoF Accounting Officer) the issue was considered and managed from the outset. A Grade 3 within DoF was nominated as Accounting Officer with responsibility for sponsorship of the RHI Inquiry and steps were taken to ensure that there are appropriate 'ethical walls' in place between staff within the Department who were responsible for sponsorship activity connected to the Inquiry as a body, and those staff within DoF who may be subject to the Inquiry process. The need for the nomination of the Grade 3 Accounting Officer for the sponsorship of the Inquiry ended in July 2017 when the then Permanent Secretary left the Department. Staff working on the sponsorship role for the Inquiry have continued to maintain a Register of Interests in relation to the work of the Inquiry.

Pension Liabilities

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

Personal Data

The Department is fully committed to complying with the Data Protection Act 1998 and has processes in place to ensure that all employees, contractors, agents, consultants and other parties who have access to personal information held by or on behalf of us are fully aware of and abide by their responsibilities under the Act.

To address the General Data Protection Regulation, effective from 25th May 2018, an Action Plan was put in place to ensure the Department's compliance with the new legislative requirements.

Actions included:

- To lead GDPR compliance from a senior level
- Build accountability and privacy by design into all aspects of the business planning process
- To communicate and raise awareness of GDPR with all staff
- To have in place robust policies and guidance which support GDPR requirements
- To ensure staff are adequately trained to meet GDPR requirements
- To ensure all holdings of personal data are compliant with GDPR requirements
- To ensure correct procedures are in place to detect, report and investigate data breaches
- To ensure the correct safeguards are in place to protect personal data held on Departmental IT systems
- To ensure the correct safeguards are in place in all cases where personal data is shared with other organisations.

There were no reportable data breaches between 1 April 2017 and 31 March 2018.

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

Auditors

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

**DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2018**

Remuneration of Auditors for non-audit work

During 2017-18 the Department did not purchase any non-audit services from its auditor, the Northern Ireland Audit Office.

In relation to the National Fraud Initiative, there was no cost incurred in 2017-18 (2016-17: £20k).

Complaints Handling

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

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

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

In 2017-18 the Department dealt with 809 complaints (2016-17: 1,002 complaints). The percentages of complaints originated from:

	2017-18	2016-17
	%	%
Land and Property Services	49	50
NICSHR – CSP	5	9
ESS – HR Connect	26	18
ESS – DSS NI Direct	17	16
Others	3	7

Rural Needs

The Rural Needs Act (Northern Ireland) 2016 (the Act) came into operation for government departments and district councils on 1 June 2017. The Act requires policy makers and public authorities to have due regard to rural needs when developing and implementing policies and when designing and delivering public services.

In order to fulfil its obligations under Sections 1 and 3 of the Act, five Rural Needs Impact Assessments have been completed by policymakers within the Department of Finance between 1 June 2017 and 31 March 2018. Details of these assessments have been sent to DAERA for publication in the Rural Needs Annual Monitoring Report 2017-18.

**DEPARTMENT OF FINANCE
ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2018**

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act (NI) 2001, the Department of Finance has directed the Department to prepare, for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and of its net resource outturn, application of resources, changes in taxpayers' equity, and cash flows for the financial year.

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

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

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

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

Sue Gray was appointed as the Permanent Secretary with responsibilities of Accounting Officer for the Department of Finance with effect from 14 May 2018.

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2018

GOVERNANCE STATEMENT

The Department of Finance is one of nine Northern Ireland departments. The Department is governed under a model with the following responsibilities:

- the Minister for Finance reports to the Northern Ireland Executive on all of the functions of the Department;
- the Permanent Secretary has responsibility to the Minister for the day-to-day operation of the departmental functions and as Accounting Officer for the managing and controlling of the resources used by the Department; *and*
- the Departmental Board (the Board) provides collective leadership, strategic direction and has responsibility for operational delivery of the functions of the Department.

The Department's organisation chart is shown at **Annex A** at the end of the Accountability Report.

The Northern Ireland Assembly was dissolved from 26 January 2017 with an election taking place on 2 March 2017, on which date Ministers ceased to hold office. An Executive was not formed following the 2 March 2017 election. As a consequence, the Northern Ireland Budget Act 2017 was progressed through Westminster, receiving Royal Assent on 16 November 2017, followed by the Northern Ireland Budget (Anticipation and Adjustments) Act 2018 which received Royal Assent on 28th March 2018. The authorisations, appropriations and limits in these Acts provide the authority for the 2017-18 financial year and a vote on account for the early months of the 2018-19 financial year as if they were Acts of the Northern Ireland Assembly.

In the absence of a Finance Minister, grants to North South Bodies were approved by DoF officials as permitted under The Departments (Northern Ireland) Order 1999.

The North South Ministerial Council (NSMC) has not yet approved the business plan at the date of signing of the DoF Annual Report and Accounts as the Northern Ireland Assembly is still suspended. This made the payments of £2.6m irregular. Full details of this spend is given in the Assembly Accountability and Audit Report. The payments can be retrospectively regularised once the NSMC approves the plan. This will take place as soon as the Northern Ireland Assembly is restored.

This Governance Statement, which has been agreed by the Board, sets out how these responsibilities have been discharged during 2017-18.

Ministerial Directions

There were no Ministerial Directions during the 2017-18 or 2016-17 financial year.

Context

The context in which the Department's governance arrangements are required to operate is set out in the [DoF \(then DFP\) Corporate Plan 2012-15](#) which contains the strategic priorities for DoF over the period. The DoF Business Plan 2017-18 sets out the Department's vision, objectives and targets and how the Department will work to deliver its Departmental level objectives. The plan was not published on the Department's internet site as it had not been approved by a Minister.

During the 2016-17 year, a draft PfG was developed and issued for consultation. The draft Programme for Government contains 14 strategic outcomes which, taken together, set a clear direction of travel and enable continuous improvement on the essential components of societal wellbeing. They touch on every aspect of government, including the attainment of good health and education, economic success and confident and

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2018

peaceful communities. In addition to merely fulfilling our statutory obligations, we will in future be able to target those things that make real improvements to the quality of life for the citizen. The outcomes are supported by 48 indicators which are clear statements for change.

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

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

In the absence of a Minister and Executive the Department of Finance's operational business plan for 2018-19 will be a one-year stand-alone plan that draws on the existing strategic objectives set in our 2012-15 Corporate Plan and also the draft PfG. It is anticipated that it will be followed by a multi-year corporate plan in line with the finalised PfG which is currently in draft form.

Accounting Officer

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

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

Departmental Board

The Accounting Officer chairs the Board, which met on 10 occasions in 2017-18. Minutes of all Board meetings are published on the Departmental website.

During 2017-18, the Board held regular discussions on finance and HR issues, performance against business plan objectives, fraud and whistleblowing, management of departmental risks and the General Data Protection Regulations. In addition, the Board also considered and discussed papers in relation to:

- Sickness Absence;
- Departmental Asset Management Plan;
- Budget/Financial Planning;
- Internal and External Communications;
- Office Estate Energy Efficiency / Carbon Reduction Plan;
- The LPS Integrated Map Viewer;
- DoF Privacy Notice;

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- EU Future Relations;
- Review of the Staff Brief/Team Brief process
- Racial Equality Champion;
- NICS People Strategy; and
- Review of Board Effectiveness.

It is envisaged that the Board will discuss similar issues covering the breadth of the Department’s areas of responsibility during 2018-19, including budget issues, GDPR and the Department’s contribution to the Programme for Government.

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

A formal review of the Board’s effectiveness was commissioned in June 2017 and conducted by Business Consultancy Service (BCS). Based on the data gathered, through the Board effectiveness questionnaire, desk research and separate interviews with Independent Board Members and a facilitated session with Board members, the review concluded that the Board was operating to a good (and improving) level of effectiveness. The findings gathered through the Board self-assessment questionnaire in particular were very positive and reflect a well-managed and governed Board across all areas of assessment, with an average score for the entire self-assessment questionnaire of 3.5 out of 4.0 (this equates to an overall percentage of 87.5%).

However, the review also found there was some scope for improvement across the identified governance areas with certain areas considered to be stronger than others. The Review report was agreed by the Board at its December 2017 meeting and an Action Plan containing the recommendations from the review is being implemented. The Action Plan contains a total of 21 actions, of which 5 are considered to be high priority and the remainder as medium priority. [At the end of May 2018, 12 of these actions had been completed, with the remaining nine ongoing.](#)

Attendance of non-executive and executive members at Board meetings during 2017-18:

	Number of Meetings Attended
Executive members	
David Sterling (Permanent Secretary until July 2017)	2 of 3
Hugh Widdis (as Permanent Secretary)	7 of 7
Hugh Widdis* (as Departmental Solicitor)	0 of 3
Claire Archbold (as interim Departmental Solicitor)	3 of 7
Claire Archbold (as Deputy Departmental Solicitor)	3 of 3
Des Armstrong	10 of 10
Mark Bailey	8 of 10
Stewart Barnes	1 of 1
Colum Boyle	10 of 10
Mike Brennan	1 of 1
Siobhan Carey	9 of 10
Jill Minne	10 of 10
Paul McGinn	3 of 5
Eugene O’Loan	1 of 1
Bill Pauley	4 of 5
Colin Sullivan	3 of 4
Julie Thompson	7 of 9
Paul Wickens	8 of 10
Brigitte Worth	5 of 5
Michele Woods	2 of 4
Non-executive members	
Liz Ensor	6 of 6

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	Number of Meetings Attended
Stephen Hodkinson	3 of 3
Dolores O'Reilly	3 of 3
John Smyth	5 of 6

* In February 2017, the DoF Departmental Board agreed that the Deputy Departmental Solicitor would be added to the membership of the Board and would represent the interests of the Departmental Solicitor's Office. While the Departmental Solicitor remains a DoF Board Member and has the right to attend meetings, as and when required, they would not normally attend the DoF monthly Board meetings.

Declarations of Interest

Corporate Governance Branch maintains a "Register of Interests" for members of the Senior Civil Service, including both Executive and non-Executive Directors on the DoF Board. Declarations include anything which may give rise to conflict with the position of Board member, including:

- Private occupations, such as sitting on the boards of other public bodies;
- Payment for private work;
- Relationships with suppliers and/or consultants with whom DoF does business;
- Gifts or benefits received in connection with work in DoF;
- Membership of professional institutes and/or committees; *and*
- Any other interests that could have a conflict.

For 2017-18, the Accounting Officer has been provided with assurance that no Board members have declared any conflict of interest with the business of the Department.

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

Management have introduced appropriate processes within the Department to manage any potential conflicts of interest between staff within the Department who were responsible for sponsorship activity connected to the Inquiry as a body, and those staff within DoF who may be subject to the Inquiry process.

Relationships with Agencies and Other Bodies

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

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

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

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2018

management. The Chief Executive Officer is responsible for signing the SEUPB accounts and ensuring they are prepared in accordance with relevant guidance.

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

Departmental Audit and Risk Committee

The Departmental Audit and Risk Committee (DARC) supports the Accounting Officer and the Board on issues of risk, control and governance. In addition, DARC provides assurances and advice to the Accounting Officer on the adequacy of audit coverage both internal and external. DARC is chaired by one of the non-executive Directors and operates under the best practice guidance contained within the Audit and Risk Assurance Committee Handbook (NI) issued under DAO (DFP) 05/14 in March 2014. A refreshed version was issued under DAO (DoF) 03/18 on 30 March 2018. Any required amendments to current practice will be implemented where required.

The membership of the Committee changed in September 2017 with the appointment of three new non-executive Directors, John Smyth (chair), Elizabeth Ensor and Tom Taylor. The Committee met on 5 occasions during the course of 2017-18. The Corporate Risk Register was provided to all meetings and the Committee reviewed in detail departmental level risks in relation to:

- Departmental budgets and managing the risk of over and under spends;
- Levels of collection and debt recovery in relation to domestic and non-domestic rates;
- Cyber attacks to DoF ICT Systems
- Reform of Property Management;
- Rate Rebate Reform;
- Extension of Public Sector Shared Services;
- Delivery of Finance & HR Shared Services;
- Impact of leaving the EU; *and*
- Under estimation of costs of the public inquiry into the Non Domestic Renewable Heat Incentive (ND RHI) Scheme.

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

The Departmental Board has agreed a Risk Appetite Statement which articulates the amount of risk the Department is prepared to accept, tolerate or be exposed to in pursuit of its strategic objectives or from other inherent issues which although not directly linked to the strategic objectives have an impact on the risk profile of the Department.

In addition to the risk register, the DARC considered papers in relation to a range of corporate governance and internal control issues, including, for example:

- Progress against internal audit plans and development of future plans;
- Progress against internal audit recommendations;
- Departmental Resource Accounts;
- Stewardship Statements provided by all Business Area Directors;
- Reports to Those Charged with Governance and Value for Money reports provided by NI Audit Office;
- Accountability Grids in relation to Public Accounts Committee recommendations; *and*
- Fraud and whistleblowing.

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

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

Financial Management

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

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

As noted on Page 7 within the Financial Review the net resource outturn was £197.3m against an estimated provision of £210.6m. The total underspend was £13.3m, split between the departmental expenditure limit (DEL) £5.2m, the annually managed expenditure (AME) £7.6m and non-budget £0.5m.

Governance and Control Framework

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

The Governance and Control Framework contains advice and guidance to business areas on corporate governance and financial management including the approvals necessary for various types of expenditure. It also contains sources of information on the departmental approach to issues such as anti-fraud measures, charging, information security, procurement and whistleblowing arrangements. The Department has developed an internal action plan to address the preliminary lessons learned from the RHI Inquiry. Update to guidance will be added to the framework and disseminated to staff.

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

Departmental Performance

The DoF Business Plan 2017-18 sets out the targets and objectives for the year against which performance is reported and monitored. Progress has been reported quarterly to the Board as part of the Corporate Performance Report using a RAG status assessment of each target and narrative on the actions taken to deliver the expected outcomes.

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2018

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

Level of Assurance

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

The Department's internal audit function has conducted a programme of work during 2017-18 which has enabled the provision of opinions on the systems of internal control in operation across the Department. The reports by internal audit to senior managers provide an objective and independent assessment of the systems of internal control in operation across DoF together with prioritised recommendations to strengthen controls and implement further improvements.

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

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

- LPS Mapping eCommerce: Internal Audit was concerned about the security of customer credit card details; and
- NISRA Procurement: Internal Audit identified a number of weaknesses in the procurement framework operating within NISRA mainly around non-compliance with standard procurement guidance.

Internal Audit issued two further reports with limited audit opinions on Absence Management in HRConnect and on Civil Service Pensions. Both reports are still in draft and are therefore subject to management comment. Internal Audit conducted follow-ups in areas where limited audit opinions had been presented in 2016-17 and is satisfied that positive progress has been made in implementing recommendations made. The DARC receives a summary position of the Recommendations Register, which details all agreed Internal Audit Recommendations, at each meeting. This supports DARC in identifying those recommendations which are past due or which require further discussion at DARC level.

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

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

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

DEPARTMENT OF FINANCE ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2018

the IAMM. Internal Audit undertook an independent review of what the Department had reported and was satisfied that the Department had accurately reported on the level of control in operation.

The Head of Internal Audit is content that DoF has taken positive steps in preparing for the introduction of GDPR. The Finance Director reports to the Departmental Board on a regular basis and the Board has approved an action plan to implement the requirements of the new legislation.

The report to the Board provides a summary of the activities that have been undertaken and assesses progress using a RAG Status approach against nine objectives with 63 specific actions. The latest report, dated 24th April, recorded twenty one actions as red (33%), fourteen as amber (22%) and twenty eight (45%) as green. I am satisfied that the Department has made considerable progress on all actions and that some of the outstanding actions will be completed by 25 May 2018. However, some business areas have indicated that implementation of actions will be longer term and this increases the risks to which the Department is exposed. It is, therefore, essential that the momentum which has been evident up to now must be maintained after 25th May to ensure all actions are promptly completed. On this basis I have assessed the Department's readiness for the introduction of GDPR as amber.

Internal Control Issues

LPS Fraud

In December 2015 a fraud was detected in Land and Property Services, totalling £130k, which led to the charging and conviction of a member of staff. They received a suspended sentence and were formally dismissed from their position. A confiscation Order was also put in place to retrieve the misappropriated funds and to date £97,500 has been received. Any remaining monies will be sought by the Courts on an ongoing basis.

As a consequence of the fraud, the Department undertook a detailed review of relevant processes. A number of lessons learnt were identified in relation to managerial issues, key control weaknesses, and systems and processes which were discussed at Management Board. Of the 12 recommendations made, five have been implemented. The remaining seven are all ongoing as they were longer term recommendations. A number of managerial and system changes were already in the process of being amended so in relation to these areas no further additional remediation was deemed necessary.

LPS – Housing Benefit

The Land & Property Services (LPS) Trust Statement of Rate Levy Accruals Account “The Trust Statement” was introduced in 2010-11 and shows the revenue collected by LPS for the Consolidated Fund. LPS administer Housing Benefit on behalf of the Department for Communities (DfC).

Levels of fraud and error in Housing Benefit for owner occupiers are reported by the Standards Assurance Unit (SAU) within the Department for Communities (DfC). During the year ended 31 December 2016 the SAU estimates that total losses of £5.8 million have arisen through over and under payments of benefits to claimants due to fraud and error, £3.3 million due to error and £2.5m due to fraud.

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

LPS – Rate Rebate Scheme

In Northern Ireland responsibility for the policy on setting rates lies with the Department of Finance (DoF). DoF therefore developed a new rate relief for Universal Credit claimants called the DoF Rate Rebate Scheme. Following three public consultations, the policy was approved by the Northern Ireland Executive and the Rate Relief Regulations (Northern Ireland) 2017 came into operation on 27 September

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2017 to align with the introduction of Universal Credit (UC). LPS is responsible for the administration of the new scheme.

The Rate Relief Regulations (NI) 2017 provide that the Rate Rebate Scheme is only available to claimants in receipt of UC. Those entitled to Rate Rebate will receive this as a credit to the Rate Account to offset rating liability. The only exception to this is in respect to claimants who live in Housing Executive or Housing Association properties. Awards in these cases will be made by a monthly payment to the Social Landlord through DoF Account NI.

As at 31st March 2018, LPS had received 405 claims for Rate Rebate, of which 205 claims were in payment with a £45.85 average entitlement being awarded.

Within the scheme the potential for customer fraud and customer error is minimised due to the policy requirement that awards are based on UC entitlement, the Department for Communities will assess citizens to award UC and the award details will be provided to LPS to assess Rate Rebate. LPS has recognised potential risk for Fraud & Error within UC and has reported this to DfC. LPS has also engaged with DoF Rating Policy Division to review The Rate Relief Regulations (NI) 2017 to ensure that there is sufficient scope for details to be provided to DfC on suspected fraud.

LPS also recognises that there is potential for official error to occur within the award of Rate Rebate. LPS officials have met with Senior Civil Servant staff from both DoF and DfC to discuss anomalies and data issues in the information provided to LPS. A collaborative working group has been established to discuss and resolve issues to ensure data problems are prevented prior to entering the Rate Support System. LPS processes and procedures continue to develop alongside IT development. As caseload volume increases, LPS Rate Rebate Central Unit staff knowledge and understanding of the workings of Universal Credit also develops. LPS anticipates having an independent review of caseloads and awards of Rate Rebate and will be further exploring this channel in 2018-19.

Special EU Programmes Body Expenditure

The Special EU Programmes Body (SEUPB) is a North South Implementation Body sponsored by the Department of Finance in Northern Ireland and the Department of Public Expenditure & Reform in Ireland. Funding is provided to SEUPB by DoF. The funding requires a business plan to be approved by DoF and the North South Ministerial Council (NSMC). In the absence of a Finance Minister it was not possible to secure North South Ministerial Council (NSMC) approval of 2017 and 2018 Business Plans for SEUPB. While arrangements have been made with DoF to ensure legality of payments in the absence of business plans, expenditure will be irregular until the NSMC approves Business Plans. As such, grants to North South Bodies were approved by DoF officials as permitted under The Departments (Northern Ireland) Order 1999.

The NSMC has not yet approved the business plan at the date of signing of the DoF Annual Report and Accounts as the Northern Ireland Assembly is still suspended. This made the payments of £2.6m irregular. Full details of this spend is given in the Assembly Accountability and Audit Report. The payments can be retrospectively regularised once the NSMC approves the plan. This will take place as soon as the Northern Ireland Assembly is restored.

Retrospective Approval – Business cases

During 2017-18 there were a number of business cases in relation to leases which required retrospective approval from DoF Supply. Retrospective approval has been received for all the cases with the exception of one. £142k of expenditure in the 2017-18 financial year was deemed irregular along with £484k from the three previous financial years. In order to avoid a reoccurrence of this situation going forward, a revised process specifically in relation to lease extensions has been agreed between the Business Area, the Departmental Economist and DoF Supply.

Expenditure incurred in 2016-17 through the NI Direct contract without a fully supporting business case has received retrospective approval from DoF Supply. All expenditure incurred in respect of this project during 2017-18 was within approved business case limits.

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NICS Wide Information Security Follow Up

During 2016-17 an NICS wide assurance review of the management of IT security and information risk was performed and a limited opinion was provided. The review considered the governance structures, processes, roles and responsibilities which underpin the Information Assurance Framework. While a number of instances of good practice were identified, the review highlighted significant issues that impacted systemically across all Departments. A further review of the issues highlighted in this report was completed in March 2018 and the review noted significant progress in the development of new processes and systems to improve the control framework. As a result of this work the opinion has been raised to satisfactory and will be considered by the NICS Information Governance and Innovation Board (IGIB) in May 2018.

Delivery of Finance & HR Shared Services by ESS beyond 2020

The initiation of re-procurement of NICS Finance and HR systems has not commenced in anticipation of the wider strategic direction expected from the Public Sector Shared Services Programme (PSSSP) which has been established to collaboratively optimise shared services across the NI Public Sector. It is now not expected that the PSSSP will progress the re-procurement on behalf of the existing NICS customer base and the procurement of HR and Finance systems will need to be progressed separately by each sector. This is likely to result in the procurement of the systems for the NICS not being completed before the expiry of the current managed service contract end dates. The Account NI contract has already been extended to 2020 and procurement and legal advice has been sought on the potential for a further extension, although the period for such an extension is yet to be determined. It is likely that an extension will also be required to the HRConnect contract. Strategic direction has been sought from the PSSSP Board, and the Programme will provide principles confirming the approach to the procurement of next generation systems which will allow each of the sectors, including the NICS, to proceed.

Fraud prevention and awareness

The DoF Fraud Working Group continued to meet and correspond during 2017-18 to consider issues in relation to fraud, raise awareness of anti-fraud measures and disseminate information pertinent to the prevention and detection of fraud. Actions taken during 2017-18 include the review of business area fraud risk assessments and the departmental Fraud Risk Register and the continuation of the National Fraud Initiative 2016.

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

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

Whistleblowing arrangements are in place and can be used to raise concerns about alleged impropriety, wrongdoing, corruption, fraud or malpractice. An article raising awareness of the arrangements were included in the staff brief issued to all DoF staff.

NIAO Value for Money Reports

The NIAO published a report in November 2017 on Managing the Central Government Office Estate. The report concluded that the current configuration and management of the office buildings used by government departments is not delivering value for money. The existing office estate consists, to a significant extent, of highly inefficient, cellular and aging accommodation. The report also noted that only 2 out of 12 recommendations made by the NIAO in its review of Property Management in 2012 had been fully implemented. In the absence of an Assembly it has been agreed in the circumstances that Departments will provide to the Secretary of State a copy of a management response to NIAO's Reports. The Secretary of State will then lodge the NIAO's Reports and corresponding responses in both libraries of the Houses of Parliament at Westminster.

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Conclusion

Taking into account all of the arrangements set out in this Governance Statement, the Department has effective corporate governance structures in place and has satisfactory systems of internal control which have operated effectively during 2017-18.

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REMUNERATION AND STAFF REPORT

DEPARTMENTAL REMUNERATION REPORT

Remuneration Policy

The Senior Civil Service (SCS) remuneration arrangements are based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance. In 2012, upon creation, there were 11 points on each scale. The minimum point has been removed in each year from 2014 to 2016 (the scales now have 8 pay points) to allow progression through the pay scales within a reasonable period of time.

The pay remit (for the NI public sector and SCS) is normally approved by the Minister of Finance but in the absence of an Executive the DoF Permanent Secretary has set the 2017-18 NI public sector pay policy in line with the overarching HM Treasury parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016-17.

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 Minister and most senior management of the Department.

Remuneration (including salary) and pension entitlements (Audited)

Minister	2017-18*				2016-17			
	Salary £	Benefits in kind (to nearest £100)	Pension Benefits** (to nearest £1,000)	Total (to nearest £1,000)	Salary £	Benefits in kind (to nearest £100)	Pension Benefits** (to nearest £1,000)	Total (to nearest £1,000)
Mervyn Storey	-	-	-	-	3,677	-	1	5
Máirtín Ó Muilleoir	-	-	-	-	29,419	-	9	38

* No Minister was in place during 2017-18

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

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Remuneration (including salary) and pension entitlements (Audited)

Officials	2017-18				2016-17			
	Salary £000	Benefits in kind (to nearest £100)	Pension Benefits * (to nearest £1,000)	Total (£000)	Salary £000	Benefits in kind (to nearest £100)	Pension Benefits * (to nearest £1,000)	Total (£000)
D Sterling Permanent Secretary 1 April to 3 July 2017	15-20 (115-120 full year equivalent)	Nil	2	25-30	115-120	Nil	51#	170-175#
H Widdis, Departmental Solicitor 1 April to 2 July 2017 Interim Permanent Secretary From 3 July 2017	110-115	Nil	33	145-150	110-115	Nil	121#	235-240#
C Archbold, Acting Departmental Solicitor	110-115	Nil	127	240-245	85-90	Nil	-33#	85-90#
D Armstrong, Chief Executive CPD	90-95	Nil	9	100-105	90-95	Nil	17#	110-115
M Bailey, Director, From 1 April 2017	70-75	Nil	19	90-95	Nil	Nil	Nil	Nil
S Barnes, Director, From 12 March 2018	0-5 (65-70 full year equivalent)	Nil	Nil	0-5	Nil	Nil	Nil	Nil
C Boyle, Chief Executive LPS	85-90	Nil	21	110-115	85-90	Nil	41#	130-135#
M Brennan, Director, 1 April to 5 May 2017	5-10 (85-90 full year equivalent)	Nil	2	10-15	85-90	Nil	30#	115-120#
S Carey, Chief Executive NISRA	90-95	Nil	26	120-125	50-55 (90-95 FYE)	Nil	5#	55-60
C Lewis, Director, 1-30 April 2017	5-10 (full year equivalent 95-100)	Nil	1	10-15	95-100	Nil	31#	130-135#
P McGinn Acting Deputy Departmental Solicitor From 31 July 2017 – 31 March 2018	55-60 (full year equivalent 85-90)	Nil	32	90-95	Nil	Nil	Nil	Nil
J Minne, Chief Executive NICSHR, From 19 April 2017	90-95 (full year equivalent 100-105)	Nil	38	130-135	Nil	Nil	Nil	Nil
E O'Loan, Acting Deputy Departmental Solicitor, From 14 March 2018	0-5 (85-90 full year equivalent)	Nil	2	5-10	Nil	Nil	Nil	Nil
W Pauley, Director, From 2 October 2017	40-45 (full year equivalent 85-90)	Nil	71	115-120	Nil	Nil	Nil	Nil
C Sullivan, Director, 1 April to 24 September 2017	40-45 (full year equivalent 85-90)	Nil	17	60-65	85-90	Nil	34	120-125
J Thompson, Director, From 2 May 2017	80-85 (full year)	Nil	21	105-110	Nil	Nil	Nil	Nil

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Officials	2017-18				2016-17			
	Salary £000	Benefits in kind (to nearest £100)	Pension Benefits * (to nearest £1,000)	Total (£000)	Salary £000	Benefits in kind (to nearest £100)	Pension Benefits * (to nearest £1,000)	Total (£000)
	equivalent 100-105)							
P Wickens, Chief Executive ESS	95-100	Nil	37	135-140	95-100	Nil	38	135-140
M Woods, Director, 30 October 2017 to 12 March 2018	25-30 (full year equivalent 65-70)	Nil	20	50-55	Nil	Nil	Nil	Nil
B Worth, Director, 1 April 2017 to 29 October 2017	45-50 (full year equivalent 70-75)	Nil	14	65-70	70-75	Nil	36#	110-115#
Band of Highest Paid Director's Total Remuneration	110-115				115-120			
Median Total Remuneration	29,850				30,382			
Remuneration ratio	3.8				3.9			

* 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.

restated based on updated information

Salary

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

The Northern Ireland Assembly was dissolved from 26 January 2017 with an election taking place on 2 March 2017, on which date Ministers ceased to hold office. An Executive was not formed following the 2 March 2017 election. As a consequence, there has been no Minister in place in the Department during the 2017-18 year.

Prior to the election on 2 March 2017, the Department of Finance was under the direction and control of:

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

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

Benefits in kind

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

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Bonuses

The Department did not make any bonus payments to its SCS staff in 2017-18 (2016-17: None).

Remuneration of Independent Board Members

The remuneration for the independent board members is £12,500 for a commitment of twenty-five days plus expenses in relation to travel and subsistence incurred whilst on departmental business.

Pension Entitlements – Officials (Audited)

Officials	Accrued pension at pension age as at 31/03/18 (or date of leaving if earlier) and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/18 or date of leaving if earlier	CETV at 31/03/17 or start date if later*	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
D Sterling Permanent Secretary 1 April to 3 July 2017	55-60 plus lump sum 175-180	0-2.5 plus lump sum 0-2.5	1,329	1,303	2	N/a
H Widdis Acting Permanent Secretary From 4 July	30-35 plus lump sum of 5-10	0-2.5 plus lump sum of 0	470	427	11	N/a
C Archbold Acting Departmental Solicitor	30-35 plus lump sum 80-85	5-7.5 plus lump sum (10-12.5)	565	447	84	N/a
D Armstrong, Chief Executive CPD	40-45	0-2.5	766	746	8	N/a
M Bailey, Director, From 1 April 2017	20-25	0-2.5	322	293	6	N/a
S Barnes, Director, From 12 March 2018	25-30 plus lump sum of 80-85	0-2.5 plus lump sum of 0-2.5	565	564	0	N/a
C Boyle, Chief Executive LPS	30-35 plus lump sum 90-95	0-2.5 plus lump sum 0	651	603	6	N/a
M Brennan, Director, 1 April to 5 May 2017	30-35 plus lump sum of 90-95y	0-2.5 plus lump sum of 0-2.5	615	611	2	N/a
S Carey, Chief Executive NISRA	30 – 35 plus a lump sum of 100 – 105	32.5 – 35 plus a lump sum of 97.5 – 100	777	9	761	N/a
C Lewis, Director, 1-30 April 2017	30-35 plus lump sum of 90-95	0-2.5 plus lump sum of 2.5-5	668	665	1	N/a
P McGinn Acting Deputy Departmental Solicitor From 31 July 2017 – 31 March 2018	35-40 plus a lump sum of 110-115	0-2.5 plus a lump sum of 2.5-5	882	830	32	N/a
J Minne, Chief Executive NICSHR, From 19 April 2017	0-5	0-2.5	24	0	17	N/a
E O’Loan, Acting Deputy Departmental Solicitor, From 14 March 2018	15-20	0-2.5	246	244	1	N/a
W Pauley, Director, From 2 October 2017	30-35 plus lump sum of 100-105	2.5-5 plus lump sum of 7.5-10	771	669	70	N/a
C Sullivan, Director, 1 April to 24 September 2017	15-20	0-2.5	262	248	9	N/a

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Officials	Accrued pension at pension age as at 31/03/18 (or date of leaving if earlier) and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/18 or date of leaving if earlier	CETV at 31/03/17 or start date if later*	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
J Thompson, Director , From 2 May 2017	35-40	0-2.5	529	491	5	N/a
P Wickens Chief Executive, ESS	15-20	0-2.5	276	238	23	N/a
M Woods, Director , 30 October 2017 to 12 March 2018	20-25 plus a lump sum of 60-65	0-2.5 plus a lump sum of 0-2.5	422	404	13	N/a
B Worth, Director , 1 April 2017 to 29 October 2017	15-20	0-2.5	233	214	4	N/a

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

Northern Ireland Civil Service (NICS) Pension Schemes

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP).

The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate is 2.32%.

New entrants joining can choose between membership of alpha 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 also a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%.

Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium and classic plus). From April 2011, pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining the partnership pension account.

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2017 was 3% and HM Treasury has announced that public service pensions will be increased accordingly from April 2018.

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Employee contribution rates for all members for the period covering 1 April 2018 – 31 March 2019 are as follows:

Scheme Year 1 April 2018 to 31 March 2019

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – Classic members or classic members who have moved to alpha	Contribution rates – All other members
From	To	From 01 April 2018 to 31 March 2019	From 01 April 2018 to 31 March 2019
£0	£15,000.99	4.6%	4.6%
£15,001.00	£21,636.99	4.6%	4.6%
£21,637.00	£51,515.99	5.45%	5.45%
£51,516.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

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

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

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015

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and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Compensation for loss of office

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

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STAFF REPORT

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

The number of staff serving as senior civil servants (or equivalent) as at 31 March 2018 is as follows:

Core Department & Agency			
Pay Band –minimum	Pay Band –maximum	2017-18	2016-17
£65,000	£70,000	26	19
£70,000	£75,000	10	12
£75,000	£80,000	1	2
£80,000	£85,000	0	1
£85,000	£90,000	4	4
£90,000	£95,000	2	2
£95,000	£100,000	1	2
£100,000	£105,000	2	0
£110,000	£115,000	2	1
£115,000	£120,000	0	1
Total		48	44

* Based on full year equivalent

Staff costs

	£000	£000	£000	2017-18 £000	2016-17 £000
	Permanent staff	Others	Minister	Total	Total
Wages and salaries	106,287	5,592	–	111,879	98,340
Social security costs	10,322	–	–	10,322	9,518
Other pension costs	23,016	–	–	23,016	21,049
Sub Total	139,625	5,592	–	145,217	128,907
Less recoveries in respect of outward secondments	(10,140)	–	–	(10,140)	(9,398)
Total net costs	129,485	5,592	–	135,077	119,509

Of which:

	Charged to Administration	Charged to Programme	2017-18 Total	2016-17 Total
Core Department	83,943	40,215	124,158	109,270
Agency	–	10,919	10,919	10,239
Total net costs	83,943	51,134	135,077	119,509

*There were no staff costs incurred in respect of Department's Special Adviser in 2017-18. The 2016-17 figures include the cost of the Department's Special Advisers who were paid in the pay band £37,794-£52,816 and £59,037-£91,809.

** Of the total, £758k has been charged to capital (2016-17: £980k).

*** Included within Wages and salaries for permanent staff are apprenticeship levy payments of £516k.

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Pension Arrangements

The Northern Ireland Civil Service (NICS) main pension schemes are unfunded multi-employer defined benefit schemes but Department of Finance is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Annual Report and Accounts as at 31 March 2018.

For 2017-18, employers' contributions of £22,907,448 were payable to the NICS pension arrangements (2016-17: £20,853,799) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of alpha from April 2015. For 2018-19, the rates will range from 20.8% to 26.3%, however, the salary bands differ. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 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 £72,866 (2016-17: £56,736) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2016-17: 8% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £2,495, 0.5% (2016-17: £2,143, 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the reporting period date were £Nil (2016-17: £Nil). Contributions prepaid at that date were £Nil (2016-17: £Nil).

Ill-health retirements

8 persons (2016-17: 2 persons) retired early on ill-health grounds during the year. The total additional accrued pension liabilities in the year amounted to £45,787 (2016-17: £4,481).

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Average number of persons employed (Audited)

The average number of whole-time equivalent persons employed during the year was as follows. These figures include those working in the Department as well as in its agency and other bodies included within the consolidated departmental Annual Report and Accounts.

<i>Activity</i>					2017-18	2016-17
	Permanent staff	Others	Ministers	Special Advisers	Number Total	Number Total
<i>Central Procurement Directorate</i>	273	4	0	0	277	287
<i>Finance & Corporate Services Division</i>	224	12	1	1	238	440
<i>Departmental Solicitors Office</i>	104	18	0	0	122	116
<i>Enterprise Shared Services</i>	699	19	0	0	718	572
<i>Group Internal Audit*</i>	49	0	0	0	49	0
<i>Land and Property Services</i>	1,038	50	0	0	1,088	1,017
<i>NICS Human Resources**</i>	429	30	0	0	459	216**
<i>Northern Ireland Statistics and Research Agency</i>	375	99	0	0	474	424
<i>Public Spending Directorate</i>	55	0	0	0	55	59
<i>Strategic Policy & Reform Directorate</i>	81	28	0	0	109	79
<i>Staff engaged on capital projects ***</i>	0	0	0	0	0	0
Total	3,327	260	1	1	3,589	3,210
<i>Of which:</i>						
Core Department	2,952	161	1	1	3,115	2,923
Agency	375	99	0	0	474	424

*Group Internal Audit or Group Internal Audit and Fraud Investigation Service (GIAFIS) was formed on 6 October 2017 by bringing together all the nine Departments' internal audit functions.

**NICS HR went live on 3 April 2017. It is the centralised HR function for the Northern Ireland Civil Service (NICS). It brings together core HR functions including those previously delivered through Corporate HR, Departmental HR, Centre for Applied Learning and Job Evaluation analysts from all nine Departments. Comparative figures of 216 relate to previous DoF's numbers only.

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

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Gender Analysis at 31 March 2018 (Audited)

	As at 31 March 2018			As at 31 March 2017		
	Female staff	Male Staff	Total Staff	Female staff	Male Staff	Total Staff
Departmental Board	5	8	13	4	8	12
Senior Civil Service	17	18	35	16	16	32
DoF Employees	1,681	1,766	3,447	1,417	1,625	3,042
Total	1,703	1,792	3,495	1,437	1,649	3,086

Sickness Absence Data (Audited)

In 2017-18 the average number of working days lost was 11.0 (not validated) (2016-17: 10.0 days). Finalised figures will only be available on publication of the “Sickness Absence in the Northern Ireland Civil Service 2017-18” report later this year.

Staff policies

Equality of Opportunity and Good Relations

In carrying out its functions, powers and duties relating to Northern Ireland, the Department promotes equality of opportunity between certain specified groups, and promotes good relations between persons of different religious belief, political opinion or racial group.

In addition, the Disability Discrimination Act 1995 requires public authorities, when carrying out their functions, to have due regard to the need to promote positive attitudes towards people with a disability and to encourage the participation of people with a disability in public life.

The Department of Finance is committed to fulfilling its obligations under Section 75 and Schedule 9 of the Northern Ireland Act 1998 and has mainstreamed these duties across all business areas. The Department has outlined how it will fulfil these obligations in its Equality Scheme and it submits Annual Progress reports to the Equality Commission in relation to this. The Department’s Revised Section 75 and Disability Action Plans issued for public consultation in March 2018 and will be finalised and published following consideration of responses.

Employment of persons with disabilities

HR and recruitment policies for the NICS are developed by the Department while recruitment exercises are carried out by HRConnect (an outsourced shared services organisation). The Department has policies in place to give full and fair consideration to applications for employment from people with disabilities. The Department recognises that many people with disabilities face barriers both in continuing their employment and progressing their careers. The Department has policies in place to identify reasonable adjustments to overcome barriers such as changes to work processes, duties, location, the provision of specialist equipment etc. Further information is available from the Department’s website.

The Department has operated the NICS Work Experience Scheme for People with Disabilities since April 2016. Applications are received from Disability Organisation seeking structured work placements for their clients. Further information on the scheme, including a process map and application form, is available on the NICS Recruitment website. During 2017, 16 applications were received from 6 Disability

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organisations, 15 of which resulted in placements being agreed with departments. In agreeing placements NICSHR liaise with the Departments to ensure appropriate arrangements are made based on the specific needs of the individual. It is important that work placements provide opportunity for the person to gain valuable experience which will increase their employability skills. Work also commenced towards the end of 2017 to consider a review of the scheme and agree a plan to promote and expand the scheme both internally within the NICS and externally with Disability organisations.

Equal opportunities and diversity

The NICS has set up a network of Diversity Champions, some of whom look after specific themes including Disability, Lesbian, Gay, Bisexual & Transgender (LGBT), Gender and Black and Minority Ethnic (BME). Departmental Diversity Champions have also been appointed. During 2016 the NICS Disability Diversity Champion set up a Working Group to review the impact of NICS policies and practices on staff with disabilities. The Working Group which was made up of staff with disabilities and representatives from disability groups produced a report and recommended actions. Further work on the action plan is underway.

Other employee matters

The NICS has developed a People Strategy which details the people priorities over the period 2018 to 2021. It places diversity and inclusion at its centre and includes a range of actions that will help accelerate the NICS' ambition to have a truly inclusive workforce culture and to be a service that reflects the society we serve. In addition to these specific actions the NICS will ensure diversity and inclusion is central to everything it does, including how it communicates, recruits, promotes, develops and manages its workforce.

A diversity action plan has been drawn up to promote diversity and inclusion while additional action plans have been drawn up to address specific issues related to gender and disability.

Work on LGBT issues has included a survey of staff and the creation of the NICS LGBT staff network. Further developments in the area are planned including membership of the Stonewall NI Diversity Champions network and the development of advice on Transgender issues.

The NICS continues to carry out its statutory obligations under fair employment legislation including the annual return to the Equality Commission for NI and the triennial reviews of the workforce profile which are published on the Department of Finance website.

Employee consultation and/or participation; trade union relationships

The Department of Finance is responsible for the policy on how the Northern Ireland Civil Service consults and negotiates with its staff through industrial relations. The centralised human resource function, NICSHR, has continued to consult on central matters with all recognised Trade Unions (Non-industrial Trades Unions: Northern Ireland Public Service Alliance (NIPSA), First Division Association, Prison Officers' Association (POA), Industrial Trades Unions: Unite the Union (Unite), GMB), throughout the year. Arrangements also exist at local level within each Department to consult on matters specific to that Department or individual business area.

A Review of NICS Trade Union Arrangements is ongoing. Phase 1 of the review culminated in a new Trade Union Arrangements chapter, published in the NICSHR Handbook in January 2016. Phase 2 of the Review is at the planning stage.

Human capital management

(i) Career development

The NICS is committed to career development, acknowledging that skilled and engaged staff are an essential resource in meeting current and future business needs.

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This NICS Career Development Policy emphasises that career development is a collaborative process between individual staff members, line managers, and Departments, and takes account of the NICS Competency Framework and Performance Management System. As well as the individual's role in managing their career development, the NICS provides opportunities to enhance the skills, capabilities and performance of staff so that they, in turn, can contribute to achieving corporate objectives.

There is a wide range of career development options available within the NICS and within the Career Development Policy that support various career development interventions including secondment and interchange opportunities, elective transfers, temporary promotion, job rotation, job shadowing, as well as mentoring.

In line with the NICS People Strategy 2018 – 2021 further development in the area is planned, including Talent Management Proposals to support a more corporate approach to talent management across the NICS.

(ii) Learning & development

The NICS HR Centre for Applied Learning (CAL) purpose is to enable the achievement of the Programme for Government (PfG) outcomes through the delivery of generic learning and development services aligned to the NICS People Strategy. The CAL approach to delivering its services is designed to respond to the changing needs of the NICS and includes the following components:

- Offering a variety of learning delivery channels to enable flexible access to learning
- Providing an enhanced Learning and Development experience where staff can focus on their personal development using learning interventions that are aligned to corporate need, PfG, People Strategy, NICS of the Future and the NICS Competency Framework
- Blending different learning solutions into coherent learning pathways
- Value for money learning through the use of technology to provide concise and focused modules of learning
- Develop practical capability for learners that incorporates the latest tools and techniques
- Work collaboratively with NICS HR colleagues, Suppliers, Departments and the NICS Professions to identify, develop and deliver current and future learning interventions.

(iii) Pay policy

Under the Civil Service (NI) Order 1999, the Department of Finance is responsible for the pay arrangements of NICS civil servants (apart from those agencies, non-ministerial government departments and other bodies with an agreed pay delegation). The pay award system aims to:

- a. be a system which will help to recruit, retain and motivate staff to perform efficiently the duties required of them;
- b. encourage staff to improve their individual performance by providing a direct and regular link between satisfactory performance and pay;
- c. ensure equity of treatment in respect of pay in accordance with legal requirements and the equal opportunities policy of the NICS;
- d. secure the confidence of staff that their pay will be determined fairly;
- e. secure the confidence of the public and their representatives in the system for determining the pay of the staff; and
- f. enable the Government to reconcile its responsibilities for the control of public expenditure with its responsibilities as an employer.

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Current pay scales are available online. NI public sector pay guidance for 2017 is now in place and formal negotiations with trades unions on the 2017 pay award are ongoing.

Health and safety

The Department of Finance has a Health and Safety Policy which complies with the requirements of the Health and Safety at Work (NI) Order 1978, the Management of Health and Safety at Work Regulation (NI) 2000, and all other relevant legislation, the Department regards it as an integral part of its duties and objectives to ensure, so far as is reasonable practicable, the health, safety and welfare of its employees at work and of all other persons who may be affected by the Department's undertakings.

Expenditure on consultancy (Audited)

In 2017-18 the Department spent £0.7 million on external consultancy (2016-17: £0.2 million).

Off-payroll Engagements (Audited)

The Department did not have any off payroll engagements at a cost of over £58,200 during the 2017-18 year.

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

Figures in brackets represent previous year 2016-17 comparative.

Core Department and Agency			
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0 (0)	1 (3)	1 (3)
£10,000 - £25,000	0 (0)	1 (5)	1 (5)
£25,000 - £50,000	0 (0)	0 (52)	0 (52)
£50,000 - £100,000	0 (0)	0 (14)	0 (14)
£100,000 - £150,000	0 (0)	0 (0)	0 (0)
£150,000 - £200,000	0 (0)	0 (0)	0 (0)
Total number of exit packages	0 (0)	2 (74)	3 (74)
Total resource cost/£000	0 (0)	£30 (£3,250)	£30 (£3,250)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the Statement of Comprehensive Net Expenditure in the year departure is agreed. Disclosures above are made in relation to the year departed. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

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ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

STATEMENT OF ASSEMBLY SUPPLY (Audited)

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires the Department of Finance to prepare a Statement of 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 2017-18

		Estimate			Outturn			2017-18 £000	2016-17 £000
								Net Total Outturn compared with Estimate: saving/ (excess)	Outturn
Request for Resources	Note	Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total		
A	SOAS 1	310,529	(99,876)	210,653	296,910	(99,625)	197,285	13,368	182,313
B	SOAS 1	–	–	–	–	–	–	–	–
Total resources	SOAS 2	310,529	(99,876)	210,653	296,910	(99,625)	197,285	13,368	182,313
Non-operating Accruing Resources	SOAS 3			3,750			3,750	–	–

Net cash requirement 2017-18

			2017-18 £000	2016-17 £000
	Note	Estimate	Outturn	Outturn
Net cash requirement	SOAS 3	205,052	184,936	200,425

SOAS Notes 1 to 6 form part of these accounts.

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Summary of income payable to the Consolidated Fund

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

		Forecast 2017-18 £000		Outturn 2017-18 £000	
	Note	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Total	SOAS 4	66	<i>66</i>	124	<i>124</i>

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

SOAS Notes 1 to 6 form part of these accounts.

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SOAS 1. Analysis of net resource outturn by function

	Outturn						2017-18 £000 Estimate	2016-17 £000		
	Admin	Other Current	Grants	Gross Resource Expenditure	Accruing Resources	Net Total	Net Total	Net total outturn compared with Estimate, adjusted for virements	Prior- year outturn	
Request for Resources A										
Departmental Expenditure in DEL										
1. Finance and Personnel Policy	34,443	4,751	47	39,241	20,484	18,757	19,660	903	891	17,614
2. NICS Shared Services	101,416	-	144	101,560	26,571	74,989	75,362	373	373	60,710
3. Northern Ireland Statistics and Research Agency	813	26,824	-	27,637	16,469	11,168	11,168	-	-	11,127
4. Land and Property Services	1,290	54,887	37	56,214	29,960	26,284	27,903	1,619	1,612	27,061
5. EU Peace Programmes	-	-	774	774	658	116	109	(7)	-	998
6. EU Community Initiatives	-	-	608	608	489	119	107	(12)	-	1,080
7. European Regional Development Fund	-	(425)	60	(365)	-	(365)	70	435	435	214
8. NICS Accommodation Services	63,859	-	3,700	67,559	5,024	62,535	64,462	1,927	1,927	62,421
Annually Managed Expenditure (AME):										
9. Provisions	-	12	-	12	-	12	2,010	1,999	1,999	(75)
10. Depreciation and Impairments	-	778	-	778	-	778	6,406	5,628	5,628	(121)
Non-Budget:										
11. Special EU Programmes Body	-	-	2,624	2,624	-	2,624	2,946	322	322	976
12. Notional Charges	268	-	-	268	-	268	450	182	182	308
Resource Outturn	202,089	86,827	7,994	296,910	99,625	197,285	210,653	13,368	13,368	182,313

SOAS Notes 1 to 6 form part of these accounts.

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Key to Request for Resources

RfR A: To help the Executive secure the most appropriate and effective use of resources and services for the benefit of the community and deliver quality, cost effective and efficient public services and administration in the Department's areas of executive responsibility.

Explanation of the variation between Estimate and outturn (net total resources):

The net resource outturn was **£197.3m** against an estimated provision of **£210.6m**.

The total underspend was **£13.3m**, split between the departmental expenditure limit (DEL) **£5.2m**, the annually managed expenditure (AME) **£7.6m** and non-budget **£0.5m**.

By definition AME covers areas of expenditure that are more volatile. Of the underspend, £5.6m is in relation to the revaluation of the office estate, which was lower than anticipated. A further £2.0m was set aside to cover potential provisions that did not crystallise during the period.

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

The Department's net cash requirement outturn was £184.9m against an estimated provision of £205.1m, a variance of £20.1m. The bulk of the variance (£16.1m) relates to the movement in working capital other than cash.

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

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SOAS 2. Reconciliation of outturn to net operating cost

				2017-18 £000	2016-17 £000
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn	SOAS 1	197,285	210,653	13,368	182,313
Prior Period Adjustments		–	–	–	–
Non-supply income (CFERs)	SOAS 4, 5	(119)	–	119	(10,085)
Non-supply expenditure		352	–	(352)	(128)
Net Operating Cost in Consolidated Statement of Comprehensive Net Expenditure		197,518	210,653	13,135	172,100

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

	Note	Estimate £000	Outturn £000	Net Total outturn compared with Estimate: saving/ (excess) £000
Resource Outturn	SOAS 1	210,653	197,285	13,368
Capital				
Acquisition of property, plant and equipment	6, 7	30,184	29,679	505
Non-operating Accruing Resources				
Net book value of asset disposals		(3,750)	(3,750)	–
Accruals to cash adjustments:				
Depreciation, amortisation and impairment	3, 4	(39,614)	(32,433)	(7,181)
New provisions and adjustments to previous provisions		(2,010)	(12)	(1,998)
Other non-cash items		(450)	(268)	(182)
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables		–	3,832	(3,832)
(Increase)/decrease in payables falling due within one year		10,000	(9,435)	19,435
Use of provision	15	39	38	1
Excess cash receipts surrenderable to the Consolidated Fund	SOAS 4	–	–	–
Net Cash Requirement		205,052	184,936	20,116

SOAS Notes 1 to 6 form part of these accounts.

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SOAS 4. Income payable to the Consolidated Fund

SOAS 4.1 Analysis of income payable to the Consolidated Fund

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

SOAS 4.1 Analysis of income payable to the Consolidated Fund

	Note	Forecast 2017-18		Outturn 2017-18	
		Income	Receipts	Income	Receipts
Operating income and receipts – excess Accruing Resources		–	–	–	–
Other operating income and receipts not classified as Accruing Resources		66	<i>66</i>	119	<i>119</i>
		66	<i>66</i>	119	<i>119</i>
Non-operating income and receipts – excess Accruing Resources	SOAS 6	–	–	5	5
Amounts collectable on behalf of the Consolidated Fund	SOAS 4.2	–	–	–	–
Excess cash surrenderable to the Consolidated Fund	SOAS 3	–	–	–	–
Total income payable to the Consolidated Fund		66	<i>66</i>	124	<i>124</i>

SOAS 4.2 Consolidated Fund Income

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

SOAS Notes 1 to 6 form part of these accounts.

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

	Note	2017-18 £000	2016-17 £000
Operating income	5	99,744	100,386
Adjustments for transactions between RfRs		–	–
Adjustments for non-budget CFER income		(119)	(198)
Gross income		99,625	100,188
Income authorised to be used as Accruing Resources		(99,625)	(90,301)
Operating income payable to the Consolidated Fund	SOAS 4.1	–	9,887

SOAS 6. Non-operating income – Excess Accruing Resources

	2017-18 £000	2016-17 £000
Proceeds on disposal of property, plant and equipment	5	17
Non-operating income – excess Accruing Resources	5	17

SOAS Notes 1 to 6 form part of these accounts.

OTHER ASSEMBLY ACCOUNTABILITY DISCLOSURES (Audited)

REGULARITY OF EXPENDITURE

i. Special European Union Programmes Body Expenditure (SEUPB)

SEUPB is a North South Implementation Body sponsored by the Department of Finance in Northern Ireland and the Department of Public Expenditure & Reform in Ireland. Funding is provided to SEUPB by DoF. The funding requires a business plan to be approved by DoF and the North South Ministerial Council (NSMC). In the absence of a Finance Minister it was not possible to secure North South Ministerial Council (NSMC) approval of 2017 and 2018 Business Plans for SEUPB. While arrangements have been made with DoF to ensure legality of payments in the absence of business plans, expenditure will be irregular until the NSMC approves Business Plans. As such, grants to North South Bodies were approved by DoF officials as permitted under The Departments (Northern Ireland) Order 1999.

The NSMC has not yet approved the business plan at the date of signing of the DoF Annual Report and Accounts as the Northern Ireland Assembly is still suspended. This made the payments of £2.6m irregular. The payments can be retrospectively regularised once the NSMC approves the plan. This will take place as soon as the Northern Ireland Assembly is restored.

ii. Lease Extension

During 2017-18 there were a number of business cases in relation to leases which required retrospective approval from DoF Supply. Retrospective approval has been received for all the cases with the exception of one. £142k of expenditure in the 2017-18 financial year was deemed irregular along with £484k from the three previous financial years. In order to avoid a reoccurrence of this situation going forward, a revised process specifically in relation to lease extensions has been agreed between the Business Area, the Departmental Economist and DoF Supply.

iii. Losses and special payments

Losses Statement

In 2017-18 there were losses to the value of £1,355k which represented 18,095 cases, of which £1,353k representing 18,086 cases related to the core Department (2016-17: £1,625k which represented 19,364 cases, of which £1,624k representing 19,361 cases related to the core Department).

Special Payments

In 2017-18 there were special payments to the value of £118k which represented 24 cases, of which £118k representing 24 cases related to the core Department.

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

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iv. Fees and Charges

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

	£000	£000	2017-18 £000	2016-17 £000	Financial Objective	Commentary
	Income	Full Cost	Surplus/ (deficit)	Surplus/ (deficit)		
Central Management of the Civil Service Pension Scheme	1,910	1,909	1	-	To recover the full costs associated with the management of the Northern Ireland Civil Service Pension Schemes including the payment of pensions and associated arrangements.	Objective achieved
Central Procurement Directorate	12,859	12,890	(31)	(459)	100% cost recovery on chargeable services in relation to professional procurement services to the NICS and other public sector bodies.	Objective achieved
Departmental Solicitor's Office – Litigation Division Commercial and Property Division	3,938	5,060	(1,122)	477	97% cost recovery on litigation and Commercial and Property services.	There are two primary reasons for the performance during this period: (i) staff were involved in a number of significant non-chargeable activities e.g. civil panel selection, legal services framework et cetera; and (ii) the Division's grading profile changed, and continues to change, throughout the period with a reduction in the number of senior staff impacting negatively on the amount and value of chargeable hours.
Employer Pension Services	4,107	3,964	143	263	To recover the full costs of providing pension services to current employees who are members of the Northern Ireland Civil Service Pensions Schemes on behalf of their employers.	Objective achieved
Enterprise Shared Services – Service Management Division	10,949	12,981	(2,032)	(2,856)	To recover the full cost of the delivery of the HR Connect contract, with the exception of service management	Surplus costs were covered by baseline funding which is not included in the

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	£000	£000	2017-18 £000	2016-17 £000	Financial Objective	Commentary
	Income	Full Cost	Surplus/ (deficit)	Surplus/ (deficit)		
					costs which are funded centrally through a baseline.	income figure therefore objective was achieved.
Group Internal Audit & Fraud Investigation Service (GIAFIS)	2,259	2,462	(203)	-	100% cost recovery on Departmental Internal Audit Services	Departmental Internal Audit teams centralised into GIAFIS on 06 October 2017. GIAFIS is now working on the methodology of full cost recovery.
Land & Property Services – Client Services	2,634	3,081	(447)	(1,221)	To recover the costs of services in relation to land registers, registry of deeds and statutory charges registry.	Objective achieved.
Land & Property Services – Land Registration	15,743	11,457	4,286	3,300	To recover the full cost of special project mapping work provided on behalf of DAERA.	Objective achieved.
Land & Property Services – Land Parcel Identification System (LPIS)	1,655	1,648	7	-	To recover the full cost of mapping services provided.	Objective achieved when recovery of notional charges and cost of work carried out for parent. Department is taken into account.
Land & Property Services – Ordnance Survey	9,897	10,480	(583)	990	To recover the full costs of services provided.	Objective achieved. When recovery of notional charges and cost of work carried out for parent Department is taken into account recovery is 100%.
Northern Ireland Statistics and Research Agency	16,469	16,398	71	294	To recover the cost of activities in relation to the General Registry Office and NISRA statistics and out-posted statisticians, for which core funding is not provided by DoF.	Objective achieved.
Occupational Health Service	1,009	1,217	(208)	14	To recover the full costs associated with the management of NICS OHS and medical advisory services provided to the Driver and Vehicle Agency, HSC NI Pensions Scheme and Teachers Superannuation Scheme NI.	Objective achieved.
Properties Division – Provision of property management service to the wider public sector.	2,334	1,729	605	233	To recover the full costs associated with property management services provided to the wider public sector.	Objective achieved.

v. **Remote Contingent Liabilities**

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

There were no contingent liabilities requiring disclosure under assembly reporting requirements. However, a number have been disclosed under IAS 37 in note 16.

Impact of BREXIT on EU funding

In 2016, the UK Government announced that the Government would guarantee the following EU funded projects after the UK has left the EU:

- (a). All structural and investment fund projects signed before the Autumn Statement 2016;
- (b). Structural and investment fund projects signed after the Autumn Statement and before we leave the EU, so long as they are good value for money and in line with domestic strategic priorities; and
- (c). The payment of awards where UK organisations successfully bid directly to the European Commission on a competitive basis for EU funding projects while we remain in the EU.

The financial settlement has now been signed-off by both UK and EU Commission negotiators in a draft Withdrawal Agreement and welcomed by the EU-27 at March European Council. The guarantee will therefore only be called in the event that the Withdrawal Agreement is not ratified. As a result, and due to the EU funding DoF provides, an unquantifiable contingent liability is disclosed.

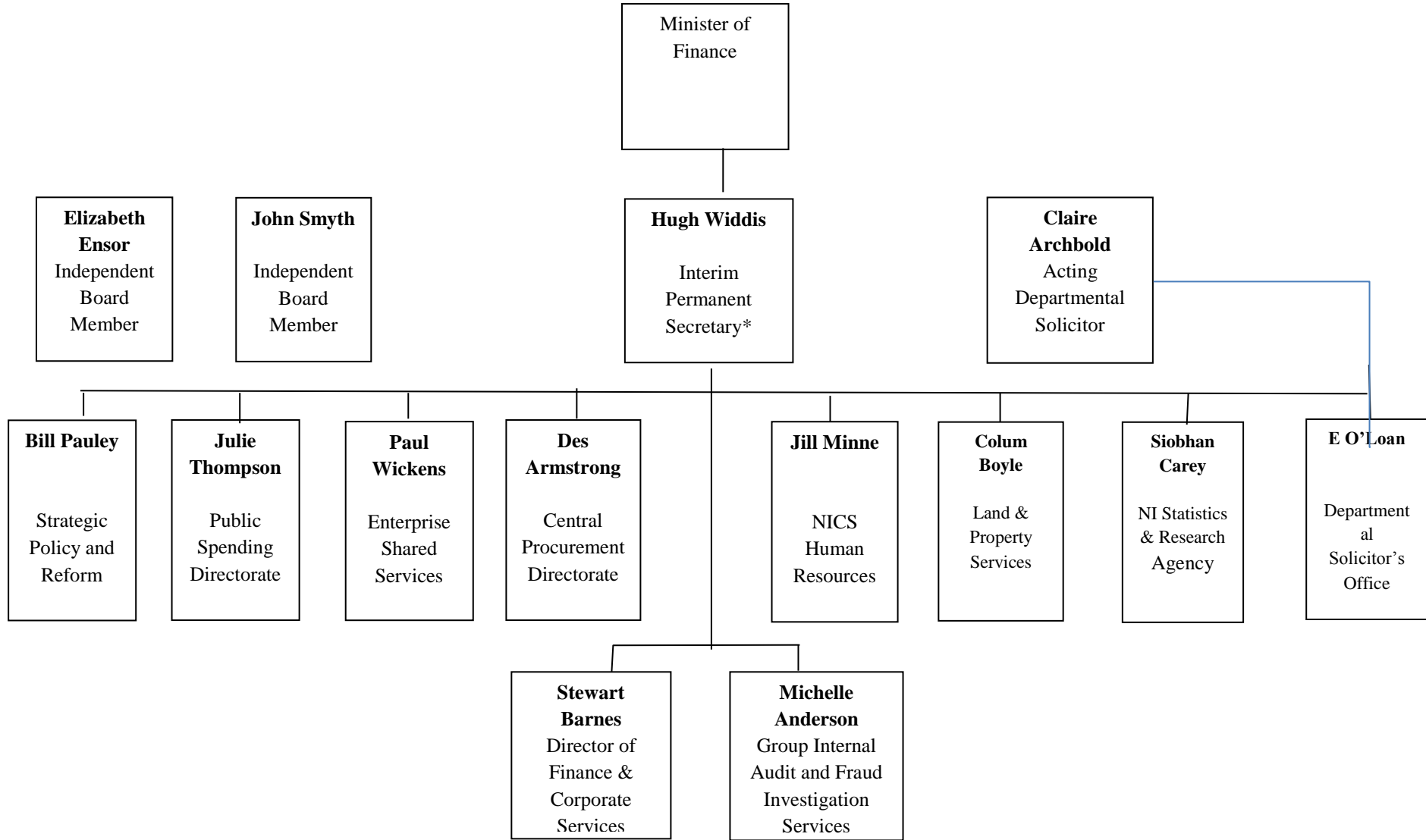
This Accountability Report is approved and signed



SUE GRAY
Accounting Officer
Department of Finance
Date: 27 June 2018

ANNEX A

DoF Organisation Chart as at 31 March 2018



*Sue Gray was appointed Permanent Secretary from 14 May 2018.

DEPARTMENT OF FINANCE

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

Opinion on financial statements

I certify that I have audited the financial statements of the Department of Finance for the year ended 31 March 2018 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Consolidated Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Assembly Supply, and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31 March 2018 and of its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

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 2018 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Department of Finance in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Other Information

The Accounting Officer is responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in the report as having been audited, and my audit

certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

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

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001.

I am required to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.



KJ Donnelly

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

29 June 2018

FINANCIAL STATEMENTS

DEPARTMENT OF FINANCE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

**CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2018**

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

		2017-18	2016-17
		£000	£000
	Note	Core Department & Agency	Core Department & Agency
Income from sale of goods and services	5	(99,071)	(97,820)
Other operating income	5	(673)	(2,566)
Total operating income		(99,744)	(100,386)
Staff costs	3, 4	145,217	128,907
Purchase of goods and services	3, 4	90,830	87,606
Depreciation and impairment charges	3, 4	32,433	31,662
Provision expenses	3, 4	12	(75)
Other operating expenditure	3, 4	28,675	24,115
Total operating expenditure		297,167	272,215
Net operating expenditure		197,423	171,829
Finance expense	3, 4	95	271
		95	271
Net expenditure for the year		197,518	172,100
Other comprehensive net expenditure			
Items that will not be reclassified to net operating costs:			
- Net (gain)/loss on revaluation of property, plant and equipment	6	(4,898)	(7,400)
- Net (gain)/loss on revaluation of intangible assets	7	(1,476)	(962)
Comprehensive net expenditure for the year		191,144	163,738

Notes 1 to 20 form part of these accounts.

**DEPARTMENT OF FINANCE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

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

		2018 £000	2017 £000
	Note	Core Department & Agency	Core Department & Agency
Non-current assets			
Property, plant and equipment	6	338,161	334,512
Intangible assets	7	39,937	45,791
Total non-current assets		378,098	380,303
Current assets			
Assets classified as held for sale	11	2,111	40
Trade and other receivables	13	47,260	48,216
Cash and cash equivalents	12	33,461	34,743
Total current assets		82,832	82,999
Total assets		460,930	463,302
Current liabilities			
Trade and other payables	14	(89,447)	(93,937)
Provisions	15	(49)	(37)
Total current liabilities		(89,496)	(93,974)
Total assets less current liabilities		371,434	369,328
Non-current liabilities			
Provisions	15	(111)	(149)
Total non-current liabilities		(111)	(149)
Total assets less total liabilities		371,323	369,179
Taxpayers' equity and other reserves			
General fund		277,425	272,695
Revaluation reserve		93,898	96,484
Total equity		371,323	369,179

Signed:

Sue Gray

**Sue Gray
Accounting Officer**

Date: 27 June 2018

Notes 1 to 20 form part of these accounts.

DEPARTMENT OF FINANCE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Department during the reporting period. The statement shows how the Department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Departments' future public service delivery. Cash flows arising from financing activities include Assembly Supply and other cash flows, including borrowing.

	Note	2017-18 £000 Core Department & Agency	2016-17 £000 Core Department & Agency
Cash flows from operating activities			
Net operating cost		(197,518)	(172,100)
Adjustments for non-cash transactions	3,4	36,415	29,826
(Increase)/decrease in trade and other receivables		956	(10,844)
<i>less movements in receivables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>		(4,784)	4,784
Increase/(decrease) in trade and other payables		1,815	3,737
<i>less movements in payables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>		11,805	(7,357)
Use of provisions	15	(38)	(133)
<i>Net cash outflow from operating activities</i>		(151,349)	(152,087)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(26,525)	(28,237)
Purchase of intangible assets	7	(5,148)	(5,769)
Proceeds of disposal of property, plant and equipment		52	35
<i>Net cash outflow from investing activities</i>		(31,621)	(33,971)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		195,469	187,433
From the Consolidated Fund (Supply) – prior year		4,784	(394)
Capital element of payments in respect of finance leases and on-balance-sheet (SoFP) PFI and other service concession arrangements		(2,158)	(2,179)
<i>Net financing</i>		198,095	184,860
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		15,125	(1,198)
Payments of amounts due to the Consolidated Fund	14	(10,102)	(172)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		5,023	(1,370)
Cash and cash equivalents at the beginning of the period	12	28,119	29,489
Cash and cash equivalents at the end of the period	12	33,142	28,119

Notes 1 to 20 form part of these accounts.

DEPARTMENT OF FINANCE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

**CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

This statement shows the movement in the year on the different reserves held by the Department, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). Financing and the balance from the provision of services are recorded here. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure.

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
Balance at 31 March 2016		256,128	94,390	350,518
Net Assembly Funding – drawn down		187,039	–	187,039
Net Assembly Funding – deemed		394	–	394
Supply receivable/(payable) adjustment	13	4,784	–	4,784
Amounts repayable to the Consolidated Fund – Operating income		(198)	–	(198)
Amounts repayable to the Consolidated Fund – Excess Accruing Resources		(9,887)	–	(9,887)
Amounts repayable to the Consolidated Fund – Non Operating income		(17)	–	(17)
Comprehensive net expenditure for the year		(172,100)	8,362	(163,738)
Non-cash adjustments:				
Non-cash charges – Auditors' remuneration	3	211	–	211
Non-cash charges – Other notional costs	3, 4	97	–	97
Movements in reserves:				
Transfers between reserves		6,268	(6,268)	–
General Fund – Other		(24)	–	(24)
Balance at 31 March 2017		272,695	96,484	369,179
Net Assembly Funding – drawn down		200,253	–	200,253
Net Assembly Funding – deemed		(4,784)	–	(4,784)
Supply receivable/(payable) adjustment	14	(2,325)	–	(2,325)
Amounts repayable to the Consolidated Fund – Operating income	SOAS 4	(119)	–	(119)
Amounts repayable to the Consolidated Fund – Excess Accruing Resources	SOAS 4, 13	–	–	–
Amounts repayable to the Consolidated Fund – Non Operating income		(5)	–	(5)
Comprehensive net expenditure for the year		(197,518)	6,374	(191,144)
Non-cash adjustments:				
Non-cash charges – Auditors' remuneration	3	211	–	211
Non-cash charges – Other notional costs	3, 4	57	–	57
Movements in reserves:				
Transfers between reserves		8,960	(8,960)	–
General Fund – Other		–	–	–
Balance at 31 March 2018		277,425	93,898	371,323

Notes 1 to 20 form part of these accounts.

**DEPARTMENT OF FINANCE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

NOTES TO THE ACCOUNTS

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2017-18 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Department of Finance for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department of Finance are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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

Management have reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts in 1.23 below.

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

1.1 Accounting convention

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

1.2 Basis of consolidation

These accounts comprise a consolidation of the non-agency parts of the Department (the core Department) and those entities which fall within the departmental boundary as defined in the *FReM*, interpreted for Northern Ireland. Transactions between entities included in the consolidation are eliminated.

A list of all those entities within the departmental boundary is given at Note 19.

1.3 Property, plant and equipment and intangible assets

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

DEPARTMENT OF FINANCE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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

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

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

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

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

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

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

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

1.4 Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated/amortised at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Depreciation/amortisation is charged in the month of acquisition.

No depreciation is provided on freehold land and antique/artwork collections since they have unlimited or very long established useful lives. Items under construction are not depreciated until they are commissioned. Capital expenditure on leasehold improvements is depreciated over the remaining term of the lease.

Estimated useful lives are in the following ranges:

Buildings	1-60 years
Motor vehicles	3-25 years
Plant and machinery	3-30 years
IT assets (including intangible assets)	3-12 years
Furniture and fittings	up to 10 years

DEPARTMENT OF FINANCE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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

1.5 Donated assets

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

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

1.6 Leases

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

1.7 Service concession arrangements

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

1.8 Operating income

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

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

1.9 Administration and programme expenditure

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

DEPARTMENT OF FINANCE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1.10 Foreign exchange

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

1.11 Grants payable

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

1.12 Employee benefits including pensions

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

Past and present employees are covered by the provisions of the Northern Ireland Civil Service (NICS) Pension Schemes which are described in Note 3. The scheme is an unfunded defined benefit scheme. In 2016-17 members paid contributions between 3.8% and 8.05% dependent on the pension arrangements to which they belong and their annual full-time equivalent rate of pensionable earnings. The Department recognises the expected cost of pension provision on a systematic and rational basis over the period during which it benefits from employees' services by payment to the NICS Pension Schemes of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the NICS Pension Schemes.

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

1.13 Provisions

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

1.14 Contingent liabilities

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

DEPARTMENT OF FINANCE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

These comprise:

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

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

1.15 Value Added Tax (VAT)

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

1.16 Financial instruments

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

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

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

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

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

The Department measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk

DEPARTMENT OF FINANCE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics.

Impairment losses are recognised in the Statement of Comprehensive Net Expenditure and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

When a financial asset is deemed unrecoverable the amount of the asset is reduced directly and the impairment loss is recognised in the Statement of Comprehensive Net Expenditure to the extent that a provision was not previously recognised.

Financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

1.17 Insurance

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

Departments do not generally insure. Cover for insurance is not provided against the following: fire, explosion, common-law third party and similar risks. Notional insurance premiums are not charged to the Statement of Comprehensive Net Expenditure. Instead expenditure in connection with uninsured risks is charged as incurred.

1.18 Comparatives

Comparative figures for the 2016-17 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.

1.19 Exceptional items

In accordance with *FReM*, disclosure of exceptional items is included under either administration or programme expenditure as appropriate. There were no exceptional items in 2017-18.

1.20 Third party assets

Third party assets are assets for which the Department acts as custodian or trustee but in which neither the Department nor government more generally has a direct beneficial interest. Third party assets are not public assets, and hence are not recorded in the primary financial statements (see note 18).

1.21 Government grants receivable

Grants receivable for revenue purposes are recognised in the Statement of Comprehensive Net Expenditure so as to match them with the expenditure towards which they are intended to contribute.

Grants received as a contribution towards a non-current asset are recognised as income and taken through the Statement of Comprehensive Net Expenditure, unless the funder imposes a condition

DEPARTMENT OF FINANCE

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requiring that the future economic benefits embodied in the grant are consumed as specified by the grantor or must be returned to them. Assets funded by government grant are revalued, depreciated and subject to impairment review in the same way as other non-current assets.

1.22 Critical accounting estimates and key judgements

As a result of the uncertainties inherent in all business activities, many items in financial statements cannot be measured with precision but can only be estimated. Where estimates have been required in order to prepare these financial statements in conformity with FReM, management have used judgements based on the latest available, reliable information. Management continually review estimates to take account of any changes in the circumstances on which the estimate was based or as a result of new information or more experience.

1.23 Accounting standards, interpretations and amendments to published standards not yet effective

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for DoF's accounting periods beginning on or after 1 April 2017 or later periods, but which DoF has not adopted early. Other than as outlined below, DoF considers that these standards are not relevant or material to its operations.

Standard	IFRS 9 <i>Financial Instruments</i>
Effective date	1 January 2018 (EU Endorsed 22 November 2016). FReM application is in 2018-19.
Summary	IFRS 9 includes several improvements, and introduces substantially greater disclosure requirements, to the previous IAS 39 which includes: <ul style="list-style-type: none">• a single approach to classification and measurement• a new forward-looking 'expected loss' impairment model; and• a revised approach to hedge accounting The application of this standard is <u>retrospective</u> (without restatement). This has been mandated in the FReM with approval from the FRAB.
Impact	IFRS 9 will affect all public sector bodies that have any financial Instruments (including trade receivables, lease receivables, loan commitments and contract assets).

Standard	IFRS 15 <i>Revenue from Contracts with Customers</i>
Effective date	1 January 2018 (EU Endorsed 31 October 2017). FReM application is in 2018-19
Summary	IFRS 15 introduces a new five stage model for assessing and recognising revenue from contracts with customers. It also introduces substantially greater disclosure requirements to address the shortcomings of the previous Standards (IAS 1 and IAS 18). The application of this standard is <u>retrospective</u> (without restatement).
Impact	IFRS 15 will affect all public sector bodies that have any financial Instruments (including trade receivables, lease receivables, loan commitments and contract assets).

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Standard	IFRS 16 <i>Leases</i> IFRS 16 <i>Leases</i> (Replaces IAS 17 <i>Leases</i> and related interpretations)
Effective date	January 2019 (EU Endorsed 31 October 2017). FReM application is in 2019-20
Summary	<p>The IASB issued IFRS 16 in January 2016 with an effective date for annual periods beginning on or after 1 January 2019. Early application is permitted for those entities applying IFRS 15.</p> <p>IFRS 16 represents a significant change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. A lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value on the Statement of Financial Position. There are corresponding changes to the disclosure requirements to show the effect that leases have on the financial position, financial performance and cash flows of the lessee.</p> <p>The lessor accounting model is significantly unchanged from IAS 17.</p>
Comments	<p>IFRS 16 is subject to analysis and review by HM Treasury and the other Relevant Authorities. A cross government Technical Working Group has been formed to assist with this assessment. Early application is not expected to be permitted and adopted in the FReM is expected from 1 April 2019.</p> <p>DoF will consider the implications on the disclosures to the financial statements of the standards on:</p> <ul style="list-style-type: none"> • What operating leases commitments are currently held by the entity and whether these are material to the financial statements? • The nature of the assets being leased and whether they may be classed as short term or low value leases? • Whether there are sufficient existing disclosures in the financial statements regarding lease commitments where these are considered material.

1.24 Financial Reporting – Future Developments

DoF has considered the accounting initiatives identified by HM Treasury for which the Standards are under development and considers these changes are not relevant or material to its operations.

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2. Statement of Operating Costs by Operating Segment

Reportable segment	2017-18			2016-17		
	Gross expenditure	Income	Net expenditure	Gross expenditure	Income	Net expenditure
			£000			£000
Central Procurement Directorate	15,631	(12,859)	2,772	15,460	(12,900)	2,560
Departmental Solicitors Office	7,477	(3,938)	3,539	7,202	(5,188)	2,014
Enterprise Shared Services	140,224	(24,155)	116,069	140,475	(25,123)	115,352
EU Programmes	2,654	(1,205)	1,449	3,809	(1,820)	1,989
Finance and Corporate Services Division	5,185	(273)	4,912	5,433	(203)	5,230
Internal Audit and Fraud Investigation	2,463	(2,259)	204	459	(79)	380
Land and Property Services	54,889	(38,460)	16,429	53,186	(37,611)	15,575
NICSHR	23,086	(7,440)	15,646	12,131	(7,583)	4,548
Northern Ireland Statistics and Research Agency	26,856	(16,469)	10,387	24,940	(15,660)	9,280
Other Bodies	3,513	–	3,513	790	–	790
Public Spending Directorate	3,068	(12)	3,056	3,271	(194)	3,077
Strategic Policy and Reform Directorate	6,422	(1,145)	5,277	5,033	(856)	4,177
Centrally Managed	488	(21)	467	544	–	544
Total	291,956	(108,236)	183,720	272,733	(107,217)	165,516

Description of segments

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

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2.1 Reconciliation between Operating Segments and CSocNE

	2017-18								
Reportable segment	Total net expenditure reported for operating segments	Notional Costs	Cost of Rate Collection Income	Capital Grants	Consolidated Fund Extra Receipts	Adjustment of Unrealised Exchange Gains/ Losses and Non Budget SEUPB	Reallocation of Centrally Managed	£000	Total net expenditure per the Consolidated SOCNE
Central Procurement Directorate	2,772	–	–	–	(6)	–	5	2,771	
Departmental Solicitors Office	3,539	–	–	–	–	–	7	3,546	
Enterprise Shared Services	116,069	90	–	3,700	(10)	–	225	120,074	
EU Programmes	1,449	–	–	–	–	1,396	3	2,848	
Finance and Corporate Services Division	4,912	54	–	–	(38)	–	10	4,938	
Internal Audit and Fraud Investigation	204	–	–	–	–	–	–	204	
Land and Property Services	16,429	57	8,530	–	(63)	–	1	24,954	
NICSHR	15,646	13	–	–	–	–	30	15,689	
Northern Ireland Statistics and Research Agency	10,387	54	–	–	–	–	13	10,454	
Other Bodies	3,513	–	–	–	–	–	7	3,520	
Public Spending Directorate	3,056	–	–	–	–	–	178	3,234	
Strategic Policy and Reform Directorate	5,277	–	–	–	(1)	–	10	5,286	
Centrally Managed	467	–	–	–	21	–	(488)	–	
Total	183,720	268	8,530	3,700	(97)	1,396	1	197,518	

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

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3. Other Administration Costs

	2017-18	2016-17
	£000	£000
Note	Core Department & Agency	Core Department & Agency
Staff costs:		
Wages and salaries	64,087	53,430
Social security costs	6,420	5,548
Other pension costs	14,055	12,080
Purchase of goods and services:		
Accounting and information technology	38,104	33,228
Costs of Government Estate	10,030	10,439
Accommodation, maintenance and utilities	9,432	8,892
Personnel and training costs	1,826	1,896
Travel, subsistence and hospitality	884	950
Printing, stationery and advertising	948	900
Legal costs	328	379
Other sundry	908	1,037
Other expenditure:		
Rates	16,775	16,888
Bad debts and bad debt provision	(23)	(26)
Exchange losses/(gains)	1	9
Rentals under operating leases:		
Other operating leases	9,840	12,594
Hire of plant and machinery	145	20
Interest charges:		
Finance leases	88	270
Late payment of debt	1	–
Non-cash items:		
Depreciation	18,295	17,948
Amortisation	9,673	10,568
Impairment	–	–
(Profit)/loss on disposal of assets	5	(17)
Auditors' remuneration and expenses	211	211
Other notional costs	57	55
Total	202,090	187,299

During 2017-18 the Department did not purchase any non-audit services from its auditor, the Northern Ireland Audit Office.

In relation to the National Fraud Initiative, there was no cost incurred in 2017-18 (2016-17: £20k).

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4. Programme Costs

		2017-18	2016-17
		£000	£000
	Note	Core Department & Agency	Core Department & Agency
Staff costs:			
Wages and salaries		47,792	44,910
Social security costs		3,902	3,970
Other pension costs		8,961	8,969
Grants:			
EU grant expenditure		4,066	2,252
Other grant expenditure		191	1,367
Purchase of goods and services:			
Accounting and information technology		5,021	5,164
Accommodation, maintenance and utilities		3,200	2,723
Personnel and training costs		1,766	686
Travel, subsistence and hospitality		537	483
Printing, stationery and advertising		281	321
Legal costs		368	31
Other costs		2,114	1,964
Other expenditure:			
Registrar charges		2,339	2,166
Bad debts and bad debt provision		1,427	1,296
Exchange (gains)/losses		(71)	(86)
Rentals under operating leases:			
Other operating leases		198	91
Hire of plant and machinery		188	181
Interest charges		6	1
PFI service charges		4,712	5,627
Non-cash items:			
Depreciation		1,869	1,872
Amortisation		3,179	2,855
Impairment		(583)	(1,581)
(Profit)/loss on disposal of assets		(3)	–
Provisions provided in the year	15	45	27
Provisions not required written back	15	(33)	(102)
Capital grant (non-cash)		3,700	–
Total		95,172	85,187

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5. Income

	2017-18	2016-17
	£000	£000
	Core Department & Agency	Core Department & Agency
Admin:		
Sales and recharges	48,457	47,600
Recovery of accommodation and facilities costs	1,482	2,332
Buildings	996	1,047
Other fees, levies and charges	1,021	1,480
Recovery of secondee costs	621	375
Net proceeds on disposal of assets (profit allowable as income)	–	–
Other income	673	551
	53,250	53,385
Programme:		
Other fees, levies and charges	14,693	14,622
Sales and recharges	9,586	8,057
Recovery of secondee costs	9,519	9,023
Sale of maps and mapping data (including royalties and licences)	9,885	9,891
Mapping and geodetic services	1,665	1,627
EU grant income (Current)	1,146	1,766
EU grant income (Capital)	–	–
Other income	–	2,015
	46,494	47,001
Total	99,744	100,386
Of which:		
Core Department	83,275	84,727

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6. Property, plant and equipment

6(a) Property, plant and equipment for the year ended 31 March 2018

	Land £000	Buildings including Dwellings £000	Information Technology £000	Plant & Machinery £000	Transport £000	Furniture & Fittings £000	Antiques £000	Assets under Construction £000	Total £000
Cost or valuation									
Balance at 1 April 2017	76,503	303,492	50,060	3,181	440	32,939	2,126	2,091	470,832
Additions	–	15,186	6,335	468	77	1,928	80	75	24,149
Disposals	–	(262)	(8,785)	(290)	(114)	(2)	–	–	(9,453)
Impairments	87	588	–	–	–	(33)	–	–	642
Reclassifications	(647)	(1,744)	210	(178)	–	–	–	–	(2,359)
Transfers	(3,700)	–	(5)	–	–	–	–	–	(3,705)
Revaluations	2,144	5,215	806	4	7	(120)	–	–	8,056
Balance at 31 March 2018	74,387	322,475	48,621	3,185	410	34,712	2,206	2,166	488,162
Depreciation									
Balance at 1 April 2017	–	77,973	32,835	2,160	278	23,074	–	–	136,320
Charged in year	–	12,382	6,125	226	25	1,406	–	–	20,164
Disposals	–	(262)	(8,772)	(289)	(114)	(2)	–	–	(9,439)
Impairments	–	67	–	–	–	(8)	–	–	59
Reclassifications	–	(280)	196	(172)	–	–	–	–	(256)
Transfers	–	–	(5)	–	–	–	–	–	(5)
Revaluations	–	2,870	359	–	2	(73)	–	–	3,158
Balance at 31 March 2018	–	92,750	30,738	1,925	191	24,397	–	–	150,001
Carrying amount at 31 March 2018	74,387	229,725	17,883	1,260	219	10,315	2,206	2,166	338,161
Carrying amount at 31 March 2017	76,503	225,519	17,225	1,021	162	9,865	2,126	2,091	334,512

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6(a) Property, plant and equipment for the year ended 31 March 2018

	Land £000	Buildings including Dwellings £000	Antiques £000	Assets under Construction £000	Transport £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings £000	Total £000
Asset financing:									
Owned	74,387	218,965	2,137	2,166	219	1,260	17,883	10,315	327,331
UK Grant Funded	–	–	–	–	–	–	–	–	–
EU Grant Funded	–	9,598	–	–	–	–	–	–	9,598
Donated	–	1,162	69	–	–	–	–	–	1,231
Finance leased	–	–	–	–	–	–	–	–	–
Carrying amount at 31 March 2018	74,387	229,725	2,206	2,166	219	1,260	17,883	10,315	338,161
Of the total									
Department	74,387	229,725	2,206	1,743	219	1,250	17,530	10,298	337,358
Agency	–	–	–	423	–	10	353	17	803
Carrying amount at 31 March 2018	74,387	229,725	2,206	2,166	219	1,260	17,883	10,315	338,161

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

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

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

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

6(c) Notes

- i. Included within buildings are dwellings, the carrying amount of which at:

Dwellings	2017-18 £000	2016-17 £000
Cost or valuation	460	441
Depreciation	79	57
Carrying amount at 31 March	381	384

During the accounting period, depreciation charged was £19k (2016-17: £22k).

- ii Details of the basis of valuation can be found at Note 1.3.
- iii The depreciation charged during the accounting period in respect of assets held under finance leases was £Nil (2016-17: £77k).

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7. Intangible assets

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

7(a) Intangible assets for the year ended 31 March 2018

	Information technology (intangible) £000	Software Licences £000	Assets under Construction (intangible) £000	Total £000
Cost or valuation				
Balance at 1 April 2017	143,699	12,805	3,457	159,961
Additions	3,133	2,227	170	5,530
Disposals	(430)	(186)	–	(616)
Reclassifications	3,598	(2)	(3,627)	(31)
Revaluations	5,006	370	–	5,376
Balance at 31 March 2018	155,006	15,214	–	170,220
Amortisation				
Balance at 1 April 2017	105,477	8,693	–	114,170
Charged in year	11,471	1,381	–	12,852
Disposals	(430)	(186)	–	(616)
Reclassifications	(25)	2	–	(23)
Revaluations	3,707	193	–	3,900
Balance at 31 March 2018	120,200	10,083	–	130,283
Carrying amount at 31 March 2018	34,806	5,131	–	39,937
Carrying amount at 31 March 2017	38,222	4,112	3,457	45,791
Asset financing:				
Owned	32,847	5,131	–	37,978
UK Grant Funded	120	–	–	120
Finance leased	1,839	–	–	1,839
Carrying amount at 31 March 2018	34,806	5,131	–	39,937
Of the total				
Department	30,872	5,056	–	35,928
Agency	3,934	75	–	4,009
Carrying amount at 31 March 2018	34,806	5,131	–	39,937

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

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

7(c) Notes

The amortisation charged during the accounting period in respect of assets held under finance leases was £883k (2016-17: £1,458k).

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8. Impairments

	2017-18	2016-17
	£000	£000
Charged direct to the Statement of Comprehensive Net Expenditure	(583)	(1,581)
Taken through the Revaluation Reserve	(6,374)	(8,362)
Total impairment charge for the year	(6,957)	(9,943)

9. Capital and other commitments

9.1 Capital commitments

	2017-18	2016-17
	£000	£000
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Property, plant and equipment	2,622	10,096
Intangible assets	771	1,661
	3,393	11,757

9.2 Commitments under leases

9.2.1 Operating leases

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

	2017-18	2016-17
	£000	£000
Obligations under operating leases comprise:		
Land and Buildings:		
Not later than one year	8,775	8,808
Later than one year and not later than five years	18,800	21,959
Later than five years	22,198	24,036
	49,773	54,803
Other:		
Not later than one year	108	122
Later than one year and not later than five years	304	474
Later than five years	–	–
	412	596

9.2.2 Finance leases

There were no finance leases contracted in the year.

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9.3 Commitments under PFI and other service concession arrangements

9.3.1 Off-balance sheet (SoFP)

A contract was awarded in July 1999 to BT (formerly BT Syntegra) to design, implement and manage the IT infrastructure for land registration systems. The service commencement date of this contract was July 2004. This contract will run for 15 years to July 2019. The requirements of IFRIC 12, IFRIC 4 and IAS 17 have been considered and it has been concluded that the appropriate accounting treatment is to classify the contract as an operating lease. All lease payments are expensed in the year incurred.

9.3.2 On-balance sheet (SoFP)

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

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

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

	2017-18	2016-17
	£000	£000
Total obligations under on-balance sheet (SoFP) service concession arrangements for the following periods comprise:		
Not later than one year	–	2,245
Later than one year and not later than five years	–	–
Later than five years	–	–
	<hr/>	<hr/>
	–	2,245
Less interest element	–	(88)
Present value of obligations	<hr/>	<hr/>
	–	2,157

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9.3.3 Charge to the Statement of Comprehensive Net Expenditure and future commitments

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of on-balance sheet (SoFP) PFI and other service concession arrangement transactions was £2.2m (2016-17: £2.9m); and the payments to which the Department and its agency are committed are as follows:

	2017-18	2016-17
	£000	£000
Not later than one year	3,287	3,754
Later than one year and not later than five years	3,109	6,092
Later than five years	–	–
Total	6,396	9,846

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of off-balance sheet (SoFP) PFI and other service concession arrangement transactions was £4.4m (2016-17: £5.6m); and the payments to which the Department and its agency are committed are as follows (financial commitments have been disclosed on the basis that the option to break will not be exercised):

	2017-18	2016-17
	£000	£000
Not later than one year	4,400	3,860
Later than one year and not later than five years	12,820	1,300
Later than five years	–	–
Total	17,220	5,160

9.4 Other financial commitments

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

	2017-18	2016-17
	£000	£000
Not later than one year	26,955	22,941
Later than one year and not later than five years	51,510	54,822
Later than five years	4,514	4,697
Total	82,979	82,460

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10. Financial instruments

IFRS 7 *Financial Instruments: Disclosures* requires disclosure that enables evaluation of the significance of financial instruments for the Department's financial position and performance, the nature and extent of risks arising from financial instruments to which the Department is exposed during the period and at the reporting date, and how the Department manages those risks. As a result of the non-trading nature of its activities and the way in which government departments are financed, the Department of Finance is not exposed to the degree of financial risk faced by business entities.

Classification of financial instruments

All departmental financial instruments are measured at amortised cost. The Department's financial assets are classified as loans and receivables and comprise trade and other debtors (Note 13) and cash at bank and in hand (Note 12). The Department's financial liabilities comprise payables excluding tax liabilities, accruals and deferred income (Note 14). The carrying value of these financial assets and liabilities, as disclosed in the notes to the accounts, approximates to fair value because of their short maturities.

The following table shows the net gains/losses recognised through the Statement of Comprehensive Net Expenditure by measurement category:

	From interest	From subsequent measurement			2017-18 Net gain/ (loss)	2016-17 Restated Net gain/ (loss)
	£000	At fair value £000	Currency translation £000	Impairment /reversal of impairment £000	£000	£000
Loans and receivables	–	–	87	(1,404)	(1,317)	(867)
Financial liabilities measured at amortised cost	(88)	–	(17)	–	(105)	(599)
Total	(88)	–	70	(1,404)	(1,422)	(1,466)

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

The net currency translation gains or losses on financial assets classified as loans and receivables are attributable to monies due from the EU in respect of grant payments. The net currency translation gains or losses on financial liabilities are attributable to exchange gains or losses arising on the settlement of invoices issued to DoF in other currencies.

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

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

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

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Risk management

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

Credit risk

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

Liquidity risk

The Department's net revenue resource requirements are financed by resources voted annually by the Assembly, as is its capital expenditure. The Department of Finance is not, therefore, exposed to significant liquidity risks.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Department receives reimbursement of certain grant payments from the European Union (EU). Transactions with the EU are denominated in euro and therefore exposed to currency risk. The revenue due from the EU is recognised as a receivable when it is initially paid to grant recipients. However, only when the Department submits claims to the EU is the relevant portion of the receivable subject to exchange rate risk. The exchange risk on receivables is offset by EU advances received, which are included within payables. At 31 March 2018 the net exposure was £1.5m (31 March 2017: £1.5m).

Sensitivity analysis

Based on the balance denoted in euro at 31 March 2018, a 15% weakening or strengthening of sterling against the euro would have increased or decreased the exchange rate movement by £223k respectively (31 March 2017: movement of £224k). This movement is attributable to the foreign exchange gains or losses on translation of the euro denominated receivables and payables with the EU as described above.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

All of the Department's financial assets and liabilities carry nil or fixed rates of interest. The Department is therefore not exposed to any interest rate risk.

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11. Asset classified as held for sale

	2017-18	2016-17
	£000	£000
	Core Department & Agency	Core Department & Agency
Balance at 1 April	40	–
Transfers in	2,111	40
Transfers out	–	–
Disposals	(40)	–
Balance at 31 March	<u>2,111</u>	<u>40</u>

12. Cash and Cash Equivalents

	2017-18	2016-17
	£000	£000
	Core Department & Agency	Core Department & Agency
Balance at 1 April	28,119	29,489
Net change in cash and cash equivalents	5,023	(1,370)
Balance at 31 March	<u>33,142</u>	<u>28,119</u>
The following balances at 31 March were held at:		
Commercial banks and cash in hand	33,461	34,743
Overdrawn account at commercial bank shown as payables	(319)	(6,624)
Total	<u>33,142</u>	<u>28,119</u>

13. Trade receivables and other current assets

	2017-18	2016-17
	£000	£000
	Core Department & Agency	Core Department & Agency
Amounts falling due within one year:		
Trade receivables	10,700	11,093
Other receivables	8,521	6,251
VAT recoverable	3,857	5,317
Prepayments and accrued income	20,672	16,336
Amounts due from EU	3,510	4,435
Amounts due from the Consolidated Fund in respect of Supply	–	4,784
	<u>47,260</u>	<u>48,216</u>

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Included within prepayments and accrued income is £486 (2016-17: £486) that will be due to the Consolidated Fund once the debts are collected.

There were no amounts due to the Department in more than one year outstanding at 31 March 2018 or at 31 March 2017.

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

	2017-18	2016-17
	£000	£000
	Core Department & Agency	Core Department & Agency
Balance at 1 April	(4,204)	(4,420)
Impairment losses recognised/derecognised in receivables	(1,404)	(1,270)
Amounts written off as uncollectable	1,350	1,486
Balance at 31 March	<u>(4,258)</u>	<u>(4,204)</u>

In determining the recoverability of a trade receivable, the Department considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

No interest is charged on the trade receivables. The Department has provided fully for all receivables where there is evidence to suggest the debt is not recoverable.

The following table shows the aging of trade debts past due but not impaired; no provision has been made where there has not been a significant change in credit quality and the Department believes that the amounts are still fully recoverable:

	2017-18	2016-17
	£000	£000
	Core Department & Agency	Core Department & Agency
Neither past due nor impaired trade receivables	7,381	7,535
1-30 days	1,688	939
31-60 days	271	296
61-90 days	354	100
91-180 days	423	446
181-360 days	344	1,651
361 days plus	320	233
Gross carrying value	<u>10,781</u>	<u>11,200</u>
Less: impairment	(81)	(107)
Net carrying value	<u>10,700</u>	<u>11,093</u>

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14. Trade payables and other current liabilities

	2017-18	2016-17
	£000	£000
	Core Department & Agency	Core Department & Agency
Amounts falling due within one year:		
Bank overdraft	319	6,624
Other taxation and social security	30,703	31,023
Trade payables	142	436
Other payables	1,556	840
Accruals and deferred income	54,278	42,754
Current part of finance leases	–	2,158
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund:		
CFER – received	124	10,102
CFER – receivable	–	–
Amounts issued from the Consolidated Fund for Supply but not spent at year end	2,325	–
	<u>89,447</u>	<u>93,937</u>

There were no amounts payable by the Department falling due after more than one year at 31 March 2018 or at 31 March 2017.

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15. Provisions for liabilities and charges

	2017-18 £000				2016-17 £000			
	Core Department & Agency				Core Department & Agency			
	Early departure costs	Legal claims	Other	Total	Early departure costs	Legal claims	Other	Total
Balance at 1 April	33	153	–	186	60	334	–	394
Provisions provided in the year	–	45	–	45	12	15	–	27
Provisions not required written back	–	(33)	–	(33)	(7)	(95)	–	(102)
Provisions utilised in year	(29)	(9)	–	(38)	(32)	(101)	–	(133)
Balance at 31 March 2018	4	156	–	160	33	153	–	186

Analysis of expected timing of cash flows

	2017-18 £000				2016-17 £000			
	Core Department & Agency				Core Department & Agency			
	Early departure costs	Legal claims	Other	Total	Early departure costs	Legal claims	Other	Total
Not later than one year	4	45	–	49	29	8	–	37
Later than one year and not later than five years	–	56	–	56	4	145	–	149
Later than five years	–	55	–	55	–	–	–	–
Balance at 31 March 2018	4	156	–	160	33	153	–	186

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15.1 Early departure costs

The Department and its agency meet the additional costs of benefits beyond the normal Northern Ireland Civil Service (NICS) Pension Schemes benefits in respect of employees who retire early by paying the required amounts annually to the (NICS) Pension Schemes over the period between early departure and normal retirement date. The Department and its agency provide for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments.

15.2 Legal claims

This represents public liability, employer liability, contract and compensation claims and dilapidations as advised by the business areas within the Department.

Public liability claims include personal injury claims. Employer liability claims include legal costs that will have to be borne by the Department and relate to accidents or injury caused due to faults in the fabric of a departmental building.

Contract claims are associated with claims made by contractors for unforeseen delays in the completion of projects or cost over-runs, which are outside of their control. The provisions details are based on evaluations made by qualified professional and technical personnel employed by DoF.

A discount rate has not been applied on any of the provisions as the time value of money is not significant.

16. Contingent liabilities disclosed under IAS 37

The Department has the following contingent liabilities:

Public/employer liability cases

There are currently 4 cases (2016-17: 7 cases) pending against the Department. The maximum that will be payable cannot be accurately estimated.

Industrial tribunal cases

There are currently no industrial tribunal cases (2016-17: Nil cases) pending.

Other legal issues

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

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Tax Compliance

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

17. Related-party transactions

The Department is the parent of the agency shown in Note 19. This body is regarded as a related party with which the Department has had various material transactions during the year.

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

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

18. Third-party assets

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

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

19. Entities within the departmental boundary

The entities within the boundary during 2017-18 were as follows:

DoF Core Directorates

- Central Procurement Directorate (CPD);
- Finance & Corporate Services Division (FCSD);
- Departmental Solicitor’s Office (DSO);
- Enterprise Shared Services (ESS);
- Group Internal Audit and Fraud Investigation Service (GIAFIS);
- Land and Property Services (LPS);
- Northern Ireland Civil Service Human Resources (NICSHR);
- Public Spending Directorate (PSD); *and*
- Strategic Policy and Reform Directorate (SPAR).

Supply Financed Agency

- Northern Ireland Statistics and Research Agency (NISRA).

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Sponsored Bodies

- Construction Industry Forum Northern Ireland;
- Legal Services Oversight Commission for Northern Ireland;
- Northern Ireland Building Regulations Advisory Committee;
- Northern Ireland Civil Service Pension Board;
- Renewable Heat Incentive Inquiry; and
- Statistics Advisory Committee.

Relationships with Other Bodies

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

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

20. Events after the reporting period

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

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 29 June 2018.

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APPENDIX 1: DOF DIRECTORATES

Central Procurement Directorate (CPD)

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

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

Works with stakeholders in the development of procurement policy, including on the promotion of equality of opportunity and social, environmental and economic benefits in the delivery of public procurement contracts.

Helps Northern Ireland Departments obtain best value for money in the procurement of the supplies, services and construction works that are needed to deliver their objectives, including through appropriate collaboration, engagement on innovative solutions, and effective project management and contract management.

Provides expert advice and professional services during the procurement lifecycle, from initial concept to completion and realisation of benefits. CPD works in partnership with suppliers, potential suppliers and industry representatives to make them aware of the opportunities available in the public sector market.

Provides the Northern Ireland Gateway Hub, managing the programme of assurance reviews for major programmes and projects across the Northern Ireland public sector.

Northern Ireland Civil Service Human Resources (NICSHR)

NICSHR provides strategic HR advice and HR services to help the nine Executive departments deliver the Programme for Government (PfG). It also supports Head of Civil Service and the NICS Board in its commitment to ensure the NICS is a well-led, high-performing civil service which is focused on outcomes.

Key responsibilities include:

- strategic HR business partnering with NICS Departments and participating bodies
- NICS Human Resources policy
- workforce planning and resourcing
- equality and diversity
- NICS pay, reward and grading
- Welfare Support Service
- employee relations
- learning and development

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- NICS pension arrangements
- Occupational Health Service

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

Financial and Corporate Services Division (FCSD)

Provides central support for the Minister and for the overall management and governance of DoF; provides financial services to DoF; and provides information management, assurance, ICT support services to DoF.

Departmental Solicitor's Office (DSO)

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

Enterprise Shared Services (ESS)

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

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

Provides digital development services, including content management, application development, user experience and digital design services.

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

Provides financial processing and accounting services primarily to NICS Departments.

Manages the delivery of HR services primarily to NICS Departments.

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

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

Provides citizen facing services through the NI Direct Programme.

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

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

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

The **Media Monitoring Unit** (MMU) provides an invaluable service to all Government Departments, their Ministers and Arm's Length Bodies by continually monitoring media from all local, national and international media news outlets. MMU also provides an essential link to, and services for, the Executive Information Service.

The **Government Advertising Unit** (GAU) is part of DoF ESS and is a shared service center established as a result of a comprehensive review of government advertising. GAU is responsible for coordinating the annual returns for the Executive Campaign Advertising Programme (EAP). All proposed advertising campaigns initially require Ministerial approval at Departmental level before being considered for inclusion in the EAP.

Land & Property Services (LPS)

Provides Ordnance Survey mapping services for Northern Ireland which are used widely across public and private sectors, informing policy development and enhancing service delivery.

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

Carries out the statutory responsibility to maintain the Valuation Lists and carry out frequent revaluations, which supports the collection of rates.

Delivers property valuations, estate management and property data services to the public sector (asset valuations and Client Services work e.g. road scheme compensation).

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

Administers various rate related reliefs including Housing Benefit, Rate Relief, Lone Pensioner Allowance and Disabled Persons Allowance to owner occupiers, and a number of business related reliefs, to help those in need pay their rates and provide assistance to business. Since September 2017 this includes the new Rate Rebate Scheme for working age claimants in receipt of Universal Credit.

Public Spending Directorate (PSD)

Responsible for the monitoring and control of the public expenditure regime in Northern Ireland; ensuring compliance with budget and accountability controls and ensuring the optimal allocation of resources.

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Supports decisions on the allocation of public expenditure, in line with the draft Programme for Government.

Supports the effective use of available resources through monitoring public expenditure, to live within the resources available.

Promotes proper governance and financial management and ensures resources are properly accounted for.

Strategic Policy and Reform Directorate (SPAR)

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

Provides effective sponsorship of the RHI Inquiry.

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

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

Leads the reform of the rating system.

Leads on Public Sector Reform across the wider public sector through benchmarking reform initiatives against international perspectives and best practice, supporting business improvement), the implementation of innovative best practice (through the Northern Ireland Public Sector Innovation Lab), and effective engagement with public sector colleagues, citizens and stakeholders in other sectors.

Responsible for the provision of internal consultancy services across the NICS, its Executive Agencies and NDPBs, through Business Consultancy Services.

Responsible for the provision on Library services across the NICS Departments through the NICS e-Library and physical collections in Dundonald House and Victoria Hall.

Leads on the delivery of NICS awards and NICS Live.

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Group Internal Audit and Fraud Investigation Services (GIAFIS)

A centralised Group Internal Audit and Fraud Investigation Service has been established as a separate directorate within DoF. The Group Service provides specialist fraud investigation services to NICS departments, Executive Agencies and Arm's Length Bodies. The Group Service also comprises departmental internal audit teams who are out-posted to the department to which they provide a service.

The overall Group Service is managed by the Group Head who has strategic responsibility for the provision of internal audit and fraud investigation services to NICS departments and in doing so has line management responsibility for departmental internal audit and fraud investigation staff.

While the Group Service is located in DoF, the Group Service is accountable to individual departmental Accounting Officers. Any fraud investigations or audit activity undertaken by the Group Service is undertaken on behalf of the relevant department and reported to the relevant department – there is no reporting line on these matters to DoF.

Departments are hard charged for the services provided by the Group Service.

EXECUTIVE AGENCY

Northern Ireland Statistics and Research Agency (NISRA)

Provides statistical and social research services to support decision making by Northern Ireland Ministers and Departments

Informs elected representatives and the public through the dissemination of reliable official statistics.

Administers the marriage laws and provides a system for the civil registration of births, marriages, civil partnerships, adoptions and deaths in Northern Ireland.

Carries out the decennial Census.

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APPENDIX 2: ACRONYMS

Acronym	Details
£k	£000 (representing thousands of pounds)
ALBs	Arm's Length Bodies
AME	Annually Managed Expenditure
BME	Black and Minority Ethnic
CAL	Centre for Applied Learning
CARE	Career Average Revalued Earnings
CETV	Cash Equivalent Transfer Value
CFER	Consolidated Fund Extra Receipt
CPD	Central Procurement Directorate
CPI	Consumer Prices Index
DARC	Departmental Audit and Risk Committee
DAERA	Department of Agriculture, Environment and Rural Affairs
DEL	Department Expenditure Limits
DfC	Department for Communities
DfE	Department for the Economy
DfI	Department for Infrastructure
DE	Department of Education
DoF	Department of Finance
DoH	Department of Health
DoJ	Department of Justice
DSO	Departmental Solicitor's Office
ESS	Enterprise Shared Services
EU	European Union
FCSD	Finance & Corporate Services Division
FReM	Financial Reporting Manual
GIAFIS	Group Internal Audit and Fraud Investigation Service
HM	Her Majesty
HMRC	Her Majesty Revenue and Customs
HR	Human Resources
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICT	Information and Communications Technology
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
LGBT	Lesbian, gay, bisexual and transgender
LPS	Land and Property Services
LPIS	Land Parcel Identification System
MEP	Member of the European Parliament
MLA	Member of the Legislative Assembly

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Acronym	Details
MP	Member of Parliament
MPMNI	Managing Public Money Northern Ireland
NDPB	Non-Departmental Public Body
NFI	National Fraud Initiative
NIAO	Northern Ireland Audit Office
NIAUR	Northern Ireland Authority for Utility Regulation
NICS	Northern Ireland Civil Service
NICSHR	Northern Ireland Civil Service Human Resources
NISRA	Northern Ireland Statistics and Research Agency
NSMC	North South Ministerial Council
OHS	Occupational Health Service
ONS	Office for National Statistics
PAC	Public Accounts Committee
PfG	Programme for Government
PFI	Public Finance Initiatives
PPA	Prior Period Adjustment
PSD	Public Spending Directorate
PSSSP	Public Sector Shared Services Programme
RAG	Red, Amber or Green
RHI	Renewable Heat Incentive
RPI	Retail Prices Index
RPM	Reform of Property Management
SCS	Senior Civil Service
SEUPB	Special European Union Programmes Body Expenditure
SOAS	Statement of Assembly Supply
SOFP	Statement of Financial Position
SPAR	Strategic Policy and Reform Directorate
TEO	The Executive Office
UC	Universal Credit
UK	United Kingdom
VAT	Value Added Tax
VES	Voluntary Exit Scheme