
**Department of Justice
Annual Report and Accounts
For the year ended 31 March 2016**

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

1 July 2016

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CONTENTS

	Page
<u>Performance Report</u>	
Overview	
• Foreword by Permanent Secretary	1
• Statement of purpose and activities	2
• Performance summary and forward look	5
Performance analysis	8
<u>Accountability Report</u>	
Corporate Governance Report	
• Directors' Report	24
• Statement of Accounting Officer's Responsibilities	26
• Governance Statement	27
Remuneration and Staff Report	36
Assembly Accountability and Audit Report	
• Statement of Assembly Supply	51
• Other Assembly accountability disclosures	59
• Certificate of the Comptroller and Auditor General	65
<u>Financial Statements</u>	
Consolidated Statement of Comprehensive Net Expenditure	68
Consolidated Statement of Financial Position	69
Consolidated Statement of Cash Flows	70
Consolidated Statement of Changes in Taxpayers' Equity	71
Notes to the Accounts	72
<u>Other</u>	
Report of the Comptroller and Auditor General	126
Acronyms	128

PERFORMANCE REPORT

OVERVIEW

FOREWORD BY PERMANENT SECRETARY

I am pleased to present the Department of Justice's annual report and accounts for 2015-16. This was another busy year across the DOJ and its arm's length bodies, during which we made a number of significant achievements against our three strategic themes of Safer, Shared Communities; Faster, Fairer Justice; and Rehabilitating Offenders.

Positive strides were made in implementing the Community Safety Strategy. Through legislation we extended the powers of the National Crime Agency enabling it to operate in Northern Ireland. By working in partnership with the Department of Health (formerly Department of Health, Social Services and Public Safety) we published the Stopping Domestic and Sexual Violence and Abuse Strategy. Additionally, significant progress was delivered against the Victims and Witness Strategy Action Plan. Our legislative programme was advanced with both the Justice (No 2) Bill and the Mental Capacity Bill completing Final Stage in the Assembly and Royal Assent received in May 2016. The programme to reform the legal aid system continued and during the year we introduced measures to reduce costs while safeguarding access for the most vulnerable. Reform of the prison service and youth justice system remained a priority for the Department. The Programme for Government target to implement 90% of the Prison Review Team recommendations was achieved and we have a clear focus for continued reform.

The Department increased its number of executive agencies to five, with the establishment of the Legal Services Agency Northern Ireland (formerly the Northern Ireland Legal Services Commission) on 1 April 2015. The NICS Voluntary Exit Scheme (VES), which saw 387 staff leaving the Department, was both an opportunity and a challenge for the Department and we will continue to manage the reduction in staff numbers and the loss of expertise throughout 2016-17. The Department faced significant financial pressures in-year and in response we have focused on how to position the Department to deliver the best outcomes for the public we can. The Department has already made significant advances using the shared services model to deliver corporate services and maximise efficiencies. A Departmental transformation programme has also been progressed this year with the aim of improving how the Department, its agencies and its arm's length bodies deliver outcomes through partnership-working both internally and externally.

I would like to take the opportunity to acknowledge once again the hard work and commitment of staff across the DOJ family who, whether in frontline, policy or corporate service roles, worked to deliver the vision of a Safer Community, with Justice for All.

STATEMENT OF PURPOSE AND ACTIVITIES

Introduction

The Department has a range of devolved policing and justice functions as set out in the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010, including the functions transferred from the Northern Ireland Office and the former Northern Ireland Court Service.

The role of the Department is to support the Minister of Justice to help build a fair, just and safer community in Northern Ireland. In addition to its statutory functions, the Department provides resources and a legislative framework for its agencies and arm's length bodies (ALBs), which jointly constitute most of the justice system in Northern Ireland. Together with these organisations, the Department is responsible for ensuring there is a fair and effective justice system in Northern Ireland and for increasing public confidence in that system.

Aim and Objectives

The mission of the Department in 2015-16 was to support the Minister of Justice in building a fair, just and safer community. To underpin this mission, the Minister set a number of thematic priorities as follows:

- **safer, shared communities** - to promote and contribute to safer communities through partnership working with statutory organisations, communities, the third sector and businesses;
- **faster, fairer justice** - to promote faster, fairer justice through cross cutting policy, procedural and structural reforms; and
- **rehabilitating offenders** - to have a prisons delivery model that is capable of withstanding changes in both prisoner population size and need.

These priorities were in turn supported by the following objectives:

- **governance** - to ensure appropriate governance arrangements are in place across the Department, its agencies and its NDPBs and ALBs;
- **human resources** - to provide timely and quality HR services that support delivery of the Department's objectives in line with NICS HR policies and procedures;
- **finance** - to provide financial services that support the delivery of the Department's objectives and comply with financial policies and procedures; and
- **transformation programme** - to ensure the Department of Justice is best configured to deliver our objectives and contribute to a safer Northern Ireland.

Departmental Boundary

The Accounts of the Department comprise a consolidation of the income, expenditure, assets and liabilities of those entities within the Departmental resource accounting boundary as follows (see Note 21 to the Accounts for full details):

- Core Department;
- Forensic Science Northern Ireland;
- Legal Services Agency Northern Ireland;
- Northern Ireland Courts and Tribunals Service;
- Northern Ireland Prison Service; and
- Youth Justice Agency.

Following the dissolution of the Northern Ireland Legal Services Commission, the Legal Services Agency Northern Ireland was established on 1 April 2015 as an executive agency within the Department of Justice. In accordance with IFRS 3 *Business Combinations under Common Control*, this has been accounted for as a 'transfer by absorption' in the Department's Accounts for 2015-16 and figures for 2014-15 have not been restated.

Bodies outside of the Departmental Boundary

The Department has lead policy responsibility for the following bodies outside the Departmental boundary that are classified as, or analogous to, an executive non-departmental public body (NDPB):

- Criminal Justice Inspection Northern Ireland (CJINI);
- Northern Ireland Police Fund;
- Northern Ireland Policing Board;
- Office of the Police Ombudsman for Northern Ireland;
- Police Rehabilitation and Retraining Trust;
- Police Service of Northern Ireland (PSNI);
- Probation Board for Northern Ireland (PBNi); and
- RUC George Cross Foundation.

These entities prepare separate annual reports and accounts that are audited by the Comptroller and Auditor General.

Departmental Reporting Cycle

The Estimates for the year to 31 March 2016 are contained in the Budget Act (Northern Ireland) 2015 and the Budget (No 2) Act (Northern Ireland) 2015. The Supplementary Estimates are contained in the Budget Act (Northern Ireland) 2016. The related Acts, Bills and Department of Finance (DoF) [formerly Department of Finance and Personnel (DFP)] publications containing detailed supporting information are available from The Stationery Office Limited - www.tso.co.uk.

The Accounts for the year to 31 March 2016 report against the Supplementary Estimates and will be laid in the Assembly.

Departmental Restructuring

The Stormont House Agreement contained a commitment to reduce the number of NICS departments from twelve to nine following the Assembly election in May 2016. The names and high level functions of the new departments have been agreed by Ministers and details can be found in:

- Departments Act (Northern Ireland) 2016;
- The Departments (2016 Act) (Commencement) Order (Northern Ireland) 2016; and
- The Departments (Transfer of Functions) Order (Northern Ireland) 2016.

It is anticipated that staff working in the affected areas will move with the function.

The nine-departmental model constitutes a Machinery of Government (MOG) change and the Department of Justice will encompass:

- the existing functions of the previous Department of Justice; and
- Planning Appeals Commission and Water Appeals Commission administrative support from The Executive Office (TEO) [formerly Office of the First Minister and deputy First Minister (OFMDFM)].

In line with these MOG changes, reference to the new Department of Finance (DoF) [formerly Department of Finance and Personnel (DFP)] has been included throughout this Annual Report and Accounts.

Key issues and risks

Risk management is embedded into the business planning process in the Department at both strategic and operational levels in line with DoF guidance. The system of internal control is designed to maintain risk at a manageable level, based on a risk appetite agreed by the Departmental Board. Risks to the delivery of Departmental aims and objectives are considered by the Board on an ongoing basis. The likelihood of risks being realised and the likely impact of realisation of those risks are considered in order to inform decisions on how to manage risk effectively.

The Board monitors the mitigation of strategic risks throughout the year. These include risks of a sufficient magnitude to threaten organisational success and reputation, or a scenario of combined risks that would have an impact. The corporate risk register is amended throughout the year to reflect changes to the assessment of risk and to take account of emerging risk areas. This supports the Accounting Officer in ensuring that there is regular and timely assurance on the issues that are important to organisational success; in particular, the proportionate management of risks that threaten the successful achievement of business outcomes and objectives.

The key risks and issues identified in 2015-16 included:

- **operations** - operational failures within the Department which damage public confidence in the justice system;
- **security** - security and/or public order risk assessment situation rises to a level that impacts adversely on the Department's business and wider Northern Ireland society;
- **legacy** - the Stormont Agreement and Implementation Plan omits the former commitment on Historical Investigations Unit (HIU) and the increasing complexity and volume of legacy business across the justice family persists;
- **staffing** - the impact of the NICS VES and restructuring exercises increases the risk that key knowledge, skills and experience are severely depleted/lost and insufficient people are in place to deliver priority areas of the Department's business which impacts on our ability to deliver high quality services;
- **finance and governance** - unexpected costs or budget reductions in-year could impact on the Department's ability to achieve overall strategic objectives or result in a failure to live within the Department's budget allocation for 2015-16. The lack of an appropriately robust governance framework, operated throughout the Department, raises the potential for financial loss and/or reputational damage.

Assurance on risk management in the Department's agencies and ALBs is provided in the form of bi-annual assurance statements and annual governance statements, which are signed by the designated Accounting Officers.

PERFORMANCE SUMMARY AND FORWARD LOOK

Performance summary

Programme for Government

During 2015-16 the Department continued to make progress against its seven commitments in the 2011-16 Programme for Government (PfG). The commitments and their status as at 31 March 2016 are outlined below. The reported status represents the progress made by the Department to achieve the required actions that were set for it in the PfG.

Programme for Government commitments	Status
1. Substantially complete the construction of the new Police, Prison, and Fire Training College.	Not met
2. Reduce the level of serious crime.	Fully met
3. Tackle crime against older and vulnerable people by more effective and appropriate sentences and other measures.	Fully met
4. Improve community safety by tackling anti-social behaviour.	Fully met
5. Improve access to justice.	Partially met
6. Actively seek local agreement to reduce the number of 'peace walls'.	Partially met
7. Reform and modernise the Prison Service.	Fully met

Departmental Business Plan

The Department's strategic aims were aligned to three thematic priorities set by the Minister of Justice:

- safer, shared communities;
- faster, fairer justice; and
- rehabilitating offenders.

The Department also had a number of enabling objectives supporting governance, finance, human resources and transformational change.

In tandem with the Programme for Government the Department developed a business plan to translate the priorities set by the Minister into delivery objectives and achievement targets. The objectives, targets and status are outlined below. The reported status represents the progress made by the Department to achieve the required actions that were set for it in the Business Plan.

Further detail on the commitments and targets for 2015-16 is provided in the Performance Analysis section of the Performance Report.

Departmental Business Plan Objectives	Targets	Status
To promote and contribute to safer communities through partnership working with statutory organisations, communities, the third sector and business.	Safer communities, including lower levels of crime and anti-social behaviour.	Partially met
	Shared communities where each person's rights are respected.	Partially met
	Effective partnership arrangements in place to tackle organised crime.	Fully met
	Improve services for victims and witnesses of crime.	Fully met
	Confident communities where people feel safe and have confidence in the agencies that serve them.	Fully met
To promote faster, fairer justice through cross-cutting policy, procedural and structural reforms.	Support delivery of Access to Justice, through design of the courts and tribunal structures and reform of the legal aid system.	Partially met
	Ensure the criminal law is up-to-date and reflects the needs of Northern Ireland.	Fully met
	Deliver the legislative programme.	Fully met
	Speed up the criminal justice system.	Fully met
	Develop a new Historical Investigations Unit as part of the Stormont House Agreement.	Partially met
Making the community safer by reducing the risk of re-offending.	Commission and deliver services in line with offenders' assessed risks, needs and strengths.	Partially met
	Consolidate the prison reform programme and move to business as usual.	Fully met
	Deliver the 2015-16 works programme from NIPS Estate Strategy.	Fully met
	Make custody safer by addressing bullying and reducing the level of assaults.	Partially met
	Reduce the number of young people in custody by further developing specialist services for young people who offend.	Fully met

Forward look

The Department of Justice is preparing to face the challenges for the new Executive's Programme for Government (PfG). Our focus will be to deliver against the PfG outcomes and our commitments in the Fresh Start Agreement along with advancing our Minister's priorities and policy agenda (Justice 2020). We will continue to progress the DOJ Transformation Programme, which aims to ensure that the Department of Justice is configured to deliver our objectives and contribute to a safer Northern Ireland.

Much has been achieved to date and our focus has been on:

- **partnership** - streamlining our working relationship with the PSNI and developing a more focused approach to our dealings with the voluntary and community sector, to give them greater certainty and ensure we maximise the value we get from our financial investment in them;
- **policy** - continuing our programme to modernise the Justice System, to prioritise our policy work better and support the development of an outcome-based approach to our planning;
- **capability** - maximising existing skill sets and better prioritising our work, to enable us to move teams to deal with the most important tasks and being more disciplined about stopping things that are no longer needed;
- **risk management** - developing more efficient ways of doing sponsorship and governance; and
- **enabling justice** - building on progress made on shared services and making our broader corporate support to the business more efficient and effective, in conjunction with the wider NICS reform programme.

PERFORMANCE ANALYSIS**Performance against the Programme for Government 2011-16**

On 12 March 2012, the First Minister and deputy First Minister published the Programme for Government (PfG) 2011-2015. The PfG identified the Executive's actions to deliver its number one priority - a vibrant economy that can transform our society while dealing with the deprivation and poverty which has affected some of our communities for generations. The PfG was subsequently extended to 31 March 2016.

The Department of Justice had seven commitments in the PfG 2011-16 and performance against these commitments during 2015-16 is outlined below. The reported status represents the progress made by the Department to achieve the required actions that were set for it in the PfG.

Programme for Government commitments	Status	Performance
1. Substantially complete the construction of the new Police, Prison, and Fire Training College.	Not met	A revised outline business case (OBC1) was developed during the 2015-16 year. It was approved by the Executive in March 2016, allowing the Programme Team to proceed with the development of the preferred option to OBC2 stage. OBC2, if approved, will form the basis for DoF approval to initiate formal procurement. The Budget 2016-17 statement, agreed by the Executive in December 2015, made a commitment to provide capital funding for this project over the next five financial years.
2. Reduce the level of serious crime.	Fully met	<p>'Supporting Change', a desistance strategy and action plan to improve outcomes for people who have offended was published on 28 September 2015.</p> <p>Formal briefing was provided to the Justice Committee on the joined up oversight and evaluation of Reducing Offending interventions.</p> <p>Statistical reports on first time entrants to the justice system (2013-14) and one year proven reoffending rates (2012-13) have also been produced.</p> <p>The joint Department of Health (DoH) [formerly Department of Health, Social Services and Public Safety (DHSSPS)] and DOJ led Stopping Domestic and Sexual Violence and Abuse Strategy was published on 15 March 2016. A consultation on an offence of domestic abuse and the introduction of a domestic violence disclosure scheme has been completed and responses are being analysed.</p>

Programme for Government commitments	Status	Performance
3. Tackle crime against older and vulnerable people by more effective and appropriate sentences and other measures.	Fully met	<p>The action plan for tackling crime against older and vulnerable people is being implemented and annual progress reports are submitted to the Justice Committee, with the most recent report submitted in March 2016.</p> <p>The age and vulnerability of the victim are included as aggravating factors in the principles underlying sentencing. Measures for transparency, consistency and understanding of sentencing practice were announced by the Minister of Justice in June 2012, and include increased engagement with the Lord Chief Justice (LCJ) and lay membership on the Sentencing Group, established by the LCJ to enhance the guidance available to the judiciary. Professor Sally Wheeler, School of Law, Queen's University Belfast, has been appointed to the Group.</p>
4. Improve community safety by tackling anti-social behaviour.	Fully met	<p>Progress continues to be made on the delivery of the anti-social behaviour (ASB) commitments outlined in the Community Safety Strategy for Northern Ireland.</p> <p>The latest findings from the NI Crime Survey, based on interviews conducted during the period 1 January 2015 to 31 December 2015, show 87.2% of respondents claimed ASB has a minimal effect on their quality of life (PfG target: an improvement in the percentage of people using a baseline of 82.1%). The proportion of people agreeing that the police and other agencies are dealing with the ASB and crime issues that matter in the local area was 41.4% (PfG target: increase to 41.4%). The percentage of people who perceived the level of ASB in their local area to be high was 7.9% (PfG target: reduce to 11%).</p> <p>PSNI statistics demonstrate that there has been a general downwards trend in the number of anti-social behaviour incidents recorded since the data series began in 2006-07 with the figure for the latest 12 months to March 2016 showing the lowest levels in the series.</p> <p>While the number of anti-social behaviour incidents fell year on year between 2006-07 and 2011-12, there was an increase of 1.8% between 2011-12 and 2012-13, before levels fell again by 7.1 percent in 2013-14. The number of incidents rose by 276 (0.5%) between 2012-14 and 2014-15; however the level recorded during the latest 12 months to March 2016 (59,502) is 2.4% (1,480 incidents) lower than the level recorded during 2014-15 (60,982)</p>

Programme for Government commitments	Status	Performance
5. Improve access to justice.	Partially met	<p>The Legal Services Agency Northern Ireland assumed responsibility for the delivery of legal aid from 1 April 2015 following the dissolution of the former Northern Ireland legal Services Commission.</p> <p>Standard fees have been implemented in criminal cases and are being developed for civil cases. Rules governing use of counsel were reformed to ensure that representation is at the appropriate level. In order to protect the availability of legal aid for the most vulnerable, private law family will remain in scope of legal aid, otherwise scope is being reduced where alternative provision for advice is available, or other funding can be accessed.</p> <p>The Access to Justice Review (Part II) has been published and an Access to Justice Programme Board has been established to take forward agreed recommendations, involving senior representatives from DoF, DoH and Department for Communities (DfC) [formerly Department for Social Development (DSD)], as well as DOJ.</p>
6. Actively seek local agreement to reduce the number of 'peace walls'.	Partially met	<p>Ulster University provided policy papers on addressing removal of interface challenges. The Institute for Conflict Research completed three reports on issues facing certain interface communities. Seven International Fund for Ireland (IFI) funded projects continue to assist community dialogue and develop plans to remove/alter barriers. The second Attitudes to Peace Walls Survey was published. A DOJ led cross departmental Programme Board was established. The number of structures is now 51, reduced from 59, with parts of five other structures also removed.</p>
7. Reform and modernise the Prison Service.	Fully met	<p>With 36 of the 40 Prison Review Team (PRT) recommendations signed-off by the Oversight Group, the PfG commitment to achieve 90% of the PRT recommendations has been met. The Oversight Group concluded its work by identifying five strategic themes on which the Prison Service Management Board should focus to continue the process of reform: leadership; purposeful activity; respect and inclusivity; a fit for purpose prison estate; and partnership with Healthcare.</p>

Performance against Business Plan for 2015-16

In tandem with the Programme for Government, the Department developed a Business Plan for 2015-16. The purpose of the Business Plan was to translate the priorities, as set out by the Minister, into a set of objectives and targets for the Department and to set out how these would be delivered. Performance against these measures in 2015-16 is outlined below. The reported status represents the progress made by the Department to achieve the required actions that were set for it in the Business Plan.

Thematic Priority 1 - Safer Communities

Objective:

To promote and contribute to safer communities through partnership working with statutory organisations, communities, the third sector and business.

Outcome:

A co-ordinated effort to tackle organised crime.

Targets and measures	Status	Outcomes
<p>Target: Safer Communities, including lower levels of crime and anti-social behaviour.</p> <p>Measures:</p> <ul style="list-style-type: none"> • progress in implementing the Community Safety Strategy; • progress in implementing the NI Community Safety College (NICSC); and • AccessNI to meet published target times. 	Partially met	<p>A revised outline business case (OBC1) for the NICSC was approved by the Executive on 10 March 2016, allowing the Programme Team to proceed with the development of the preferred option to OBC2 stage. OBC2, if approved, will form the basis for DoF approval to initiate formal procurement. The December 2015 budget statement made a commitment to capital funding for this project over the next five financial years.</p> <p>Delivery of the commitments outlined in the Community Safety Strategy for Northern Ireland 2012-17 continues. Annual progress reports are submitted to the Justice Committee with the most recent reports submitted in March 2016.</p>
<p>Target: Shared communities where each person's rights are respected.</p> <p>Measures:</p> <ul style="list-style-type: none"> • make progress towards Executive commitments on peace walls; and • publish, with DoH, a combined Domestic and Sexual Violence Strategy. 	Partially met	<p>A DOJ-led cross departmental Programme Board was established. The number of structures is now 51, reduced from 59, with parts of five other structures also removed. Challenges in the removal of physical structures identified through research by, for example, the Ulster University and Institute for Conflict Research, and Attitudes to Peace Wall Survey.</p> <p>IFI-funded community based projects assist dialogue and development of plans to remove/alter barriers.</p> <p>Joint Stopping Domestic and Sexual Violence and Abuse Strategy was published on 15 March 2016.</p>

Targets and measures	Status	Outcomes
<p>Target: Effective partnership arrangements in place to tackle organised crime.</p> <p>Measures:</p> <ul style="list-style-type: none"> • review Organised Crime Task Force (OCTF) strategy; and • complete steps for the National Crime Agency to go 'live' on 20 May 2015. 	<p>Fully met</p>	<p>The National Crime Agency is now fully operational in Northern Ireland.</p> <p>A revised OCTF strategy was published in April 2016.</p> <p>In addition, a Joint Agency Cross Border Task Force has been established under the Fresh Start Agreement, led jointly by PSNI and An Garda Síochána, to tackle organised crime on a cross-border basis.</p>
<p>Target: Improve services for victims and witnesses of crime.</p> <p>Measure:</p> <ul style="list-style-type: none"> • progress relevant year one actions from the 2015-18 Victim and Witness Strategy Action Plan. 	<p>Fully met</p>	<p>The Justice Committee was provided with six monthly updates, on the Victim and Witness Strategy Action Plan, with the most recent update in March 2016. All relevant year one actions have been progressed.</p> <ul style="list-style-type: none"> • EU Victims Directive transposed; • Victim Charter placed on a statutory footing; • Witness Charter drafted; • Registered Intermediaries Schemes extended to all Crown Court cases (previously indictable only); • recommendations in the evaluation report of Phase I of the Registered Intermediaries Schemes actioned; and • scoping work undertaken for a pilot of video-recorded cross examination and re-examination.
<p>Target: Confident communities where people feel safe and have confidence in the agencies that serve them.</p> <p>Measures:</p> <ul style="list-style-type: none"> • support and develop Policing and Community Safety Partnerships (PCSPs); • implement, in the context of Local Government Reform, changes to PCSP structures; • contribute to community confidence in policing and police accountability arrangements; and • contribute to confidence in policing accountability arrangements. 	<p>Fully met</p>	<p>Following Local Government Reform, PCSPs were reconstituted in each of the new 11 Council areas. Each PCSP has statute-designated members from a number of agencies and organisations to facilitate joined-up working and provide effective outcomes for local communities. One of the PCSP strategic objectives is to improve confidence in policing and this is delivered through each PCSP Policing Committee and PCSP Action Plan.</p> <p>Findings from the NI Crime Survey for the year ending December 2015 show the proportion of respondents who expressed confidence in the police and police accountability arrangements (80.9%) remained on a par with that observed in the same period the previous year (80.0%) ('Perceptions of Policing, Justice and Anti-Social Behaviour: Quarterly Update to December 2015' published on DOJ website: www.justice-ni.gov.uk).</p>

Other significant achievements during 2015-16:***Domestic Violence Protection Notices and Orders***

Legislation was brought forward under Schedule 7 of the Justice Act (Northern Ireland) 2015 providing police with the powers to issue Domestic Violence Protection Notices (DVPNs) and apply to court for a Domestic Violence Protection Orders (DVPOs).

Causing or Allowing Harm to Child or Vulnerable Adult

Legislation brought forward under Section 96 of the Justice Act (Northern Ireland) 2015 extended the scope of the current offence of causing or allowing the death of a child or vulnerable adult to include also cases of causing or allowing a child or vulnerable adult to suffer serious physical harm.

Child Sexual Exploitation

A workshop was held to address a key recommendation of the Marshall Report into Child Sexual Exploitation (CSE) on exploring how to secure successful prosecutions of perpetrators of CSE. The workshop was independently facilitated by Dr Helen Beckett and Dr Camille Warrington from *'The International Centre: Researching Child Sexual Exploitation, Violence and Trafficking'* at the University of Bedfordshire. Fifty delegates attended and included representation from a wide range of practitioners across the statutory and voluntary Justice and Health sectors.

Consultation - New Domestic Abuse Offence and Domestic Violence Disclosure Scheme

A public consultation has been completed and responses are being analysed on:

- the introduction of a new domestic abuse offence in Northern Ireland, similar to that now provided for by legislation in England and Wales; and
- introduction of a Domestic Violence Disclosure Scheme for Northern Ireland.

Thematic Priority 2 - Faster, Fairer Justice**Objective:**

To promote faster, fairer justice through cross-cutting policy, procedural and structural reforms.

Outcomes:

- legal aid reform;
- legislative programme on track;
- improved victim and witness experience; and
- reduced case processing times.

Targets and measures	Status	Outcomes
<p>Target: Support delivery of Access to Justice, through design of the courts and tribunal structures and reform of the legal aid system.</p> <p>Measures:</p> <ul style="list-style-type: none"> • commence implementation of new civil fee structures by end 2015; • develop and introduce changes to scope of legal aid to reduce demand; • consider the Access to Justice Review Part II Report and develop further reform programme; • establish a Civil Justice Council; • bring forward policy proposals in relation to civil court and tribunal structures; • consult on judicial review time limits; and • consult on level of bereavement damages. 	Partially met	<p>Future access to legal aid for the most vulnerable is being safeguarded through:</p> <ul style="list-style-type: none"> • control of legal aid expenditure through progressive introduction of standard fees; • removing from scope areas where alternative provision is available and ensuring that those who can afford to cover some or all of their own costs, do so; • ensuring the merit tests are applied appropriately; and • drawing on Access to Justice Review Part II, developing a further programme of reform.
<p>Target: Ensure the criminal law is up-to-date and reflects the needs of Northern Ireland.</p> <p>Measure:</p> <ul style="list-style-type: none"> • consult on a review of the adequacy of life sentence tariffs. 	Fully met	<p>Unduly Lenient Sentences: the Criminal Justice Act 1988 (Review of Sentencing) Order (NI) 2016 came into effect on 1 April 2016.</p>

Targets and measures	Status	Outcomes
<p>Target: Deliver the legislative programme.</p> <p>Measure:</p> <ul style="list-style-type: none"> • progress the following pieces of legislation: <ul style="list-style-type: none"> - Faster, Fairer Justice Bill; - Fines and Enforcement Bill; - Mental Capacity Bill; and - Abortion Law Reform. 	Fully met	<p>Justice Act (NI) 2015 ("<i>Faster, Fairer Justice</i>") received Royal Assent on 24 July 2015.</p> <p>Justice (No.2) Bill ("<i>Fines and Enforcement</i>") completed Final Stage on 14 March 2016. Royal Assent was received on 12 May 2016.</p> <p>The Mental Capacity Bill completed Final Stage on 15 March 2016. Royal Assent was received on 9 May 2016.</p> <p>No Executive agreement was reached to reform the law on abortion.</p>
<p>Target: Speed up the criminal justice system.</p> <p>Measure:</p> <ul style="list-style-type: none"> • achieve Speeding up Justice programme. 	Fully met	<p>Ongoing measures to speed up the justice system include:</p> <ul style="list-style-type: none"> • reform of the summons process and measures to encourage early guilty pleas (with effect from 1 April 2016); the introduction of Statutory Case Management (to commence Autumn 2016) and reform of the committal process (to commence early 2017). • application of emerging developments arising from the Indictable Cases Pilot (ICP) in Ards - pilot processes continue to be applied to Murder/Manslaughter cases across all districts and; introduction of staged forensic reporting across all offence types and districts, to be rolled out on a phased basis, commencing May 2016. • active consultation on amendments to existing legislation to introduce Statutory Time Limits; ongoing review into measures, format and content on performance reporting within the criminal justice system.

Targets and measures	Status	Outcomes
<p>Target: Develop a new Historical Investigations Unit (HIU) as part of the Stormont House Agreement.</p> <p>Measures:</p> <ul style="list-style-type: none"> • prepare instructions for the HIU to be included in the Stormont House Agreement Bill. • develop and agree arrangements for the establishment of the HIU in 2016. 	Partially met	<p>Instructions on policy to establish the Historical Investigations Unit for inclusion in the Stormont House Agreement Bill were successfully prepared. However, political agreement on establishing the institutions to Deal with the Past was not reached. As a consequence, the Stormont House Agreement Bill on legacy matters is on hold.</p> <p>Arrangements for the establishment of the HIU have been progressed, covering:</p> <ul style="list-style-type: none"> • project management processes; • outline project plans; • draft budgets; and • some cross-agency planning. <p>Work was also undertaken on the:</p> <ul style="list-style-type: none"> • modelling of HIU staffing structures; • identification of accommodation requirements and potential sites; • IT, communications and information storage and management system requirements; and • recruitment process for a Director of HIU.

Thematic Priority 3 - Rehabilitating Offenders

Objective:

Making the community safer by reducing the risk of re-offending.

Outcomes:

- to have an integrated partnership model;
- a reduction in offending and re-offending; and
- to have a performance culture.

Targets and measures	Status	Outcomes
<p>Target: Commission and deliver services in line with offenders' assessed risks, needs and strengths.</p> <p>Measures:</p> <ul style="list-style-type: none"> • all prisoners will have a current Personal Development Plan in place by August 2015; and • accreditations achieved by prisoners will increase by at least 10% by March 2016 (against 2014-15 baseline). 	<p>Partially met</p>	<p>Every person committed to custody had their risks, strengths and needs assessed on an individual basis. This profile was taken into account in the allocation of funding to Voluntary and Community Sector providers for the incoming financial year. Over 75% of sentenced prisoners have a Personal Development Plan in place.</p> <p>Outsourcing of Learning and Skills (L&S) provided positive outcomes for offenders and provided a wider curriculum in all three prison sites.</p> <p>The improvements provided the evidence for full outsourcing of L&S to Belfast Metropolitan College and North West Regional College at end of the pilot year (August 2016).</p>
<p>Target: Consolidate the prison reform programme and move to business as usual.</p> <p>Measures:</p> <ul style="list-style-type: none"> • a benefits realisation plan for the Prison Review Team recommendations will be available by October 2015; and • cost per prisoner place does not exceed £58,000. 	<p>Fully met</p>	<p>With 36 of the 40 PRT recommendations signed-off by the Oversight Group, the PfG commitment to achieve 90% of the PRT recommendations was met. The Oversight Group concluded its work by identifying five strategic themes on which the Prison Service Management Board (PSMB) should focus to continue the process of reform:</p> <ul style="list-style-type: none"> • leadership; • purposeful activity; • respect and inclusivity; • fit for purpose prison estate; and • partnership with Healthcare. <p>At its February 2016 meeting, PSMB agreed that it would adopt responsibility for oversight of ongoing reform and identified Board-level champions for each of the strategic themes. An implementation plan is now being prepared.</p>

Targets and measures	Status	Outcomes
<p>Target: Deliver the 2015-16 works programme from NIPS Estate Strategy.</p> <p>Measures:</p> <ul style="list-style-type: none"> • step down facility for women offenders built by September 2015; and • contract awarded by December 2015 for the construction of a 360 cell block at Maghaberry. 	Fully met	<p>A new Step-Down Facility for Women was completed on 23 October 2015 and it is now fully operational.</p> <p>The procurement process to award a contract for the design and build of the Maghaberry 360 Cell Accommodation Block was completed in March 2016. The contract was awarded in March 2016 and construction is expected to be completed by April 2019.</p>
<p>Target: Make custody safer by addressing bullying and reducing the level of assaults.</p> <p>Measures:</p> <ul style="list-style-type: none"> • total percentage of random mandatory drug tests failed or refused in prisons does not exceed 12% during 2015-16; • total number of assaults in prisons does not exceed 270 during 2015-16; and • number of lock downs in prisons does not exceed 1% during 2015-16. 	Partially met	<p>Staff resources are now being more effectively deployed to manage appropriately the prison population. This has been coupled with the delivery of a consistent regime. These measures have lowered tension in the prison and in turn reduced the level of assaults.</p>
<p>Target: Reduce the number of young people in custody by further developing specialist services for young people who offend.</p> <p>Measures:</p> <ul style="list-style-type: none"> • completion of a scoping exercise on the Children's Legislative Framework and present findings to Justice Minister by February 2016; • contribute to a reduction of any unnecessary use of custody by maximising the community and restorative options that are available by March 2016; and • review the regime in Woodlands Juvenile Justice Centre (JJC) to ensure it meets the needs of a changing population. 	Fully met	<p>The first phase of a Scoping study was completed and findings presented to Minister of Justice in February 2016 in advance of Oral Statement on 14 March. The work on developing a programme of action to implement agreed proposals is underway.</p> <p>There has been a year-on-year reduction in total admissions to custody at Woodlands JJC since 2014. Proposals contained in Scoping Study will aim to continue this work and reduce admissions still further.</p> <p>JJC staff and partners have undertaken focus groups, and reviewed regimes and service provision. Healthcare and education provision also being improved through partnership.</p>

Other significant achievements during 2015-16:

- legislation was introduced to achieve the Youth Justice Review recommendation that best interests of the child should be a primary consideration for all justice organisations; and
- Youth Engagement Clinics were fully operational across all Police Districts from 1 April 2015.

Supporting Objectives

Objectives and outcomes	Status	Performance
<p><u>Governance</u></p> <p>Objective: To ensure appropriate governance arrangements are in place across the Department, its agencies and its NDPBs and arm's length bodies.</p> <p>Outcome:</p> <ul style="list-style-type: none"> the Department, its agencies, NDPBs and ALBs adhere fully to good governance principles, laws, regulations, policies, procedures and contracts. 	Outcome achieved	<p>Governance arrangements across the departmental family were widely examined by Internal Audit during the year and best practice policies and procedures have been promulgated across the department, its agencies and its NDPBs.</p>
<p><u>Human Resources</u></p> <p>Objective: To provide timely and quality HR services that support delivery of the Department's objectives in line with NICS HR policies and procedures.</p> <p>Outcome:</p> <ul style="list-style-type: none"> the Department delivers its prioritised objectives through a motivated, committed and skilled workforce, in line with NICS policies and procedures. 	Outcome achieved	<p>Examples of the delivery of high-quality HR services included:</p> <ul style="list-style-type: none"> successful participation in the NICS Voluntary Exit Scheme (VES) with the exit of 387 DOJ staff; shared services continue to be implemented and HR services for the Core Department and five DOJ executive agencies are now delivered centrally; and also as part of the move to greater shared services the Youth Justice Agency non-general services staff are transferring to NICS terms and conditions during 2016. <p>Personnel and Office Services Division (POSD) is being restructured along functional lines from May 2016. This will enable greater focus on specific areas such as managing absence by ensuring a single focus through a newly established unit within the division.</p>

Objectives and outcomes	Status	Performance
<p><u>Finance</u></p> <p>Objective: To provide financial services that support the delivery of the Department's objectives and comply with financial policies and procedures.</p> <p>Outcome:</p> <ul style="list-style-type: none"> the Department delivers its prioritised objectives within budget and complies with its financial requirements. 	Outcome achieved	<p>Financial services were improved in 2015-16 by the introduction of 'financial shared services' from 1 July 2015. The Department's Financial Services Division (FSD) now provides financial, economics and analytical services to the Core Department, executive agencies (excluding the Northern Ireland Courts and Tribunals Service) and Criminal Justice Inspection.</p> <p>The Department complied with financial policies and statutory reporting requirements and delivered a 2015-16 unringfenced Resource DEL underspend of 1%.</p>
<p><u>Transformation programme</u></p> <p>Objective: To ensure the Department of Justice is best configured to deliver our objectives and contribute to a safer Northern Ireland.</p> <p>Outcome:</p> <ul style="list-style-type: none"> meet individual target dates for each strand of work in the DOJ Transformation Programme plan; and ensure that the changes required under the NICS Restructuring Programme are completed in line with external framework. 	Outcome achieved	<p>The Transformation Programme plan was approved by the DOJ Board and work streams progressed within Directorates.</p> <p>Planning Appeals Commission and Water Appeals Commission (PACWAC) transferred to the Northern Ireland Courts and Tribunals Service on 9 May 2016 as part of the NICS restructuring.</p>

Financial Review

During the financial years 2011-12 to 2014-15, the DOJ was ringfenced. That did not mean that the budget was protected. Instead, the Department received the direct Barnett consequentials from changes in the funding levels of the Home Office and Ministry of Justice as a result of the UK spending review settlement for Whitehall departments.

However, in 2015-16, the DOJ ringfence was removed. The starting point for the Department's budget was a 15.1% cut against the 2014-15 baseline - a cut equivalent to £165m. The Executive then provided an allocation of £90m, equivalent to 8.3%. In total, PSNI received £65m of the £90m with the balance allocated to priority areas.

£29.5m of unringfenced resource DEL and £1.5m of capital DEL additional security funding was also provided by HM Treasury in 2015-16. This was a particular package of funding for a specific purpose, treated separately from the PSNI's baseline funding. This is in addition to security funding from the NI Executive.

The table below summarises the Estimate and Outturn position for 2015-16:

	Estimate £000	Outturn £000	Variance £000
Departmental Expenditure Limit (DEL)	235,429	224,248	11,181
Annually Managed Expenditure (AME)	156,193	128,607	27,586
Non-budget	944,195	899,230	44,965
Net Resource Outturn*	1,335,817	1,252,085	83,732

SOAS 2 provides detailed explanations for the variance between Estimate and Outturn. Further information regarding long-term expenditure trends is also provided in the section for Assembly Accountability and Audit Report.

The Department's Net Expenditure for the three most recent financial years is outlined below:

	2015-16 £000	2014-15 £000	2013-14 £000
Total operating income	(46,193)	(47,640)	(49,737)
Staff costs	159,581	143,162	149,534
Purchase of goods and services	99,996	102,358	100,750
Depreciation and impairment charges	22,163	20,482	23,976
Provision expense	120,173	21,268	15,550
Grants	903,568	1,028,502	1,129,265
Total operating expenditure	1,305,481	1,315,772	1,419,075
Net operating expenditure	1,259,288	1,268,132	1,369,338
Finance expense	1,107	2,118	1,355
Net Expenditure*	1,260,395	1,270,250	1,370,693

*The £8.310 million difference between Net Resource Outturn and Net Expenditure for 2015-16 relates to Non-Supply expenditure in respect of Judicial Salaries paid by the Consolidated Fund (as per SOAS 2 and Note 6 to the Accounts).

Departmental Auditor

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. The C&AG is head of the Northern Ireland Audit Office (NIAO) and reports his findings to the Assembly. The C&AG and his staff are wholly independent of the Department.

The notional audit fee for the work performed by the staff of the Comptroller and Auditor General during the reporting period was £321,000 (2014-15: £251,500) for the Core Department and its agencies. The 2015-16 fee includes an estimated cost of £60,000 (2014-15: £Nil) for the audit of the Legal Services Agency Northern Ireland, £15,000 (2014-15: £Nil) for the audit of the Northern Ireland Judicial Pension Scheme and £33,500 (2014-15: £32,000) for the audit of the Trust Statements prepared by Northern Ireland Courts and Tribunals Service.

The C&AG may also undertake other statutory activities that are not related to the audit of the body's financial statements, such as Value for Money (VFM) reports. The C&AG issued his VFM report on Managing Legal Aid on 21 June 2016 and the Public Accounts Committee (PAC) held an evidence session on 29 June 2016. The Department and Legal Services Agency Northern Ireland will work to address the PAC recommendations once these are agreed.

In addition, the Department paid £Nil (2014-15: £8,625) to the Northern Ireland Audit Office for services provided in respect of the National Fraud Initiative.

Payment of Suppliers

The Department's policy is to pay bills from all suppliers within 10 working days following receipt of a properly rendered invoice or in accordance with contractual conditions, whichever is the earlier. During the financial year, the Department achieved an average of 90.1% (2014-15: 89.0%) of invoices paid to suppliers within 10 working days following receipt of a properly rendered invoice. The Department achieved an average of 96.1% (2014-15: 95.1%) of invoices paid to suppliers within 30 calendar days following receipt of a properly rendered invoice.

Sustainable Development

The Department is committed to continuing its drive on sustainable development by promoting and maintaining a positive and inclusive culture amongst staff and stakeholders. Its aim is to foster governance and leadership in sustainability and work collaboratively to avoid and minimise adverse impacts of Departmental activities on the environment and society, and reduce the Department's carbon footprint.

The Department takes pride in its proactive approach to initiatives which have included continued participation in the Carbon Reduction Commitment Energy Efficiency Scheme. The new Waste Management Service introduced in April 2015 has resulted in increased staff awareness and an improvement in the segregation of waste for recycling across the Department.

During 2015-16, the Department continued to make improvements to property which contributes to increasing energy efficiency.

Health and Safety

The Department has developed an effective management system based on the HSG65 management model issued by the Health and Safety Executive for Northern Ireland (HSENI). This system ensures that legislative requirements are met and relies on the commitment of management and staff at all levels. The Department also continues to work closely with the HSENI on related matters.

The programme of health and safety inspection audits across the core estate continues on a rolling basis. The aim of these audits is to ensure proactive monitoring of health and safety, and to inform management of legal requirements and best practice. The audits also provide valuable information that contributes to policy development.

To complement the inspection programme, the Department continues to monitor performance through the health and safety management checklist which is used at both a local and corporate level to improve the management of health and safety within the Department.

Basic health and safety training continues to be provided via e-learning including Fire Safety, Office Safety and Display Screen Equipment Awareness. Completion of this suite of courses is mandatory for all staff. Additional training for specialist roles and training needs identified by the risk assessment process will continue to be provided by the Centre for Applied Learning within the NICS.

In keeping with other NICS departments, the Department has addressed the issue of work related stress using the HSENI Management Standards Approach. The Department also continues to promote the importance of reporting all accidents no matter how minor. Accidents are investigated and appropriate control measures introduced to help avoid reoccurrence.

PERFORMANCE REPORT



Nick Perry
Accounting Officer

24 June 2016

ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

DIRECTORS' REPORT

The Minister

The Minister has overall political responsibility and accountability for all the Department's activities. David Ford MLA was Minister of Justice until 5 May 2016. Claire Sugden MLA was appointed Minister of Justice on 25 May 2016.

The Permanent Secretary

Nick Perry has been Permanent Secretary of the Department of Justice from its inception on 12 April 2010. The Permanent Secretary is the Minister's principal adviser on all aspects of the Department's responsibilities as well as being the Departmental Accounting Officer.

Departmental Board

The work of the Department is coordinated and monitored by the Departmental Board. The role of the Departmental Board is to provide corporate leadership within policies determined by the Minister. The Board meets monthly to consider progress on key policy and management issues, including finance and personnel.

Membership of the Board is shown below:

Position	Member
Permanent Secretary	Nick Perry - Chair of the Departmental Board
Director, Safer Communities	Anthony Harbinson
Director, Access to Justice	David A Lavery CB
Director, Reducing Offending	Sue McAllister
Director, Justice Delivery	Lianne Patterson
Independent Board Members	Rotha Johnston - Chair of the Departmental Audit and Risk Committee
	Clarke Black

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.

Information assurance

There were 46 information assurance incidents in 2015-16; 38 were due to physical processes, four to technical (ICT) processes and four to a personnel process. The majority of incidents (72%) related to physical assets. One incident was reported to the Information Commissioner's Office (ICO) by a third party. Following our representations to the ICO, the ICO confirmed that no further action would be taken. To maintain focus on major risks an Information Assurance risk register was established and is reviewed at every meeting of the Department's Information Risk Owners' Council (IROC).

Further details regarding Information Assurance is contained in the Governance Statement section of the Accountability Report.

Complaints

The Department's Complaints Procedure is designed to address complaints regarding the quality of service provided by its officials. Its aim is to enhance and improve the level of service provided to customers. The findings of the Inter-Departmental Steering Group on Complaint Handling have been approved as best practice across the NICS and the Department's Complaints Procedure has been updated to incorporate these findings.

There were no complaints recorded for the Core Department during 2015-16.

Complaints are handled by the Department's Information Services Division (ISD) and can be made:

- in writing to:
Standards Unit
ISD
Knockview Buildings
Stormont
Belfast BT4 3SG;
- by telephone: 028 9037 8631; or
- by e-mailing: standardsunit@justice-ni.x.gsi.gov.uk.

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance has directed the Department of Justice 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, the 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 Accounts; and
- prepare the Accounts on a going concern basis.

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

The Accounting Officer is also required to 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 judgements required for determining that it is fair, balanced and understandable.

So far as the Accounting Officer is aware, there is no relevant information of which the Department's auditors are unaware. The Accounting Officer has taken all the steps that ought to have been taken to be aware of any relevant audit information and to establish that the Department's auditors are aware of that information.

GOVERNANCE STATEMENT

1. Role and responsibilities of the Department

The role of the Department is to support the Minister of Justice to help build a fair, just and safer community in Northern Ireland. In addition to its statutory functions, the Department provides resources and a legislative framework for its agencies and arm's length bodies (ALBs), which jointly constitute most of the justice system in Northern Ireland. Together with these organisations, the Department is responsible for ensuring there is a fair and effective justice system in Northern Ireland and for increasing public confidence in that system.

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Department's policies, aims and objectives, whilst safeguarding the public funds and Departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money Northern Ireland*.

On 12 March 2012, the First Minister and deputy First Minister published the Programme for Government (PfG) 2011-2016. The PfG identifies the actions the Executive will take to deliver its number one priority - a vibrant economy that can transform our society while dealing with the deprivation and poverty which has affected some of our communities for generations. The Department of Justice has seven commitments in the PfG - further details regarding these are contained in the Performance Report.

2. Purpose of the governance framework

The Corporate Governance Framework is the system which ensures the effectiveness of direction and control of the Department. The framework encompasses the following internal controls:

- governance - how the Department plans, sets, communicates and monitors its corporate objectives;
- risk management - how the Department identifies, considers and manages the risks to the achievement of corporate objectives; and
- business controls - how the Department assures itself and its stakeholders that it is in control of its business and the risks to the achievement of its objectives.

The governance framework is designed to manage risk to a reasonable level rather than to eliminate all risk. The framework is based on an ongoing process designed to identify and prioritise the risks to the achievement of Departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3. Governance framework

During 2015-16 the Department complied with the 2013 Corporate Governance Code. The key organisational structures which support the delivery of effective corporate governance in the Department are the:

- Departmental Board;
- Departmental Audit and Risk Committee; and
- Strategic Resources Committee.

Departmental Board

The Minister is supported by the staff of the Department, led by the Permanent Secretary and a Departmental Board. The Board leads the management of the Department in the delivery of the Minister’s objectives and is responsible for the establishment and monitoring of the corporate governance arrangements of the Department. Subject to Ministerial agreement, the Board prioritises the allocation of resources to match development and delivery requirements, and is accountable for Departmental performance.

In addition to the Permanent Secretary, the Board is made up of four executive members and two independent members. The independent members provide constructive challenge to the Board’s business, an external objective perspective and a different range of experience to complement the executive Board members.

Attendance by members is shown below for the 11 meetings of the Board during 2015-16:

Position	Member	Attendance
Permanent Secretary (Chair)	Nick Perry	11
Director, Safer Communities	Anthony Harbinson	9
Director, Access to Justice	David A Lavery CB	8
Director, Reducing Offending	Sue McAllister	11
Director, Justice Delivery	Lianne Patterson	9
Independent Board Members	Rotha Johnston	8
	Clarke Black	11

Key work of the Departmental Board during the year included:

- a review of Ministerial and Executive priorities;
- reprioritising of essential pieces of work to ensure delivery of the PfG commitments and the Departmental objectives within the constraints of significant financial pressures;
- a review of resourcing implications and discussions on efficiency savings across the Department, including management of the employee voluntary exit scheme;
- a review of HR issues including the introduction of proactive measures to reduce sick absence;
- monitoring of the legislative programme;
- implementation of the Departmental transformation programme and the prison reform programme; and
- development of a shared service model for finance and HR services.

Given the current financial climate a number of in-depth discussions were held between the Minister, Permanent Secretary and Departmental Board members on the challenges facing the Department in the delivery of its business priorities. Funding and prioritisation decisions have been required that will have an impact on the wider justice system and the services the Department provides. However, the Minister sought to protect front line services, public safety and outcomes for the public as far as possible within a reduced funding envelope.

Departmental Audit and Risk Committee

The Departmental Audit and Risk Committee (DARC) is constituted as a sub-committee of the Departmental Board and acts in an advisory capacity. It provides assurance to the Board that effective systems are in place to monitor risk management, internal controls and governance across the Department and its ALBs. The DARC also oversees the performance and work of internal audit in those bodies funded by the Department.

The Committee is chaired by an independent non-executive member of the Departmental Board and membership is made up by two other independent members. Other DARC attendees include the Directors of Safer Communities, Justice Delivery and Reducing Offending together with representatives from the Northern Ireland Audit Office (NIAO) and the Department's Internal Audit Services, Financial Services Division and Risk Improvement Manager.

Attendance by members is shown below for the four meetings of the Committee during 2015-16:

Position	Member	Attendance
Independent Board Member (Chair)	Rotha Johnston	4
Independent Board Member	Clarke Black	4
Independent Member	David Small	4

Key work of the DARC included:

- NIAO audit strategy and reports to those charged with governance;
- Internal Audit's plan including strategy, activity reports and progress updates;
- Head of Internal Audit's annual opinion and report;
- annual reports and accounts;
- Departmental assurance mapping; and
- fraud reporting and accountability grids.

There were also presentations from various business areas relating to information assurance, programme and project management, and engagement with the Gateway Review process.

Strategic Resources Committee

The Strategic Resources Committee is constituted as a sub-committee of the Departmental Board to assist and enhance strategic resource decision making in the Department from a finance and HR perspective. The Committee is responsible and accountable to the Departmental Board for:

- analysing, discussing and reaching agreement on strategic resource issues, bringing forward recommendations on key resource strategies to the Board and Minister as appropriate;
- assisting the Accounting Officer in judging strategic resourcing priorities;
- ensuring a consistent approach for financial and HR management across the Department;
- enhancing the quality, standard and accuracy of resourcing plans, projections and management across the Department and its ALBs;
- providing a forum for senior management to discuss resource matters and recommend courses of action, including the allocation of budgets, HR resources, value for money targets, cost reduction plans and capital allocations; and
- monitoring performance against targets at a strategic level.

Attendance by members is shown below for the seven meetings of the Committee during 2015-16:

Position	Member	Attendance
Permanent Secretary (Chair)	Nick Perry	6
Director, Safer Communities	Anthony Harbinson	6
Director, Access to Justice	David A Lavery CB	6
Director, Reducing Offending	Sue McAllister	4
Director, Justice Delivery	Lianne Patterson	7
Independent Board Members	Rotha Johnston	4
	Clarke Black	6
Head of Personnel and Office Services Division	Mary Madden	5
Head of Financial Services Division	Glyn Capper	7

Key work of the Committee during the year included:

- reviewing the in-year Departmental funding position and making key decisions to manage cost pressures through the reprioritising of budget allocations, cessation of discretionary spend, effective cost control and the recycling of proactive savings into front line programmes;
- planning for the 2016-17 Departmental budget, taking key funding decisions and recommending the allocations for the Department and ALBs to the Minister; and
- reviewing strategic HR issues, including the voluntary exit scheme, resourcing data and litigation updates.

Internal Audit

The Department's Internal Audit Services provided the internal audit service to the Core Department, its agencies and a number of ALBs including:

- Criminal Justice Inspection Northern Ireland;
- Northern Ireland Police Fund;
- Police Rehabilitation and Retraining Trust;
- Prisoner Ombudsman;
- Probation Board for Northern Ireland; and
- RUC George Cross Foundation.

Service Level Agreements covering the internal audit service arrangements have been agreed with each of the ALBs involved.

Procurement Governance Board

The Procurement Governance Board provides the governance mechanism for the implementation and delivery of public procurement policy across the Department. The Board takes its lead on policy based on guidance and advice from the NICS Procurement Board, Central Procurement Directorate (CPD) within DoF and its Centre of Procurement Excellence.

The Board ensures that the Department has a robust, open and transparent procurement process in compliance with regulations. It has the remit to influence and advise on the activity undertaken by the Department in relation to:

- procurement policy - development, adoption and implementation, and the embedding of procurement policies including the approach to Collaborative Opportunities, Social Clauses and Community Benefits;
- strategic direction - provision of strategic direction on procurement related activities to the Department through the Procurement Forum including the management of risk;
- procurement skills - capacity and capability development through the Procurement Forum, the Intranet and endorsement of training as required; and
- eProcurement - through the Department's procurement and contract management database, the CPD run Purchasers Portal, Account NI and Digital Marketplace (G-Cloud).

The Department continues to ensure that best practice is followed across the various business areas with regards the procurement of goods and services, and the management of contracts.

The Department's Procurement team liaises closely with CPD and is the primary point of contact for business areas needing advice and assistance on procurement issues. The Procurement Team is also the contact for CPD for the majority of collaborative contracts, ensuring all DOJ business area requirements are covered in the tender documents and that these contracts are managed effectively.

The Procurement Forum includes representatives from the various business areas across the Department, and works to promote best practice, address ongoing matters and inform the Procurement Governance Board of significant issues.

Information assurance

The Department has a robust Information Assurance governance structure that is managed by the Department's Information Risk Owners' Council (IROC). The IROC is chaired by the Senior Information Risk Owner and memberships includes the Departmental Security Officer, the Departmental Information Manager and lead Information Asset Owners (IAOs), nominated to represent all departmental business areas, agencies and ALBs. Supporting the work of the IROC is the Accreditation Panel, the Security Managers' Forum, the Records and Information Management Group and the IT Security Forum. Membership of IROC is reviewed periodically to ensure that it includes as many relevant parties as possible for maximum distribution and consistency of best practice in policy application and implementation across the Departmental family.

Other assurances

Additional assurance on various elements of the Department's operations is provided by a range of bodies including Criminal Justice Inspection Northern Ireland and the Office of the Police Ombudsman for Northern Ireland. These bodies tend to focus on specific areas providing additional scrutiny, reporting and in some cases making recommendations for improvement.

4. Risk management and internal control

Risk management is embedded into the business planning process in the Department at both strategic and operational levels in line with DoF guidance. The system of internal control is designed to maintain risk at a manageable level, based on a risk appetite agreed by the Departmental Board, in order to provide a reasonable assurance of effectiveness. The Department's risk appetite will vary according to the perceived importance of risks and their timing.

Risks to the delivery of Departmental aims and objectives are considered by the Board on an ongoing basis. The likelihood of risks being realised and the likely impact of realisation of those risks are considered in order to inform decisions on how to manage risk effectively.

The Board monitors the mitigation of strategic risks throughout the year. These include risks of a sufficient magnitude to threaten organisational success and reputation, or a scenario of combined risks that would have an impact. The corporate risk register is amended throughout the year to reflect changes to the assessment of risk and to take account of emerging risk areas. This supports the Accounting Officer in ensuring that there is regular and timely assurance on the issues that are important to organisational success; in particular, the proportionate management of risks that threaten the successful achievement of business outcomes and objectives.

Board assessments on the effectiveness of internal controls and emerging issues are informed by:

- reports to those charged with governance provided by the Northern Ireland Audit Office as part of their annual audit work;
- findings of Internal Audit reviews;
- bi-annual stewardship statements by Heads of Division, agencies and ALBs;
- reports provided by the DARC; and
- feedback from the Information Risk Owners Council and Procurement Governance Board.

Assurance on risk management in the Department's agencies and ALBs is provided in the form of bi-annual assurance statements and annual governance statements, which are signed by the designated Accounting Officers. The quality of the information received by the Board proved satisfactory.

The risk management process in the Department is dynamic, with evidence of regular review and re-assessment of risks to identify where risk assessments have increased or decreased, as well as identifying emerging risks to be considered and managed. The Head of Internal Audit attends Audit Committees across the Departmental family and, as a result, is able to provide satisfactory assurance on the active and dynamic operation of effective risk identification and management.

The Department is subject to public expenditure controls, and its expenditure forms part of the Departmental Expenditure Limit and Annually Managed Expenditure. Decisions on allocations to the Department rest within the Executive's agreed allocations and controls.

5. Review of effectiveness of the governance framework

As Accounting Officer, I have responsibility for reviewing the effectiveness of the governance framework including the system of internal control. The review of effectiveness is informed by the work of Internal Audit, the internal control framework and comments made by external audit in their reports to those charged with governance and other reports. A sound governance framework has been established across the Department which includes:

- management boards;
- audit committees with independent membership;
- management statement and financial memorandum with sponsored bodies;
- quarterly governance reviews;
- sponsor control monitoring;
- annual governance statements;
- stewardship statements; and
- independent reviews by Internal Audit.

Board effectiveness was evaluated in March 2013 with the outcome being that the Board is fulfilling its governance requirements. The next evaluation exercise is due to be completed during 2016-17.

There were no Ministerial Directions given during the year.

6. Significant internal control issues

The following sections outline the significant internal control issues at a Departmental level together with details of the plans in place to address any weaknesses identified. Further details regarding the issues for individual agencies and NDPBs are contained in their respective annual reports and accounts.

Fine Collection and Enforcement

NICTS is responsible for the collection of financial penalties which are payable to the Northern Ireland Consolidated Fund. This includes responsibility for arrangements to impose and enforce fines and other monetary penalties which will potentially impact the collectability of outstanding debt. As reported in previous Governance Statements issues have arisen in respect of fine default hearings and Trust Statements.

Fine default hearings and fine collection

In March 2013, the Divisional Court found that a number of long established processes for imposing and enforcing fines and confiscation orders failed to comply fully with legislative provisions. The court held that there should be further 'default' court hearings at which the defendant can attend and make representations before a decision is made as to how any outstanding fine should be enforced. Default hearings commenced in the Crown Court in January 2014 under existing legislative provisions and in the Magistrates' Court in June 2014 under new court rules.

Five Judicial Reviews have been converted to writs and are currently listed for review in November 2016. Depending on the outcome of the test cases, there may be significant financial implications for the Department, arising from compensation payments from claims which cannot yet be estimated with any accuracy.

The Department established the Fine Collection and Enforcement Programme Board, sponsored by the Criminal Justice Board, to improve the collection and enforcement of fines in line with Ministerial priorities. Membership of the Programme Board includes representatives from the Core Department, NICTS, PSNI, NIPS and PBNI. Legislative provisions to allow for a civilianised Fine Collection and Enforcement Service are included in the Fines and Enforcement Bill which passed the final legislative stage in March 2016. This legislation, and related regulations, is required to enable the new service to be

operational by the end of 2016.

An internal project board has been re-established to oversee the implementation of the new Fine Collection and Enforcement Service.

Trust Statement

The Trust Statement for 2015-16 is expected to be qualified on the basis of a limitation of scope arising from insufficient evidence that material error does not exist within the estimate of impairment and collectability of overdue debt. Resolving this qualification issue will take time as the estimate requires past historical trend data, however default hearings only commenced during 2014. New powers which will be introduced in the Fines and Enforcement Bill will also affect trends and will require data to be collected and analysed in relation to collection and default rates under this new regime. The combined changing environment makes it very difficult to estimate the impact on debt collection rates and the behaviour of defaulters.

The Public Accounts Committee (PAC) held an evidence session on the Trust Statement in October 2014. This followed the qualification of the Trust Statement by the Northern Ireland Audit Office (NIAO). The PAC published a report on the matter in January 2015 calling for reform of the financial penalties collection system. The Department is working with NICTS and PSNI to implement the six PAC recommendations and the Memorandum of Reply was presented to the Assembly in March 2015. A number of the recommendations have already been implemented and the remaining recommendations will be addressed with the reform of the existing fine legislation and introduction of the new service at the end of 2016.

Legal Aid

Following the dissolution of the Northern Ireland Legal Services Commission (NILSC), the Legal Services Agency Northern Ireland (LSANI) was established on 1 April 2015 as an executive agency within the Department. The issues below were reported in the LSANI Governance Statement for 2015-16.

Financial audit qualifications

The C&AG qualified the 2015-16 financial statements of LSANI on the basis of a limitation of scope in respect of:

- regularity of transactions in the period - insufficient evidence to provide assurance that a material amount of legal aid expenditure had not been fraudulently claimed;
- true and fair view of the provisions for legal aid liabilities - insufficient evidence to support the calculation of the provisions estimate; and
- true and fair view of the completeness of income - insufficient evidence to provide assurance that a material amount of income had not been excluded in respect of the recovery of defence costs.

LSANI will develop further an on-going programme of work to address these qualifications and will take this forward in conjunction with the Department.

A financial eligibility pilot process has been completed which reviewed a sample of current legal aid certificates to see if applicants remained eligible for legal aid or if their financial circumstances and eligibility had changed. This initiative addressed a weakness noted by the NIAO and analysis of the pilot has resulted in LSANI introducing a new Financial Eligibility Team to systematically review and assess whether applicants remain eligible for civil legal services taking into account their current financial circumstances. These measures will be further strengthened with the introduction of a statutory compliance regime in 2017-18.

LSANI is seeking to improve the technique it uses when estimating outstanding liabilities for publicly funded legal services provided by legal practitioners. Significant work is being undertaken looking at the payment profiles and the life cycle of claims to provide an enhanced suite of analysis to inform the estimates. This work will be assisted by the proposed introduction of standard fees across civil legal services.

Financial forecasting and funding

The Agency continued to face financial challenges due to demand-led legal aid pressures. In order to address these matters, work has been undertaken in conjunction with the Department to develop and improve the accuracy of the financial forecasting process and respond to external factors impacting on legal aid forecasting.

Value for Money

The C&AG issued his Value for Money (VFM) report on Managing Legal Aid on 21 June 2016 and the Public Accounts Committee (PAC) held an evidence session on 29 June 2016. The Department and LSANI will work to address the PAC recommendations once these are agreed.

Financial audit qualification

The C&AG qualified the Department's 2015-16 financial statements on the basis of a limitation of scope in respect of the estimated amount to settle the costs incurred on legal aid cases. The related provision is included in the financial statements of LSANI and subsequently consolidated within the Department's financial statements. LSANI was unable to provide sufficient evidence to support management information used to determine a number of key assumptions and judgements it used to estimate the provision. The Department will work with LSANI to enhance this area with the aim of removing the qualification in future years.

7. Accounting Officer statement on assurance

The Department has an established and robust assurance framework that includes primary assurance through line management structures on the achievement of objectives. This primary assurance is supplemented by secondary assurances provided through oversight of management activity and by the Department's Internal Audit Services operating to Public Sector Internal Audit Standards. They deliver an agreed prioritised programme of systems based audits covering all Departmental systems over time. The Head of Internal Audit provides me with an Annual Report and his professional opinion on the level of assurance that he can provide based on the work done. For the 2015-16 year he has provided overall satisfactory assurance.

REMUNERATION AND STAFF REPORT

REMUNERATION REPORT

Remuneration Policy

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

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.

Rotha Johnston was appointed as an Independent Board Member on 12 April 2010 for an initial three year period to 1 April 2014 and this has been subsequently extended to 31 August 2016. Clarke Black was appointed as an Independent Board Member on 8 September 2014 for an initial three year period to 7 September 2017. The Department and the Independent Board Members may terminate the appointments by giving one month's notice in writing.

Appointment of Senior Officials

The appointments of the Permanent Secretary and Directors have been made in terms consistent with the Civil Service Management Code. They were appointed by a variety of means, namely inter-departmental transfers, promotion and direct recruitment.

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 information]

Minister	2015-16				2014-15			
	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)
David Ford MLA	38,000	-	14,000	52,000	38,000	-	13,000	51,000

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

[Audited information]

Officials and IBMs	Salary	Bonus payments	Benefits in kind (to nearest £100)	*Pension Benefits	2015-16 Total
	£000	£000	£100	£000	£000
Nick Perry Permanent Secretary	120-125	-	-	52	170-175
Anthony Harbinson Director, Safer Communities	90-95	-	-	40	130-135
David A Lavery CB Director, Access to Justice	110-115	-	-	15	125-130
Sue McAllister Director, Reducing Offending	100-105	-	18,100	41	155-160
Lianne Patterson Director, Justice Delivery	85-90	-	-	43	130-135
Rotha Johnston Independent Board Member	15-20	-	-	-	15-20
Clarke Black Independent Board Member	10-15	-	-	-	10-15

*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 increases or decreases due to a transfer of pension rights.

[Audited information]

Officials and IBMs					2014-15
	Salary	Bonus payments	Benefits in kind (to nearest £100)	*Pension Benefits	Total
	£000	£000		£000	£000
Nick Perry Permanent Secretary	115-120	-	-	41	155-160
Anthony Harbinson Director, Safer Communities	90-95	-	-	30	120-125
David A Lavery CB Director, Access to Justice	110-115	-	-	27	140-145
Sue McAllister Director, Reducing Offending	100-105	-	16,800	39	155-160
Lianne Patterson Director, Justice Delivery	85-90	-	-	19	105-110
Rotha Johnston Independent Board Member	15-20	-	-	-	15-20
Colm McKenna** Independent Board Member (until 25 July 2014)	0-5	-	100	-	0-5
Clarke Black** Independent Board Member (from 8 September 2014)	0-5	-	-	-	0-5

*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 increases or decreases due to a transfer of pension rights.

** Payment to the Independent Board Members is on a per diem basis for attendance at meetings and therefore a figure for full year equivalent is not applicable. Amounts disclosed as benefits in kind relate to payments for travel and subsistence.

Salary

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

The Department of Justice was under the direction and control of David Ford MLA during the financial year. His salary and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in this account. These amounts do not include costs relating to the Minister's role as MLA which are disclosed elsewhere.

Bonuses

Bonuses are no longer payable to members of the Senior Civil Service.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument. The net benefits in kind shown above are in respect of detached duty allowances and expenses, on which the tax payable is met by the Department.

Fair pay disclosure

	2015-16	2014-15
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
Band of highest paid Director's Total Remuneration*	£120-125,000	£115-120,000
Median Total Remuneration*	£26,086	£26,391
Ratio	4.7	4.5

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

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

The banded remuneration of the highest-paid director in Department in the financial year 2015-16 was £120,000 - £125,000 (2014-15: £115,000 - £120,000). This was 4.7 times (2014-15: 4.5) the median remuneration of the workforce, which was £26,086 (2014-15: £26,391). In 2015-16, 2 employees (2014-15: 4) received remuneration in excess of the highest paid director. Remuneration ranged from £16,300 to £142,615 (2014-15: £16,300 to £156,863).

Pension Benefits

[Audited information]

Minister	Accrued pension at pension age as at 31/3/16 £000	Real increase in pension at pension age £000	CETV at 31/03/16 £000	CETV at 31/03/15 £000	Real increase in CETV £000
David Ford MLA	5-10	0-2.5	108	91	13

Ministerial pensions

Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2012 (AMPS). The scheme is made under s48 of the Northern Ireland Act 1998. As Ministers will be Members of the Legislative Assembly they may also accrue an MLA's pension under the AMPS (details of which are not included in this report). The pension arrangements for Ministers provide benefits on a "contribution factor" basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate (1/50th or 1/40th) multiplied by the cumulative contribution factors and the relevant final salary as a Member.

Benefits for Ministers are payable at the same time as MLAs' benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Ministers pay contributions of either 7% or 12.5% of their Ministerial salary, depending on the accrual rate. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose representing the balance of cost. This is currently 20.6% of the Ministerial salary.

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

Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total office holder service, not just their current appointment as a Minister.

CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in the value of the CETV

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

Pension Entitlements

[Audited information]

Officials	Accrued pension at pension age as at 31/3/16 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/16	CETV at 31/3/15	Real increase in CETV	Employer contribution to partnership pension account (Nearest £100)
	£000	£000	£000	£000	£000	
Nick Perry Permanent Secretary	50-55 plus 155-160 lump sum	2.5-5 plus 7.5-10 lump sum	1,130	1,019	49	-
Anthony Harbinson Director, Safer Communities	35-40 plus 115-120 lump sum	0-2.5 plus 5-7.5 lump sum	760	675	33	-
David A Lavery CB Director, Access to Justice	45-50 plus 145-150 lump sum	0-2.5 plus 2.5-5 lump sum	1,140	1,065	15	-
Sue McAllister Director, Reducing Offending	5-10 plus 0 lump sum	0-2.5 plus 0 lump sum	120	85	22	-
Lianne Patterson Director, Justice Delivery	15-20 plus 0 lump sum	2.5-5 plus 0 lump sum	251	209	21	-

No pension benefits are provided to the Independent Board Members.

Northern Ireland Civil Service (NICS) Pension arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by the Assembly each year. From April 2011 pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is

2.3%. CARE pension benefits are increased annually in line with increases in the CPI.

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

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

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

Annualised rate of Pensionable Earnings (Salary Bands)		Contribution rates - classic members or classic members who have moved to alpha	Contribution rates - all other members
From	To	From 1 April 2016 to 31 March 2017	From 1 April 2016 to 31 March 2017
£0	£15,000.99	3.80%	4.60%
£15,001.00	£21,210.99	4.60%	4.60%
£21,211.00	£48,471.99	5.45%	5.45%
£48,472.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

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

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

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Pension Liabilities

The treatment of pension costs and liabilities is disclosed in the Remuneration Report and Note 1.19 of the Statement of Accounting Policies (Note 1 to the Accounts).

Compensation on early retirement or for loss of office

There were no compensation benefits paid by the Department to any senior staff members during the financial year (2014-15: £Nil).

STAFF REPORT

Staff costs

Staff costs for the Core Department and its agencies comprise:

[Audited information]

Core Department and Agencies

	Permanently Employed Staff*	Others	Minister	2015-16	2014-15
				£000	£000
				Total	Total
Wages and salaries	119,318	946	38	120,302	112,249
Social security costs	8,059	3	4	8,066	8,294
Other pension costs	22,305	-	8	22,313	19,467
Employer service costs - present	139	-	-	139	1,182
Pension provision	8,761	-	-	8,761	1,970
Total Gross Costs	158,582	949	50	159,581	143,162
Less recoveries in respect of outward secondments	(428)	-	-	(428)	(777)
Total Net Costs**	158,154	949	50	159,153	142,385

Of which:	Charged to Administra- tion	Charged to Programme	2015-16	Charged to Administra- tion	Charged to Programme	2014-15
			£000			£000
			Total			Total
Core Department	20,449	5,796	26,245	17,653	6,371	24,024
Agencies	11,929	121,407	133,336	9,997	109,141	119,138
Total Gross Costs	32,378	127,203	159,581	27,650	115,512	143,162

* Permanently employed staff includes the cost of the Department's Special Adviser. The holder of this post during the year was paid in the pay band £59,627 - £91,809 (2014-15: £59,037 - £91,809).

** In addition, staff costs of £703,389 (2014-15: £654,914 restated) have been capitalised in respect of staff directly assigned to major capital projects.

The Northern Ireland Civil Service (NICS) pension arrangements are unfunded multi-employer defined benefit schemes but the Department of Justice is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Annual Report and Accounts as at 31 March 2016.

For 2015-16, employers' contributions of £22,237,604 were payable to the NICS pension arrangements (2014-15: £19,041,173) 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 2016-17, the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2015-16 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

The notes on pages 72 to 125 form part of these Accounts.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £24,407 (2014-15: £32,407) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 14.7% (2014-15: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £1,120; 0.5% (2014-15: £1,189; 0.8%) of pensionable pay, were payable to the NICS pension arrangements to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £Nil. Contributions prepaid at that date were £Nil.

73 persons (2014-15: 43 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £135,914 (2014-15: £92,084).

Public Appointments

The Department is responsible for the Broadly By Analogy (BBA) pension schemes of public appointments within its Departmental boundary and also entities for which it retains lead policy responsibility. A BBA pension arrangement entitles the recipient to benefits similar to the classic scheme in the NICS pension arrangements. The scheme liabilities were calculated by an independent Actuary's in April 2016 and amount to £1.030m at 31 March 2016 (2014-15: £1.039m).

Northern Ireland Courts and Tribunals Service

Judicial office holders are covered by the provisions of the Judicial Pension Scheme (JPS). The terms of most of the pension arrangements are set out in (or in some cases are analogous to) the provisions of two Acts of Parliament, the Judicial Pensions Act 1981 and the Judicial Pensions & Retirement Act 1993 (JUPRA). The JPS is an unfunded public service scheme, providing pensions and related benefits for members of the Judiciary. The costs of benefits accruing for each year of service are shared between the Appointing Bodies and the judicial office-holders.

Following the Hutton Review on Public sector pensions, two new pension schemes, Judicial Pension Scheme (JPS) 2015 and Northern Ireland Judicial Pension Scheme (NIJPS) have been introduced from 1 April 2015. These mirror each other and other public sector career average pension schemes. From 1 April 2015 NICTS pay contributions in relation to salaried excepted and devolved salaried Judicial Office Holders and excepted fee paid Judicial Office Holders. A subsequent revaluation of the Judicial Pension Schemes resulted in a contribution rate for Appointing Bodies of 38.45% which includes an element of 0.25% as a contribution towards the administrative costs of the schemes paid to Ministry of Justice.

Youth Justice Agency

The Agency contributes to the Teachers' Superannuation Scheme - a contributory scheme administered by the Department of Education. The conditions of the Superannuation (NI) Order 1972, the Teachers' Superannuation Regulations (NI) 1998, and subsequent amendments apply to the Scheme. The Scheme is presently notionally funded.

The rate of the employer's contribution is determined from time to time by the Government Actuary and advised by the Department of Finance. For 2015-16, the contribution rates were 17.7% for employers, and range from 8.6% to 10.2% for employees (2014-15: 13.6% and 6.4% respectively). The total employer pension cost during the year was £0.049m (2014-15: £0.048m).

The Agency also previously made employer contributions to the Northern Ireland Local Government Officers' Superannuation Committee Scheme (NILGOSC). NILGOSC is able to identify the share of the assets and liabilities of the scheme the Agency and as a result a liability is recognised for the share of any deficit in the scheme. The NILGOSC scheme for YJA closed on 1 April 2015 - further details are contained in Note 17 Provisions and Note 18 Contingent Liabilities.

The notes on pages 72 to 125 form part of these Accounts.

.Provisions included within Staff costs

	Note	2015-16 £000	2014-15 £000
Employer service costs - present		139	1,182
Pension provision		8,761	1,970
Pension provisions provided in year (non-cash)	3.2	8,900	3,152

Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows. These figures include those working in the Core Department as well as its agencies and other bodies included within the consolidated Departmental resource account (including senior management, ministers, special advisers, staff on secondment or loan into the Department and agency/temporary staff, but excluding staff on secondment to other organisations).

[Audited information]

Core Department and Agencies

	Permanently Employed Staff*	Others	Minister	Special Adviser	2015-16 Total	2014-15 Total
Safer Communities	342	1	-	-	343	394
Access to Justice	853	14	-	-	867	789
Reducing Offending	1,912	22	-	-	1,934	2,161
Justice Delivery	264	-	1	1	266	232
Total*	3,371	37	1	1	3,410	3,576
Of which:						
Core Department	509	1	1	1	512	515
Agencies	2,862	36	-	-	2,898	3,061
Total*	3,371	37	1	1	3,410	3,576

* Of the total, 10 members of staff (2014-15: 12) were engaged on capital projects.

Staff composition

The number of persons employed at 31 March 2016 by the Core Department and its agencies was as follows:

	Female staff	Male staff	Total staff
Departmental Board	3	4	7
Senior Civil Service	7	15	22
Departmental Employees	1,609	1,543	3,152

The notes on pages 72 to 125 form part of these Accounts.

Managing Attendance

Sickness absence reduction targets for the NICS departments are in place for the period up to March 2016. The targets for the Department of Justice include uniformed staff in the Prison Service. Provisional outturn statistics at the end of April 2016 indicate that the average number of working days lost in 2015-16 due to sickness absence amounted to 15.9 days against the target of 9.2 days. This figure shows an increase when compared to the outturn of 14.6 days against the target of 9.2 days for 2014-15. Validation of the 2015-16 outturn is still required and it may be the autumn before the official Northern Ireland Statistics and Research Agency (NISRA) figure is available.

Reducing sickness absence is a high priority for the Department. It continues to be a standing agenda item at the Departmental Board and is discussed on a regular basis at SCS Forums. The Department continues to proactively manage sickness absence in all instances through early intervention with absentees, regular contact with line management and engagement with Occupational Health Services (OHS) and Staff Welfare Services.

The role of Line Managers at all levels in addressing the unacceptable and unsustainable high level of sickness absence is critical. HR Business Partners proactively engage with Directors, Heads of Divisions, Chief Executives, Line Managers and staff in Business Areas, in relation to tackling high sickness absence levels and offering appropriate advice and support in relation to managing sickness absence, staff wellbeing and potential measures to reduce absence.

This year the Department launched the Wellbeing Programme which promotes and supports health and wellbeing of staff while in work. This programme is designed to support staff to stay well in work and assist those who are off work sick to return to work as soon as possible. Work is also progressing well with the development, in tandem with HSENI, of bespoke wellbeing plans for absence 'hotspots' across the Department.

Staff policies

Pay, Workforce Planning and Performance Management

Pay and grading issues for the Department are the responsibility of the Department of Finance. During 2015-16 the Department participated in the NICS Voluntary Exit Scheme. The scheme closed on 5 February 2016 and a total of 387 staff will have left the Department by the end of May 2016. Departmental HR has been working closely with finance colleagues, business areas and arm's length bodies to establish appropriate workforce numbers within a reducing paybill budget.

All staff (excluding uniformed prison grades) in the Department use the performance management module on HR Connect. Staff can either access the performance management form online or in a downloadable format. Prison Officers use a slightly adapted system to suit the specific operational nature of their role.

Employment of Disabled Persons

The Department aims to ensure that people with a disability suffer no detriment in recruitment and advancement, and that its policies and practices comply with the requirements of the Disability Discrimination Act 1995 and amendments made under the Act. The consideration and implementation of reasonable adjustments help to ensure that staff with disabilities can fully utilise their skills and abilities.

The notes on pages 72 to 125 form part of these Accounts.

Equal Opportunities and Diversity

The policy of the NICS and the Department is that all eligible persons will have equal opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for work. Under the policy, everyone has a right to equality of opportunity and to a good and harmonious working environment and atmosphere where they are treated with dignity and respect. We aim to provide opportunities for all sections of the community and continue to strive to create an inclusive working environment in which difference is recognised and valued.

The Department is an Equal Opportunity employer and is fully committed to the elimination of all forms of harassment, bullying, discrimination and victimisation. The Department recognises the legal obligations under which it operates and ensures working relationships are based on mutual trust, respect and understanding. This allows the maximum potential to be made of the wide variety of skills, abilities and attributes available within the Department.

The Departmental Board continues to support its commitment to diversity - a Diversity Strategy and Action Plan is led by a Board level Champion. The Strategy aligns with the NICS Diversity Champions Network, who have developed a cross-departmental work programme with commitments to be delivered both corporately and within individual Departments.

During 2015-16, the Department had a presence at both Belfast Pride and Mela festival, for the fifth consecutive year, and this enabled positive external engagement with many of the minority community groups. In November 2015 the Department launched their annual Christmas Diversity giving campaign for staff on the theme of poverty and partnered with the NI Foodbanks. The Department held a cross-departmental event, with The Executive Office (TEO) [formerly Office of the First Minister and deputy First Minister (OFMDFM) and Department of Health (DoH) [formerly Department of Health, Social Services and Public Safety (DHSSPS)] who ran similar appeals, to thank staff for their very generous contributions and raise awareness on how their donations helped families experiencing crisis over the Christmas period.

Learning and Development

The Department continued its commitment to increase the core skills of staff in line with the NICS and Departmental Corporate Training Priorities. Divisions and agencies were required to develop costed training plans for all their learning and development activities. These plans ensured accurate reporting and monitoring of learning and development activities and costs to the Board throughout the year.

The Learning and Development Unit has provided support to business areas and ALBs across the Department to ensure the timely procurement and delivery of specialist external training as well as generic training through the Centre for Applied Learning. The Department has also facilitated the delivery of a suite of mandatory e-learning courses agreed across the NICS including Fraud Awareness, Responsibility for Information and Health and Safety

During the year the Department also delivered an in-house staff mentoring programme and an assistance to study scheme to support staff through further education.

Pensions and Early Departure Costs

Present and past employees of the Department and its agencies are covered by either the NICS pension arrangements, Civil Service pension arrangements, Northern Ireland Local Government Officers' Superannuation Committee Scheme (NILGOSC), Teachers' Superannuation Scheme or Broadly By Analogy (BBA) Pensions. Those entities within the boundary covered by each scheme meet the costs of pensions provided for the staff they employ by the payment of charges called Accrued Superannuation Liability Charges. This is charged to the Statement of Comprehensive Net Expenditure on an accrued basis annually.

The Department is also required to meet the additional cost of benefits beyond the normal benefits in respect of employees who retire early. The Department provides in full for this cost, charged against the Statement of Comprehensive Net Expenditure, when the early retirement programme has been announced. In addition to information contained within the Remuneration and Staff Report, Notes 1.19, 1.20 and 17 to the Accounts provide further detail on how the pension liabilities are calculated.

Employee Involvement

During 2015-16 the Department published regular staff bulletins, messages from the Permanent Secretary, Board briefings for staff and updates from the Head of Civil Service via e-mail and intranet. Managers also held regular section and team meetings to communicate with staff, receive feedback, and give staff the opportunity to raise any issues for the attention of senior management. Taken together these served as a communications framework to deliver information to staff on a timely basis.

The Department held the second Valuing our People Awards on 10 March 2016, which provided a unique opportunity to bring staff together from across DOJ to recognise the excellence of individuals and teams throughout the Department. Awards were presented in 12 categories, including a number of awards specifically recognising the unique and challenging work undertaken by staff in Prisons.

In March the Department received the results of the 2015 NICS Staff Attitude Survey and work is now underway to analyse the findings and develop a range of targeted interventions to address the issues raised.

Expenditure on consultancy

The Department incurred £53,012 expenditure on consultancy during 2015-16 (2014-15: £171,536).

Off-Payroll Payments

The Department had the following 'off-payroll' engagements during the financial year as per the criteria set by the Department of Finance:

Number of engagements at 1 April 2015	5
New engagements during the year	1
Engagements that have come onto the organisation's payroll during the year	-
Engagements that have come to an end during the year	-
Number whose earnings fell below the threshold in 2015-16	(2)
Number of engagements at 31 March 2016	4

The notes on pages 72 to 125 form part of these Accounts.

Reporting of Civil Service and other compensation schemes- exit packages

[Audited information]

Core Department and Agencies

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	2015-16 Total number of exit packages by cost band	2014-15 Total number of exit packages by cost band
<£10,000	3	32	35	1
£10,000 - £25,000	2	127	129	1
£25,000 - £50,000	-	128	128	8
£50,000 - £100,000	-	98	98	-
£100,000 - £150,000	-	2	2	-
£150,000 - £200,000	-	-	-	2
over £200,000	-	-	-	11
Total number of exit packages	5	387	392	23
Total resource cost £	£53,777	£13,976,127	£14,029,904	£3,569,411

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

The consolidated figures for 2014-15 include 14 departures at a cost of £3,158,805 relating to the Voluntary Early Retirement Scheme within the Northern Ireland Prison Service. This relates to the early retirement payments arising in respect of employees who depart early from the Service under the Scheme. Further details are contained in Note 17.

ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT**ASSEMBLY ACCOUNTABILITY****Statement of Assembly Supply**

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the *Government Financial Reporting Manual (FRM)* requires the Department to prepare a Statement of Assembly Supply (SOAS) and supporting notes to show Resource Outturn against the Supply Estimate presented to the Assembly, in respect of each Request for Resources.

Summary of Resource Outturn 2015-16

				Estimate			Outturn			2015-16 £000	2014-15 £000
										Net Total Outturn compared with Estimate: saving/ (excess)	Net Total
Note	Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total		
Request for Resources A	SOAS 1	1,383,130	(47,313)	1,335,817	1,298,278	(46,193)	1,252,085			83,732	1,262,209
Total Resources	SOAS 2	1,383,130	(47,313)	1,335,817	1,298,278	(46,193)	1,252,085			83,732	1,262,209
Non-operating cost Accruing Resources				2,109					38	2,071	87

Net Cash Requirement 2015-16

				Estimate			Outturn			2015-16 £000	2014-15 £000
										Net Total Outturn compared with Estimate: saving/(excess)	Outturn
Note	Estimate	Outturn		Estimate	Outturn		Estimate	Outturn			
Net Cash Requirement	SOAS 3	1,318,571	1,216,999							101,572	1,254,168

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 Northern Ireland Consolidated Fund (cash receipts being shown in italics):

		2015-16 £000		2015-16 £000	
		Forecast Receipts	Income	Forecast Receipts	Income
Note	Income				Outturn Receipts
Total	SOAS 4	11,000	<i>11,000</i>	7,194	<i>7,200</i>

Explanations of variances between estimate and Outturn are given in SOAS 1 and in the Financial Review section of the Performance Report.

The notes on pages 72 to 125 form part of these Accounts.

SOAS 1 Analysis of Net Resource Outturn by function

						2015-16 £000			2014-15 £000	
						Outturn				
						Estimate				
						Net Total	Net Total compared with Estimate	Net Total compared with Estimate, adjusted for virements	Prior-year Outturn	
Admin	Other Current	Grants	Gross Resource Expenditure	Accruing Resources	Net Total					
Departmental Expenditure Limit:										
Forensic Science Northern Ireland	-	13,124	-	13,124	(10,321)	2,803	2,847	44	44	1,271
Access to Justice Directorate	12,014	3,020	164	15,198	(392)	14,806	16,787	1,981	877	18,879
Compensation Services	-	2,415	-	2,415	(66)	2,349	2,774	425	425	2,924
Safer Communities Directorate	11,639	10,946	9,089	31,674	(3,733)	27,941	32,571	4,630	4,630	27,061
Northern Ireland Prison Service	11,953	99,847	2,199	113,999	(2,551)	111,448	113,612	2,164	2,164	111,920
Youth Justice Agency	-	17,799	-	17,799	(77)	17,722	19,419	1,697	1,697	15,973
NI Courts and Tribunals Service	5,929	61,975	-	67,904	(26,138)	41,766	43,110	1,344	1,344	37,854
Legal Services Agency Northern Ireland	-	8,262	66	8,328	(2,915)	5,413	4,309	(1,104)	-	-
Annually Managed Expenditure:										
Safer Communities Directorate	-	14	-	14	-	14	-	(14)	-	-
Northern Ireland Prison Service	-	4,899	-	4,899	-	4,899	10,579	5,680	5,666	990
Youth Justice Agency	-	8,767	-	8,767	-	8,767	12,278	3,511	3,511	2,337
Access to Justice Directorate	-	4,745	-	4,745	-	4,745	14,865	10,120	10,120	6,839
Compensation Services	-	11,098	-	11,098	-	11,098	15,062	3,964	3,964	12,360
NI Courts and Tribunals Service	-	815	-	815	-	815	1,409	594	594	621
Legal Services Agency Northern Ireland	-	98,304	-	98,304	-	98,304	102,000	3,696	3,696	-
Forensic Science Northern Ireland	-	(35)	-	(35)	-	(35)	-	35	35	29
Non Budget:										
Police Service of Northern Ireland	-	-	720,927	720,927	-	720,927	770,417	49,490	40,426	745,663
Police Pensions	-	-	134,373	134,373	-	134,373	125,776	(8,597)	-	119,837
Office of the Police Ombudsman for Northern Ireland	-	-	8,645	8,645	-	8,645	8,645	-	-	8,781
Northern Ireland Policing Board	-	-	5,312	5,312	-	5,312	6,198	886	886	6,754
Probation Board for Northern Ireland	-	-	18,021	18,021	-	18,021	17,554	(467)	-	16,918
Criminal Justice Inspection NI	-	-	1,116	1,116	-	1,116	1,288	172	172	1,090

The notes on pages 72 to 125 form part of these Accounts.

SOAS 1 Analysis of Net Resource Outturn by function (continued)

	Outturn						2015-16	2014-15		
	Admin	Other Current	Grants	Gross Resource Expenditure	Accruing Resources	Net Total	£000 Estimate	£000	Net Total Outturn compared with Estimate adjusted for virements	Prior-year Outturn
NI Legal Services Commission	-	-	-	-	-	-	-	-	-	113,848
RUC George Cross Foundation	-	-	439	439	-	439	467	28	28	162
Northern Ireland Police Fund	-	-	1,481	1,481	-	1,481	1,531	50	50	1,627
Police Rehabilitation and Retraining Trust	-	-	1,736	1,736	-	1,736	1,771	35	35	1,700
Notional Charges	7,180	-	-	7,180	-	7,180	10,548	3,368	3,368	6,771
Resource Outturn	48,715	345,995	903,568	1,298,278	(46,193)	1,252,085	1,335,817	83,732	83,732	1,262,209

Explanation of the variation between Estimate and Outturn

This analysis shows a saving of £83.732m was made on the Net Total Outturn as compared to Estimate with regard to the consolidated figures. The Resource Outturn saving is made up of a number of elements including:

- Departmental Expenditure Limit (DEL) saving of £11.181m;
- Annually Managed Expenditure (AME) saving of £27.586m; and
- Non-budget saving of £44.965m.

The main reasons for these savings are outlined below.

The DEL savings primarily arose due to underspends in ringfenced Resource DEL budgets and further details are provided below.

The AME savings largely relates to reduced provisions for pension realignment and legal claims, many of which are outside the Department's control and are dependent, for example, on the timing of court cases.

The non-budget savings mainly relate to reduced Police Service of Northern Ireland working capital requirements.

Additional information is provided in the Financial Review section of the Performance Report.

The notes on pages 72 to 125 form part of these Accounts.

SOAS 1 Analysis of Net Resource Outturn by function (continued)**Spending in Departmental Expenditure Limits**

Forensic Science Northern Ireland - the saving was mainly due to lower staff costs as a result of staff leaving under VES and lower non-cash costs due to the timing of capital expenditure.

Access to Justice Directorate - the saving was mainly due to the fact that the Department had surplus ringfenced resource DEL (non-cash) funding that cannot be used in other areas.

Compensation Services - the saving was mainly due to lower non-cash costs due to the timing of capital expenditure and small underspends in staff and non-staff costs.

Safer Communities Directorate - the saving was mainly due to the fact that the Department had surplus ringfenced resource DEL (non-cash) funding that cannot be used in other areas and lower than forecast staff and non-staff costs.

NI Prison Service - the saving was mainly due to staff leaving under VES, lower staff costs due to retirements and lower overtime costs.

Youth Justice Agency - the saving was mainly due to underspends in staff costs as a result of staff leaving under VES and underspends across the Agency in non-staff and non-cash expenditure.

NI Courts and Tribunals Service - the saving was mainly due to lower than anticipated non-staff and non-cash expenditure and less income was received than forecast.

Legal Services Agency Northern Ireland - the excess mainly relates to bad debt impairments, not known until after the Spring Supplementary Estimate was agreed.

Spending in Annually Managed Expenditure

Safer Communities Directorate - no budget was required at the time of the Spring Supplementary Estimate.

NI Prison Service - the saving was mainly due to underspends in provisions for legal costs.

Youth Justice Agency - the saving was mainly due to a forecast provision relating to pension realignment costs that was subsequently not required in-year.

Access to Justice Directorate - the saving was mainly due to an underspend in forecast provisions that were subsequently not required in-year.

Compensation Services - the saving relates to a reduction in provisions for personal injury and other claims.

NI Courts and Tribunals Service - the saving relates to lower than forecast provisions required in-year, offset by higher than forecast interest on scheme liabilities.

Legal Services Agency Northern Ireland - the saving relates to the movement in provisions for criminal and civil cases, offset by the movement in criminal appeal provisions.

Forensic Science Northern Ireland - no budget was required at the time of the Spring Supplementary Estimate.

The notes on pages 72 to 125 form part of these Accounts.

SOAS 1 Analysis of Net Resource Outturn by function (continued)**Spending in Non-Budget**

Police Service of Northern Ireland - the saving was largely due to underspends within staff and non-staff expenditure, the timing of cash drawdowns to service payables at the year end and pension related costs that were paid from the Police Pensions Estimate line.

Police Pensions - the excess was mainly due to costs that were originally budgeted within the Police Service of Northern Ireland Estimate line.

Northern Ireland Policing Board - the saving was mainly due to lower than forecast expenditure on Policing and Community Safety Partnerships.

Probation Board for Northern Ireland - the excess mainly relates to the timing of PAYE payments.

Criminal Justice Inspection NI - the saving relates to combined underspends within staff and non-staff expenditure and higher receipts than forecast.

RUC George Cross Foundation - the saving mainly relates to underspends in non-staff costs.

Northern Ireland Police Fund - Foundation - the saving mainly relates to underspends in staff, non-staff and capital costs.

Police Rehabilitation and Retraining Trust - the saving primarily relates to reduced working capital requirements.

Notional Charges - the saving mainly relates to lower than anticipated notional charges for NI Courts and Tribunals Service and NI Prison Service.

SOAS 2 Reconciliation of Net Resource Outturn to Net Expenditure

	Note	Outturn	Supply Estimate	2015-16 £000 Outturn compared with Estimate	2014-15 £000 Outturn
Net Resource Outturn	SOAS 1	1,252,085	1,335,817	83,732	1,262,209
Non-supply expenditure*	6	8,310	8,180	(130)	8,041
Net Expenditure		1,260,395	1,343,997	83,602	1,270,250

* Non-supply expenditure comprises costs in respect of Judicial Salaries.

The notes on pages 72 to 125 form part of these Accounts.

SOAS 3 Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	Estimate	Outturn	2015-16 £000 Net Total Outturn compared with Estimate: saving/ (excess)
Resource Outturn	SOAS 1	1,335,817	1,252,085	83,732
Capital:				
Acquisition of non-current assets	8, 9	19,855	18,388	1,467
Financial assets	12	-	(278)	278
Non-operating Accruing Resources:				
Proceeds of non-current asset disposal		(2,109)	(38)	(2,071)
Accruals to cash adjustments:				
DEL NIAO notional charges	3.2	(282)	(321)	39
Depreciation, impairments and revaluations	3.2	(30,505)	(22,163)	(8,342)
New provisions and adjustments to previous provisions	3.2	(154,643)	(120,173)	(34,470)
Notional charges	3.2	(10,548)	(7,130)	(3,418)
Other non-cash items	3.2	(5)	(12,382)	12,377
Changes in working capital other than cash		40,642	(9,666)	50,308
Use of provision	17	120,349	117,907	2,442
Machinery of Government transfer	3.3	-	770	(770)
Net Cash Requirement		1,318,571	1,216,999	101,572

The notes on pages 72 to 125 form part of these Accounts.

SOAS 4 Income payable to the Consolidated Fund**SOAS 4.1 Analysis of income payable to the Consolidated Fund**

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

	Note	Forecast 2015-16 £000		Outturn 2015-16 £000	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income and receipts - excess Accruing Resources	SOAS 5	-	-	-	-
Non-operating income and receipts - excess Accruing Resources	SOAS 6	-	-	-	-
Other non-operating income and receipts not classified as Accruing Resources		-	-	119	125
Amounts collected on behalf of the Consolidated Fund	SOAS 4.2	11,000	<i>11,000</i>	7,075	<i>7,075</i>
Total income payable to the Consolidated Fund		11,000	<i>11,000</i>	7,194	<i>7,200</i>

SOAS 4.2 Consolidated Fund Income

This note provides details of income collected by the Northern Ireland Courts and Tribunals Service (NICTS) acting as an agent for the Northern Ireland Consolidated Fund (NICF). The related financial information will be separately disclosed in Trust Statements prepared by NICTS in line with an Accounts Direction issued by the Department of Finance. It is expected that the Trust Statements for 2015-16 will be audited and published before the end of 2016.

NICTS accepts payment for fines imposed in the Magistrates and Crown courts for onward transmission to the NICF via the Core Department. Fines imposed can be cleared either by payment or by means other than payment including committal to prison. NICTS also receives payments for fines that are imposed externally to the Courts including fixed penalties imposed for motoring offences.

Consolidated Fund Income shown in SOAS 4.1 includes amounts collected by the Department in the instances described above, as it was acting as agent for the Consolidated Fund rather than as principal. The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from these financial statements) are outlined below.

The notes on pages 72 to 125 form part of these Accounts.

SOAS 4.2 Consolidated Fund Income (continued)*[Unaudited information]*

	2015-16 £000	2014-15 £000 <i>Restated</i>
Revenue		
Fines and penalties	9,964	8,093
Confiscation orders	1,677	3,132
	11,641	11,225
Less		
Expenditure	(2,905)	(2,929)
Disbursements	(2,770)	(2,436)
	(5,675)	(5,365)
Net Revenue for the Consolidated Fund	5,966	5,860
Movement in working capital adjustment	1,109	1,714
Amount payable to the Consolidated Fund	7,075	7,574
Balance held on Trust at 1 April	655	539
Payments into the Consolidated Fund	(7,198)	(7,458)
Balance held on Trust at 31 March	532	655

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

	Note	2015-16 £000	2014-15 £000
Operating income	7	46,193	47,640
Income authorised to be Accruing Resources	SOAS 1	(46,193)	(47,640)
Operating income payable to the Consolidated Fund	SOAS 4.1	-	-

SOAS 6 Non-operating income - Excess Accruing Resources

	Note	2015-16 £000	2014-15 £000
Proceeds on disposal of property, plant and equipment		-	1
Non-operating income - excess Accruing Resources	SOAS 4.1	-	1

The notes on pages 72 to 125 form part of these Accounts.

OTHER ASSEMBLY ACCOUNTABILITY DISCLOSURES**Regularity of expenditure****Losses Statement**

The total value of losses did not exceed £0.250m in 2015-16 or 2014-15 and therefore no disclosure is required.

Special Payments

	2015-16 £000		2014-15 £000 <i>Restated</i>	
	Number of cases	Core Department and Agencies	Number of cases	Core Department and Agencies
Compensation payments	2,059	11,406	2,081	11,373
Miscarriages of justice	3	471	5	1,094
Total	2,062	11,877	2,086	12,467

Compensation Payments

During 2015-16, final compensation payments were made in 1,551 cases (2014-15: 1,770) by Compensation Services. The total amount of compensation paid in these cases was £9.378m (2014-15: £10.438m).

Included in the litigation provision in Note 17 are special payments made by the Northern Ireland Prison Service. Amounts utilised during the year included 492 compensation payments (2014-15: 300) totalling £1.625m (2014-15: £0.887m). There was one individual payment exceeding £0.250m in 2015-16 (2014-15: Nil).

The remaining cases relate to the Core Department and Northern Ireland Courts and Tribunals Service.

Miscarriages of Justice

Miscarriage of justice payments exceeded £0.250m in 1 case during 2015-16 (2014-15: 2). Further details are contained in Note 17.5

The notes on pages 72 to 125 form part of these Accounts.

Fees and charges

An analysis of income from services provided to external and public sector customers is as follows:

	2015-16			2014-15		
	Income	Full Cost	Surplus/ (deficit) £000	Income	Full Cost	Surplus/ (deficit) £000
AccessNI	3,113	(2,590)	523	2,895	(3,159)	(264)
NI Courts and Tribunals Service	20,831	(28,357)	(7,526)	22,693	(21,828)	865
Forensic Science NI	10,748	(13,350)	(2,602)	10,996	(12,128)	(1,132)
Total	34,692	(44,297)	(9,605)	36,584	(37,115)	(531)

The above information is provided for fees and charges purposes, and not for IFRS 8 *Operating Segments* purposes.

AccessNI

AccessNI commenced operations on 1 April 2008, delivering a criminal history disclosure service for Northern Ireland under powers legislated in Part V of the Police Act 1997. The AccessNI Business Model requires the organisation to operate on a Full Cost Recovery Basis in compliance with the requirements set out in *Managing Public Money Northern Ireland*.

Northern Ireland Courts and Tribunals Service

The civil business fee recovery target above is based on expenditure net of exemptions and remissions. Applicants in receipt of certain means-tested benefits are entitled to automatic fee exemption. Total fee exemptions during 2015-16 amounted to £0.060m (2014-15: £0.068m). Remission of fees is considered on an individual basis and is granted in cases of hardship. Total fees remitted during 2015-16 amounted to £0.003m (2014-15: £0.005m).

Forensic Science Northern Ireland

Forensic Science Northern Ireland (FSNI) is working towards the financial aim of full cost recovery and to this end is currently renegotiating contracts with customers on a transactional pricing basis. Whilst there is a deficit of £2.602m (2014-15: £1.132m) on its Statement of Comprehensive Net Expenditure, this is offset by non-cash charges. Funding is provided by the Department to reflect the fact that the current pricing arrangement with customers was agreed prior to the introduction of resource accounting and therefore did not include depreciation. In 2015-16 further Departmental funding was received for the Voluntary Exit Scheme.

Funding was also provided to FSNI for the Budget 2011-15 period to allow the Agency to maintain capacity in specific areas without recharging these costs to customers.

Remote Contingent Liabilities

There were no contingent liabilities requiring disclosure under Assembly reporting requirements. The Department had no significant remote contingent liabilities during 2015-16 that require disclosure. Note 18 provides further details regarding the contingent liabilities that are included within the financial statements.

The notes on pages 72 to 125 form part of these Accounts.

Long-term expenditure trends

The charts below show:

- **Chart 1:** the movement in the Department of Justice unringfenced Resource DEL (Department Expenditure Limit) opening baseline over the period 2013-14 to 2016-17; and
- **Chart 2:** the 2016-17 budget split by the Core Department, executive agencies and Non-Departmental Public Bodies.

Chart 1: DOJ Unringfenced Resource DEL opening baseline

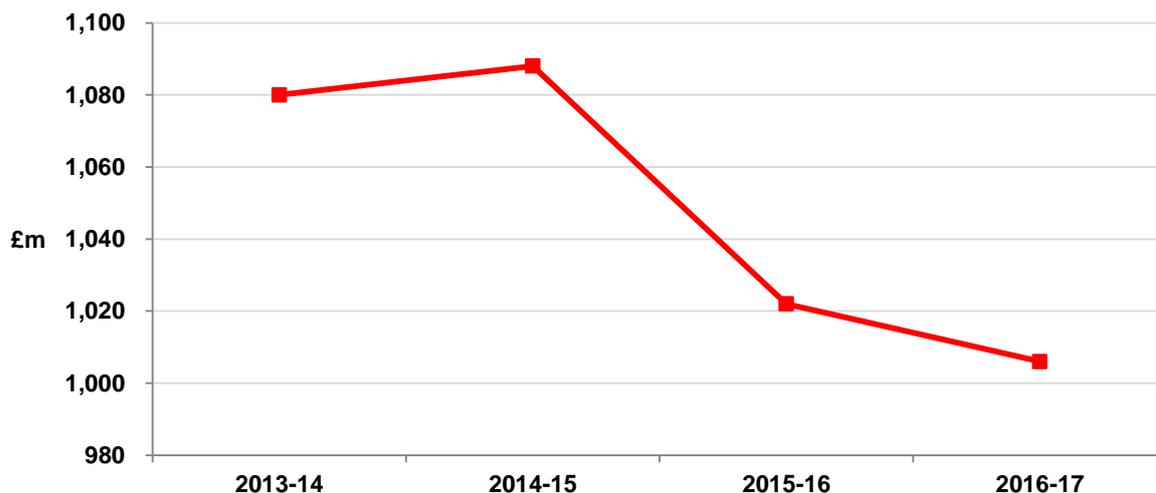
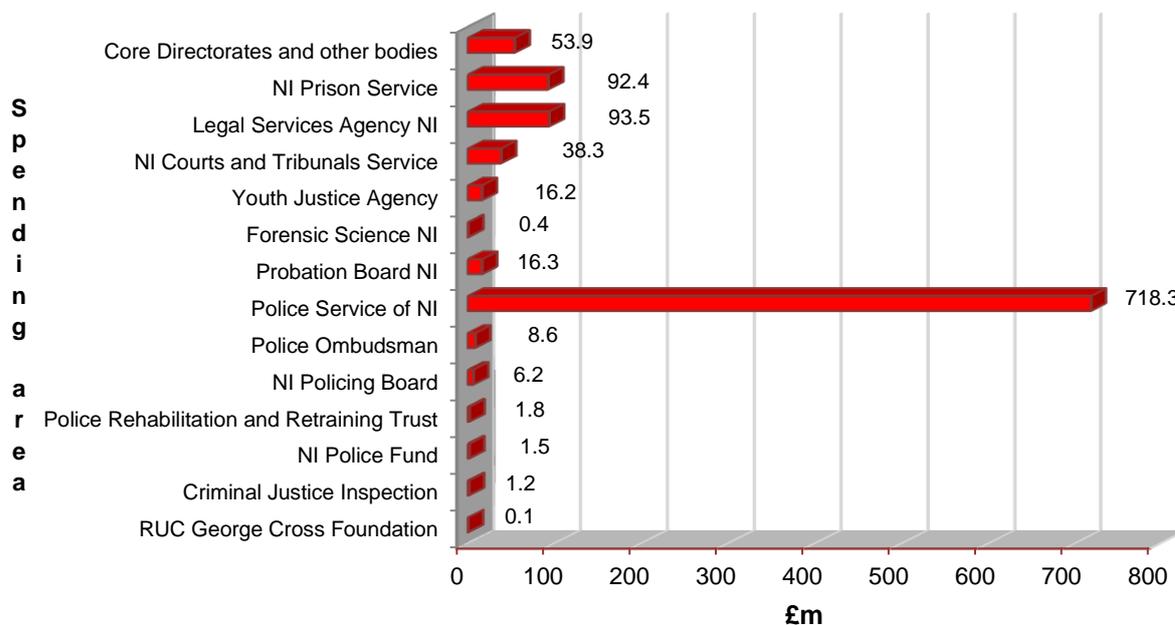


Chart 2: DOJ 2016-17 Unringfenced Resource DEL budget



The notes on pages 72 to 125 form part of these Accounts.

2013-14 and 2014-15 financial years

Budgets for these years were set as part of the four year Budget 2011-15 period. During this period, covering the financial years 2011-12 to 2014-15, the DOJ was ringfenced. That did not mean that the budget was protected. Instead, the Department received the direct Barnett consequentials from changes in the funding levels of the Home Office and Ministry of Justice as a result of the UK spending review settlement for Whitehall departments.

The DOJ's unringfenced Resource Departmental Expenditure Limit (DEL) fell by 7.2% from 2011-12 to 2014-15. Taking into account the effect of inflation, the real terms impact was significantly greater.

During the Budget 2011-15 period, HM Treasury provided access to an additional £199.5m required by PSNI to help protect the community and tackle the threat from terrorism. The NI Executive also provided an additional £45m over the same period, which the DOJ used towards police security funding pressures.

2015-16 financial year

In 2015-16, the DOJ ringfence was removed. The starting point for the Department's budget was a 15.1% cut against the 2014-15 baseline - a cut equivalent to £165m. The Executive then provided an allocation of £90m, equivalent to 8.3%. In total, PSNI received £65m of the £90m with the balance allocated to priority areas.

£29.5m of unringfenced resource DEL and £1.5m of capital DEL additional security funding was also provided by HM Treasury in 2015-16. This was a particular package of funding for a specific purpose, treated separately from the PSNI's baseline funding. This is in addition to security funding from the NI Executive.

2016-17 financial year

The 2016-17 Budget outcome for the Department is summarised below:

- with the exception of PSNI, the starting point for all DOJ spending areas was a reduction of 5.7% from 2015-16 opening baselines;
- the reduction to the core PSNI budget was limited to 2%;
- £32m of additional security funding for the PSNI was provided from the 'Fresh Start' Agreement;
- in recognition of the ongoing pressures facing the Department in respect of legal aid, an allocation of £15m has been provided by the Executive; and
- additional Voluntary Exit Scheme (VES) funding of £12.4m.

The Department will also seek to access other funding contained within the 'Fresh Start' Agreement when the mechanisms to access funding are firmed up, including:

- £10m for tackling paramilitary activity;
- £12m for 'A Shared Future'; and
- £30m funding for bodies to deal with the Past.

Capital investment priorities

The Department's 2016-17 capital budget of £58.0m will allow a number of important projects to be taken forward including a new accommodation block at Maghaberry prison, a range of PSNI IT and transport projects and an Executive Flagship project 'Desertcreat' which received funding of £3.9m in 2016-17.

The notes on pages 72 to 125 form part of these Accounts.

Looking ahead - budgets beyond 2016-17

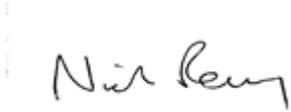
The Executive has agreed a timetable and approach for the next budget (Budget 2016) that will set Resource DEL plans for the period 2017-18 to 2019-20 and capital DEL plans for the period 2017-18 to 2020-21. The Department of Justice will work with Department of Finance officials to take this forward.

Summary of expenditure 2013-14 to 2015-16

	2015-16 Outturn £000	2014-15 Outturn £000	2013-14 Outturn £000
Unringfenced Resource DEL			
Core Department and Compensation Services	52,879	62,762	65,339
Forensic Science NI	1,757	573	343
NI Courts and Tribunals Service	44,530	40,446	37,138
Legal Services Agency NI	95,840	-	-
NI Prison Service	104,652	103,171	108,948
Youth Justice Agency	23,338	18,271	17,862
Executive Agency total	270,117	162,461	164,291
PSNI	692,416	709,550	800,813
NI Policing Board	5,683	6,692	6,488
Police Ombudsman	8,446	8,655	9,103
NI Police Fund	1,521	1,625	1,648
RUC GC Foundation	134	136	143
PRRT	1,691	1,808	2,210
Probation Board NI	17,168	17,385	19,370
NI Legal Services Commission	-	111,393	107,288
Criminal Justice Inspection NI	1,054	1,129	1,208
Executive NDPB total	728,113	858,373	948,271
Total Unringfenced Resource DEL	1,051,109	1,083,596	1,177,901
Total Ringfenced Resource DEL	65,179	69,123	65,872
Total Resource DEL	1,116,288	1,152,719	1,243,773
Capital DEL			
PSNI	25,422	32,652	44,768
NI Prison Service	9,885	8,286	4,171
Other	8,853	16,577	6,538
Total Capital DEL	44,160	57,515	55,477
Total Resource AME	370,489	359,094	254,518
Total Resource DEL, Capital DEL and AME	1,530,937	1,569,328	1,553,768
Reconciliation to Net Resource Outturn per accounts			
Adjustment 1 - Remove NDPB Resource Spend	(1,072,380)	(1,267,846)	(1,254,230)
Adjustment 2 - Add Voted Non Budget Spend	899,230	1,023,151	1,125,219
Adjustment 3 - Remove CFSS Non Voted RDEL	(8,310)	(8,041)	(8,063)
Adjustment 4 - Add back ARIS RDEL CFER	1,677	3,132	1,413
Adjustment 5 - Add back PPA in the NRO	-	-	1,540
Adjustment 6 - Remove Capital DEL	(101,160)	(57,515)	(55,477)
Adjustment 7 - Add Capital Grants classed as Resource	2,091	-	-
Net Resource Outturn	1,252,085	1,262,209	1,364,170

The notes on pages 72 to 125 form part of these Accounts.

ACCOUNTABILITY REPORT



Nick Perry
Accounting Officer

24 June 2016

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

I certify that I have audited the financial statements of the Department of Justice for the year ended 31 March 2016 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Assembly Supply and the related notes and the information in the Remuneration and Staff Report and the Assembly Accountability Disclosures that is described in these reports as having been audited.

Respective responsibilities of the Accounting Officer and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2016 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY**Basis for qualified opinion on financial statements**

Provision for legal aid liabilities totalling £126.8 million has been made in the financial statements for the estimated amount required to settle the costs incurred on legal aid cases. The Department of Justice financial statements are consolidated to include the Legal Services Agency Northern Ireland financial statements. The Legal Services Agency Northern Ireland was unable to provide sufficient evidence to support management information used to determine a number of key assumptions and judgements it used to estimate these provisions. Consequently, I was unable to determine the full extent of the adjustments necessary to the provision for legal aid liabilities, although I have been able to estimate the impact of some of these issues which have led to a net understatement estimated between £9 million and £33 million.

Qualified opinion on financial statements

In my opinion, except for any possible effects of material misstatement in the provision for legal aid liabilities which has arisen due to the lack of sufficient evidence to support the assumptions and judgements used:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2016 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance (formerly Department of Finance and Personnel) directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

I have not received all of the information and explanations that I considered necessary to confirm the appropriateness of certain assumptions used in the calculation of legal aid provisions. Adequate accounting records have not been kept in relation to the calculation of legal aid provisions. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- the financial statements and the parts of the Remuneration and Staff Report and Assembly Accountability disclosures to be audited are not in agreement with the accounting records; or
- the Governance Statement does not reflect compliance with Department of Finance's guidance.

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

Report

My report on those matters subject to qualification is included on pages 126 to 127.



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

28 June 2016

FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Net Expenditure

For the year ended 31 March 2016

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

		2015-16 £000	2014-15 £000
	Note	Core Department and Agencies	Core Department and Agencies
Income from sale of goods and services	3.1	(2,802)	(3,349)
Other operating income	3.1	(43,391)	(44,291)
Total operating income		(46,193)	(47,640)
Staff costs	3.1	159,581	143,162
Purchase of goods and services	3.1	99,996	102,358
Depreciation and impairment charges	3.1	22,163	20,482
Provision expense	3.1	120,173	21,268
Grants	3.1	903,568	1,028,502
Total operating expenditure		1,305,481	1,315,772
Net operating expenditure		1,259,288	1,268,132
Finance expense	3.1	1,107	2,118
Net expenditure for the year		1,260,395	1,270,250
Non-operating activities			
Net (gain)/loss on assets transferred	3.3	121,495	-
Other comprehensive net expenditure			
Items that will not be reclassified to Net operating expenditure:			
- net (gain)/loss on revaluation of property, plant and equipment	8, 9	(33,204)	(27,232)
- net (gain)/loss on revaluation of intangibles	8, 9	(71)	(110)
- actuarial (gain)/loss on pension liability	17	(1,255)	1,819
Comprehensive net expenditure for the year		1,347,360	1,244,727

The notes on pages 72 to 125 form part of these Accounts.

Consolidated Statement of Financial Position

As at 31 March 2016

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

		2016 £000	2015 £000
	Note	Core Department and Agencies	Core Department and Agencies
Non-current assets			
Property, plant and equipment	8	484,138	457,818
Intangible assets	9	11,820	10,466
Trade and other receivables	15	8	10
Financial assets	12	100	323
Total non-current assets		496,066	468,617
Current assets			
Inventories	13	1,254	1,381
Trade and other receivables	15	7,149	11,429
Financial assets	12	190	236
Cash and cash equivalents	14	2,672	1,932
Total current assets		11,265	14,978
Total assets		507,331	483,595
Current liabilities			
Cash and cash equivalents	14	(1,539)	(6,566)
Trade and other payables	16	(57,859)	(44,370)
Provisions	17	(78,646)	(27,845)
Total current liabilities		(138,044)	(78,781)
Total assets less current liabilities		369,287	404,814
Non-current liabilities			
Provisions	17	(139,608)	(59,671)
Other payables	16	(16,500)	(17,715)
Total non-current liabilities		(156,108)	(77,386)
Total assets less total liabilities		213,179	327,428
Taxpayers' equity and other reserves			
General fund		18,053	159,180
Revaluation reserve		195,126	168,248
Total equity		213,179	327,428



Nick Perry
Accounting Officer

24 June 2016

The notes on pages 72 to 125 form part of these Accounts.

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

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

		2015-16 £000	2014-15 £000
	Note	Core Department and Agencies	Core Department and Agencies
Cash flows from operating activities			
Net expenditure for the year		(1,260,395)	(1,270,250)
Adjustment for non-cash transactions	3.2	162,169	51,973
(Increase)/decrease in trade and other receivables	15	4,282	(1,227)
<i>Movement in receivables relating to items not passing through the SCNE</i>		(6,608)	5,270
Decrease in inventories	13	127	504
Increase/(decrease) in trade and other payables	16	12,274	(670)
<i>Movement in payables relating to items not passing through the SCNE</i>		3,087	374
Use of provisions	17	(118,207)	(26,201)
Machinery of Government transfer	3.3	(770)	-
Net cash outflow from operating activities		(1,204,041)	(1,240,227)
Cash flows from investing activities			
Purchase of property, plant and equipment		(17,804)	(18,233)
Purchase of intangible assets		(2,956)	(3,363)
Proceeds of disposal of property, plant and equipment		38	88
Repayments from other bodies	12	278	303
Net cash outflow from investing activities		(20,444)	(21,205)
Cash flows from financing activities			
From the Consolidated Fund (Supply) - current year		1,217,481	1,248,818
From the Consolidated Fund (Supply) - prior year		5,350	(1,483)
From the Consolidated Fund (non-Supply)		8,611	8,299
Capital element of payments in respect of "on-balance sheet" (SoFP) PPP/PFI contracts		(1,124)	(1,034)
Net financing		1,230,318	1,254,600
Net (decrease)/increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		5,833	(6,832)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		7,200	7,645
Payments of amounts due to the Consolidated Fund		(7,266)	(7,537)
Net (decrease)/increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		5,767	(6,724)
Cash and cash equivalents at the beginning of the period	14	(4,634)	2,090
Cash and cash equivalents at the end of the period	14	1,133	(4,634)

The notes on pages 72 to 125 form part of these Accounts.

Consolidated Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2016

This statement shows the movement in the year on the different reserves held by the Department, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of the Department, to the extent that the total is not represented by other reserves and financing items.

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
Balance at 31 March 2014		156,347	146,319	302,666
Net Assembly Funding - drawn down		1,247,335	-	1,247,335
Net Assembly Funding - deemed		1,483	-	1,483
Consolidated Fund Standing Services		8,299	-	8,299
Supply receivable adjustment	15	5,350	-	5,350
Excess Accruing Resources	16	(1)	-	(1)
Comprehensive net expenditure for the year		(1,272,069)	27,342	(1,244,727)
Auditor's remuneration	5, 6	252	-	252
Other notionals		6,771	-	6,771
Transfers between reserves		5,413	(5,413)	-
Balance at 31 March 2015		159,180	168,248	327,428
Net Assembly Funding - drawn down		1,222,831	-	1,222,831
Net Assembly Funding - deemed		(5,350)	-	(5,350)
Consolidated Fund Standing Services		8,611	-	8,611
Supply (payable) adjustment	16	(482)	-	(482)
Excess Accruing Resources	16	-	-	-
Comprehensive net expenditure for the year		(1,380,635)	33,275	(1,347,360)
Auditor's remuneration	5, 6	321	-	321
Other notionals		7,180	-	7,180
Transfer between reserves		6,397	(6,397)	-
Balance at 31 March 2016		18,053	195,126	213,179

The notes on pages 72 to 125 form part of these Accounts.

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2015-16 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance. 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 Justice for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department are described below. They have been applied consistently in dealing with items that are considered material to the Accounts.

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

1.1 Accounting convention

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

The Accounts are stated in sterling, which is the Department's functional and presentational currency. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling (£000).

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 the entities within the Departmental boundary is given at Note 21.

1.3 Property, plant and equipment

Property, plant and equipment comprises land, buildings, vehicles, plant and machinery, information technology and assets under construction.

The Department of Justice occupies a number of properties within the Northern Ireland Executive Estate. These are managed by the Department of Finance (DoF). The costs of occupancy of such properties are recovered on a notional basis from the Department of Justice by DoF. Terms of occupancy of these buildings are outlined in an agreement known as the 'Memorandum of Terms of Occupancy (MOTO)'.

Consolidation of asset categories

The property, plant and equipment note requires the amalgamation of asset categories under the vehicles, plant and machinery heading. The asset categories represented by this heading include:

- plant and machinery;
- motor vehicles;
- furniture and fittings;
- office equipment;
- security equipment; and
- antiques.

1.4 Valuation of property, plant and equipment

Expenditure on property, plant and equipment of over £1,000 is capitalised. Within the Core Department the grouping of a range of property, plant and equipment has also been undertaken in respect of some personal computers, printers, office furniture and equipment.

In compliance with IAS 16 *Property, Plant and Equipment*, subsequent expenditure on an asset which does not meet the criteria of enhancement or improvement is treated as revenue.

On initial recognition property, plant and equipment 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 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, the Institute of Revenues Rating and Valuation and the Incorporated Society of Valuers and Auctioneers. Land and buildings are restated to current value using professional valuations, in accordance with IAS 16, every 5 years and in the intervening years by the use of indices provided by Land and Property Services (LPS), specific to the Northern Ireland property sector.

In addition, a number of properties owned by the Department have been valued by LPS for the purposes of these Accounts. Properties regarded as operational are valued on the basis of existing use, unless there is no market for the property or they are deemed to be specialised, in which case they are valued on a depreciated replacement cost basis.

Northern Ireland Prison Service (NIPS) has considered the impact of analysing property, plant and equipment assets into identifiable components with different useful lives and accounting for them separately. NIPS has componentised new buildings and significant enhancements to existing buildings and added them to the Property, plant and equipment register from 1 April 2010 analysed between building structure, engineering systems, equipment and security installations and external works.

Forensic Services Northern Ireland (FSNI) has depreciated separately identified components of its buildings assets according to the useful life of that component, with individual lives applied to each component.

Antiques held by Northern Ireland Courts and Tribunals Service have been included in the furniture and fittings classification and are professionally valued every five years. The valuation was carried out at 31 March 2014 by John Ross & Co.

Upward revaluations are credited to the Revaluation Reserve and permanent reductions in the value of property, plant and equipment are charged to the Statement of Comprehensive Net Expenditure. Any

subsequent revaluation of assets is credited to the Statement of Comprehensive Net Expenditure to the extent that it reverses previous revaluation decreases recognised as an expense.

1.5 Intangible assets

Expenditure on computer software licenses lasting more than one year and costing more than £1,000 is capitalised and classified as intangible assets. Software licences are amortised over the shorter of the term of the licence and the useful economic life.

All intangible assets are carried at fair value. Software licences are revalued annually using appropriate indices provided by the Office for National Statistics.

1.6 Depreciation and amortisation

All 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. Assets in the course of construction are depreciated from the point when the asset is brought into use.

Estimated useful lives, which are reviewed regularly, are:

Asset category	Useful Life
Land	No depreciation
Buildings (including temporary buildings)	10 - 80 years
Vehicles, plant and machinery	2 - 40 years
Information technology	1 - 16 years
Assets under construction	No depreciation
Intangible assets (software licences)	1 - 15 years

1.7 Realised Element of Depreciation from Revaluation Reserve

Depreciation is charged to expenditure on the revalued amount of property, plant and equipment. An element of depreciation therefore arises due to the increase in valuation and is in excess of the depreciation that would be charged on the historical cost of assets. The amount relating to this excess is a realised gain on disposal and is transferred from the Revaluation Reserve to the General Fund.

1.8 Assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered through sale rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale and it should be expected to be completed within one year from the date of classification.

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Depreciation is not charged once an asset has been classified as held for sale.

1.9 Inventories

Inventories shown on the Statement of Financial Position relate to essential inventories held by the Northern Ireland Prison Service and Forensic Science Northern Ireland. These are valued at the lower of cost or net realisable value. Inventories which are deemed consumable are written off in the year of purchase.

In addition, Forensic Science Northern Ireland holds exhibits on behalf of a third-party but the exhibits are not included in the financial statements of either the Agency or the Department.

Assets seized by the Enforcement of Judgments Office (within Northern Ireland Courts and Tribunals

Service) are not included in inventories on the basis that they are not owned by the Department, but are held for resale in settlement of third-party creditors. Third-party assets held by the Enforcement of Judgments Office at the year end are disclosed in Note 20.

1.10 Value Added Tax

Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of property, plant and equipment and intangible assets. VAT is recoverable on a Departmental basis.

1.11 Leases

Finance leases

Leases of property, plant and equipment where the Department holds substantially all the risks and rewards of ownership are classified as finance leases.

Finance lease assets are capitalised at the commencement of the lease term at the lower of the present value of the minimum lease payments or the fair value of the leased asset. The corresponding lease commitment is included in the Statement of Financial Position as a finance lease obligation. Depreciation on capitalised leased assets is charged in line with the depreciation policy for similar assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding obligation so as to achieve a constant rate of interest on the remaining balance of the liabilities.

Operating leases

Leases where substantially all of the risks and rewards are held by the lessor are classified as operating leases. Rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the period of the lease.

1.12 Public Private Partnership (PPP)/Public Finance Initiatives (PFI) transactions

Where the balance of control of the PPP/PFI scheme is borne by the Department, the scheme is recognised as a non-current asset and the liability to pay for it is accounted for as a finance lease, in accordance with IFRIC 12 *Service Concession Arrangements*. Contract payments are apportioned between an imputed finance lease charge and a service charge. The services received under the contract are recorded as operating expenses. Further details of current ongoing agreements are shown in Note 10.3 to the Accounts.

1.13 Provisions

Provision is made 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. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the general provision discount rates as set out by HM Treasury which varies by the term of the liability, as shown in the table below:

Rate	Term	Real Rate
Short-term	Up to 5 years	(1.55%)
Medium-term	5 to 10 years	(1.00%)
Long-term	Over 10 years	(0.8%)

1.14 Contingent liabilities

In accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, the Department discloses as contingent liabilities, potential future obligations arising from past obligating events where the existence of such obligations remain uncertain pending the outcome of future events outside the Department's control, unless their likelihood is considered to be remote.

In addition, 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*.

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 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. In the interests of general disclosure and transparency, details of the Departments third-party assets are provided in Note 20.

1.16 Administration and Programme analysis

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. Broadly, administration expenditure reflects the costs of running the Department while programme costs relate directly to service delivery activities.

For the purposes of these financial statements, income and expenditure relating to Forensic Science Northern Ireland, Legal Services Agency Northern Ireland and Youth Justice Agency is regarded as programme whilst Northern Ireland Prison Service and Northern Ireland Courts and Tribunals Service are regarded as both administrative and programme.

1.17 Financing and Operating income

Financing

The Department is primarily resourced by funds approved by the Assembly through the annual Supply process. Resources are drawn down each month to meet expenditure requirements and are credited to the General Fund. In addition, the Department is financed by non-supply funding from the Northern Ireland Consolidated Fund in respect of the costs relating to Judicial Salaries.

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.

Consolidated Fund Extra Receipts which do not fall to be treated as operating income are payable directly to the Consolidated Fund. These amounts comprise sundry receipts which have not been

incorporated into the Estimate due to their irregular nature and/or uncertainty of receipt. Fines income received by Northern Ireland Courts and Tribunals Service is not treated as Accruing Resources for the purposes of these Accounts. All fine income is payable to the Northern Ireland Consolidated Fund via the Department as consolidated fund extra receipts. Further details are contained in SOAS 5.2.

1.18 Staff costs

Under IAS 19 *Employee Benefits*, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the costs of any untaken leave as at the reporting date. The cost of untaken leave has been determined from a sample of staff leave records.

1.19 Pension costs

Past and present employees of the Department are covered by the provisions of the NICS pension arrangements, which are defined benefit schemes. The defined benefit schemes are unfunded. The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the NICS pension arrangements of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the NICS pension arrangements. In respect of defined contribution schemes, the Department recognises the contributions payable for the year.

The Department is responsible for the Broadly By Analogy (BBA) pension schemes of public appointments within its Departmental boundary and also entities for which it retains lead policy responsibility. A BBA pension arrangement entitles the recipient to benefits similar to the classic schemes in the NICS pension arrangements. The Department and members are obliged to make contributions in line with the NICS pension scheme. Provision has been made for the future cost of benefits under these schemes.

The Youth Justice Agency (YJA) and Legal Services Agency Northern Ireland (LSANI) previously made employer contributions to the Northern Ireland Local Government Officers Superannuation Committee Scheme (NILGOSC). NILGOSC is able to identify the share of the assets and liabilities of the scheme for both agencies and as a result a liability is recognised for their share of the deficit in the scheme. The NILGOSC schemes for both YJA and LSANI closed on 1 April 2015 - further details are contained in Note 17 Provisions and Note 18 Contingent Liabilities.

The Teachers' Superannuation Scheme is a contributory scheme administered by the Department of Education on behalf of the Youth Justice Agency. The conditions of the Superannuation (NI) Order 1972, the Teachers' Superannuation Regulations (NI) 1998, and subsequent amendments apply to the scheme.

Further details regarding the above schemes are contained in the Staff Report and Note 17 to the Accounts.

1.20 Early departure costs

The Department and its agencies are required to meet the additional cost of benefits beyond the normal NICS pension arrangements and NILGOSC benefits in respect of employees who retire early by paying the required amounts annually to the NICS pension arrangements and NILGOSC over the period between early departure and normal retirement age, and in some cases for the lifetime of the retired staff member and his/her spouse. The Department and its agencies provide for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments.

1.21 Grants payable and paid

The Department recognises grants due to its executive non-departmental public bodies in the period in which they are paid.

The Department also makes a number of grants to a variety of public sector, private sector and voluntary bodies. These grants are recognised at the point in which an authorised request is received from the recipient body, in accordance with the relevant financial memoranda.

1.22 Notional charges

Notional charges, in respect of services received from other Government departments and agencies, are included to reflect the full economic cost of services.

1.23 Segmental Reporting

Under the requirements of IFRS 8 *Operating Segments*, the Department must disclose information to enable users of the financial statements to evaluate the nature and financial effects of the business in which it engages and the economic environment in which it operates. 'Total Assets' are only required to be disclosed in reporting segments where total assets for segments are regularly reported to the Chief Operating Decision Maker. As total assets for segments are not regularly reported to the Chief Operating Decision Maker the Department has adopted this option. This does not have a material impact on the Department's financial statements. Full details of the reporting segments are contained within Note 2.

1.24 Financial Instruments

Recognition and de-recognition of financial assets and financial liabilities

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 the Department becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Department no longer has rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

Financial assets

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term (held for trading) or if so designated by management. Financial assets held in this category are initially recognised and subsequently measure at fair value, with changes in value recognised in the income statement in the line which most appropriately reflects the nature of the item or transaction.

Loans and receivables

Loans and receivables are non-derivative assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, with changes in carrying value recognised in the Statement of Comprehensive Net Expenditure in a manner which most appropriately reflects the nature of the item or transaction.

Trade and other receivables

Financial assets within trade and other receivables are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective method less provisions for doubtful receivables. Provisions are made specifically where there is objective evidence of a dispute or inability to pay.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents are as defined above net of outstanding bank overdrafts.

Impairment of financial assets

The Department assesses at each reporting date whether a financial asset or group of financial assets are impaired. Where there is objective evidence that an impairment loss has arisen on assets carried at amortised cost, the carrying amount is reduced with the loss being recognised in the Statement of Comprehensive Net Expenditure. The impairment loss is measured as the difference between that asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is only reversed if it can be related objectively to an event after the impairment was recognised and is reversed to the extent that carrying value of the asset does not exceed its amortised cost at the date of reversal.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics.

Impairment losses are recognised in the Statement of Comprehensive Net Expenditure and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. If a financial asset is deemed unrecoverable, the amount of the asset is reduced directly and the impairment loss recognised in the Statement of Comprehensive Net Expenditure to the extent a provision was not previously recognised.

Financial Liabilities***Trade and other payables***

Financial liabilities within trade and other payables are initially recognised at fair value, which is usually the original invoiced amount, and subsequently carried at amortised cost using the effective interest method.

Loans and other borrowings

Loans and other borrowings are initially recognised at fair value plus directly attributable transactions costs. Where loans and other borrowings contain a separable embedded derivative, the fair value of the embedded derivative is the difference between the fair value of the hybrid instrument and the fair value of the loan or borrowing. The fair value of the embedded derivative and the loan or borrowing is recorded separately on initial recognition.

1.25 Critical accounting estimates and key judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Department's accounting policies. The Department continually evaluates its estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts are discussed below.

(i) - Provisions for legal aid

The Legal Services Agency Northern Ireland (LSANI) continually evaluates its estimates, assumptions and judgements for the calculation of legal aid provisions based on available information and experience.

There are a number of key assumptions applied in the calculation of the provisions which are detailed below:

- lifecycle of certificates - an analysis of the reports authorised for payment, aged to the certificate granted date to determine a lifecycle per certificate within each business area of the LSANI;
- average costs - an analysis of the total costs and total certificates by category within each business area to apply an average cost being applied per certificate in the calculation of the provisions; and
- no bills adjustments - it is known that not all certificates result in a cost to the legal aid fund and an analysis of historical data determines a percentage reduction which is then incorporated in the provisions calculations.

(ii) - Provisions for compensation payments made by Compensation Services

Provisions have been made for compensation which will be payable at a future date. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

(iii) - Pension and other post-retirement benefits

The Department accounts for pension and other post-retirement benefits in accordance with IAS 19. In determining the pension cost and the defined benefit obligation of the pension schemes a number of assumptions are used which include the discount rate, salary growth, price inflation, the expected return on the schemes' investments and mortality rates.

(iv) - Depreciation of property, plant and equipment and amortisation of intangible assets

Depreciation and amortisation is provided in the consolidated accounts so as to write-down the respective assets to their residual values over their expected useful lives and as such the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown in Note 1.6.

Other than as noted above, no material accounting estimates or judgements were made by the Department in preparing these accounts.

1.26 Accounting standards, interpretations and amendments to published standards and *FReM*

Update on 2014-15 position:

Standard	Comments
IFRS 10 - <i>Consolidated Financial Statements</i> IFRS 11 - <i>Joint Arrangements</i> IFRS 12 - <i>Disclosure of Interests in Other Entities</i>	<p>The International Accounting Standards Board (IASB) has issued new and amended Standards (IFRS 10, IFRS 11 and IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These Standards are effective with EU adoption from 1 January 2014.</p> <p>Accounting boundaries for IFRS purposes are currently adapted in the <i>FReM</i> so that the Westminster departmental accounting boundary is based on Office of National Statistics control criteria, as designated by HM Treasury. A similar review in Northern Ireland (NI), which will bring NI departments under the same adaptation, has been carried out but a decision has yet to be made by the Executive. Should the Executive agree to the recommendations, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. Arm's Length Bodies (ALBs) apply IFRS in full and their consolidation boundary may change as a result of the new Standards.</p>

Issued and effective in 2015-16 for the first time:

Standard	Comments
IFRS 13 - <i>Fair Value Measurement</i> (new)	<p>IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS (except where IFRS 13 explicitly states otherwise). The Standard defines fair value, provides guidance on fair value measurement techniques, and sets out the disclosure requirements.</p> <p>Although IFRS 13 is applied without adaptation, IAS 16 <i>Property, Plant and Equipment</i> and IAS 38 <i>Intangible assets</i> have been adapted and interpreted for the public sector context to limit the circumstances in which a valuation is prepared under IFRS 13.</p> <p>IAS 16 is adapted to specify the valuation bases for assets which are held for their service potential (i.e. operational assets) and assets which were most recently held for their service potential but are surplus.</p> <p>IAS 38 has been adapted for the public sector dependent on whether or not an active (homogeneous) market exists.</p>

1.27 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 the Department's accounting periods beginning on or after 1 April 2016 or later periods, but which the Department has not adopted early. Other than as outlined below, the Department considers that these standards are not relevant or material to its operations.

Standard	IFRS 15 - <i>Revenue from Contracts with Customers</i> (IAS 18 <i>Revenue</i> replacement) (new)
Effective date	1 January 2018 (not yet EU adopted) - with a view to include in the 2018-19 <i>FReM</i> .
Description of revision	<p>The core principle recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled, in exchange for those goods or services. The Standard sets out five steps to recognise revenue and also includes requirements for accounting for contract costs.</p> <p>The disclosure objective of the new Standard is to establish the application principles required for entities to report useful information to the users of financial statements to better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.</p>
Comments	The introduction of IFRS 15 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will be issuing an Exposure Draft on IFRS 15 over the Summer of 2016. Subsequent clarifications raised will also be reviewed as a part of the implementation project.

Standard	IFRS 16 - <i>Leases</i> (IAS 17 <i>Leases</i> replacement) (new)
Effective date	1 January 2019 (not yet EU adopted) - with a view to include in the 2019-20 <i>FReM</i> .
Description of revision	<p>IFRS 16 has been developed by the IASB with the aim of improving the financial reporting of leasing activities in light of criticisms that the previous accounting model for leases failed to meet the needs of users of financial statements.</p> <p>IFRS 16 largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This is a significant change in lessee accounting.</p>
Comments	The introduction of IFRS 16 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will issue an Exposure Draft on IFRS 16 in advance of the effective date.

1.28 Financial reporting - future developments

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

2. Statement of Operating Costs by Operating Segment

The following operating segments are reported to the Departmental Board and Strategic Resources Committee for financial management purposes:

- Safer Communities Directorate;
- Access to Justice Directorate;
- Reducing Offending Directorate; and
- Justice Delivery Directorate.

The segmental analysis below includes an elimination of £0.733m (2014-15: £0.639m) in respect of intra-departmental income and £2.497m (2014-15: £1.412m) in respect of intra-departmental expenditure transactions occurring between bodies within the Departmental boundary for accounts purposes.

					2015-16 £000
	Safer Communities Directorate	Access to Justice Directorate	Reducing Offending Directorate	Justice Delivery Directorate	Core Department and Agencies
Gross expenditure	927,817	198,369	148,008	32,394	1,306,588
Income	(13,712)	(29,104)	(2,628)	(749)	(46,193)
Net expenditure	914,105	169,265	145,380	31,645	1,260,395

					2014-15 £000
	Safer Communities Directorate	Access to Justice Directorate	Reducing Offending Directorate	Justice Delivery Directorate	Core Department and Agencies
Gross expenditure	934,844	209,301	136,922	36,823	1,317,890
Income	(13,498)	(29,756)	(3,182)	(1,204)	(47,640)
Net expenditure	921,346	179,545	133,740	35,619	1,270,250

2. Statement of Operating Costs by Operating Segment (continued)

Description of segments

i - Safer Communities Directorate is responsible for the lead interface with PSNI and for work on Community Safety.

Financial information relating to the following agency and NDPBs is reported within this segment:

- Forensic Science Northern Ireland;
- Northern Ireland Police Fund;
- Northern Ireland Policing Board;
- Office of the Police Ombudsman for Northern Ireland;
- Police Rehabilitation and Retraining Trust;
- Police Service of Northern Ireland;
- Probation Board for Northern Ireland; and
- RUC George Cross Foundation.

ii - Access to Justice Directorate is responsible for criminal justice policy and legislation, and improving access to justice through design of the court and tribunal structures and reform of the legal aid system.

Financial information relating to the following agency and NDPBs is reported within this segment:

- Criminal Justice Inspection Northern Ireland;
- Northern Ireland Courts and Tribunals Service; and
- Legal Services Agency Northern Ireland.

iii - Reducing Offending Directorate is responsible for the oversight of the Prison Service, responsible for the management of offenders in custody and the reform and operation of prisons across Northern Ireland, and the Youth Justice Agency. It also leads the development of Reducing Offending policy in the Department.

Financial information relating to the following agencies is reported within this segment:

- Northern Ireland Prison Service; and
- Youth Justice Agency.

iv - Justice Delivery Directorate provides Finance, HR, IT and other central services to the Department. Financial information relating to Compensation Services for victims of crime is included in this segment.

2.1 Reconciliation between Operating Segments and Consolidated Statement of Comprehensive Net Expenditure

	Safer Communities Directorate	Access to Justice Directorate	Reducing Offending Directorate	Justice Delivery Directorate	2015-16 £000 Core Department and Agencies
Total net expenditure reported for Operating Segments	914,105	169,265	145,380	31,645	1,260,395
Reconciling items	-	-	-	-	-
Total net expenditure per Statement of Comprehensive Net Expenditure	914,105	169,265	145,380	31,645	1,260,395

	Safer Communities Directorate	Access to Justice Directorate	Reducing Offending Directorate	Justice Delivery Directorate	2014-15 £000 Core Department and Agencies
Total net expenditure reported for Operating Segments	921,346	179,545	133,740	35,619	1,270,250
Reconciling items	-	-	-	-	-
Total net expenditure per Statement of Comprehensive Net Expenditure	921,346	179,545	133,740	35,619	1,270,250

2.2 Reconciliation between Operating Segments and Consolidated Statement of Financial Position

'Total Assets' are only required to be disclosed in reporting segments where total assets for segments are regularly reported to the Chief Operating Decision Maker. As total assets for segments are not regularly reported to the Chief Operating Decision Maker, the Department has adopted this option. This does not have a material impact on the Department's financial statements.

3. Summary of information for Consolidated Statement of Comprehensive Net Expenditure

3.1 Operating Income and Expenditure

		2015-16 £000		
	Note	Administration	Programme	Core Department and Agencies
Income from sale of goods and services	7	(307)	(2,495)	(2,802)
Other operating income	7	(672)	(42,719)	(43,391)
Total operating income		(979)	(45,214)	(46,193)
Staff costs	4	32,378	127,203	159,581
Purchase of goods and services	5, 6	14,299	85,697	99,996
Depreciation and impairment charges	5, 6	1,087	21,076	22,163
Provision expense	6	-	120,173	120,173
Grants	6	-	903,568	903,568
Total operating expenditure		47,764	1,257,717	1,305,481
Net operating expenditure		46,785	1,212,503	1,259,288
Finance Expense	6	-	1,107	1,107
Net expenditure for the year		46,785	1,213,610	1,260,395

		2014-15 £000		
	Note	Administration	Programme	Core Department and Agencies
Income from sale of goods and services	7	(603)	(2,746)	(3,349)
Other operating income	7	(1,388)	(42,903)	(44,291)
Total operating income		(1,991)	(45,649)	(47,640)
Staff costs	4	27,650	115,512	143,162
Purchase of goods and services	5, 6	15,077	87,281	102,358
Depreciation and impairment charges	5, 6	1,440	19,042	20,482
Provision expense	6	-	21,268	21,268
Grants	6	-	1,028,502	1,028,502
Total operating expenditure		44,167	1,271,605	1,315,772
Net operating expenditure		42,176	1,225,956	1,268,132
Finance Expense	5, 6	2	2,116	2,118
Net expenditure for the year		42,178	1,228,072	1,270,250

3.2 Non-cash costs

			2015-16 £000
	Note	Administration	Programme
			Core Department and Agencies
Minister's salary		50	-
Pension provision and employer service cost	4	-	8,900
Purchase of goods and services	5, 6	6,395	2,406
Depreciation and impairment charges	5, 6	1,087	21,076
Provision expense	6	-	120,173
Grants	6	-	2,091
Finance expense	5, 6	-	(9)
Total		7,532	154,637
			162,169

			2014-15 £000
	Note	Administration	Programme
			Core Department and Agencies
Minister's salary		50	-
Pension provision and employer service cost	4	-	3,152
Purchase of goods and services	5, 6	6,491	541
Depreciation and impairment charges	5, 6	1,440	19,042
Provision expense	6	-	21,268
Grants	6	-	-
Finance expense	5, 6	-	(11)
Total		7,981	43,992
			51,973

3.3 Net (gains)/losses on assets transferred

Following the dissolution of the Northern Ireland Legal Services Commission (NILSC), the Legal Services Agency Northern Ireland (LSANI) was established on 1 April 2015 as an executive agency within the Department of Justice. In accordance with IFRS 3 *Business Combinations under Common Control*, this has been accounted for as a 'transfer by absorption' in the Department's Accounts for 2015-16 and figures for 2014-15 have not been restated.

The following assets and liabilities were transferred on 1 April 2015 from NILSC to LSANI as a result of this machinery of government change:

Statement of Financial Position

	Transferred from NILSC to LSANI on 1 April 2015 £000
Non-current assets	
Property, plant and equipment	153
Intangible assets	249
Trade and other receivables	-
Financial assets	-
Current assets	
Inventories	-
Trade and other receivables	1,463
Financial assets	-
Cash and cash equivalents	37
Current liabilities	
Cash and cash equivalents	-
Trade and other payables	(2,270)
Provisions	(57,137)
Non-current liabilities	
Provisions	(63,990)
Other payables	-
Total assets less total liabilities	(121,495)
Taxpayers' equity and other reserves	
General Fund	(121,498)
Revaluation Reserve	3
Total equity	(121,495)

The figure for Machinery of Government transfer included under Cash flows from operating activities in the Statement of Cash Flows comprises:

	Transferred from NILSC to LSANI on 1 April 2015 £000
Trade and other receivables	1,463
Cash and cash equivalents	37
Trade and other payables	(2,270)
	(770)

4. Staff costs

	2015-16 £000	2014-15 £000
	Core Department and Agencies	Core Department and Agencies
Wages and salaries	120,302	112,249
Social security costs	8,066	8,294
Other pension costs	22,313	19,467
Employer service costs – present	139	1,182
Pension provision	8,761	1,970
Total Gross Costs	159,581	143,162
Less recoveries in respect of outward secondments	(428)	(777)
Total Net Costs	159,153	142,385
Of which:	2015-16 £000	2014-15 £000
Core Department	26,245	24,024
Agencies	133,336	119,138
Total Gross Costs	159,581	143,162

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

5. Other administration costs

		2015-16 £000	2014-15 £000
	Note	Core Department and Agencies	Core Department and Agencies
Purchase of goods and services			
Staff related costs		1,036	1,120
Rentals under operating leases		449	484
Accommodation costs		914	1,183
Office services		1,382	1,606
Contracted out services		2,068	1,754
Professional costs		1,001	1,088
Consultancy costs		48	160
Managed services		694	832
Other		312	359
		7,904	8,586
Non-cash items:			
Loss on disposal of non-current assets	8, 9	1	46
Auditor's remuneration and expenses		218	207
Notional charges		6,176	6,239
(Decrease)/increase in impairment of trade receivables		-	(1)
		6,395	6,491
		14,299	15,077
Depreciation and impairment charges			
Depreciation	8	876	850
Amortisation	9	209	231
Revaluation released to SCNE	8, 9	2	359
		1,087	1,440
Total administration costs excluding finance expense		15,386	16,517
Finance expense		-	2
Total administration costs including finance expense		15,386	16,519

6. Programme costs

		2015-16 £000	2014-15 £000
	Note	Core Department and Agencies	Core Department and Agencies
Purchase of goods and services			
Staff related costs		2,150	2,072
Rentals under operating leases		1,714	1,666
Accommodation costs		15,487	15,467
Office services		3,804	4,285
Contracted out services		9,543	10,902
PFI service charges		2,476	2,456
Professional costs		4,383	3,795
Consultancy costs		5	12
Managed services		2,380	2,229
Consumables and materials		2,528	2,282
Commissions and Tribunals costs		7,173	8,154
Client and other programme operating costs		15,207	15,194
Judicial costs		7,101	6,259
Judicial costs - Consolidated Fund		8,310	8,041
Other		1,030	3,926
		83,291	86,740
Non-cash items:			
Loss on disposal of non-current assets	8, 9	100	42
Auditor's remuneration and expenses		103	45
Notional charges		954	482
(Decrease)/increase in impairment of trade receivables		1,249	(28)
		2,406	541
		85,697	87,281
Depreciation and impairment charges			
Depreciation	8	18,761	17,648
Amortisation	9	2,783	2,995
Revaluation released to SCNE	8, 9	(468)	(1,601)
		21,076	19,042
Provisions expense			
Provided in year	17	173,663	30,392
Written back in year	17	(53,897)	(9,612)
Borrowing costs	17	407	466
Administration costs	17	-	22
		120,173	21,268
Grants			
Grant-in-aid to NDPBs		892,050	1,016,380
Other grants		11,518	12,122
		903,568	1,028,502
Total Programme costs excluding Finance expense		1,130,514	1,156,093
Finance expense		1,107	2,116
Total Programme costs including Finance expense		1,131,621	1,158,209

7. Income

	2015-16 £000	2014-15 £000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
<u>Administration income</u>		
Sales of goods and services	<u>307</u>	<u>603</u>
Other operating income		
Other rentals	123	123
Other non-trading income	121	488
Seconded costs	428	777
	<u>672</u>	<u>1,388</u>
Administration income	<u>979</u>	<u>1,991</u>
<u>Programme income</u>		
Sales of goods and services	<u>2,495</u>	<u>2,746</u>
Other operating income		
Other rentals	372	346
Fees, levies and charges	34,469	37,016
Other non-trading income	7,868	5,526
Grant income	10	15
	<u>42,719</u>	<u>42,903</u>
Programme income	<u>45,214</u>	<u>45,649</u>
Total operating income	<u>46,193</u>	<u>47,640</u>

8. Property, plant and equipment

	Land £000	Buildings £000	Vehicles, Plant and Machinery £000	Information Technology £000	Assets Under Construction £000	2015-16 Core Department and Agencies £000
Cost or valuation						
At 1 April 2015	36,925	427,064	47,628	15,685	22,074	549,376
Machinery of Government transfer adjustment	-	-	1,210	1,561	-	2,771
Additions	6	7,803	3,146	514	3,764	15,233
Disposals	-	(352)	(1,320)	(6,822)	-	(8,494)
Transfers	-	-	(25)	(4)	-	(29)
Reclassification	220	4,994	4,693	218	(13,103)	(2,978)
Revaluation released to SCNE	(15)	514	2	(17)	-	484
Revaluation	87	37,502	231	3	-	37,823
At 31 March 2016	37,223	477,525	55,565	11,138	12,735	594,186
Depreciation						
At 1 April 2015	-	42,999	36,190	12,369	-	91,558
Machinery of Government transfer	-	-	1,198	1,420	-	2,618
Charged in year	-	15,628	2,697	1,312	-	19,637
Disposals	-	(325)	(1,218)	(6,816)	-	(8,359)
Transfers	-	-	(23)	(1)	-	(24)
Reclassification	-	(26)	7	3	-	(16)
Revaluation released to SCNE	-	20	2	(7)	-	15
Revaluation	-	4,627	(3)	(5)	-	4,619
At 31 March 2016	-	62,923	38,850	8,275	-	110,048
Carrying amount at 31 March 2016	37,223	414,602	16,715	2,863	12,735	484,138
Carrying amount at 31 March 2015	36,925	384,065	11,438	3,316	22,074	457,818
Asset financing:						
Owned	37,223	375,694	16,715	2,863	12,735	445,230
PPP/PFI contracts	-	38,908	-	-	-	38,908
Carrying amount at 31 March 2016	37,223	414,602	16,715	2,863	12,735	484,138
Of the total:						
Core Department	603	6,804	631	1,438	-	9,476
Agencies	36,620	407,798	16,084	1,425	12,735	474,662
Carrying amount at 31 March 2016	37,223	414,602	16,715	2,863	12,735	484,138

8. Property, plant and equipment (continued)

	Land £000	Buildings £000	Vehicles, Plant and Machinery £000	Information Technology £000	Assets Under Construction £000	2014-15 Core Department and Agencies £000
Cost or valuation						
At 1 April 2014	36,893	393,396	45,768	40,024	10,799	526,880
Additions	-	1,139	2,736	560	15,811	20,246
Disposals	-	(2)	(1,807)	(26,707)	(46)	(28,562)
Transfers	-	-	156	(156)	-	-
Reclassification	-	1,569	371	1,963	(4,490)	(587)
Revaluation released to SCNE	(30)	1,032	4	(3)	-	1,003
Revaluation	62	29,930	400	4	-	30,396
At 31 March 2015	36,925	427,064	47,628	15,685	22,074	549,376
Depreciation						
At 1 April 2014	-	26,026	34,891	37,604	-	98,521
Charged in year	-	14,308	2,797	1,393	-	18,498
Disposals	-	(2)	(1,755)	(26,629)	-	(28,386)
Transfers	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Revaluation released to SCNE	-	(242)	4	(1)	-	(239)
Revaluation	-	2,909	253	2	-	3,164
At 31 March 2015	-	42,999	36,190	12,369	-	91,558
Carrying amount at 31 March 2015	36,925	384,065	11,438	3,316	22,074	457,818
Carrying amount at 31 March 2014	36,893	367,370	10,877	2,420	10,799	428,359
Asset financing:						
Owned	36,925	347,238	11,438	3,316	22,074	420,991
PPP/PFI contracts	-	36,827	-	-	-	36,827
Carrying amount at 31 March 2015	36,925	384,065	11,438	3,316	22,074	457,818
Of the total:						
Core Department	598	6,502	740	2,158	-	9,998
Agencies	36,327	377,563	10,698	1,158	22,074	447,820
Carrying amount at 31 March 2015	36,925	384,065	11,438	3,316	22,074	457,818

8. Property, plant and equipment (continued)*Notes:*

- a. Core Department - land and buildings were externally valued by the Land and Property Services (LPS) at 1 April 2011 in accordance with the RICS Appraisal and Valuation Manual on the basis of existing use value, market value and depreciated replacement cost as appropriate to the individual assets. In addition the Maryfield complex was externally valued by the Land and Property Services as at 31 March 2015. The next valuation of LPS will be effective from 1 April 2016. Indexation is applied between asset revaluations to update the asset register, taking into account the general market in land and property values and building costs.
- b. Forensic Science Northern Ireland - a full valuation of land and buildings was carried out by LPS at 31 March 2014 in accordance with the RICS Appraisal and Valuation Manual.
- c. Northern Ireland Courts and Tribunals Service - land and buildings were valued as at 31 March 2014 by LPS. The valuation was carried out by LPS in accordance with the RICS Appraisal and Valuation Manual. In accordance with the accounting policy the land and buildings have been revalued using appropriate indices as provided by LPS. Indices for assets other than land and buildings were obtained from ONS MM22 Price Index Numbers for Current Cost Accounting as at March 2016. All Buildings are valued at Depreciated Replacement Cost with the exception of two courthouses that were valued at 31 March 2016 at market value, due to their non-operational status. Antiques have been included in the furniture and fittings classification and are professionally valued every five years. The valuation was carried out at 31 March 2014 by John Ross & Co.
- d. Northern Ireland Prison Service - a full valuation of land and buildings was carried out by LPS at 1 April 2011 in accordance with the RICS Appraisal and Valuation Manual and on a componentised basis. The next full valuation of land and buildings will be 1 April 2016. It is intended that the Prison Service College will be disposed of once the Northern Ireland Community Safety College is operational. Until this time, on the basis that all lands at Millisle will be sold together, the property at Lisnevin has been valued at its pro-rata replacement cost.
- e. Youth Justice Agency - a full valuation of land and buildings was carried out by LPS at 31 March 2012 in accordance with the RICS Appraisal and Valuation Manual.
- f. Other property, plant and equipment were adjusted to their current value by reference to the appropriate indices compiled by the Office for National Statistics.

9. Intangible assets

	Software and Licences £000	Assets Under Construction £000	2015-16 Core Department and Agencies £000
Cost or valuation			
At 1 April 2015	34,382	3,071	37,453
Machinery of Government transfer	1,885	-	1,885
Additions	1,179	1,976	3,155
Disposals	(2,671)	-	(2,671)
Transfers	-	(2,084)	(2,084)
Reclassification	914	2,064	2,978
Revaluation released to SCNE	10	-	10
Revaluation	227	-	227
At 31 March 2016	35,926	5,027	40,953
Amortisation			
At 1 April 2015	26,987	-	26,987
Machinery of Government transfer	1,636	-	1,636
Charged in year	2,992	-	2,992
Disposals	(2,667)	-	(2,667)
Reclassification	16	-	16
Revaluation released to SCNE	13	-	13
Revaluation	156	-	156
At 31 March 2016	29,133	-	29,133
Carrying amount at 31 March 2016	6,793	5,027	11,820
Carrying amount at 31 March 2015	7,395	3,071	10,466
Asset financing:			
Owned	6,793	5,027	11,820
PPP/PFI contracts	-	-	-
Carrying amount at 31 March 2016	6,793	5,027	11,820
Of the total:			
Core Department	1,434	1,182	2,616
Agencies	5,359	3,845	9,204
Carrying amount at 31 March 2016	6,793	5,027	11,820

9. Intangible assets (continued)

	Software and Licences £000	Assets Under Construction £000	2014-15 Core Department and Agencies £000
Cost or valuation			
At 1 April 2014	33,466	1,727	35,193
Additions	548	2,945	3,493
Transfers	(2,136)	-	(2,136)
Reclassification	2,188	(1,601)	587
Impairment	-	-	-
Revaluation released to SCNE	18	-	18
Revaluation	298	-	298
At 31 March 2015	34,382	3,071	37,453
Amortisation			
At 1 April 2014	25,691	-	25,691
Charged in year	3,226	-	3,226
Disposals	(2,136)	-	(2,136)
Reclassification	-	-	-
Impairment	-	-	-
Revaluation released to SCNE	18	-	18
Revaluation	188	-	188
At 31 March 2015	26,987	-	26,987
Carrying amount at 31 March 2015	7,395	3,071	10,466
Carrying amount at 31 March 2014	7,775	1,727	9,502
Asset financing:			
Owned	7,395	3,071	10,466
PPP/PFI contracts	-	-	-
Carrying amount at 31 March 2015	7,395	3,071	10,466
Of the total:			
Core Department	2,048	1,930	3,978
Agencies	5,347	1,141	6,488
Carrying amount at 31 March 2015	7,395	3,071	10,466

10. Capital and other commitments**10.1 Capital commitments**

	2015-16 £000	2014-15 £000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
Contracted capital commitments at 31 March not otherwise included in these financial statements:		
Property, plant and equipment	12,335	5,765
Intangible assets	790	320
Total	<u>13,125</u>	<u>6,085</u>

10.2 Commitments under leases**10.2.1 Operating leases**

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

	2015-16 £000	2014-15 £000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
Obligations under operating leases comprise:		
<i>Land and buildings</i>		
Due within one year	1,863	1,899
Due later than one year and not later than five years	2,237	4,104
Due later than five years	930	1,546
	<u>5,030</u>	<u>7,549</u>
<i>Photocopiers and vehicles:</i>		
Due within one year	57	109
Due later than one year and not later than five years	9	45
Due later than five years	-	-
	<u>66</u>	<u>154</u>
Total	<u>5,096</u>	<u>7,703</u>

10.2.2 Finance leases

The Department has no obligations under finance leases other than the PPP/PFI commitments contained in Note 10.3.

10.3 Commitments under PPP/PFI contracts

10.3.1 On-Balance Sheet (SoFP)

The following PPP/PFI transactions have been accounted for in accordance with IFRIC 12 entitled Service Concession Arrangements as being "on-balance sheet".

Northern Ireland Courts and Tribunals Service (NICTS) - Laganside Complex

In February 1999, NICTS entered into a Public Finance Initiative (PFI) agreement with a private sector provider for the provision and maintenance of a high quality court complex in Belfast. In accordance with the agreement, service charges became payable with effect from February 2002 to December 2026 and these are charged to the Statement of Comprehensive Net Expenditure. The court complex has been accounted for as an asset and included in the Accounts as Property, plant and equipment.

The liabilities to pay for the assets are in substance finance lease obligations and therefore contractual payments comprise two elements - imputed finance lease charges and service charges.

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of "on-balance sheet" (SoFP) transactions was £2.476m (2014-15: £2.456m). Total future obligations under "on-balance sheet" arrangements are given in the table below for each of the following periods:

	2015-16 £000	2014-15 £000
	Core Department and Agencies	Core Department and Agencies
Minimum lease payments:		
Due within one year	2,182	2,182
Due later than one year and not later than five years	8,728	8,728
Due later than five years	12,483	14,665
	23,393	25,575
Less interest element	(5,682)	(6,740)
Present value of obligations	17,711	18,835
Service elements due in future periods:		
Due within one year	1,428	1,457
Due later than one year and not later than five years	5,835	5,957
Due later than five years	10,195	10,519
Total service elements due in future periods	17,458	17,933
Total commitments	35,169	36,768

10.4 Other financial commitments

The payments to which the agencies are committed are as follows:

	2015-16 £000	2014-15 £000
	Core Department and Agencies	Core Department and Agencies
Due within one year	5,433	6,653
Due later than one year and not later than five years	4,632	7,050
Due later than five years	114	141
Total	10,179	13,844

The Causeway Programme was established by the Department to deliver significant improvements to the effectiveness and efficiency of criminal justice in Northern Ireland through improved integration of information systems. This was initially let as a Public Private Partnership (PPP) contract with Fujitsu Services in August 2003 for a ten year period to February 2014, with an option to extend for a further five years. The Department subsequently renegotiated its contract with Fujitsu Services to extend managed services until March 2019 for the original contract and the technology refresh was completed in March 2014. The contract extension no longer includes a capital investment from the private sector as the new capital investment has been provided by the Department. As a result this contract is no longer accounted for as a PPP.

The Youth Justice Agency has entered into non-cancellable contracts (which are not leases or PFI contracts) for reception, security duties and planned maintenance at the Juvenile Justice Centre, service fees relating to its leasehold properties, and funding payable to certain voluntary and community sector organisations for the delivery of programmes and initiatives.

Northern Ireland Courts and Tribunals Service has entered into a five year contract with Fujitsu Services for the provision of ICT services, initially due to expire on 31 December 2015 but has now been extended to 31 December 2016. The future commitments in revenue terms for the remaining nine months of this contract from April 2016 to December 2016 is approximately £1.9m (at 31 March 2015: £1.9m remained on the contract up to December 2015).

11. Financial Instruments

11.1 Disclosures

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 Justice is not exposed to the degree of financial risk faced by business entities.

The Department has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change risks facing the Department in undertaking its activities.

Classification of financial instruments

All Departmental financial instruments are measured at amortised cost. The Department's financial assets are classified as loans and receivables and comprise trade and other receivables (Note 15) and cash and cash equivalents (Note 14). The Department's financial liabilities comprise payables excluding tax assets, accruals and deferred income (Note 16). 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 Department recognises the components of net gain/loss through the Statement of Comprehensive Net Expenditure. Interest on financial instruments is recognised as a finance expense under Programme Costs in Note 6.

Risk Management

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

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 exposed to credit risk in relation to the carrying amounts of the trade receivables carried in the Statement of Financial Position. The size of the risk is reflected in the receivables impairment (Note 15.1)

Liquidity risk

Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities. The Department's net revenue resource requirements are financed by resources voted annually by the Assembly, as is capital expenditure. The Department is therefore not exposed to significant liquidity risks.

Interest Rate Risk

Interest rate risk is the risk that the fair value or 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.

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 does not have the authority to manage currency risk through hedging.

Embedded Derivatives

In accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, the Department reviews contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. In relation to the Laganside PFI contract for NICTS, there is a payment mechanism that determines the charge the Agency will pay from 2009 to 2026 which is based on the UK retail price index (RPI) and UK Gross Domestic Product Index (GDP). The embedded derivative is deemed to be closely related to the host contract as the amounts charged are in relation to the economic environment in which the Agency operates.

Northern Ireland Prison Service Housing Loans

In accordance with IAS 39 balances in respect of Northern Ireland Prison Service (NIPS) Home Loans are stated in the statement of financial position at their amortised cost, being the carrying amount discounted to present value at the effective rate of interest of 3.7%. Further details are disclosed in Note 12. These financial assets represent 0.12% of the Agency's total asset value on the Statement of Financial Position. They have not been affected by current credit risk as repayments are deducted directly from payroll and are not considered a significant medium or long-term risk to NIPS.

11.2 Financial Guarantees, Indemnities and Letters of Comfort

The Department has not entered into any unquantifiable guarantees, indemnities or provided letters of comfort. There are no contingent liabilities within the meaning of IAS 39 since the likelihood of a transfer of economic benefit in settlement is too remote.

The Department has not entered into any quantifiable guarantees, indemnities or provided letters of comfort that fall to be measured under IAS 39.

12. Financial assets

	2015-16 £000	2014-15 £000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
Balance at 1 April	559	851
Disposals	-	-
Repayments	(278)	(303)
Impairments	-	-
Revaluations	9	11
Carrying amount at 31 March	<u>290</u>	<u>559</u>

The figures represent the principal element of the Northern Ireland Prison Service Housing Loans. These are classified as loans and receivables and are included in the Statement of Financial Position with their carrying value being discounted to present value at the effective rate of interest of 3.7%.

Balances for Financial assets are disclosed in the Statement of Financial Position as follows:

	2015-16 £000	2014-15 £000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
Current assets	190	236
Non-current assets	100	323
Balance at 31 March	<u>290</u>	<u>559</u>

13. Inventories

	2015-16 £000	2014-15 £000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
Raw materials and consumables	1,082	1,139
Fuel	166	212
Work in progress	6	30
Total	<u>1,254</u>	<u>1,381</u>

14. Cash and cash equivalents

	2015-16 £000	2014-15 £000
	Core Department and Agencies	Core Department and Agencies
Balance at 1 April	(4,634)	2,090
Net change in cash and cash equivalent balances	5,767	(6,724)
Balance at 31 March	1,133	(4,634)
The following balances at 31 March are held at:		
Commercial banks and cash in hand	1,133	(4,634)
Balance at 31 March	1,133	(4,634)

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

	2015-16 £000	2014-15 £000
	Core Department and Agencies	Core Department and Agencies
Current assets	2,672	1,932
Current liabilities	(1,539)	(6,566)
Total	1,133	(4,634)

15. Trade receivables and other assets

	2015-16 £000	2014-15 £000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
Amounts falling due within one year:		
Trade receivables	2,768	1,065
Other receivables	752	1,191
Prepayments and accrued income	3,629	3,823
Amounts due from the Consolidated Fund in respect of supply	-	5,350
	<u>7,149</u>	<u>11,429</u>
Amounts falling due after more than one year:		
Other receivables	8	10
	<u>8</u>	<u>10</u>
Total	<u>7,157</u>	<u>11,439</u>

Included within 'Other receivables' is £100,836 (2014-15: £107,712) that will be due to the Consolidated Fund once the debts are collected.

15.1 Impairment

Trade receivables are stated net of the following impairment:

	2015-16 £000	2014-15 £000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
Amounts falling due within one year:		
Balance at 1 April	60	89
Machinery of Government transfer	4,037	-
Increase in impairment during the year	1,964	-
Amount utilised in the year	-	(4)
Impairment written back during the year	(714)	(25)
Balance at 31 March	<u>5,347</u>	<u>60</u>

16. Trade payables and other liabilities

	2015-16 £000	2014-15 £000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
Amounts falling due within one year:		
VAT	2,318	1,111
Other taxation and social security	285	373
Trade payables	1,079	477
Other payables	2,586	2,488
Accruals and deferred income	49,147	37,977
Current part of imputed finance lease element of "on-balance sheet" (SoFP) PPP/PFI contracts	1,214	1,124
Amounts issued from the Consolidated Fund for supply but not yet spent at year end	482	-
Consolidated Fund Extra Receipts to be paid to the Consolidated Fund:		
Received	650	715
Receivable	98	104
Excess Accruing Resources	-	1
	<u>57,859</u>	<u>44,370</u>
Amounts falling due after more than one year:		
Imputed finance lease element of "on-balance sheet" (SoFP) PPP/PFI contracts	16,497	17,711
Consolidated Fund Extra Receipts receivable and due to be paid to the Consolidated Fund	3	4
	<u>16,500</u>	<u>17,715</u>
Total	<u>74,359</u>	<u>62,085</u>

Included within 'Consolidated Fund Extra Receipts to be paid to the Consolidated Fund: Received' is £531,420 (2014-15: £654,529) held on trust on behalf of the Consolidated Fund in respect of fines and other income collected by Northern Ireland Courts and Tribunals Service. See SOAS 4.2 for further details.

17. Provisions for liabilities and charges

							2015-16 £000
	Legal Aid	Early Departure Costs	Compen- sation Payments	Litigation Claims	Pensions	Others	Core Department and Agencies
Balance at 1 April 2015	-	30,894	30,434	12,257	9,210	4,721	87,516
Machinery of Government transfer	119,426	-	-	1,166	932	(397)	121,127
Provided in the year	147,388	813	13,105	11,778	9,155	324	182,563
Actuarial loss/(gain)	-	2,969	-	-	(4,055)	(169)	(1,255)
Provisions not required written back	(48,849)	(179)	(2,007)	(2,862)	-	-	(53,897)
Provisions utilised in the year	(91,181)	(4,260)	(11,289)	(4,936)	(6,000)	(241)	(117,907)
Provisions settled from Consolidated Fund	-	-	-	-	-	(300)	(300)
Borrowing costs	-	63	-	-	261	83	407
Balance at 31 March 2016	126,784	30,300	30,243	17,403	9,503	4,021	218,254

							2014-15 £000
	Legal Aid	Early Departure Costs	Compen- sation Payments	Litigation Claims	Pensions	Others	Core Department and Agencies
Balance at 1 April 2014	-	30,802	29,355	14,258	7,530	5,533	87,478
Provided in the year	-	2,819	15,798	5,212	3,174	6,563	33,566
Actuarial loss/(gain)	-	1,124	-	-	957	(262)	1,819
Provisions not required written back	-	(23)	(3,438)	(3,882)	-	(2,269)	(9,612)
Provisions utilised in the year	-	(3,880)	(11,281)	(3,331)	(2,769)	(4,682)	(25,943)
Provisions settled from Consolidated Fund	-	-	-	-	-	(258)	(258)
Borrowing costs	-	52	-	-	318	96	466
Balance at 31 March 2015	-	30,894	30,434	12,257	9,210	4,721	87,516

17. Provisions for liabilities and charges (continued)**17.1 Analysis of expected timing of discounted flows**

	Legal Aid	Early Departure Costs	Compensation Payments	Litigation Claims	Pensions	Others	2015-16 £000 Core Department and Agencies
Due within one year	48,980	4,174	12,894	12,010	162	426	78,646
Due later than one year and not later than five years	65,755	12,390	17,349	5,393	8,184	1,693	110,764
Due later than five years	12,049	13,736	-	-	1,157	1,902	28,844
Balance at 31 March	126,784	30,300	30,243	17,403	9,503	4,021	218,254

	Legal Aid	Early Departure Costs	Compensation Payments	Litigation Claims	Pensions	Others	2014-15 £000 Core Department and Agencies
Due within one year	-	4,011	14,894	7,851	75	1,014	27,845
Due later than one year and not later than five years	-	13,525	15,540	4,406	8,110	1,759	43,340
Due later than five years	-	13,358	-	-	1,025	1,948	16,331
Balance at 31 March	-	30,894	30,434	12,257	9,210	4,721	87,516

17.2 Legal Aid - £126.784m (2014-15: £Nil)

The balance in respect of civil legal services and criminal legal aid is based on the estimated provision calculated for existing certificates issued by Legal Services Agency Northern Ireland. This amount does not represent the forecast funding requirements within and after one year, as there will also be the costs of new certificates authorised post 31 March 2016 that would fall due for payment in due course.

The payment of civil legal services and criminal legal aid is determined by when solicitors or counsel submit their final bill after a case has concluded. The timing of each submission is outside the direct control of the LSANI, but every effort is made to encourage legal representatives to submit their bills as expeditiously as possible.

The LSANI continues to seek to limit the duration of emergency certificates as far as is practical to minimise the debt which arises if the recipient proves to be financially ineligible for legal aid or fails to co-operate with the assessment process.

17.3 Early Departure Costs - £30.300m (2014-15: £30.894m)**(i) PSCPS(NI) and NILGOSC £1.599m (2014-15: £1.782m)**

The Department and its agencies meet the additional costs of benefits beyond the normal NICS pension arrangements and NILGOSC benefits in respect of employees who retire early by paying the required amounts annually to the NICS pension arrangements and NILGOSC over the period between early departure and normal retirement date, and in some cases for the lifetime of the retired staff member and his/her spouse. The Department and its agencies provide for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments.

(ii) Northern Ireland Prison Service - Injury on duty benefits - £16.991m (2014-15: £14.041m)

From 1 April 2006 all benefits payable under the Civil Service Injury Benefit Scheme (CSIBS) (Northern Ireland) relating to the Northern Ireland Prison Service (NIPS) are charged to NIPS by Civil Service Pensions (Northern Ireland) on a monthly basis. The allowance is payable to the former employee for life. An estimated life expectancy of 70 years has been applied.

The Northern Ireland Prison Service has provided for the costs payable for the period between the date the allowance was awarded and 70 years of age. Provision is made for the costs of providing injury awards to employees based on the current number of injury awards, and also on estimated life expectancy of these pensioners.

The injury awards were valued under IAS 19 by the Government Actuary's Department. IAS 19 requires the employer to value the expected injury awards for active members, who are currently uninjured but who may become injured in the future, and include the value in the Accounts.

(iii) Northern Ireland Prison Service - Voluntary Early Retirement (VER) Scheme £11.710m (2014-15: £15.071m)

This provision relates to the early retirement payments arising in respect of employees who leave under the VER Scheme. The provision consists of additional pension costs due to the NICS pension arrangements, which the Northern Ireland Prison Service provides for when the VER becomes binding by establishing a provision for the estimated payments. These costs are payable over the period between early departure and normal retirement date for the respective employees. The provision runs through to 2021-22.

17.4 Compensation Payments - £30.243m (2014-15: £30.434m)

The Core Department provides for future obligations arising from all claims for compensation held at the reporting date by the Compensation Services. All such claims will either be allowed or denied (including abandoned/withdrawn claims). Estimates are made of the likely ratio of allowances to denials and also estimates of the potential average value of each allowed claim. The total expected future liability is then calculated for each of the compensation schemes operated.

17.5 Provision for Litigation Claims - £17.403m (2014-15: £12.257m)**(i) Miscarriages of justice £1.800m (2014-15: £0.340m)**

When a person has been convicted of a criminal offence and their conviction has subsequently been reversed or they have been pardoned on the ground that a new or newly discovered fact shows beyond reasonable doubt that there has been a miscarriage of justice, the Department shall pay compensation for the miscarriage of justice. Compensation is payable under section 133 of the Criminal Justice Act 1988, to the person who suffered punishment as a result of such conviction or, if that person is dead, to their personal representatives, unless the non-disclosure of the unknown fact was wholly or partly attributable to the person convicted. If the Department determines that there is a right to such compensation, the amount shall be assessed by an assessor appointed by the Department.

(ii) Other provisions for litigation claims £15.603m (2014-15: £11.917m)

The litigation provision relates to claims against the Department and its agencies by staff, prisoners and third parties for injuries and other damages including fair employment and industrial tribunal cases. The provision reflects all known claims where it is considered that it is probable that the claim will be successful and the amount can be reliably estimated. The timing of the settlement of claims depends on the circumstances of each case.

17.6 Pensions - £9.503m (2014-15: £9.210m)**(i) Youth Justice Agency - NILGOSC pension - £3.323m asset (2014-15: £5.931m liability)**

The Youth Justice Agency makes employer contributions to the Northern Ireland Local Government Officers Superannuation Committee Scheme (NILGOSC) which is a funded scheme of the defined benefit type. As the Youth Justice Agency no longer admits new employees to the NILGOSC Scheme, an individual employer contribution is calculated for the Agency.

It is possible to define the Youth Justice Agency's share of the Fund's assets and liabilities and as a result the following disclosures are provided in line with IAS 19. The latest actuarial valuation of the Scheme was carried out at 31 March 2010. The liability and cost calculations based on assumptions carried forward from the latest valuation are shown below. The actuarial valuation of the scheme as at 31 March 2013 was finalised after 31 March 2014.

The market value of assets in the scheme and the expected rate of return were:

	Value at 31/03/16 £000	Value at 31/03/15 £000	Value at 31/03/14 £000
Equities	51,923	44,286	37,792
Property	9,519	9,841	8,398
Gilts	8,726	8,201	6,999
Cash	1,948	3,280	2,799
Total value of assets	72,116	65,608	55,988
Defined benefit obligation	(68,793)	(71,539)	(62,271)
Defined benefit asset/(liability)	3,323	(5,931)	(6,283)
Restriction to defined benefit asset due to asset ceiling	-	-	-
Unfunded liabilities	-	-	-
Total defined benefit asset/(liability)	3,323	(5,931)	(6,283)
Related deferred tax (liability)/asset	No allowance	No allowance	No allowance
Net asset/(liability)	3,323	(5,931)	(6,283)

Assumptions	2015-16 %	2014-15 %	2013-14 %
Discount rate	3.50	3.20	4.40
Future Increase in RPI	3.00	3.00	3.30
Future Increase in CPI	2.00	2.00	2.30
Rate of increase in salaries	3.50	3.50	3.80
Rate of increase in pensions in payment	2.00	2.00	2.30

Assumptions - average expected future life at age 65 for:	2015-16 Years	2014-15 Years	2013-14 Years
Male staff currently aged 65	21.8	21.6	21.9
Female staff currently aged 65	24.3	24.0	24.5
Male staff currently aged 45	23.6	23.3	24.1
Female staff currently aged 45	26.3	26.0	26.6

(i) Youth Justice Agency - NILGOSC pension (continued)

Reconciliation of the value of the assets	2015-16 £000	2014-15 £000
Scheme assets at 1 April	65,608	55,988
Movement in the year:		
Opening balance adjustment	(139)	-
Expected return	2,070	2,467
Actuarial gains/(losses)	168	5,468
Employer contributions	5,956	2,725
Member contributions	7	484
Benefits paid	(1,554)	(1,524)
Closing value of assets at 31 March	72,116	65,608
Return on scheme assets	2015-16 £000	2014-15 £000
Actual return on scheme assets	2,238	7,935
Analysis of movement in scheme liabilities	2015-16 £000	2014-15 £000
Opening defined benefit obligation	71,539	62,271
Movement in the year:		
Employer service cost	-	1,182
Administration expenses	-	22
Member contributions	7	484
Interest cost	2,264	2,743
Actuarial (gains)/losses	(3,463)	6,361
Benefits paid	(1,554)	(1,524)
Closing defined benefit obligation at 31 March	68,793	71,539
Expense to be recognised in the Statement of Comprehensive Net Expenditure	2015-16 £000	2014-15 £000
Employer Service Costs	-	1,182
Administration expenses	-	22
Interest charged/(credited) in respect of defined benefit liability/(asset)	194	276
	194	1,480
Actuarial (gain)/loss to be recognised in the Statement of Changes in Taxpayers' Equity	2015-16 £000	2014-15 £000
Actuarial gain/(loss)	3,631	(893)
Cumulative actuarial gain or loss recognised in the Statement of Changes in Taxpayers' Equity	2015-16 £000	2014-15 £000
Cumulative gain/(loss)	2,161	(1,463)

(i) Youth Justice Agency - NILGOSC pension (continued)

History of liabilities/assets and experience (gains)/losses	2015-16 £000	2014-15 £000	2013-14 £000	2012-13 £000	2011-12 £000
Defined benefit obligation	(68,793)	(71,539)	(62,271)	(61,240)	(52,446)
Fair value of assets	72,116	65,608	55,988	51,299	43,759
Surplus/(deficit)	3,323	(5,931)	(6,283)	(9,941)	(8,687)
Experience adjustment on liabilities - gain/(loss)	-	2,547	-	(14)	(1)
Experience adjustment on assets - gain/(loss)	168	5,468	2,161	4,951	(999)

Sensitivity Analysis

The key assumptions used to calculate the IAS 19 liabilities are: discount rate, salary growth, inflation and mortality.

The sensitivity of the liabilities to these assumptions are as follows:

Assumption	Change in assumption	Increase/(Decrease) in liabilities
Discount Rate	Increase by 0.5%	(8%)
	Decrease by 0.5%	9%
Salary Growth	Increase by 0.5%	2%
	Decrease by 0.5%	(2%)
CPI Inflation (excluding salary growth impact)	Increase by 0.5%	6%
	Decrease by 0.5%	(5%)
Life Expectancy	Increase by 1 year	2%

(ii) Youth Justice Agency - NILGOSC bulk transfer £10.730m (2014-15: £1.969m)

A policy decision was taken by the Department of Finance (formerly the Department of Finance and Personnel) Corporate HR to recruit all new entrants to the Youth Justice Agency on NICS terms and conditions. Subsequently it was deemed more appropriate for staff previously contributing to the NILGOSC scheme to transfer to the NICS pension arrangements. This transfer took effect on 1 April 2015 and as such a provision for the bulk transfer value has been created.

Whilst it is not currently possible to quantify the actual financial exposure, initial actuarial estimates indicate that the potential shortfall will range from £1.830m to £10.730m depending on how many members elect to transfer their accrued pension benefits from NILGOSC to NICS pension arrangements.

In order to be prudent, a provision of £10.730m (2014-15: £1.969m) has been included in the financial statements as the best estimate of the potential shortfall. This provision is in addition to the £3.323m asset (2014-15: £5.931m liability) in Note 17.6 (i). There are however, inherent uncertainties in this transfer value and Note 18 to the Accounts provides further detail on these uncertainties.

(iii) Legal Services Agency NI - NILGOSC pension liability £0.540m (2014-15: £Nil)

Prior to 1 April 2015, the Northern Ireland Legal Services Commission (NILSC) made employer contributions to the Northern Ireland Local Government Officers Superannuation Committee Scheme (NILGOSC), which is a funded scheme of defined benefit type.

The scheme closed on 1 April 2015 for NILSC employees following the machinery of government transfer from NILSC to the LSANI. Former staff of the NILSC will be given the option to retain their accrued pension benefits up to 31 March 2015 in NILGOSC or transfer to the NICS pension arrangements by way of a bulk transfer. Given the underlying uncertainty in terms of timings, number of staff and amounts involved, the bulk transfer has been disclosed as a contingent liability in Note 18.

Under the Local Government Pension Scheme Regulations (Northern Ireland), an actuarial valuation of the NILGOSC Scheme must be completed every three years. Following these valuations, the Committee agrees the level of Employer Contributions. As the LSANI no longer admits new employees to the NILGOSC Scheme, an individual employer contribution is calculated for the Agency.

It is possible to define the LSANI's share of the Fund's assets and liabilities and as a result the following disclosures are provided in line with IAS 19. The latest actuarial valuation of the Scheme was carried out at 31 March 2010. The liability and cost calculations based on assumptions carried forward from the latest valuation are shown below. The actuarial valuation of the scheme as at 31 March 2013 was finalised after 31 March 2014. The liability and cost valuations are based on actuarial assumptions as at 31 March 2016.

The market value of assets in the scheme and the expected rate of return were:

	Value at 31/03/16 £000
Equities	
Property	17,544
Gilts	3,216
Cash	2,948
	658
Total value of assets	24,366
Defined benefit obligation	(24,906)
Defined benefit (liability)/asset	(540)
Irrecoverable surplus	-
Unfunded liabilities	-
Total deficit	(540)
Related deferred tax (liability)/asset	no allowance
Net (liability)/asset	(540)
Assumptions	2015-16 %
Discount rate	3.5%
Future Increase in RPI	3.0%
Future Increase in CPI	2.0%
Rate of increase in salaries	3.5%
Rate of increase in pensions in payment	2.0%

(iii) Legal Services Agency NI - NILGOSC pension liability (continued)

Assumptions - average expected future life at age 65 for:	2015-16 Years
Male staff currently aged 65	21.8
Female staff currently aged 65	24.3
Male staff currently aged 45	23.6
Female staff currently aged 45	26.3
Reconciliation of value of assets	2015-16 £000
Machinery of government transfer on 1 April 2015	24,640
Movement in the year:	
Expected return	784
Actuarial (losses)	(786)
Employer contributions	-
Member contributions	-
Benefits paid	(272)
Closing value of assets	24,366
Return on the assets	2015-16 £000
Actual return on the assets	(2)
Reconciliation of the value of the defined benefit obligation	2015-16 £000
Machinery of government transfer on 1 April 2015	25,572
Movement in the year:	
Employer service cost	-
Administration expenses	-
Member contributions	-
Interest cost	814
Actuarial (gains)/losses	(1,208)
Benefits paid	(272)
Closing defined benefit obligation	24,906
Expense to be recognised in the Statement of Comprehensive Net Expenditure	2015-16 £000
Employer Service Costs	-
Administration expenses	-
Interest charged in respect of defined benefit liability	30
	30
Actuarial loss/(gain) to be recognised in the Statement of Changes in Taxpayers' Equity	2015-16 £000
Actuarial gain	422

(iii) Legal Services Agency NI - NILGOSC pension liability (continued)

History of liabilities/assets and experience (gains)/losses	2015-16 £000
Scheme liabilities	(24,906)
Scheme assets	24,366
Surplus/(deficit)	(540)
Experience adjustment on liabilities - gain/(loss)	-
Experience adjustment on assets - gain/(loss)	(786)

Sensitivity Analysis

The key assumptions used to calculate the IAS 19 liabilities are: discount rate, salary growth, inflation and mortality.

The sensitivity of the liabilities to these assumptions are as follows:

Assumption	Change in assumption	Increase/(Decrease) in liabilities
Discount Rate	Increase by 0.5%	(9%)
	Decrease by 0.5%	10%
Salary Growth	Increase by 0.5%	2%
	Decrease by 0.5%	(2%)
CPI Inflation (excluding salary growth impact)	Increase by 0.5%	7%
	Decrease by 0.5%	(7%)
Life Expectancy	Increase by 1 year	2%

(iv) Broadly By Analogy pension schemes £1.030m (2014-15: £1.039m)

The Department is responsible for the Broadly By Analogy (BBA) pension schemes of public appointments within its Departmental boundary and also entities for which it retains lead policy responsibility. A BBA pension arrangement entitles the recipient to benefits similar to the classic scheme in the NICS pension arrangements. The Department and members are obliged to make contributions in line with the NICS pension arrangements and the Department is responsible for paying accrued benefits.

The BBA pension provision is unfunded, with benefits being paid as they fall due and guaranteed by the Department for service provided. There is no fund, and therefore no surplus or deficit. The scheme liabilities at 31 March 2016 were £1.030m (31 March 2015: £1.039m) as calculated by the Government Actuary's Department.

Present value of scheme liabilities	2015-16 £000	2014-15 £000
Current pensioners	1,030	1,039
Total	1,030	1,039

Liabilities are valued on an actuarial basis using the Projected Unit Method.

Assumptions	2015-16 %	2014-15 %	2013-14 %
Rate used to discount scheme liabilities	3.60	3.55	4.35
CPI Inflation assumption	2.20	2.20	2.50
Rate of increase in salaries	4.20	4.20	4.50
Rate of increase for pensions in payment	2.20	2.20	2.50

Assumptions - Life expectancy at Retirement

Current Pensioners	2015-16 Years	2014-15 Years	2013-14 Years
Exact Age:			
Male officers currently aged 60	29.1	29.1	29.0
Female officers currently aged 60	31.3	31.3	31.2
Male officers currently aged 65	24.2	24.2	24.1
Female officers currently aged 65	26.4	26.4	26.2

Analysis of movement in scheme liability

Analysis of movement in scheme liability	2015-16 £000	2014-15 £000
Opening value of liability	1,039	976
Movement in the year:		
Interest cost	37	42
Actuarial(gain)/loss	(2)	64
Benefits paid	(44)	(43)
Closing value of liability	1,030	1,039

Expense to be recognised in the Statement of Comprehensive Net Expenditure

Expense to be recognised in the Statement of Comprehensive Net Expenditure	2015-16 £000	2014-15 £000
Service cost	-	-
Interest cost	37	42
Total expense/(income)	37	42

(iv) Broadly By Analogy pension schemes (continued)

Actuarial (gain)/loss to be recognised in the Statement of Changes in Taxpayers' Equity	2015-16 £000	2014-15 £000
Experience loss/(gain)/ arising on the scheme liabilities	9	(9)
Changes in assumptions underlying the present value of the scheme liabilities	(11)	73
Total actuarial(gain)/loss	(2)	64

History of experience (gains)/losses	2015-16	2014-15	2013-14	2012-13	2011-12
Experience (gain)/loss arising on the scheme liabilities:					
Amount (£000)	9	(9)	12	3	27
Percentage of scheme liabilities at the end of year	0.9%	(0.9%)	1.2%	0.3%	1.9%

The remaining members of the BBA scheme are current pensioners and therefore there are no future contributions payable to the scheme.

Sensitivity Analysis

The key assumptions used to calculate the IAS 19 liabilities are: discount rate, salary growth, inflation and mortality.

The sensitivity of the liabilities to these assumptions is as follows:

Assumption	Change in assumption	Increase/(Decrease) in liabilities
Discount Rate	Increase by 0.5%	(£71,000)
	Decrease by 0.5%	£80,000
CPI Inflation	Increase by 0.5%	£71,000
	Decrease by 0.5%	(£80,000)
Life Expectancy	Increase by 1 year	£31,000

(v) Fee Paid Office Holders Pension £0.526m (2014-15: £0.271m)**Judicial Service Award**

Following a ruling against the Ministry of Justice (MOJ) by the UK Supreme Court on 6 February 2013 that a retired fee paid judicial office holder is entitled to a pension on terms equivalent to those of a salaried judicial office holder, a provision has been recognised for the Judicial Service Award, which compensates retirees for the tax paid on pension lump sums paid on retirement, that will become payable in future years to fee paid judicial office holders who have claimed, or are eligible to claim, pension entitlements.

As there are currently appeals lodged in the Employment Appeal Tribunal in relation to pension entitlement, there is a degree of uncertainty surrounding the quantum of the pension to which eligible fee paid office holders are entitled. As such, the Judicial Service Award provision for fee paid office holders has been calculated based on the pension entitlement as informed by the latest available judgments from the Employment Tribunal and Employment Appeal Tribunal.

The provision of the service award for each member has been calculated based on their lump sum at retirement. For pensioner members, the provision includes interest accrued on the Judicial Service Award, calculated in line with the Preston model. The net service award that members receive is the same as the tax paid on the lump sum. The service award is itself an employee benefit that is subject to income tax and national insurance (NI). The NICTS liability for the service award is grossed up for both the income tax (at an assumed marginal rate) and employer NI payable by NICTS on the service awards.

Compensatory Interest

In respect of retired fee paid office holders, compensatory interest has been estimated to account for any financial loss to these office holders resulting from the non-payment of their pension entitlements. JPS does not have authority to make these payments therefore, this responsibility falls to NICTS. A provision has been recognised for compensatory interest and has been calculated by GAD using the Preston Index which applies an assumed interest rate to the approximate arrears of pension and lump sum due to retired fee paid office holders.

Non-pension entitlements

The lead case in the O'Brien litigation has set the precedent for other stayed cases, which in addition to pension entitlements, has extended to non-pension entitlements relating to fee paid judicial office holders' employment terms and conditions, such as annual leave, sick pay and training fees. The case was remitted to the Employment Tribunal to determine the quantum of the liability to the eligible fee paid judicial office holders.

During 2013-14 hearings held by the Employment Tribunal and Employment Appeal Tribunal addressed claims for non-pension entitlements relating to the terms and conditions of fee paid judicial office holders. A provision has been recognised which reflects the best estimate of the amount required to settle those claims which have been lodged within the time limit provided by the latest available judgments. These non-pension entitlement claims were disclosed as a non-monetary contingent liability in the 2013-14 Accounts. During 2014-15 MOJ began the process to settle the majority of the claims that relate to fee paid judicial office holders' employment terms and conditions that historically have not matched salaried comparators. However, the Department has not conceded this point and it will be deliberated in the NI Employment Tribunal.

17.7 Others - £4.021m (2014-15: £4.721m)**(i) Judicial Service Awards £4.021m (2014-15: £4.324m)**

Provision has been made for Judicial Service Awards for salaried judicial office holders who are members of JPS. The purpose of the Judicial Service Award is that, subject to any future changes in legislation, the award will compensate for any tax or National Insurance charges on lump sums payable from the deregistered judicial pension schemes on retirement. The provision has been estimated by the GAD and takes into account the number of reckonable years served and an estimate of the projected final salaries of existing members. The result has then been discounted to present value using the rates set by HM Treasury. The provision includes estimated amounts due to Judiciary funded by both NICTS and the Consolidated Fund.

(ii) Criminal Appeals £Nil (2014-15: £0.397m)

Provision was previously made by the Core Department for criminal appeals claims which are with the Taxing Master pending judicial direction. The Taxing Master is a Supreme Court judge and has complete discretion in deciding how much should be paid out in respect of claims put before him. As each case is assessed on an individual basis a provision has been created for each case currently received and under assessment.

This provision was transferred to Legal Services Agency Northern Ireland on 1 April 2015 and is now disclosed as part of the overall provision for Legal Aid (Note 17.2).

18. Contingent liabilities

The Department has the following contingent liabilities with settlement dates unknown in all cases:

(i) Description of liability: ***Youth Justice Agency and Legal Services Agency Northern Ireland - NILGOSC bulk transfer***

Uncertainties/major assumptions: The transfer of staff to the NICS pension arrangements on 1 April 2015 may give rise to an increase in the estimated shortfall for the cost of the bulk transfer as there is uncertainty in respect of the number of members who are likely to transfer their accrued pension benefits. In addition there may be further costs to buy in to the NICS pension arrangements dependent on the specific circumstances and assumptions applied. As these amounts are dependent on members electing to transfer their past service, it is not possible to quantify the exact liability at the reporting date.

(ii) Description of liability: ***Judicial Review on Fine Enforcement within the Northern Ireland Courts and Tribunals Service (NICTS)***

Uncertainties/major assumptions: A court hearing to consider five Judicial Review applications challenging imposing and enforcing fines has resulted in the court finding many of the processes to be flawed. One of the significant points to be found was that the court should not consider how to deal with default at the point of sentence but should only do so after the default has occurred. These Judicial Reviews have been converted to writs and are currently listed for review in November 2016. Depending on the outcome of the test cases there may be financial implications but the quantum is unknown at this stage.

(iii) Description of liability: ***Fee paid judicial office holders' pension rights within the Northern Ireland Courts and Tribunals Service (NICTS)***

Uncertainties/major assumptions: The UK Supreme Court ruled on 6 February 2013 that a retired fee paid judicial office holder was entitled to a pension on terms equivalent to those applicable to a salaried judicial office holder. There have also been subsequent hearings held at the Employment Tribunal and Employment Appeal Tribunal to address the quantum of the pension entitlement and which judicial office holders were eligible to make claims. There are a number of outstanding appeals in relation to these judgments which have not been heard prior to the finalisation of these accounts. There are estimated contingent liabilities of £1.400m arising from pension and non-pension claims which may become payable by NICTS.

(iv) Description of liability: ***Supplier contracts, employment, personnel and legal cases outstanding against the Department.***

Uncertainties/major assumptions: These claims have not been provided for in the Department's financial statements as they are considered unlikely to be successful.

19. Related party transactions

The Department of Justice is the parent Department of a number of entities. During the year the Department had a number of material transactions with these entities and with other entities which, for financial reporting purposes, are regarded as related parties. These include:

Executive agencies:

- Forensic Science Northern Ireland;
- Legal Services Agency Northern Ireland;
- Northern Ireland Courts and Tribunals Service;
- Northern Ireland Prison Service; and
- Youth Justice Agency.

Executive non-departmental public bodies:

- Criminal Justice Inspection Northern Ireland;
- Northern Ireland Police Fund;
- Northern Ireland Policing Board;
- Office of the Police Ombudsman for Northern Ireland;
- Police Rehabilitation and Retraining Trust;
- Police Service of Northern Ireland;
- Probation Board for Northern Ireland; and
- RUC George Cross Foundation.

In addition, the Department had various material transactions with other Government departments and other central government bodies. Most of these transactions have been with the Department of Finance (formerly the Department of Finance and Personnel).

The spouse of an Independent Board Member is a Director of a firm that provides services to the Police Rehabilitation and Retraining Trust.

Details of related party transactions for staff members working in agencies within the Departmental boundary are separately disclosed in the individual annual report and accounts of each agency.

20. Third-party assets

The Department holds as custodian or trustee monies belonging to third parties, over and above those monies disclosed in Note 14 Cash and cash equivalents.

Compensation Services

Bank balances for minors under the Criminal Injuries Compensation (Northern Ireland) Order 2002 are held until the minors attain the age of 18. These balances attract compound interest at variable rates that are dependent on the outstanding balance.

Legal Services Agency Northern Ireland (LSANI)

Awards for damages to funded clients may be required by LSANI to offset any liability to the Legal Aid Fund. LSANI places these funds on deposit in separate individual client bank accounts until the liability to the Fund, if any, is determined. Any remaining balance of the damages awarded is refunded once the liability to the Fund has been settled. The amounts retained to cover any shortfall to the Fund are recorded in income as 'Damages retained'.

Northern Ireland Prison Service

All prisoners have a private account (Prisoners' Private Cash - PPC) into which prison earnings and cash received from visits or through the post are lodged. These accounts are also used by prisoners to fund all purchases from the prison tuckshop. When prisoners are finally discharged they are paid the full balance of their PPC account. Each prison establishment also administers a Prisoners' Amenities Fund. Payments from the fund are used for the welfare/benefit of all prisoners. Fund receipts include income from the sale of tuck shop items, phone credits and donations.

Northern Ireland Courts and Tribunals Service

The Northern Ireland Courts and Tribunals Service, through the Court Funds Office, provides a banking and investment service for funds that are deposited in court. The investment service is carried out by an external service provider. Examples of the types of funds include monies held for minors, certain assets of some mental health patients, and payments into court in satisfaction of a claim as well as statutory deposits and unclaimed balances in court.

The Court Funds Office prepares separate annual reports and accounts that are audited by the Comptroller and Auditor General.

Youth Justice Agency

Young people in custody have a private cash facility for the lodgement of their pocket money and funding of tuckshop purchases. When the young people are discharged they are paid in full the balance on their account. Where a youth conference plan requires a young person to compensate a victim, the money is collected by the Agency and also held in a separate bank account until it is paid over to the victim.

20. Third-party assets (continued)**Assets held**

The monies noted above are not Departmental assets and not included in the Accounts. The assets held at 31 March to which it was practical to ascribe monetary values are set out in the table below and comprise monetary assets such as bank balances, monies on deposit and listed securities.

Core Department and Agencies	31 March 2015	Machinery of Government transfer	Gross Inflows	Gross Outflows	31 March 2016
	£000	£000	£000	£000	£000
Monetary assets such as bank balances and monies on deposit	128,569	288	113,685	(131,189)	111,353
Listed securities	186,967	-	60,610	(61,224)	186,353
Total	315,536	288	174,295	(192,413)	297,706

The Official Solicitor may be appointed to act as a financial controller for persons deemed by the courts to be incapable of managing their financial affairs and assets. In such capacity the Official Solicitor acts as custodian of a number of property assets. Title deeds for property may also be held by the Northern Ireland Courts and Tribunals Service as security or bails in relation to legal actions.

Other significant assets held at the reporting date to which it was not practical to ascribe monetary values comprised:

Core Department and Agencies	2015-16 Number of cases	2014-15 Number of cases
Property assets	842	964

21. Entities within the Departmental boundary

The entities within the boundary during 2015-16 were as follows:

Executive agencies:

- Forensic Science Northern Ireland;
- Legal Services Agency Northern Ireland;
- Northern Ireland Courts and Tribunals Service;
- Northern Ireland Prison Service; and
- Youth Justice Agency.

The annual reports and accounts of these executive agencies are published separately.

Other entities:

- Appeals Tribunal;
- Care Tribunal;
- Charity Tribunal;
- Commissioner for Hearings under Prison Rule 109B;
- Criminal Injuries Compensation Appeals Panel Northern Ireland;
- Health and Personal Social Services Disqualification Tribunal;
- Independent Assessor for PSNI Recruitment Applications;
- Independent Monitoring Boards;
- Lands Tribunal;
- Mental Health Review Tribunal;
- Northern Ireland Charity Tribunal;
- Northern Ireland Health and Safety Tribunal;
- Northern Ireland Judicial Appointments Ombudsman;
- Northern Ireland Traffic Penalty Tribunal;
- Northern Ireland Valuation Tribunal;
- Parole Commissioners;
- Pensions Appeal Tribunal;
- Prisoner Ombudsman;
- Rent Assessment Panel;
- Social Security and Child Support Commissioners;
- Special Educational Needs and Disability Tribunal; and
- State Pathologist.

22. Events after the reporting date

There were no events after the reporting date that required disclosure.

Date for authorisation of issue

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

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY**Audit of accounts 2015-16****Background**

1. As described in Note 21 of the accounts, the Department of Justice (DOJ) has a number of entities which fall within the Departmental resource accounting boundary. The accounts of the Department therefore comprise a consolidation of the income, expenditure, assets and liabilities of those entities. The Legal Services Agency Northern Ireland (LSANI), an executive agency of DOJ, was established on 1 April 2015 following the dissolution of the Northern Ireland Legal Services Commission (NILSC), under the Legal Aid and Coroner's Act (Northern Ireland) 2014. LSANI has retained the functions of NILSC for administering legal aid in Northern Ireland.
2. A qualification was attached each year to legal aid expenditure since the establishment of NILSC on 1 November 2003 to its dissolution on 31 March 2015. As noted in the Governance Statement of the Department's accounts, I have qualified the 2015-16 financial statements of LSANI on the basis of three limitations in scope on my work due to insufficient evidence available to:
 - i. satisfy myself that material fraud did not exist within eligibility assessments of Legal Aid applicants and in payments to legal practitioners from Legal Aid funds (£98.5 million);
 - ii. support the assumptions and judgements used in the determination of the provision for legal aid liabilities of £126.8 million at 31 March 2016; and
 - iii. conclude on the potential income that may be recoverable under the Criminal Legal Aid (Recovery of Defence Costs Order) Rules (Northern Ireland) 2012.
3. I have considered the implications of these qualifications for my opinion on the Department's accounts and I am qualifying my opinion in respect of the provision for legal aid liabilities only. I am not qualifying the Department's accounts in respect of fraud within eligibility assessments or potential income that may be recoverable under the Criminal Legal Aid (Recovery of Defence Costs Order) Rules (Northern Ireland) 2012 as I do not consider these issues to be material to the Department's 2015-16 accounts.

Limitation in scope arising from insufficient evidence to support the estimate of provisions

4. Due to insufficient evidence to support management information used to determine a number of key assumptions underpinning the current provisions methodologies and the judgements made when calculating provisions I have qualified my opinion on the truth and fairness of the amount provided for legal aid liabilities at 31 March 2016.
5. Provisions for legal aid liabilities (see Note 17 of the financial statements), valued at £126.8 million at 31 March 2016, are estimated by LSANI using the Provisions Information Management System (PIMS). PIMS extracts information from the case management database to be used in the calculation of the provision. It is underpinned by a number of key assumptions. The assumptions include the estimated average cost of a case; the adjustments required for cases which result in no reports or multiple reports; and the estimated time it takes to complete a case.

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

6. The single largest area of uncertainty in the legal aid provision is in relation to high cost cases. With the exception of some specific types of case the Agency has failed to identify separately high cost cases for the last three years. A sensitivity analysis indicates a wide variance in the resulting amount of the possible understatement of between £9 million and £33 million. This reflects a period when the Agency cannot provide evidence of controls, procedures or policies for identifying high cost cases. While the Department was prepared to make a £20 million adjustment to the provision, I consider that the range of uncertainty is too wide to provide me with assurance that the provision would not be materially misstated.
7. The difficulties in identifying high cost cases means the LSANI cannot exclude these cases from the average cost case calculations. The inclusion of these amounts in the average cost calculations is likely to have materially impacted on the accuracy of these figures.
8. Key weaknesses on legal aid provisioning were identified in our previous audits of NILSC and continue to recur in 2015-16. These relate to the assumptions used in the valuation of provisions. I acknowledge the work undertaken by LSANI with regard to the assumptions and note that a number of the limitations identified in previous years have been addressed however specific concerns remain in relation to:
 - the accuracy and completeness of the numbers of legal aid certificates;
 - the applicability and relevance of management information used in the provisions valuations; and
 - the review process for the legal aid liabilities for high cost cases at the year end.
9. Provisions for legal aid liabilities are challenging to estimate but ensuring that the basis and assumptions used to estimate provisions are reasonable is important for not only the preparation of the financial statements which I audit, but also for ensuring robust budgeting systems going forward. The estimation of these liabilities is, by nature, extremely difficult due to the current out-working of the Legal Aid scheme.
10. The Department and LSANI are continuing their work to develop a model capable of providing a reasonable estimation of legal aid costs associated with the granting of a legal aid certificate. The Department and LSANI are progressing with a detailed review and further analysis of the current methodology and assumptions used. As yet it is unclear if this model will be sufficiently progressed to inform the provision for legal aid liabilities amount in the 2016-17 financial statements. I am encouraged that the Department and LSANI have recognised the limitations of the current model and, in particular, the assumptions underpinning it.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
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28 June 2016

ACRONYMS

Acronym	Details
ALBs	Arm's Length Bodies
AME	Annually Managed Expenditure
AMPS	Assembly Members' Pension Scheme
ARIS	Asset Recovery Incentivisation Scheme
ASB	Anti-Social Behaviour
BBA	Broadly by analogy
C&AG	Comptroller and Auditor General
CARE	Career Average Revalued Earnings
CETV	Cash Equivalent Transfer Value
CF	Consolidated Fund
CFER	Consolidated Fund Extra Receipt
CFSS	Consolidated Fund Standing Services
CFO	Court Funds Office
CJINI	Criminal Justice Inspection Northern Ireland
CPD	Central Procurement Directorate
CPI	Consumer Prices Index
CSE	Child Sexual Exploitation
CSIBS	Civil Service Injury Benefit Scheme
CSP	Civil Service Pensions
DARC	Departmental Audit and Risk Committee
DEL	Department Expenditure Limits
DoF	Department of Finance
DfC	Department for Communities
DFP	Department of Finance and Personnel
DHSSPS	Department of Health, Social Services and Public Safety
DOJ	Department of Justice
DSD	Department for Social Development
DVPNs	Domestic Violence Protection Notices
DVPOs	Domestic Violence Protection Orders
EJO	Enforcement of Judgments Office
EU	European Union
FReM	Financial Reporting Manual
FSD	Financial Services Division
FSNI	Forensic Science Northern Ireland
GAD	Government Actuary's Department
GDP	Gross Domestic Product
HIU	Historical Investigation Unit
HR	Human Resources
HSENI	Health and Safety Executive for Northern Ireland
IAO	Information Asset Owner
IAS	International Accounting Standards
IBM	Independent Board Member
ICO	Information Commissioner's Office
ICP	Indictable Cases Pilot
ICT	Information and Communication Technology
IFI	International Fund for Ireland
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IROC	Information Risk Owners' Council
ISD	Information Services Division
IT	Information Technology
JJC	Juvenile Justice Centre
JPS	Judicial Pension Scheme
JUPRA	Judicial Pensions and Retirement Act
LCJ	Lord Chief Justice
L&S	Learning and Skills
LSANI	Legal Services Agency Northern Ireland

ACRONYMS (continued)

Acronym	Details
LPS	Land and Property Services
MLA	Member of the Legislative Assembly
MOG	Machinery of Government
MOJ	Ministry of Justice
MOTO	Memorandum of Terms of Occupancy
NCA	National Crime Agency
NDPB	Non-Departmental Public Body
NIAO	Northern Ireland Audit Office
NICF	Northern Ireland Consolidated Fund
NICS	Northern Ireland Civil Service
NICSC	Northern Ireland Community Safety College
NICTS	Northern Ireland Courts and Tribunals Service
NILSC	Northern Ireland Legal Services Commission
NILGOSC	Northern Ireland Local Government Officers' Superannuation Committee
NIPS	Northern Ireland Prison Service
NISRA	Northern Ireland Statistics and Research Agency
NRO	Net Resource Outturn
OBC	Outline Business Case
OCTF	Organised Crime Task Force
OFMDFM	Office of the First Minister and deputy First Minister
OHS	Occupational Health Service
ONS	Office for National Statistics
PAC	Public Accounts Committee
PACWAC	Planning Appeals Commission and Water Appeals Commission
PBNI	Probation Board for Northern Ireland
PCSPs	Policing and Community Safety Partnerships
PDP	Personal Development Plan
PfG	Programme for Government
PFI	Public Finance Initiatives
POSD	Personnel and Office Services Division
PPA	Prior Period Adjustment
PPC	Prisoners' Private Cash
PPC	Personal Pension Contribution
PPP	Public Private Partnership
PRRT	Police Rehabilitation and Retraining Trust
PRT	Prison Review Team
PSMB	Prison Service Management Board
PSNI	Police Service of Northern Ireland
RICS	Royal Institution of Chartered Surveyors
RPI	Retail Prices Index
RUC	Royal Ulster Constabulary
SCNE	Statement of Comprehensive Net Expenditure
SCS	Senior Civil Service
SOAS	Statement of Assembly Supply
SOFP	Statement of Financial Position
TEO	The Executive Office
UK	United Kingdom
UU	Ulster University
VAT	Value Added Tax
VER	Voluntary Early Retirement
VES	Voluntary Exit Scheme
VFM	Value for Money
YJA	Youth Justice Agency

Published and printed by DFP, Central Print Unit,
Craigantlet Buildings, Stoney Road, Belfast BT4 3SX
Tel: 028 9016 3397

978-1-908820-83-9



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