

**Department Of Finance and Personnel 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*

*01 July 2016*



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**DEPARTMENT OF FINANCE AND PERSONNEL**

**ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

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# **PERFORMANCE REPORT**

## OVERVIEW

### Boundary

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

#### DFP Core Directorates

- Central Procurement Directorate;
- Corporate Human Resources;
- Corporate Services Group;
- Departmental Solicitor's Office;
- Enterprise Shared Services;
- Land and Property Services;
- Public Spending Directorate; *and*
- Strategic Policy and Reform Directorate.

#### Supply Financed Agency

- Northern Ireland Statistics and Research Agency.

#### Arms Length Bodies

- Construction Industry Forum Northern Ireland;
- Lay Observer for Northern Ireland;
- Northern Ireland Building Regulations Advisory Committee;
- Northern Ireland Civil Service Pension Board;
- Public Service Commission for Northern Ireland; *and*
- Statistics Advisory Committee.

The Department has successfully delivered the majority of its objectives for the 2015-16 against a backdrop of major change. The Voluntary Exit Scheme (VES) has had a significant impact on staff numbers while the Department has continued to maintain essential service delivery to the public and across government.

Of the **29** targets, at year end **25** were achieved, **3** on target and **1** not achieved. The Department's net resource outturn was **£196.9m** against an estimated provision of **£211.6m**. On the capital side spending was **£29.4m** compared to the budget of **£29.8m**.

The Department was required to deliver savings of **£25m** in order remain within its allocated resource limit, this target was achieved.

The key risks and issues to delivering our objectives are monitored through the reporting cycle noted below. There were **11** risks recorded in the last quarter of the 2015-16 year with **2** serious (red) risks namely:

- Loss of key staff under VES; *and*

- Managing DFP Sick absence.

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

- Managing the Departmental 2016-17 budget; *and*
- Agreement of the final PEACE IV programme

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

### **Departmental Reporting Cycle**

The DFP Business Plan 2015-16 sets out the Department's vision, objectives and targets and how the Department will work to deliver its Departmental level objectives. This plan has been published on the Department's internet site and can be downloaded at [www.finance-ni.gov.uk](http://www.finance-ni.gov.uk).

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

The Department's budget for 2015-16 was set out in the Northern Ireland Executive's 'Budget 2015-16' document which was published in January 2015. The Department's 2015-16 Main Estimate reflects the opening position and was published in June 2015. The Main Estimate sets out the resource and capital expenditure limits of the Department together with the limit placed on income which the Department can offset against expenditure. It includes additional detail on the services for which budgetary cover was provided, and sets out the financial reporting structure of the Department which aligns with Departmental objectives. The Department's budget position has been updated during the year, following the outcome of in-year monitoring rounds. The budgetary changes arising from the outcome of in-year monitoring are reflected in the Department's 2015-16 Spring Supplementary Estimate, which was published in February 2016.

Both the 2015-16 Main and Spring Supplementary Estimates are available on the Department's internet site and were published by and are available from:

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

### **Key Aims and Objectives**

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

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

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

## **Principal Activities**

The Department of Finance and Personnel (DFP) is one of twelve Northern Ireland departments created as part of the Northern Ireland Executive by the Northern Ireland Act 1998, the Departments (Northern Ireland) Order 1999 and the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

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

## PERFORMANCE ANALYSIS

### Performance During 2015-16

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

### Achievement of Departmental Targets

The Department had **29** Departmental targets in 2015-16, of which **25** were reported as "**Green**", **1** reported as "**Amber-Green**", **2** were reported as "**Amber**" and **1** as "**Red**".

The Department has made significant progress during 2015-16 and notable achievements have included:

- Agreement and management of 2015-16 expenditure to ensure maximum benefit while ensuring no breach of the NI block – latest forecasts indicate that the Executive is on track to live within its budget controls;
- The Organisation for Economic Co-operation and Development (OECD) review of governance concluded and circulated to Ministers;
- Phase one of the review of cross-cutting reform completed with the Permanent Secretary reporting quarterly to the NICS Board;
- Further progress of delivery of a new Corporation Tax regime was made with the signing of a Memorandum of Understanding between DFP and HMRC;
- The launch in January 2016 for the new PEACE IV Programme;
- Collection of £1,216 million in rates revenue, exceeding the target by £11 million as at 31 March 2016.
- NICS Paybill savings of £24m in 2015-16, delivering a reduction of £87m thereafter through the Voluntary Exit Scheme;
- 3.6 million digital transactions completed through NI Direct;
- The new Civil Registration Operating System (NIROS) was successfully implemented in February 2016; *and*
- A new monitoring system for the BuySocialNI model agreed.

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

## Financial Review

In order to remain within its allocated resource limit, the Department needed to deliver savings of **£25m** in 2015-16. This target was achieved with an estimated £3.6m of the target delivered through VES. Further details of the Department's 2015-16 Savings Delivery Plan can be found on the Department's website [www.finance-ni.gov.uk](http://www.finance-ni.gov.uk)

As set out in the Statement of Assembly Supply, the Department was voted Resource Estimate Provision of **£211.6m** for 2015-16. Details of the net resource estimate and outturn are given in Table 1.

**Table 1**

	<b>Estimate £000</b>	<b>Outturn £000</b>	<b>Variance £000</b>
Total Request for Resources A	211,567	196,887	14,680
Net Cash Requirement	208,553	181,714	26,839

The net resource outturn was **£196.9m** against an estimated provision of **£211.6m**.

The total underspend was **£14.7m**, split between the departmental expenditure limit (DEL) **£4.2m**, the annually managed expenditure (AME) **£10.1m** and non-budget **£0.4m**.

By definition AME covers areas of expenditure that are more volatile. Of the underspend, £5.9m is in relation to the reduction in value of the office estate as a result of changes in market value, which was less than anticipated. A further £3.0m was set aside to cover potential provisions that did not crystallise during the period. Further information on these risks is provided in the contingent liabilities note.

The Department's net cash requirement outturn was **£181.7m** against an estimated provision of **£208.6m**, a variance of **£26.8m**. The bulk of the variance from estimate (£22.2m) relates to the movement in working capital other than cash.

The Department employed an average of 3,382 staff during the year ended 31 March 2016 and total administrative costs during the year, as reported in Note 2 to the Statement of Assembly Supply, were **£196.1m** (2014-15: £198.8m). The decrease is mainly as a result of a reduction in staff numbers due to the voluntary exit scheme.

The total cost of Finance and Personnel Policy was **£51.8m** (2014-15: £46.1m). This function comprises Corporate Human Resources, Central Procurement Directorate, the Departmental Solicitors Office, Public Spending Directorate and Strategic Policy and Reform Division. Key activities include work to improve the overall management of public funds and the spending performance of the Department, the provision of pay and grading policies and strategies, and professional legal and procurement services for the NICS and the wider public sector. The increased cost from last year was mainly as a result of the compensation payments to staff who exited under the voluntary exit scheme.

The Department continues to deliver essential shared services to departments and other public bodies. During 2015-16 the total costs of NICS Shared Services (including Account NI, the Centre for Applied Learning, HR Connect, IT Assist, Enterprise Design Authority and Digital Transformation Service) amounted to **£81.0m** (2014-15: £77.0m). The increased cost from last year was mainly as a result of the compensation payments to staff who exited under the voluntary exit scheme.

The Department's main public-facing services are delivered by Land and Property Services and the Departments Agency, the Northern Ireland Statistics and Research Agency. NISRA produce its own

Annual Reports and Accounts and further details of the Agency's financial performance can be found in its own financial review.

LPS's main functions are to collect rates on behalf of central government and Councils, maintain domestic and non-domestic rating valuation lists, record legal interests in land in the Land Registers, provide land information services relating to the Registers for conveyancing purposes, provide mapping services in NI, collect, manage and publish spatial data in NI for use by the public and private sectors, and deliver a property valuation, estate management and property data service to the public sector. The total costs of Land and Property Services was **£63.7m** (2014-15: £60.5m). Again the increased cost from last year was mainly as a result of the compensation payments to staff who exited under the voluntary exit scheme

The Department is responsible for the provision of office accommodation for staff employed in NICS government departments and their agencies. At 31 March 2016 the net book value of the Department's land and buildings was **£288.3m** (31 March 2015: £262.0m). The increase in value from the previous year is mainly due to refurbishment work carried out on a number of properties and also the revaluation of the office estate.

Gross resource expenditure on accommodation services was **£63.7m** (2014-15: £73.9m), which includes **£13.4m** (2014-15: £11.3m) of depreciation and impairment, and around **£37.8m** (2014-15: £46m) on rent, rates and maintenance of the estate. In addition, maintenance levels were held to a minimum during the year as a result of budget reductions. The impact of a full years VES savings in 2016-17 will enable the maintenance budget to be increased going forward. The Department continues to drive savings in this area through its accommodation strategy, with moves to modern office accommodation in 2015-16 facilitating the vacation of in excess of 5,500 square meters of office space. Future plans continue to envisage use of capital allocations to undertake further such enhancements to the estate.

### **Reconciliation of resource expenditure between Estimates, Accounts and Budgets For the year ending 31 March 2016**

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

**Table 2**

	<b>Outturn 2015-16 £000s</b>	<b>Outturn 2014-15 £000</b>
<b>Net Resource Outturn (Estimates)</b>	<b>196,887</b>	<b>196,715</b>
Non-voted Expenditure in the Statement of Comprehensive Net Expenditure	(490)	222
Include Consolidated Fund Extra Receipts (CFER's) in the Statement of Comprehensive Net Expenditure	(153)	(108)
<b>Net Operating Costs (Accounts)</b>	<b>196,244</b>	<b>196,829</b>
Remove capital grants	1,943	(1,668)
Remove non-budget Consolidated Fund Extra Receipts (CFER's) in the Statement of Comprehensive Net Expenditure	153	108
Include non voted expenditure that is inside the resource budget	490	(222)
Include rate collection income	(9,069)	(8,748)
Remove notional costs	(293)	(296)
Remove SEUPB Non Budget Grant	(896)	(1,009)
Include SEUPB Running Costs	1,423	1,466
<b>Resource Budget Outturn (Budget)</b>	<b>189,995</b>	<b>186,460</b>
Of which:		
Departmental Expenditure Limit (DEL)	189,515	187,874
Annually Managed Expenditure (AME)	480	(1,414)

## Future Developments

The Department of Finance's operational business plan for 2016-17 is a one-year stand alone plan that draws on the existing Programme for Government commitments and the strategic objectives set in our 2012-15 Corporate Plan. It will be followed by a multi-year corporate plan in line with the next PfG.

Table 3 shows the net current and net capital baselines available to the Department in 2016-17. These baselines were set as part of budget 2016-17 which was published on 13<sup>th</sup> January 2016.

**Table 3**

Spending Area	2016-17	
	Current Expenditure £m	Capital Investment £m
Finance and Personnel Policy	23.0	0.4
NICS Shared Services	57.3	11.6
NI Statistics & Research Agency	9.3	0.9
Land & Property Services	18.9	3.9
EU Programmes	-	-
Special EU Programmes Body	1.2	0.0
NICS Accommodation Services	64.5	16.9
<b>TOTAL*</b>	<b>174.2</b>	<b>33.7</b>

\*There may be slight variations due to roundings.

Whilst the Department continues to face a difficult financial environment in the future, Savings Delivery Plans to date have been successfully delivered and the Department is therefore reasonably confident that it can continue to deliver its existing essential services within the resources that have been allocated. However, recognising the financial pressures that exist, if any changes took place in relation to the Budget for 2016-17, this could lead to decisions that may have a material impact on the Department's future financial position and fundamentally challenge the services delivered by the Department.

## Risks and Uncertainties

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

## Events after the Reporting Period

On 23 June 2016 the United Kingdom held a Referendum to determine whether the country would remain in or leave the European Union. The Department is currently considering the impact of the majority leave result on its activities. However, it is likely to be some time before the impact, if any, will be known.

## **PUBLIC INTEREST AND OTHER**

### **Payment to Suppliers**

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

The Department's performance in relation to the payment of invoices within 30 days was 96.52% (2014-15: 95.82%). The Department did not incur any interest charges (2014-15: Nil) as a result of the late payment of bills.

In 2015-16 an average of 92.34% of DFP's invoices were paid within 10 days (2014-15: 91.09%).

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

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

### **Complaints Handling**

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

<https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/dfp-customer-service-standards.pdf>

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

In 2015-16 the Department dealt with 911 complaints (2014-15; 1,407 complaints). Of these complaints 44% originated in Land and Property Services, 21% in HR Connect, 4% in Properties Division and 23% in NI Direct.

### **Sustainability and Environmental Matters**

The Sustainability Development Action Plan ran until 31 March 2015 and a final draft report and review on the need for a continued plan is being developed.

The Division is on track to achieve an overall 5% reduction in energy consumption by 31 March 2017 in line with Office Estate Energy Efficiency / Carbon Reduction Plan for 2014 – 2017.

The Stormont Estate was presented (jointly with the Northern Ireland Assembly) with the highest award (Platinum) for Business and Biodiversity by Business in the Community in May 2015. The Stormont Estate was again awarded the 'Green Flag' award, the benchmark standard for parks and green spaces in the United Kingdom.

As part of the NI Executive approved Asset Management Strategy, a programme of work called the Reform of Property Management (RPM) is underway to centralise the management of office accommodation in Properties Division. The RPM Programme Plan is progressing to allow Properties Division to take responsibility for all departmental office accommodation. Following a Gateway Gate 0 the programme was rebased. A Blueprint was agreed by the Programme Board to prepare Properties Division for dealing with the challenges of taking the additional responsibilities. Staff engagement workshops were delivered for all Properties Division staff on the RPM programme. During the reporting period, the Division has been particularly impacted by a significant loss of experienced staff.

**This Performance Report is approved and signed**

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

**DAVID STERLING**  
**Accounting Officer**  
**Department of Finance and Personnel**  
**Date: 27 June 2016**

## **ACCOUNTABILITY REPORT**

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' REPORT

### Introduction

The Department of Finance and Personnel (DFP) presents its accounts for the financial year ended 31 March 2016.

### Management

Ministerial responsibility for the Department of Finance and Personnel for the 2015-16 financial year initially rested with Simon Hamilton MLA. Arlene Foster MLA took up post on 11 May 2015. Ministerial responsibility for the Department transferred to Mervyn Storey MLA on 12 January 2016.

Following the election in May 2016, Máirtín Ó Muilleoir took over the Finance Minister's role for the Department.

The Permanent Secretary and Accounting Officer of the Department for the 2015-16 financial year was David Sterling.

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

### Departmental Board

The work of the Department is organised and monitored by the Departmental Board, comprising the Permanent Secretary, the Directors of Corporate Human Resources, Central Procurement Directorate, Public Spending Directorate and Strategic Policy and Reform Directorate, the Departmental Solicitor, the Departmental Finance and Corporate Services Directors, the Chief Executives for Enterprise Shared Services, Land and Property Services and the Northern Ireland Statistics and Research Agency, and independent board members.

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

The Departmental Board members during the year were as follows:

David Sterling	Permanent Secretary
Claire Archbold	Acting Departmental Solicitor (from 3 August 2015 to 21 October 2015)
Des Armstrong	Director, Central Procurement Directorate
Colum Boyle	Chief Executive, Land and Property Services
Anne Breen	HR and Corporate Services Director
Mike Brennan	Director, Public Spending Directorate
Norman Caven	Chief Executive, Northern Ireland Statistics and Research Agency (from 1 April 2015 to 31 October 2015)
Colin Lewis	Director, Corporate Human Resources

David Marshall	Acting Chief Executive, Northern Ireland Research Statistics Agency (from 1 November 2015 to 3 January 2016 and 28 March 2016 to date)
Oswyn Paulin	Departmental Solicitor (from 1 April 2015 to 31 July 2015)
Tracy Power	Acting Chief Executive, Northern Ireland Research Statistics Agency (from 4 January 2016 to 27 March 2016)
Colin Sullivan	Director, Strategic Policy and Reform Directorate
Paul Wickens	Chief Executive, Enterprise Shared Services
Hugh Widdis	Departmental Solicitor (from 22 October 2015 to date)
Brigitte Worth	Finance Director
Stephen Hodgkinson	Independent Board Member
Dolores O'Reilly	Independent Board Member

## **Register of Interests**

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

## **Pension Liabilities**

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

## **Personal Data**

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

There were no reportable data breaches between 1 April 2015 and 31 March 2016.

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

## **Auditors**

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

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

During 2015-16 the Department did not purchase any non-audit services from its auditor, the Northern Ireland Audit Office (2014-15: £21k).

## STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

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

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

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

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

## GOVERNANCE STATEMENT

The Department of Finance and Personnel is one of twelve Northern Ireland departments created as part of the Northern Ireland Executive by the Northern Ireland Act 1998, the Departments (Northern Ireland) Order 1999 and the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. The Department is governed under a model with the following responsibilities:

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

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

This Governance Statement, which has been agreed by the Board, sets out how these responsibilities have been discharged during 2015-16.

### Context

The context in which the Department's governance arrangements are required to operate is set out in the [DFP Corporate Plan 2012-15](#) which contains the strategic priorities for DFP over the period. The DFP Business Plan 2015-16 sets out the Department's vision, objectives and targets and how the Department will work to deliver its Departmental level objectives. This plan has been published on the Department's internet site and can be downloaded at <https://www.finance-ni.gov.uk/>.

As the Department with responsibility for securing and allocating the resources available to Northern Ireland through the block grant, DFP plays a key role in fulfilling the Northern Ireland Executive's aim of rebalancing and rebuilding the NI economy and is continuing to take forward a number of key commitments within [Programme for Government 2011 - 2015](#) in this regard, namely:

- taking forward the preparations for the transfer of responsibility for Corporation tax rate setting powers to the NI Assembly from April 2017.

DFP is also continuing to take forward further commitments in relation to:

- providing guidance to Departments on the inclusion of social clauses in procurement contracts for supplies, services and construction;
- further reductions in the levels of sickness absence across the Northern Ireland Civil Service; *and*
- improving online access to government services by the citizen through the 16 by 16 Digital Transformation Programme.

The Department of Finance's operational business plan for 2016-17 is a one-year stand-alone plan that draws on the existing Programme for Government commitments and the strategic objectives set in our 2012-15 Corporate Plan. It will be followed by a multi-year corporate plan in line with the next PfG.

## **Accounting Officer**

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

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

## **Departmental Board**

The Accounting Officer chairs the Board which in 2015-16 met on 10 occasions. In addition to the Permanent Secretary, the Board comprises the Departmental Solicitor, Directors and Chief Executives who head the Department's directorates and agency, including the Director of Finance and the Director of Corporate Services. The Board is further strengthened by the inclusion of two independent members who bring a wide range of skills, experience and external challenge to the work of the Department. Minutes of all Board meetings are published on the departmental website.

During 2015-16 the Board held regular discussions on finance and HR issues, performance against business plan objectives, fraud and whistleblowing, management of departmental risks and articles for the Staff Brief. In addition, the Board also considered and discussed papers in relation to, for example:

- Delivery of budget savings;
- The Voluntary Exit Scheme;
- Information Assurance;
- Review of Sickness Absence procedures;
- The Departmental Training Plan;
- Departmental Corporate and Business Support Services Review;
- Progress on performance management reporting;
- Diversity; *and*
- Planning for Budget 2017-20.

It is envisaged that the Board will discuss similar issues covering the breadth of the Department's areas of responsibility during 2016-17, including the redeployment of staff following the Voluntary Exit Scheme, budget issues and the Department's contribution to the programme for Government.

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

Attendance of non-executive and executive members at Board meetings during 2015-16:

	<b>Number of Meetings attended</b>
<b>Non-executive members</b>	
Stephen Hodkinson	8 of 10
Dolores O'Reilly	9 of 10
<b>Executive members</b>	
David Sterling	8 of 10
Claire Archbold	1 of 2
Des Armstrong	10 of 10
Colum Boyle	8 of 10
Anne Breen	9 of 10
Michael Brennan	8 of 10
Norman Caven	5 of 6
Colin Lewis	7 of 10
David Marshall	1 of 1
Oswyn Paulin	3 of 4
Tracey Power	1 of 3
Colin Sullivan	8 of 10
Paul Wickens	9 of 10
Hugh Widdis	8 of 10
Brigitte Worth	10 of 10

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

### **Declarations of Interest**

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

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

For 2015-16, the Accounting Officer has been provided with assurance that no Board members have declared any conflict of interest with the business of the Department.

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

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

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

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

### **Departmental Audit and Risk Committee**

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

The Committee met on 5 occasions during the course of 2015-16. The Corporate Risk Register was provided to all meetings and the Committee reviewed in detail departmental level risks in relation to:

- Departmental budgets and managing the risk of over and under spends;
- Levels of collection and debt recovery in relation to domestic and non-domestic rates;
- Managing sickness absence within the NICS;
- Levels of assurance in relation to information risk within NICS;
- Reform of Public Service Pension Schemes;
- Peace IV Programmes;
- Reform of Property Management;
- Regularity of payments in relation to EU Programmes 2007-13 for which DFP is the Accountable Department;
- Loss of key staff under the Voluntary Exit Scheme (VES); *and*
- Equal Pay vulnerabilities.

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

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

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

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

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

A review of DARC effectiveness was undertaken in March 2016 with three specific areas being discussed. Actions were agreed by the DARC and are currently being implemented.

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

## **Financial Management**

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

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

As a result of a recommendation highlighted in the March 2014 review of Board Effectiveness, the Board established a process whereby business cases involving significant expenditure or contentious issues are reviewed by a "casework committee" comprising of 3 Departmental Board members who are independent of the business area proposing the project prior to approval being granted. This process commenced in November 2014 and was amended in November 2015 to extend potential membership of the Casework Committee to all Grade 5s across the Department in order to increase the pool of potential members and thereby enhance the ability to convene a Committee meeting on a timely basis.

## **Governance and Control Framework**

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

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

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

## Departmental Performance

The DFP Business Plan 2015-16 sets out the targets and objectives for the year against which performance is reported and monitored. Progress has been reported quarterly to the Board as part of the Corporate Performance Report using a RAG status assessment of each target and narrative on the actions taken to deliver the expected outcomes.

As part of the Corporate Performance Reports, the Board also receives, thoroughly reviews and seeks improvements to information on key departmental statistics in relation to performance in responding to Assembly Questions, FOI and Data Protection requests, prompt payment to suppliers, workforce planning, resourcing and absence management, compliance with performance management framework, procurement and contract activity and expenditure on areas of interest such as external consultancy and hospitality.

Progress against targets in the Business Plan is also reported twice yearly to the Minister and scrutinised by the Committee for Finance and Personnel at oral evidence sessions with the Permanent Secretary. Other key senior officials also attend evidence sessions on specific areas of departmental business as requested by the Committee. The Committee will be provided with quarterly updates as requested during the 2016-17 year.

The Department's Programme for Government commitments have been reported up to the end of the PfG period to the Office of the First Minister and Deputy First Minister (OFMDFM), and where necessary, further information has been provided of the mitigating actions being taken to minimise the risk of failure to deliver the desired outcomes.

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

## Level of Assurance

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

The Department's internal audit function has conducted a programme of work during 2015-16 which has enabled the provision of opinions on the systems of internal control in operation across the Department. The reports by internal audit to senior managers provide an objective and independent assessment of the systems of internal control in operation across DFP together with prioritised recommendations to strengthen controls and implement further improvements.

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

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

- North South Policy and Programmes Unit; The main issues arising during this audit was an overpayment of £2,296,265 made to SEUPB for running costs and not the correct amount of £229,625, weaknesses identified with checks on Account NI Cognos Reports increasing the risk

that payments are not reconciled completely, accurately and in a timely manner; consultancy Register not updated to ensure all consultancy contract details are obtained and recorded; test drilling on Peace III and INTERREG IVA Projects not completed since 2014; and no security audits conducted in Carleton House increasing the reputational and financial risks from loss of personal or sensitive data.

- Government Procurement Card; The main areas of concern identified by Internal Audit were a lack of central and business area procedural guidance, purchases were not always subject to approval before and/or after the spend has been incurred including the purchase of travel; GPCs and card details are not always stored in secure locations and in one business the details of the card including security number are recorded on paper and held in staff desk drawers; significant inconsistencies were identified in the processes and controls across each of the business areas and a lack of segregation of duties between those making travel bookings and performing key reconciliations.
- LPS Collection and Recovery – Customer Information Centre (CIC); Internal Audit provided an overall satisfactory opinion on the Collection and Recovery element of the Derry office but provided a **limited** opinion over the Customer Information Centre. The main concerns related to the movement of cheques received between offices and cheques left unsecured in courier envelopes in the open plan office; the general security of the CIC, the lack of CCTV and the lack of swipe access on the doors on the back office doors.

Internal Audit conducted follow-ups in areas where limited audit opinions had been provided in 2014-15, namely Account NI Accounts Payable, CPD Direct Award Contracts, Properties Division – Estate Management Unit and Helpdesk. Internal Audit reported that management had taken positive action on most recommendations and as such a satisfactory audit opinion was now appropriate.

Internal Audit also conducted a second follow-up to the report on DSO – Advisory 1-4 where a limited audit opinion had been provided during 2014-15, however, Internal Audit considered insufficient progress had been made to remove the limited audit opinion.

The DARC receives a summary position of the Recommendations Register, which details all agreed Internal Audit Recommendations, at each meeting. This supports DARC in identifying those recommendations which are past due or which require further discussion at DARC level.

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

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

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

## **Internal Control Issues**

Following the discovery of a suspected fraud of £130k in Land and Property Services, the Department's Fraud Response Plan actions were initiated and the matter is currently the subject of a police investigation. As a consequence of the suspected fraud, the Department is undertaking a detailed review, of relevant processes.

A number of initial lessons learnt have been identified, in relation to managerial issues, key control weaknesses, and systems and processes. These will be disseminated across the Department once it is possible to do so without compromising the police investigation.

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

Levels of fraud and error in Housing Benefit for owner occupiers are reported by the Standards Assurance Unit (SAU) of the DSD. During the year ended 31 December 2014 the SAU reported errors amounting to £7.3 million and £1.3 million customer fraud in Housing Benefit for owner occupiers. This represents approximately 20.4% of the related expenditure for the calendar year.

As a result of this the Comptroller and Auditor General qualified his opinion on the 2014-15 LPS Trust Statement of Rate Levy due to limitation in audit scope over the regularity of housing benefit expenditure administered on behalf of the Department for Social Development due to material levels of fraud and error.

## **Fraud prevention and awareness**

The DFP Fraud Working Group continued to meet and correspond during 2015-16 to consider issues in relation to fraud, raise awareness of anti-fraud measures and disseminate information pertinent to the prevention and detection of fraud. Actions taken during 2015-16 include the update of business area fraud risk assessments and the departmental Fraud Risk Register, the update of the DFP Anti Fraud Policy and Fraud Response Plan, and the continuation of the National Fraud Initiative 2014.

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

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

## **NIAO Value for Money Reports**

The Northern Ireland Audit Office presented an Invest to Save Report, published in December 2015. Although this was a cross sector report, there were issues which are relevant to the Department. This report was the subject of a Public Accounts Committee (PAC) hearing on 3 February 2016. The PAC report was published on 18 March 2016. The Memorandum of Reply was laid on the 9 June 2016 by the Department of Finance Minister.

## **Conclusion**

Taking into account all of the arrangements set out in this Governance Statement, the Department has effective corporate governance structures in place and has satisfactory systems of internal control which have operated effectively during 2015-16.

## REMUNERATION AND STAFF REPORT

### DEPARTMENTAL REMUNERATION REPORT

#### Remuneration Policy

The Minister of Finance and Personnel 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](http://www.nicscommissioners.org)

#### Salary and Pension Entitlements

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

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

Minister	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)
Mervyn Storey	8,376	-	3,000	11,000	-	-	-	-
Arlene Foster	25,231	-	9,000	34,000	-	-	-	-
Simon Hamilton	4,188	-	2,000	6,000	38,000	-	14,000	52,000

\*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 increase or decrease due to a transfer of pension rights.

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

Officials	2015-16					2014-15				
	Salary £000	Bonus Payments £000	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest £1,000)	Total (£000)	Salary £000	Bonus Payments £000	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest £1,000)	Total (£000)
<b>D Sterling Permanent Secretary</b>	110 -115	Nil	Nil	43		80-85 (110-115 full year equivalent)	Nil	Nil	30	110 -115
<b>D Armstrong Director</b>	90-95	Nil	Nil	34		85-90	Nil	Nil	29	110 -120
<b>C Boyle Chief Executive, LPS</b>	85-90	Nil	Nil	32		45-50 (80-85 full year equivalent)	Nil	Nil	82	125 -135
<b>A Breen Director</b>	65-70	Nil	Nil	24		60-65	Nil	Nil	53	110 -120
<b>M Brennan Director</b>	85-90	Nil	Nil	32		80-85	Nil	Nil	48	125 -135
<b>N Caven Chief Executive, NISRA To 31 October 2015</b>	55-60 (95-100 full year equivalent)	Nil	Nil	22		95-100	Nil	Nil	32	125 -135
<b>C Lewis Director</b>	95-100	Nil	Nil	36		90-95	Nil	Nil	27	115 -125
<b>D Marshall Acting Chief Executive, NISRA 1 November 2015 to 2 January 2016 and from 28 March 2016</b>	15-20 (85-90 full year equivalent)	Nil	Nil	7		N/A	N/A	N/A	N/A	N/A
<b>O Paulin Departmental Solicitor To 31 July 2015</b>	35-40 (110-115 full year equivalent)	Nil	Nil	14		110-115	Nil	Nil	38	145 -155
<b>Tracy Power Acting Chief Executive, NISRA 3 January to 27 March 2016</b>	20-25 (85-90 full year equivalent)	Nil	Nil	8		N/A	N/A	N/A	N/A	N/A
<b>C Sullivan Director</b>	85-90	Nil	Nil	32		80-85	Nil	Nil	35	115 -120
<b>P Wickens Chief Executive, ESS</b>	90-95	Nil	Nil	35		90-95	Nil	Nil	37	125 -135
<b>H Widdis Departmental Solicitor From 22 October 2015</b>	45-50 (110-115 full year equivalent)	N/A	N/A	19		N/A	N/A	N/A	N/A	N/A
<b>B Worth Director</b>	65-70	Nil	Nil	25		65-70	Nil	Nil	22	85 – 95
<b>Band of Highest Paid Director's Total Remuneration</b>	110-115					110-115				
<b>Median Total Remuneration</b>	29,272					29,027				
<b>Remuneration ratio</b>	3.8					3.9				

\* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual).

The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

## **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 Finance and Personnel was under the direction and control of the following ministers during the financial year.

Minister	Dates in office
Mervyn Storey, MLA	12 January 2016 to 31 March 2016
Arlene Foster, MLA	11 May 2015 to 11 January 2016
Simon Hamilton, MLA	1 April 2015 to 10 May 2015

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

## **Benefits in kind**

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

## **Bonuses**

No bonuses were paid in 2015-16 or 2014-15.

## Remuneration of Independent Board Members

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

## Pension Benefits (Audited)

Minister	Accrued pension at age 65 as at 31/03/16	Real increase in pension at pension age	CETV at 31/03/16	CETV at 12/01/16	Real increase in CETV
	£000	£000	£000	£000	£000
Mervyn Storey MLA (12/01/16 to 31/03/16)	2.5-5	0-2.5	40	37	1

Minister	Accrued pension at age 65 as at 11/01/16	Real increase in pension at pension age	CETV at 11/01/16	CETV at 11/05/15	Real increase in CETV
	£000	£000	£000	£000	£000
Arlene Foster MLA (11/05/15 to 11/01/16)	7.5-10	0-2.5	80	72	3

Minister	Accrued pension at age 65 as at 10/05/16	Real increase in pension at pension age	CETV at 10/05/15	CETV at 31/03/15	Real increase in CETV
	£000	£000	£000	£000	£000
Simon Hamilton MLA (01/04/15 to 10/05/15)	0-2.5	0-2.5	21	20	1

## 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.

## The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to

secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total office holder service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **The real increase in the value of the CETV**

This is the increase in accrued pension due to the department's contributions to the AMPS, and excludes increases due to inflation and contributions paid by the Minister and is calculated using valuation factors for the start and end of the period. 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)**

<b>Officials</b>	<b>Accrued pension at pension age as at 31/03/16 (or date of leaving if earlier) and related lump sum</b>	<b>Real increase in pension and related lump sum at pension age</b>	<b>CETV at 31/03/16 or date of leaving if earlier</b>	<b>CETV at 31/03/15 or start date if later*</b>	<b>Real increase in CETV</b>	<b>Employer contribution to partnership pension account</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>Nearest £100</b>
<b>David Sterling Permanent Secretary</b>	50-55 plus lump sum 160-165	2.5-5 plus lump sum 7.5-10	1,197	1,082	52	N/a
<b>D Armstrong Director</b>	35-40	0-2.5	731	689	32	N/a
<b>C Boyle Director</b>	25-30 plus lump sum 85-90	2.5-5 plus lump sum 10-12.5	550	450	65	N/a
<b>A Breen, Director</b>	20-25 plus lump sum 70-75	0-2.5 plus lump sum 2.5-5	429	382	19	N/a
<b>M Brennan Director</b>	25-30 plus lump sum of 85-90	0-2.5 plus lump sum of 2.5-5	558	496	25	N/a
<b>N Caven Chief Executive, NISRA To 31 October 2015</b>	35-40 plus lump sum of 260-265	-7.5-10 plus lump sum of 117.5-120	960	1,000	(23)	N/a
<b>C Lewis Director</b>	25-30 plus lump sum of 85-90	0-2.5 plus lump sum of 5-7.5	606	540	29	N/a
<b>D Marshall Acting Chief Executive, NISRA 1 November 2015 to 2 January 2016 and from 28 March 2016</b>	15-20 plus lump sum of 50-55	2.5-5 plus lump sum of 2.5-5	299	239	36	N/a

Officials	Accrued pension at pension age as at 31/03/16 (or date of leaving if earlier) and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/16 or date of leaving if earlier	CETV at 31/03/15 or start date if later*	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
<b>O Paulin</b> <b>Departmental Solicitor</b> To 31 July 2015	50-55 plus lump sum of 200-205	-2.5-0 plus lump sum of 40-42.5	1,162	1,181	1	N/a
<b>Tracy Power</b> <b>Acting Chief Executive, NISRA</b> 3 January to 27 March 2016	20-25 plus lump sum of 65-70	2.5-5 plus lump sum of 7.5-10	419	346	45	N/a
<b>C Sullivan</b> <b>Director</b>	0-5	0-2.5	218	180	19	N/a
<b>P Wickens</b> <b>Chief Executive, ESS</b>	0-5	0-2.5	204	163	23	N/a
<b>H Widdis</b> <b>Departmental Solicitor</b> (From 22 October 2015)	20-25 plus lump sum of 5-10	2.5-5 plus lump sum of 0-2.5	330	254	60	N/a
<b>B Worth</b> <b>Director</b>	10-15	0-2.5	185	153	14	N/a

### 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 – 31 March 2017 are as follows:

### Scheme Year 1 April 2016 to 31 March 2017

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – Classic members or classic members who have moved to alpha	Contribution rates – All other members
From	To	From 01 April 2016 to 31 March 2017	From 01 April 2016 to 31 March 2017
£0	£15,000.99	3.8%	4.6%
£15,001.00	£21,210.99	4.6%	4.6%
£21,211.00	£48,471.99	5.45%	5.45%
£48,472.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

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

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**. The normal pension age in alpha 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 <https://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni>.

### Cash Equivalent Transfer Values

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

consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real increase in CETV**

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

### **Compensation for loss of office**

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

## STAFF REPORT

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

The number of staff serving as senior civil servants (or equivalent) as at 31 March 2016 is as follows:

Core Department and Agency	
Pay Band*	Number of SCS staff (or equivalent)
£65,000 - £70,000	25
£70,000 - £75,000	6
£75,000 - £80,000	1
£80,000 - £85,000	1
£85,000 - £90,000	6
£90,000 - £95,000	2
£95,000 - £100,000	1
£100,000 - £105,000	0
£105,000 - £110,000	0
£110,000 - £115,000	2
£115,000 - £120,000	0
£120,000 - £125,000	0

\* Based on full year equivalent

### Staff costs

Staff costs comprise:

				2015-16 £000	2014-15 £000
	Permanently Employed Staff	Others	Minister	Total	Total
Wages & salaries	100,751	2,071	38	102,860	107,598
Social Security Costs	7,491		7	7,498	7,889
Other pension costs	38,637		8	38,645	20,680
	<b>146,879</b>	<b>2,071</b>	<b>53</b>	<b>149,003</b>	<b>136,167</b>
<b>Sub Total</b>					
Less recoveries in respect of outward secondments	(9,693)			(9,693)	(9,888)
	<b>137,186</b>	<b>2,071</b>	<b>53</b>	<b>139,310</b>	<b>126,279</b>

Of Which	Charged to Administration	Charged to Programme	Total	Total
Core department	83,823	43,900	127,723	115,489
Agency	0	11,587	11,587	10,790
<b>Total net costs</b>	<b>83,823</b>	<b>55,487</b>	<b>139,310</b>	<b>126,279</b>

\*Permanently employed staff includes the cost of the Department's Special Adviser who is paid in the pay band £59,037-£91,809 (2014-15: £59,037-£91,809).

\*\* Of the total, £1,157k has been charged to capital (2014-15: £1,300k).

## **Pension Arrangements**

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit schemes but Department of Finance and Personnel 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 £22,368,045 were payable to the PCSPS(NI) (2014-15 £20,410,792) at one of three rates in the range 20.8 to 26.3 per cent 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.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £35,193 (2014-15: £40,551) 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 £2,201, 0.5% (2014-15 £2,713, 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 (2014-15: £Nil). Contributions prepaid at that date were £Nil (2014-15: £Nil).

## **Ill-health retirements**

8 persons (2014-15: 10 persons) retired early on ill-health grounds during the year. The total additional accrued pension liabilities in the year amounted to £29,628 (2014-15: £16,549).

## Average number of persons employed (Audited)

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

Activity	Permanent staff	Ministers	Special Advisers	Staff on inward secondment	Agency, temporary and contract staff	2015-16	2014-15
						Number	Number
						Total	Total
Central Procurement Directorate	328	-	-	-	7	335	341
Corporate Services Group	347	1	1	1	9	359	140
Corporate Human Resources	200	-	-	-	31	231	211
Departmental Solicitors Office	121	-	-	-	5	126	130
Enterprise Shared Services	619	-	-	-	11	630	831
Land and Property Services	1,030	-	-	-	67	1,097	1,193
Northern Ireland Statistics and Research Agency	388	-	-	-	71	459	494
Public Spending Directorate	60	-	-	-	0	60	62
Strategic Policy & Reform Directorate	83	-	-	-	2	85	90
Staff engaged on capital projects *	-	-	-	-	-	-	-
<b>Total</b>	<b>3,176</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>203</b>	<b>3,382</b>	<b>3,492</b>
<b>Of which:</b>							
<b>Core Department</b>	<b>2,788</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>132</b>	<b>2,923</b>	<b>2,998</b>
<b>Agency</b>	<b>388</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71</b>	<b>459</b>	<b>494</b>

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

## Gender Analysis at 31 March 2016 (Audited)

	Female staff	Male Staff	Total Staff
Departmental Board	2	9	11
Senior Civil Service	19	25	44
DFP Employees	1,440	1,639	3,079

## Sickness Absence Data (Audited)

In 2015-16 the average number of working days lost was 9.7 (not yet validated) against a Departmental target of 7.6. Whilst the Department has not met the set target, there has been a gradual improvement in the latter 6 months of the year. Finalised figures will only be available on publication of the "Sickness Absence in the Northern Ireland Civil Service 2015/16" report later this year.

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

A pilot work placement scheme was run during 2015-16 year to facilitate work placements for individuals with disabilities. The NICS has made a commitment to engage with external disability organisations to develop structured work placement programmes to make sure that people with disabilities have equal access to work opportunities within the NICS. A work placement is a planned period of work based learning or experience. The NICS recognises that for people with disabilities, work placements can be a key to access the world of work from which they might otherwise be excluded. Therefore work experience and work placement are excellent interventions to provide opportunities for people with disabilities to gain experience and skills in work which may lead to employment in the future. The work placement scheme was officially launched in April 2016.

### Expenditure on consultancy (Audited)

In 2015-16, the department spend £0.6 million on external consultancy (2014-15 £0.7 million).

### Off-payroll Engagements (Audited)

The Department did not have any off payroll engagements at a cost of over £58,200 during the 2015-16 year.

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

Figures in brackets represent previous year 2014-15 comparative.

Exit package cost band	Core Department and Agency		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0 ( 0 )	23 ( 2 )	23 ( 2 )
£10,000 - £25,000	0 ( 0 )	202 ( 4 )	202 ( 4 )
£25,000 - £50,000	0 ( 0 )	173 ( 3 )	173 ( 3 )
£50,000 - £100,000	0 ( 0 )	45 ( 0 )	45 ( 0 )
£100,000 - £150,000	0 ( 0 )	1 ( 0 )	1 ( 0 )
£150,000 - £200,000	0 ( 0 )	0 ( 0 )	0 ( 0 )
Total number of exit packages	0 ( 0 )	444 ( 9 )	444 ( 9 )
Total resource cost/£k	0 ( 0 )	£12,639k ( £187k )	£12,639k ( £187k )

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 departure is agreed. 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.

Included in the figures in the table above is 439 full time equivalent staff leaving on the Voluntary Exit Scheme at a cost of £12,554k.

## ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

### STATEMENT OF ASSEMBLY SUPPLY (Audited)

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires the Department of Finance and Personnel 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

Request for resources	Note	Estimate			Outturn			2015-16 £000	2014-15 £000
		Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total	Net Total outturn compared with Estimate : saving/(excess)	Net Total
A	SOAS 1	313,522	(101,955)	211,567	295,308	(98,421)	196,887	14,680	196,715
Total resources	SOAS 2	<b>313,522</b>	<b>(101,955)</b>	<b>211,567</b>	<b>295,308</b>	<b>(98,421)</b>	<b>196,887</b>	<b>14,680</b>	<b>196,715</b>
Non-operating cost Accruing Resources				<b>1,658</b>			<b>1,658</b>	-	<b>586</b>

#### Net cash requirement 2015-16

Net cash requirement	Note	Estimate	Outturn	2015-16 £000	2014-15 £000
				Net total outturn compared with Estimate: saving/(excess)	Outturn
Net cash requirement	SOAS 3	208,553	181,714	26,839	216,197

## Summary of income payable to the Consolidated Fund

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

		2015-16 £000 Forecast		2015-16 £000 Outturn	
	Note	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Total	SOAS 4	118	<i>118</i>	172	<i>172</i>

Explanations of variances between Estimate and outturn are given in Note SOAS 2 and in the Management Commentary.

SOAS Notes 1 to 6 form part of these accounts.

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

	Outturn						2015-16 £000 Estimate	2014-15 £000		
	Admin	Other Current	Grants	Gross Resource Expenditure	Accruing Resources	Net Total	Net total outturn compared with Estimate Savings/ (Excess)	Net total outturn compared with Estimate, adjusted for virements	Prior- year outturn	
<b>Request for Resources A</b>										
<b>Departmental Expenditure in DEL:</b>										
1. Finance and Personnel Policy	49,389	2,181	189	51,759	(24,356)	27,403	28,421	1,018	823	21,389
2. NICS Shared Services	80,929	60	-	80,989	(20,702)	60,287	60,439	152	347	60,472
3. Northern Ireland Statistics and Research Agency	1,099	25,618	-	26,717	(14,989)	11,728	11,508	(220)	(220)*	9,543
4. Land and Property Services	1,385	62,265	-	63,650	(27,906)	35,744	36,866	1,122	1,122	31,978
5. EU Peace Programmes	-	-	741	741	(589)	152	132	(20)	58	234
6. EU Community Initiatives	-	-	6,095	6,095	(4,596)	1,499	1,644	145	67	2,838
7. European Regional Development Fund	-	334	-	334	-	334	502	168	168	226
8. NICS Accommodation Services	63,037	-	-	63,037	(5,283)	57,754	59,643	1,889	1,889	68,691
<b>Annually Managed Expenditure (AME):</b>										
9. NICS Shared Services	-	(39)	-	(39)	-	(39)	312	351	351	599
10. NICS Accommodation Services	-	614	-	614	-	614	6,500	5,886	5,886	(191)
11. Provisions	-	222	-	222	-	222	4,046	3,824	3,824	(244)
12. NICS Equal Pay Claim	-	-	-	-	-	-	-	-	-	(125)
<b>Non-Budget:</b>										
13. Special EU Programmes Body	-	-	896	896	-	896	1,154	258	258	1,009
14. Notional Charges	293	-	-	293	-	293	400	107	107	296
<b>Resource Outturn</b>	<b>196,132</b>	<b>91,255</b>	<b>7,921</b>	<b>295,308</b>	<b>(98,421)</b>	<b>196,887</b>	<b>211,567</b>	<b>14,680</b>	<b>14,680</b>	<b>196,715</b>

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

**Key to Request for Resources**

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

SOAS Notes 1 to 6 form part of these accounts.

**DEPARTMENT OF FINANCE AND PERSONNEL  
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**Explanation of the variation between Estimate and outturn (net total resources):**

The net resource outturn was **£196.9m** against an estimated provision of **£211.6m**.

The total underspend was **£14.7m**, split between the departmental expenditure limit (DEL) **£4.2m**, the annually managed expenditure (AME) **£10.1m** and non-budget **£0.4m**.

By definition AME covers areas of expenditure that are more volatile. Of the underspend, £5.9m is in relation to the reduction in value of the office estate as a result of changes in market value, which was less than anticipated. A further £3.0m was set aside to cover potential provisions that did not crystallise during the period. Further information on these risks is provided in the contingent liabilities note.

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

The Department's net cash requirement outturn was **£181.8m** against an estimated provision of **£208.6m**, a variance of **£26.8m**. The bulk of the variance from estimate (£22.2m) relates to the movement in working capital other than cash.

Detailed explanations of the variances are given in the Management Commentary.

**SOAS 2. Reconciliation of outturn to net operating cost and against Administration Budget**

**SOAS 2.1 Reconciliation of net resource outturn to net operating cost**

			2015-16 £000	2014-15 £000	
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn	SOAS 1	196,887	211,567	14,680	196,715
Prior Period Adjustments		-	-	-	-
	<b>SOAS</b>				
Non-supply income (CFERs)	<b>4, 5</b>	(153)	(118)	35	(108)
Non-supply expenditure		(490)	-	490	222
<b>Net operating cost in Consolidated Statement of Comprehensive Net Expenditure</b>		<b>196,244</b>	<b>211,449</b>	<b>15,205</b>	<b>196,829</b>

**SOAS 2.2 Outturn against final Administration Budget**

		2015-16 £000	2014-15 £000
	Budget	Outturn	Outturn
Gross Administration Budget	200,904	196,264	198,752
Income allowable against the Administration Budget	(50,446)	(48,785)	(47,705)
<b>Net outturn against final Administration Budget</b>	<b>150,458</b>	<b>147,479</b>	<b>151,047</b>

SOAS Notes 1 to 6 form part of these accounts.

**DEPARTMENT OF FINANCE AND PERSONNEL  
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**SOAS 3. Reconciliation of net resource outturn to net cash requirement**

	Note	Estimate £000	Outturn £000	Net Total outturn compared with Estimate: saving/(excess) £000
<b>Resource outturn</b>	<b>SOAS 1</b>	211,567	196,887	14,680
<b>Capital</b>				
Acquisition of property, plant and equipment	<b>6,7</b>	33,330	30,361	2,969
<b>Non-operating Accruing Resources</b>				
Asset disposals*		(1,658)	(1,658)	-
<b>Accruals to cash adjustments</b>				
<i>Adjustments to remove non-cash items:</i>				
Depreciation	<b>3,4</b>	(39,115)	(34,972)	(4,143)
New provisions and adjustments to previous provisions		(5,540)	123	(5,663)
Other non-cash items		(400)	2,760	(3,160)
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables		8,500	(8,231)	16,731
Increase/(decrease) in payables falling due within one year		1,500	(1,829)	3,329
Changes in payables falling due after more than one year		-	(2,179)	2,179
Use of provision	<b>14</b>	369	452	(83)
Excess cash receipts surrenderable to the Consolidated Fund	<b>SOAS 4</b>	-	-	-
<b>Net cash requirement</b>		<b>208,553</b>	<b>181,714</b>	<b>26,839</b>

\*In the SOAS3 above, the Asset disposals for the Outturn is limited to the maximum of the Estimate's Net Book Value.

**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	Receipts	Income	Receipts
Operating income and receipts – excess Accruing Resources		-	-	-	-
Other operating income and receipts not classified as Accruing Resources		118	<i>118</i>	153	<i>153</i>
		<u>118</u>	<u><i>118</i></u>	<u>153</u>	<u><i>153</i></u>
Non-operating income and receipts – excess Accruing Resources	<b>SOAS 6</b>	-	-	19	<i>19</i>
Amounts collected on behalf of the Consolidated Fund	<b>SOAS 4.2</b>	-	-	-	-
Excess cash surrenderable to the Consolidated Fund	<b>SOAS 3</b>	-	-	-	-
<b>Total income payable to the Consolidated Fund</b>		<b>118</b>	<b><i>118</i></b>	<b>172</b>	<b><i>172</i></b>

**DEPARTMENT OF FINANCE AND PERSONNEL  
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**SOAS 4.2 Consolidated Fund Income**

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

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

	Note	2015-16 £000	2014-15 £000
Operating income	5	98,574	101,029
Adjustments for transactions between RfRs		-	-
Gross income		98,574	101,029
Income authorised to be Accruing Resources		(98,421)	(100,921)
<b>Operating income payable to the Consolidated Fund</b>	<b>SOAS 4.1</b>	<b>153</b>	<b>108</b>

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

	2015-16 £000	2014-15 £000
Book value of disposals of property, plant and equipment	19	65
<b>Non-operating income – Excess Accruing Resources</b>	<b>19</b>	<b>65</b>

SOAS Notes 1 to 6 form part of these accounts.

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**OTHER ASSEMBLY ACCOUNTABILITY DISCLOSURES (Audited)**

**REGULARITY OF EXPENDITURE**

**i. Losses and special payments**

**Losses Statement**

In 2015-16 there were losses to the value of £2,274k which represented 23,268 cases, of which £2,274k representing 23,263 cases related to the core Department (2014-15: £3,869k which represented 23,829 cases, of which £3,869k representing 23,819 cases related to the core Department).

**Special Payments**

In 2015-16 there were special payments to the value of £133k which represented 57 cases which all related to the core Department.

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

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**ii. Fees and Charges**

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

	£000 Income	£000 Full Cost	2015-16 £000 Surplus/ (deficit)	2014-15 £000 Surplus/ (deficit)
Central Management of the Civil Service Pension Scheme	2,021	2,020	1	(2)
Employer Pension Services	3,331	3,172	159	2
Enterprise Shared Services - Properties Division	1,997	1,803	194	220
Central Procurement Directorate	13,671	13,378	293	89
Departmental Solicitor's Office – Litigation services	3,532	4,927	(1,395)	(812)
Land & Property Services – Land Registers	14,641	14,052	589	656
Land & Property Services – Mapping	10,037	8,474	1,563	583
Land & Property Services – Client Services	1,377	2,793	(1,416)	(1,235)
Northern Ireland Statistics & Research Agency	13,377	13,001	376	360
Enterprise Shared Services - Centre for Applied Learning	1,508	1,907	(399)	(306)
Enterprise Shared Services – Service Management Division	10,922	13,606	(2,684)	(3,272)
Strategic Policy and Reform Directorate - Business Consultancy Service	235	1,129	(894)	(497)
Occupational Health Service	1,560	1,550	10	-
<b>Total</b>	<b>78,209</b>	<b>81,812</b>	<b>(3,603)</b>	<b>(4,214)</b>

	<b>Financial Objective</b>	<b>Commentary</b>
Central Management of the Civil Service Pension Schemes	To recover the full costs associated with the management of the Northern Ireland Civil Service Pension Schemes including the payment of pensions and associated arrangements.	Objective Achieved
Employer Pension Services	To recover the full costs of providing pension services to current employees who are members of the Northern Ireland Civil Service Pensions Schemes on behalf of their employers.	Objective Achieved
Properties Division	To recover full costs associated with property management services provided to the wider public sector.	Objective achieved.
Central Procurement Directorate	100% cost recovery on chargeable services in relation to professional procurement services to the NICS and other public sector bodies.	Objective achieved.

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	<b>Financial Objective</b>	<b>Commentary</b>
Departmental Solicitor's Office – Litigation and Commercial & Property services	97% cost recovery on litigation and Commercial and Property services.	Achieved 99% of hard income target, and this represents 72% of full running costs of these two divisions (including share of corporate overhead). When recovery of notional charges and cost of work carried out for parent Department is taken into account recovery is 76%. DSO commenced hard charging for Commercial & Property and some areas of Litigation work during 2010/11. An undertaking was given that work commenced prior to this change would be completed on the former (notionally charged) basis, and some of that legacy work continues to filter through.
Land & Property Services – Land Registers	To recover the costs of services in relation to land registers, registry of deeds and statutory charges registry.	100% cost recovery was achieved in the current financial year (2014-15:100%)
Land & Property Services – Mapping	To recover the full cost of mapping services provided.	100% cost recovery was achieved in the current financial year (2014-15:100%)
Land & Property Services – Client Services	To recover the full costs of services provided.	100% cost recovery would have been achieved (2014-15:100%) if the notional income earned of £1,447k (2014-15: £1,245k) was included in the Net Expenditure. In these circumstances the surplus would be £31k (2014-15: surplus of £10k)
Northern Ireland Statistics & Research Agency	To recover the cost of activities in relation to the General Registry Office and NISRA statistics and out-posted statisticians, for which core funding is not provided by DFP.	Objective achieved.
Centre for Applied Learning	To recover the full costs of service delivery of generic training to NICS Departments and other public sector customers.	Objective achieved - If departmental contribution of £310K from DFP which has been baselined had been included as Income. Also £100K monitoring round transfer from DTS received in-year. Additionally we received an internal transfer of £279K from ESS.
Enterprise Shared Services – Service Management Division	To recover the full cost of the delivery of the HR Connect contract, with the exception of service management costs which are funded centrally through a baseline.	Service management cost of £10,922 was recovered through charges to customers. £2,683 of costs was covered by baseline funding. Hence objective was achieved.
Enterprise Shared Services -Business Consultancy Service	To recover the full costs of business consultancy services provided to NICS and other public sector bodies.	When recovery of notional charges and cost of work carried out for parent Department is taken into account recovery is 100%.
Occupational Health Service	To recover the full costs associated with the management of NICS OHS and medical advisory services provided to the Driver and Vehicle Agency, HSC NI Pensions Scheme and Teachers Superannuation Scheme NI.	Objective achieved.

**DEPARTMENT OF FINANCE AND PERSONNEL  
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**iii. Remote Contingent Liabilities**

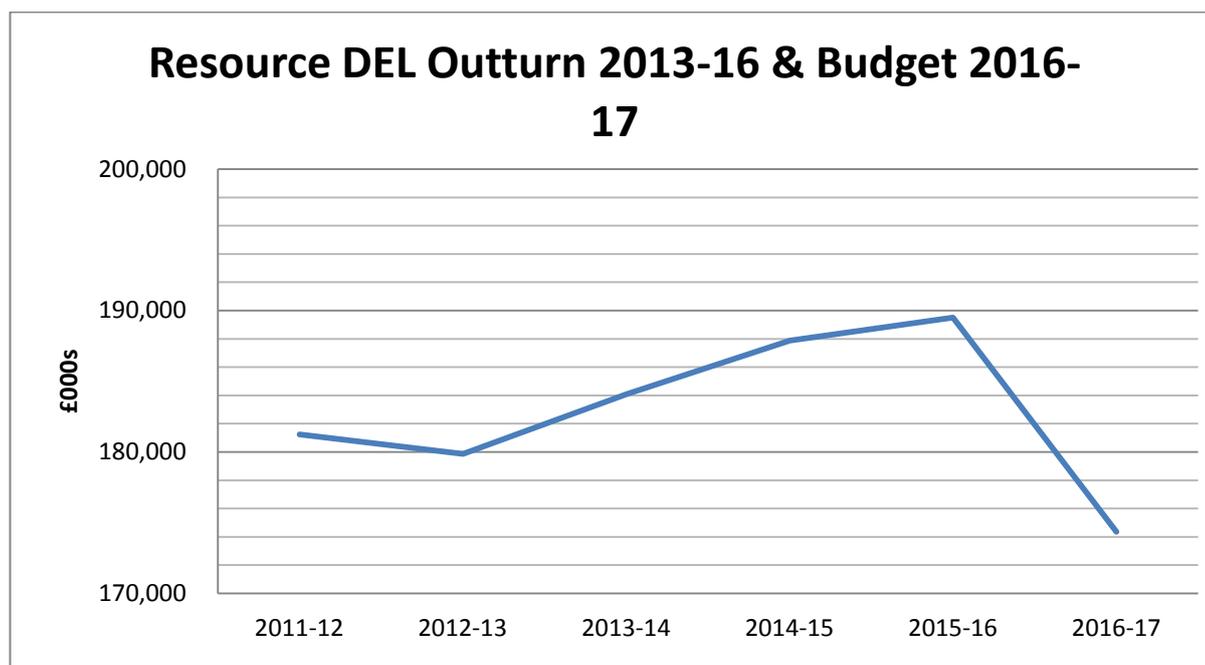
**Contingent Liabilities requiring disclosure under assembly reporting requirements and not under IAS 37**

There were no contingent liabilities requiring disclosure under assembly reporting requirements. However, a number have been disclosed under IAS 37 on page 89 note 15).

**DEPARTMENT OF FINANCE AND PERSONNEL  
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**(iv) Long-term expenditure trend**

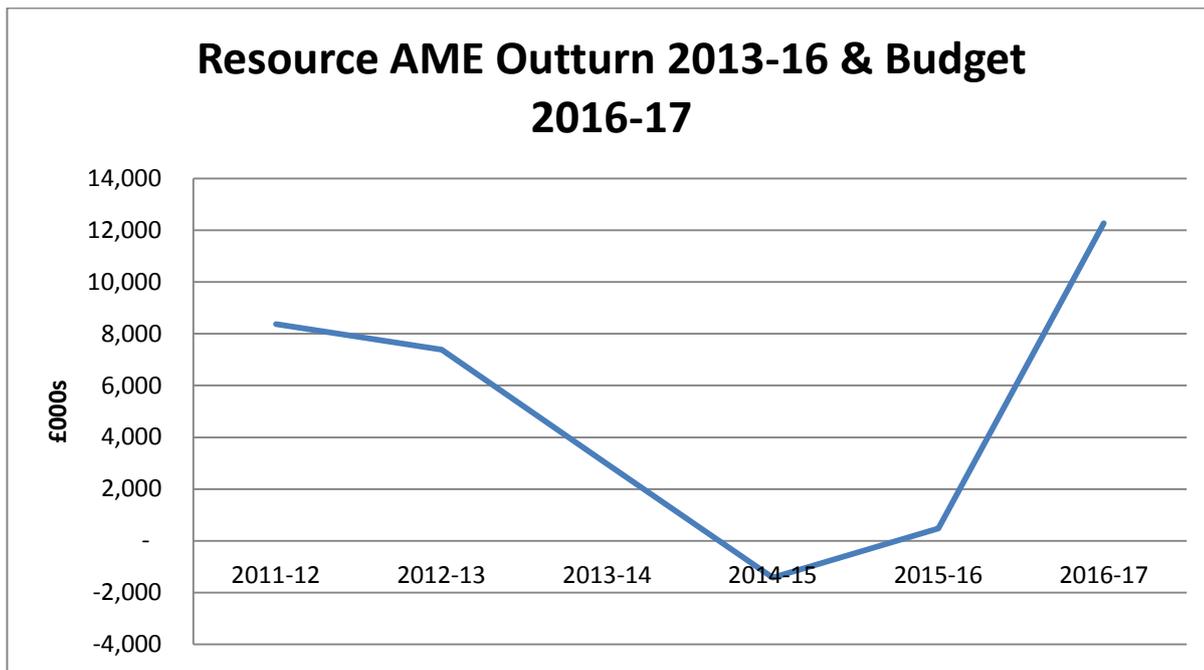
<b>Total departmental spending</b>			
	<b>£000</b>		
	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>
	<b>Outturn</b>	<b>Outturn</b>	<b>Outturn</b>
<b>Total Resource DEL</b>	<b>189,515</b>	<b>187,874</b>	<b>184,081</b>
<i>Of Which:</i>			
- Staff Costs	141,566	137,728	130,714
- Other	14,306	17,408	19,438
- Depreciation & Impairments	33,643	32,738	33,929
<b>Total Resource AME</b>	<b>480</b>	<b>(1,414)</b>	<b>2,966</b>
<i>Of Which:</i>			
- Staff costs	(132)	(1,455)	(1,403)
- Other	(312)	291	804
- Depreciation & Impairments	924	(250)	3,565
<b>Total Resource Budget</b>	<b>189,995</b>	<b>186,460</b>	<b>187,047</b>
<i>Of Which:</i>			
- Staff Costs	141,434	136,273	129,311
- Other	13,994	17,699	20,242
- Depreciation & Impairments	34,567	32,488	37,494
<b>Total Capital DEL</b>	<b>29,374</b>	<b>54,574</b>	<b>25,123</b>
<i>Of Which:</i>			
Capital grants	(1,943)	1,668	843
<b>Total Capital AME</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Budget</b>	<b>29,374</b>	<b>54,574</b>	<b>25,123</b>
<b>Total departmental spending</b>	<b>219,369</b>	<b>241,034</b>	<b>212,170</b>
<i>Of Which:</i>			
- Total DEL	218,889	242,448	209,204
- Total AME	480	(1,414)	2,966



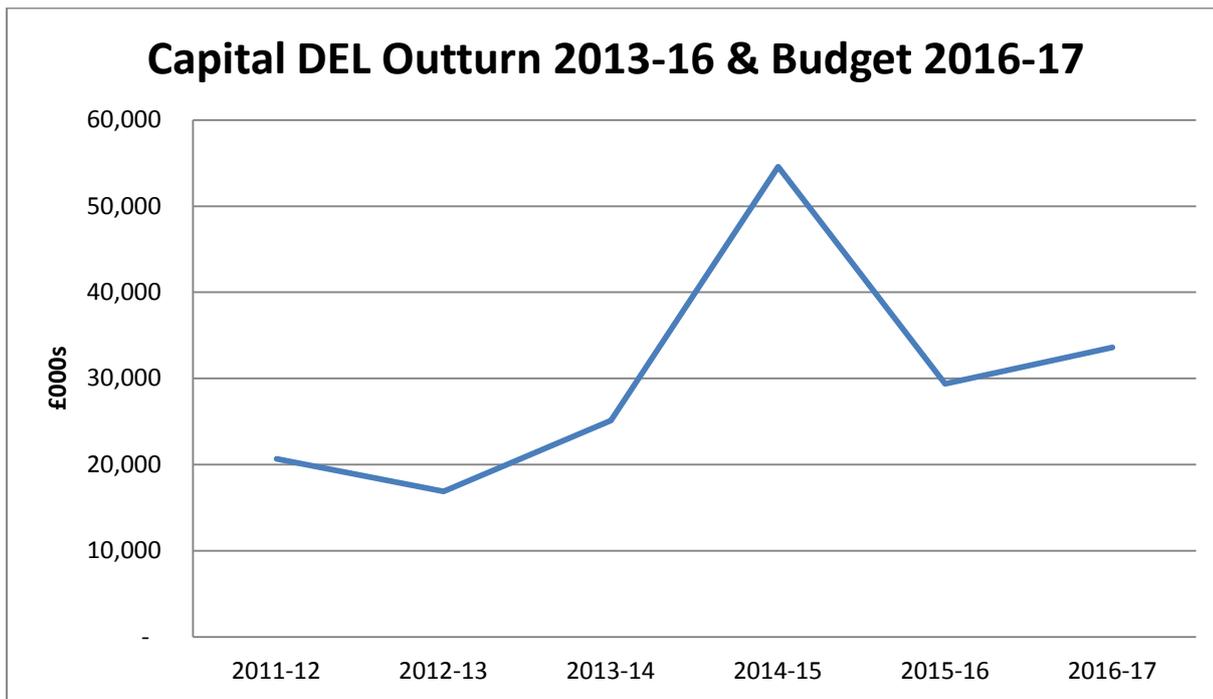
Following a technical exercise in 2012-13 the Departments baseline increased in 2013-14 and 2014-15 by around £4m in each year due to transfers in from other Departments. This included a transfer of function from Department for the Economy (formerly Department for Enterprise, Trade and Investment) to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

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

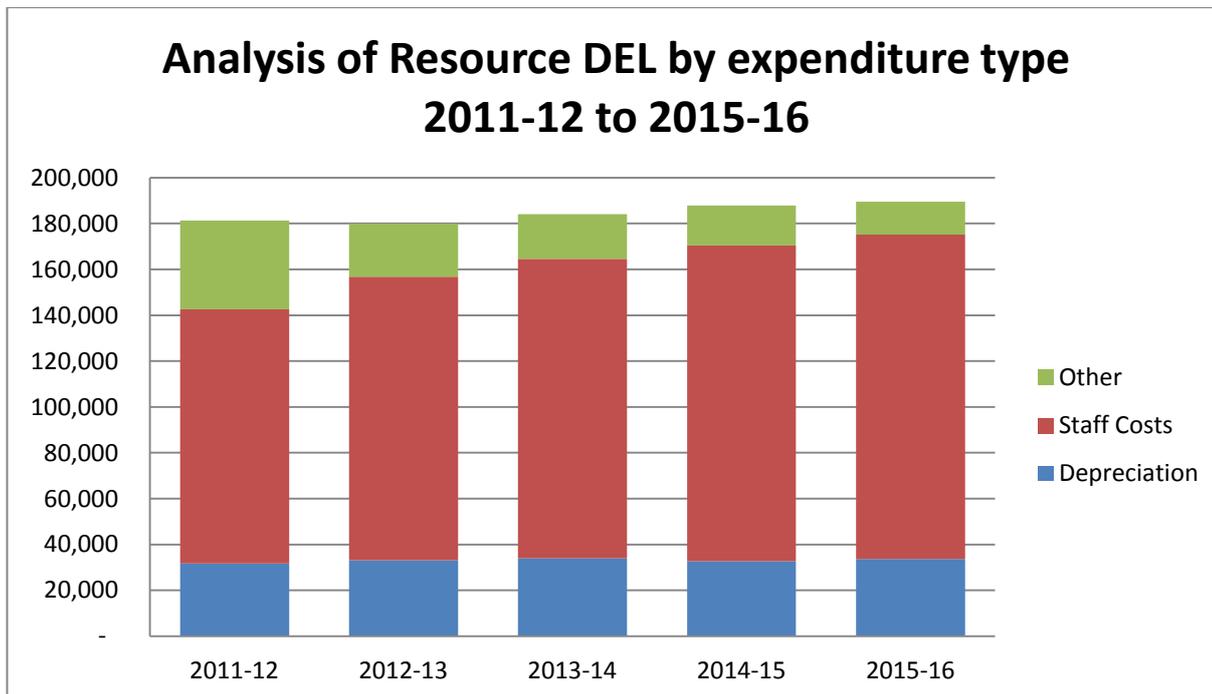
In 2016-17 the Department is anticipating technical transfers from other Departments in excess of £4m. It is also anticipating allocations of around £3.9m to take forward a number of cross cutting reform programmes including collaborative procurement and the reform of property management. These transfers are not yet reflected in the above tables.



AME covers areas of expenditure that are more volatile including the revaluation of the office estate as a result of changes in market value and potential legal liabilities. The negative budget in 2014-15 was as a result of the release of a number of provisions including the NICS equal pay claim. The 2016-17 opening position is based on best evidence at the time of setting the budget and will be reviewed throughout the year.



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



Over the 5 year period shown above depreciation and impairment costs have increased by around £2m. Staff costs have increased significantly by £30.6m which has in effect reduced the amount available to spend on other costs, resulting in other costs decreasing by some £24.3m over the 5 year period.

**DEPARTMENT OF FINANCE AND PERSONNEL  
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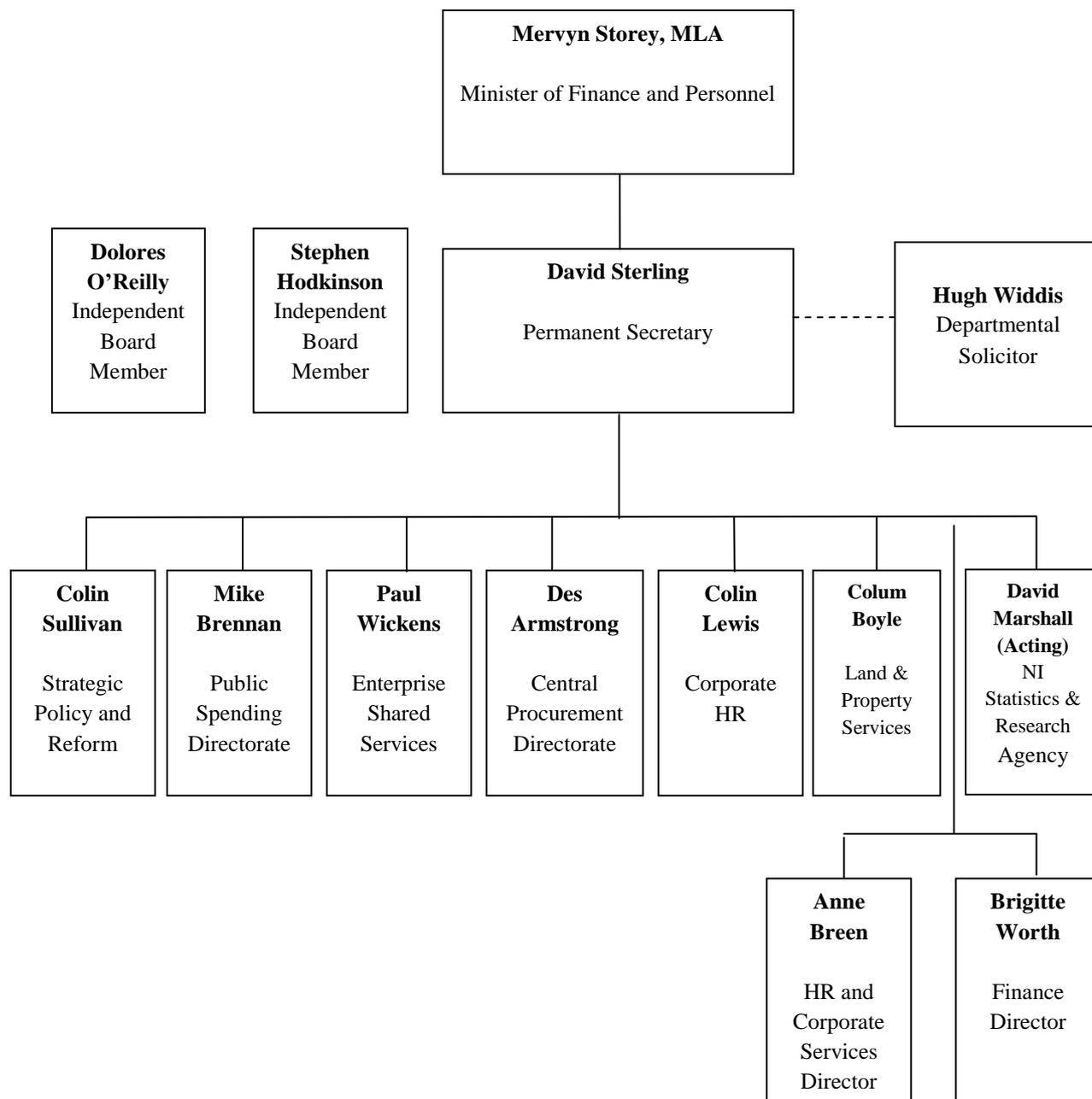
**This Accountability Report is approved and signed**

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

**DAVID STERLING  
Accounting Officer  
Department of Finance and Personnel  
Date: 27 June 2016**

**DEPARTMENT OF FINANCE AND PERSONNEL  
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**ANNEX A DFP Organisation Chart as at 31 March 2016**



**DEPARTMENT OF FINANCE AND PERSONNEL  
ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 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 Finance and Personnel for the year ended 31 March 2016 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. I have also audited the Statement of Assembly Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and Assembly Accountability Report that is described in that report as having been audited.

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

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

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

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

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

**Opinion on regularity**

In my opinion, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2016 and shows that those totals have not been exceeded; and

**DEPARTMENT OF FINANCE AND PERSONNEL  
ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2016**

- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

**Opinion on financial statements**

In my opinion:

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

**Opinion on other matters**

In my opinion:

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

**Matters on which I report by exception**

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

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

**Report**

I have no observations to make on these financial statements.



*KJ Donnelly  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU  
30 June 2016*

## **FINANCIAL STATEMENTS**

**DEPARTMENT OF FINANCE AND PERSONNEL**  
**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

**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.

	Note	2015-16 Core Department & Agency £000	2014-15 Core Department & Agency £000
Income from sale of goods and services	5	(95,349)	(100,478)
Other operating income	5	(3,225)	(551)
<b>Total Operating Income</b>		<b>(98,574)</b>	<b>(101,029)</b>
Staff Costs	2.2	149,003	136,167
Purchase of goods and services	3,4	84,329	91,625
Depreciation and impairment charges	3,4	34,515	32,441
Provision Expense	3,4	(123)	289
Other Operating Expenditure	3,4	26,654	36,682
<b>Total operating expenditure</b>		<b>294,378</b>	<b>297,204</b>
<b>Net Operating Expenditure</b>		<b>195,804</b>	<b>196,175</b>
Finance Income		-	-
Finance Expense		440	654
<b>Net expenditure for the year</b>		<b>196,244</b>	<b>196,829</b>
<b>Other comprehensive net expenditure</b>			
Items that will not be reclassified to net operating costs:			
- Net (gain)/loss on revaluation of Property, Plant and Equipment	6	(24,108)	(8,970)
- Net (gain)/loss on revaluation of Intangible Assets	7	(626)	(972)
<b>Comprehensive net expenditure for the year</b>		<b>171,510</b>	<b>186,887</b>

Notes 1 to 19 form part of these accounts.

**DEPARTMENT OF FINANCE AND PERSONNEL  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2016**

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

	Note	2016 Core Department & Agency £000	2015 Core Department & Agency £000
<b>Non-current assets:</b>			
Property, plant and equipment	6	315,144	289,845
Intangible assets	7	52,483	55,765
<b>Total non-current assets</b>		<b>367,627</b>	<b>345,610</b>
<b>Current assets:</b>			
Assets classified as held for sale	6	-	500
Trade and other receivables	12	37,372	46,777
Cash and cash equivalents	11	31,959	32,964
<b>Total current assets</b>		<b>69,331</b>	<b>80,241</b>
<b>Total assets</b>		<b>436,958</b>	<b>425,851</b>
<b>Current liabilities:</b>			
Trade and other payables	13	(83,888)	(80,353)
Provisions	14	(291)	(858)
<b>Total current liabilities</b>		<b>(84,179)</b>	<b>(81,211)</b>
<b>Total assets less current liabilities</b>		<b>352,779</b>	<b>344,640</b>
<b>Non-current liabilities:</b>			
Provisions	14	(103)	(111)
Other payables	13	(2,158)	(4,336)
<b>Total non-current liabilities</b>		<b>(2,261)</b>	<b>(4,447)</b>
<b>Total assets less liabilities</b>		<b>350,518</b>	<b>340,193</b>
<b>Taxpayers' Equity &amp; other reserves:</b>			
General Fund		256,128	264,360
Revaluation Reserve		94,390	75,833
<b>Total equity</b>		<b>350,518</b>	<b>340,193</b>

Signed:



**David Sterling  
Accounting Officer**

**Date: 27 June 2016**

Notes 1 to 19 form part of these accounts.

**DEPARTMENT OF FINANCE AND PERSONNEL  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2016**

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

	Note	2015-16 £000	2014-15 £000
<b>Cash flows from operating activities</b>			
Net operating cost		(196,244)	(196,829)
Adjustments for non-cash transactions	3, 4	30,026	33,233
Increase in trade and other receivables		9,405	(772)
<i>Less movements in receivables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>		(1,174)	(2,851)
Decrease in inventories		-	118
Increase in trade and other payables		2,060	2,696
<i>Less movements in payables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>		1,633	4,268
Use of provisions	14	(452)	(1,593)
<b>Net cash outflow from operating activities</b>		<b>(154,746)</b>	<b>(161,730)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(21,952)	(46,976)
Purchase of intangible assets	7	(8,409)	(6,565)
Proceeds of disposal of property, plant and equipment		3,721	449
<b>Net cash outflow from investing activities</b>	<b>SOAS 3</b>	<b>(26,640)</b>	<b>(53,092)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		182,108	215,023
From the Consolidated Fund (Supply) – prior year	12	1,174	4,025
From the Consolidated Fund (non-Supply)		-	-
Capital element of payments in respect of finance leases and on-balance-sheet (SoFP) PFI and other service concession arrangements		(2,025)	(2,030)
<b>Net financing</b>		<b>181,257</b>	<b>217,018</b>
<b>Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>			
		<b>(129)</b>	<b>2,196</b>
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		-	-
Payments of amounts due to the Consolidated Fund	13	(173)	(2,411)
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>(302)</b>	<b>(215)</b>
<b>Cash and Cash equivalents at the beginning of the period</b>			
	11	<b>29,791</b>	<b>30,006</b>
<b>Cash and Cash equivalents at the end of the period</b>			
	11	<b>29,489</b>	<b>29,791</b>

Notes 1 to 19 form part of these accounts.

**DEPARTMENT OF FINANCE AND PERSONNEL**  
**RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

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

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
<b>Balance at 31 March 2014</b>		<b>239,222</b>	<b>71,538</b>	<b>310,760</b>
Net Assembly Funding – drawn down		215,023	-	215,023
Net Assembly Funding – deemed		-	-	-
Supply receivable/(payable) adjustment	12	1,174	-	1,174
Amounts repayable to the Consolidated Fund				
- Operating income		(108)	-	(108)
- Excess Accruing Resources		-	-	-
- Non-operating income		(65)	-	(65)
Comprehensive Net Expenditure for the Year		(196,829)	9,942	(186,887)
<b>Non-Cash Adjustments:</b>				
Non-cash charges – auditor's remuneration	3	224	-	224
Non-cash charges – other notional costs	3, 4	72	-	72
<b>Movements in reserves:</b>				
Transfers between reserves		5,647	(5,647)	-
<b>Balance at 31 March 2015</b>		<b>264,360</b>	<b>75,833</b>	<b>340,193</b>
Net Assembly Funding – drawn down		182,108	-	182,108
Net Assembly Funding – deemed		-	-	-
Supply receivable/(payable) adjustment	12	(394)	-	(394)
Amounts repayable to the Consolidated Fund				
- Operating income	SOAS 4	(153)	-	(153)
- Excess Accruing Resources	SOAS 4, 13	-	-	-
- Non-operating income		(19)	-	(19)
Comprehensive Net Expenditure for the Year		(196,244)	24,734	(171,510)
<b>Non-Cash Adjustments:</b>				
Non-cash charges – auditor's remuneration	3	214	-	214
Non-cash charges – other notional costs	3, 4	79	-	79
<b>Movements in reserves:</b>				
Transfers between reserves		6,177	(6,177)	-
<b>Balance at 31 March 2016</b>		<b>256,128</b>	<b>94,390</b>	<b>350,518</b>

Included within the revaluation reserve is £6.4m relating to intangibles, the balance of which at 31 March 2015 was £8.1m. During the accounting period, movements were charged at £1.7m.

Notes 1 to 19 form part of these accounts.

**DEPARTMENT OF FINANCE AND PERSONNEL  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**1. Statement of accounting policies**

These financial statements have been prepared in accordance with the 2015-16 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance and Personnel. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Department of Finance and Personnel for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department of Finance and Personnel are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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

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

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

Accounting boundary IFRS' are currently adapted in the *FReM* so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out but a decision has yet to be made by the Executive. Should the Executive agree to the recommendations, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may change as a result of the new Standards.'

**1.1 Accounting convention**

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

**DEPARTMENT OF FINANCE AND PERSONNEL  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**1.2 Basis of consolidation**

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

A list of all those entities within the departmental boundary is given at Note 18.

**1.3 Property, plant and equipment and intangible assets**

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

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

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

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

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

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

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

Professional valuations of antiques and artwork are undertaken every 5 years. Kim Mawhinney, Head of Art at National Museums Northern Ireland, undertook the most recent valuation as at 1 April 2012. Antiques and artwork are not subject to annual indexation.

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

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**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**1.4 Depreciation**

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

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

Depreciable assets normally have useful lives in the following ranges:

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

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

**1.5 Donated assets**

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

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

**1.6 Leases**

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

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**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**1.7 Service concession arrangements**

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

**1.8 Operating income**

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

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

**1.9 Administration and programme expenditure**

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

**1.10 Foreign exchange**

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

**1.11 Grants payable**

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

**1.12 Employee benefits including pensions**

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

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) which are described in Note 3. The scheme is an unfunded defined benefit scheme. In 2015-16 members paid contributions of between 3.0% and 8.05% dependent on the pension arrangements to which they belong and their annual full-time equivalent rate of pensionable earnings. The Department recognises the expected cost of pension provision on a systematic and rational basis over the period during which it benefits from

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**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

employees' services by payment to the PCSPS(NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS(NI).

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

**1.13 Provisions**

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

**1.14 Contingent liabilities**

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

These comprise:

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

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

**1.15 Value Added Tax (VAT)**

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

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**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**1.16 Financial instruments**

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

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

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

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

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

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

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

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

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

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

**1.17 Insurance**

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

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**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

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

**1.18 Comparatives**

Comparative figures for the 2014-15 year are shown for those items listed in the primary schedules and associated notes, in compliance with the disclosure requirements of *FReM* unless otherwise stated.

**1.19 Exceptional items**

In accordance with *FReM*, disclosure of exceptional items is included under either administration or programme expenditure as appropriate. There were no exceptional items in 2015-16.

**1.20 Third party assets**

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

**1.21 Government grants receivable**

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

Grants received as a contribution towards a non-current asset are recognised as income and taken through the Statement of Comprehensive Net Expenditure, unless the funder imposes a condition requiring that the future economic benefits embodied in the grant are consumed as specified by the grantor or must be returned to them. Assets funded by government grant are revalued, depreciated and subject to impairment review in the same way as other non-current assets.

**1.22 Critical accounting estimates and key judgements**

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

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**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

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

Reportable segment	2015-16 £000			2014-15 £000		
	Gross expenditure	Income	Net expenditure	Gross expenditure	Income	Net expenditure
Corporate Human Resources	11,019	(6,674)	4,345	10,785	(6,984)	3,801
Central Procurement Directorate	17,427	(13,671)	3,756	17,744	(13,069)	4,675
Corporate Services Division	4,312	(172)	4,140	4,648	(276)	4,372
Departmental Solicitors Office	7,710	(3,532)	4,178	7,556	(3,581)	3,975
Enterprise Shared Services	138,783	(23,173)	115,610	147,742	(21,819)	125,923
EU Programmes	5,965	(3,228)	2,737	7,398	(4,302)	3,096
Finance Division	1,687	(265)	1,422	1,536	(347)	1,189
Land and Property Services	57,247	(36,975)	20,272	59,066	(37,217)	21,849
Northern Ireland Statistics and Research Agency	24,141	(14,980)	9,161	24,679	(16,585)	8,094
Other Bodies	630	-	630	673	-	673
Public Spending Directorate	3,290	(15)	3,275	3,234	(19)	3,215
Strategic Policy and Reform Directorate	5,258	(233)	5,025	5,008	(558)	4,450
Centrally Managed	15,444	-	15,444	1,147	-	1,147
<b>Total</b>	<b>292,912</b>	<b>(102,918)</b>	<b>189,995</b>	<b>291,216</b>	<b>(104,757)</b>	<b>186,459</b>

**Description of segments**

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

**DEPARTMENT OF FINANCE AND PERSONNEL  
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**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**2.1 Reconciliation between Operating Segments and CSocNE**

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

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**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

Reportable segment	Total net expenditure reported for operating segments	Notional Costs	Cost of Rate Collection Income	Capital Grants	Consolidated Fund Extra Receipts	Adjustment of Unrealised Exchange Gains/ Losses and Non Budget SEUPB	Reallocation of Centrally Managed	2014-15
								£000
Corporate Human Resources Central Procurement Directorate Corporate Services Division	3,801	22	-	-	-	-	-	3,823
Departmental Solicitors Office Enterprise Shared Services	4,675	-	-	-	-	-	-	4,675
EU Programmes Finance Division Land and Property Services Northern Ireland Statistics and Research Agency Other Bodies Public Spending Directorate Strategic Policy and Reform Directorate Centrally Managed	4,372	-	-	-	-	-	-	4,372
	3,975	-	-	-	-	-	-	3,975
	125,923	76	-	-	-	-	-	125,999
	3,096	-	-	1,668	(41)	(234)	-	4,489
	1,189	106	-	-	(15)	-	676	1,956
	21,849	60	8,748	-	(52)	-	298	30,903
	8,094	32	-	-	-	-	173	8,299
	673	-	-	-	-	-	-	673
	3,215	-	-	-	-	-	-	3,215
	4,450	-	-	-	-	-	-	4,450
	1,147	-	-	-	-	-	(1,147)	-
<b>Total</b>	<b>186,459</b>	<b>296</b>	<b>8,748</b>	<b>1,668</b>	<b>(108)</b>	<b>(234)</b>	<b>-</b>	<b>196,829</b>

**DEPARTMENT OF FINANCE AND PERSONNEL  
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**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**2.2 Staff Costs**

	<b>2015-16</b>	<b>2014-15</b>
	<b>£000</b>	<b>£000</b>
	<b>Total</b>	<b>Total</b>
Wages and salaries	102,860	107,598
Social security costs	7,498	7,889
Other pension costs	38,645	20,680
<b>Sub Total</b>	<b>149,003</b>	<b>136,167</b>
Less recoveries in respect of outward secondments	(9,693)	(9,888)
<b>Total net costs</b>	<b>139,310</b>	<b>126,279</b>
Of which:		
<b>Charged to Administration</b>	83,823	74,379
<b>Charged to Programme</b>	55,487	51,900

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

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**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**3. Other Administration Costs**

	<b>2015-16</b>	<b>2014-15</b>
	<b>£000</b>	<b>£000</b>
	<b>Core</b>	<b>Core</b>
<b>Note</b>	<b>Department</b>	<b>Department</b>
	<b>&amp; Agency</b>	<b>&amp; Agency</b>
<b>Rentals under operating leases:</b>		
Other Operating Leases	13,245	16,637
Hire of Plant and Machinery	34	97
<b>Interest charges:</b>		
Finance Leases	440	611
<b>Non-cash items:</b>		
Depreciation:	18,411	17,960
Amortisation of Intangible Assets	11,970	11,717
(Profit)/Loss on Disposal of Assets	(2,097)	93
Permanent Diminution in Value of Assets	-	345
Auditor's Remuneration and Expenses	214	224
Other Notional Costs	26	22
<b>Other expenditure:</b>		
Accounting and Information Technology	30,912	28,811
Rates	16,812	17,375
Costs of Government Estate	9,484	12,296
Accommodation, Maintenance and Utilities	8,742	9,794
Personnel and Training Costs	2,741	3,288
Other Sundry	546	2,230
Travel and Subsistence and Hospitality	894	1,014
Printing, Stationery and Advertising	613	744
Legal Costs	247	671
Bad Debts and Bad Debt Provision	85	44
Exchange Losses/(Gains)	24	3
<b>Total</b>	<b><u>113,343</u></b>	<b><u>123,976</u></b>

During 2015-16 the Department purchased the following non-audit services from its auditor, the Northern Ireland Audit Office:

Participation in the 2015-16 National Fraud Initiative £Nil (2014-15: £21k).

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**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**4. Programme Costs**

		<b>2015-16</b>	<b>2014-15</b>
		<b>£000</b>	<b>£000</b>
	<b>Note</b>	<b>Core Department &amp; Agency</b>	<b>Core Department &amp; Agency</b>
EU Grant Expenditure		6,212	10,661
Other Grant Expenditure		1,708	2,836
PFI Service Charges		6,973	5,719
Legal Expenditure		157	32
<b>Non-cash items:</b>			
Depreciation:		1,732	1,755
Amortisation of Intangible Assets		2,859	2,279
Loss on Disposal of Assets		54	114
Permanent Diminution in Value of Assets		(457)	(1,615)
<b>Provisions:</b>			
Provided for in year	<b>14</b>	217	828
Provisions not required written back	<b>14</b>	(340)	(539)
<b>Other expenditure:</b>			
Accounting and Information Technology		4,191	4,480
Registrar Charges		2,412	2,333
Bad Debts and Bad Debt Provision		1,354	2,525
Accommodation, Maintenance and Utilities		2,206	2,401
Interest Payable		0	43
Other Costs		1,815	1,575
Travel and Subsistence and Hospitality		592	626
Printing, Stationery and Advertising		277	472
Personnel and Training Costs		439	542
Hire of Plant and Machinery		171	161
Other Operating Leases		50	35
Exchange Losses/(Gains)		(150)	452
<b>Total</b>		<b>32,472</b>	<b>37,715</b>

**DEPARTMENT OF FINANCE AND PERSONNEL  
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**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**5. Income**

	<b>2015-16</b>	<b>2014-15</b>
	<b>£000</b>	<b>£000</b>
	<b>Core</b>	<b>Core</b>
	<b>Department</b>	<b>Department</b>
	<b>&amp; Agency</b>	<b>&amp; Agency</b>
<b>Admin:</b>		
Sales and Recharges	43,174	41,816
Recovery of Accommodation and Facilities Cost	1,441	2,186
Buildings	1,411	1,103
Other Fees, Levies and Charges	1,654	1,812
Other Income	543	397
Recovery of Seconded Costs	648	447
	<hr/> 48,871	<hr/> 47,761
<b>Programme:</b>		
Sale of Maps and Mapping Data (including Royalties and Licences)	9,868	9,950
Other Fees, Levies and Charges	13,467	12,942
Sales and Recharges	7,588	9,057
Recovery of Seconded Costs	9,045	9,441
Mapping and Geodetic Services	1,868	2,513
EU Grant Income (Current)	3,173	4,206
EU Grant Income (Capital)	2,012	5,005
Other Income	2,682	154
	<hr/> 49,703	<hr/> 53,268
<b>Total</b>	<hr/> <b>98,574</b>	<hr/> <b>101,029</b>
Of which:		
<b>Core Department</b>	<hr/> <b>83,594</b>	<hr/> <b>84,444</b>

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**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**6. Property, plant and equipment**

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

	Land £000	Buildings including Dwellings £000	Antiques £000	Assets Under Construction £000	Transport £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings £000	Total £000
<b>Cost or Valuation</b>									
At 1 April 2015	67,307	263,955	1,961	120	443	3,234	45,565	28,591	411,176
Adjustments*		1,512							1,512
Reclassifications	(542)	(640)	-	-	-	(7)	12	-	(1,177)
Additions	57	14,887	-	92	-	249	4,491	2,176	21,952
Donations	-	-	-	-	-	-	-	-	0
Disposals	-	-	-	-	(114)	(373)	(7,129)	(20)	(7,636)
Revaluations	7,573	1,670	-	-	-	10	21	63	9,337
Impairments charged to SoCNE	(141)	(3,328)	-	-	-	-	(74)	-	(3,543)
Net Transfers	-	-	-	-	-	2	4	1	7
<b>At 31 March 2016</b>	<b>74,254</b>	<b>278,056</b>	<b>1,961</b>	<b>212</b>	<b>329</b>	<b>3,115</b>	<b>42,890</b>	<b>30,811</b>	<b>431,628</b>
<b>Depreciation</b>									
At 1 April 2015	0	69,219	0	0	347	2,057	29,917	19,791	121,331
Adjustments*		1,512							1,512
Reclassifications	-	(162)	-	-	-	(2)	3	-	(161)
Charged in year	-	12,195	-	-	43	275	6,014	1,615	20,142
Disposals	-	-	-	-	(99)	(353)	(7,101)	(18)	(7,571)
Revaluations	-	(14,790)	-	-	-	(3)	(6)	29	(14,770)
Impairments charged to SoCNE	-	(3,971)	-	-	-	-	(28)	-	(3,999)
Indexation charged to Reserves	-	-	-	-	-	-	-	-	0
Net Transfers	-	-	-	-	-	-	-	-	0
<b>At 31 March 2016</b>	<b>0</b>	<b>64,003</b>	<b>0</b>	<b>0</b>	<b>291</b>	<b>1,974</b>	<b>28,799</b>	<b>21,417</b>	<b>116,484</b>
<b>Carrying amount at 31 March 2016</b>	<b>74,254</b>	<b>214,053</b>	<b>1,961</b>	<b>212</b>	<b>38</b>	<b>1,141</b>	<b>14,091</b>	<b>9,394</b>	<b>315,144</b>
<b>Carrying amount at 31 March 2015</b>	<b>67,307</b>	<b>194,736</b>	<b>1,961</b>	<b>120</b>	<b>96</b>	<b>1,177</b>	<b>15,648</b>	<b>8,800</b>	<b>289,845</b>

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

**DEPARTMENT OF FINANCE AND PERSONNEL  
RESOURCE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

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

	<b>Land</b>	<b>Buildings including Dwellings</b>	<b>Antiques</b>	<b>Assets Under Construction</b>	<b>Transport</b>	<b>Plant &amp; Machinery</b>	<b>Information Technology</b>	<b>Furniture &amp; Fittings</b>	<b>Total</b>
<b>Asset financing:</b>									
Owned	74,254	202,527	1,906	212	38	1,141	14,091	9,394	303,563
UK Grant Funded	-	-	-	-	-	-	-	-	0
EU Grant Funded	-	10,172	-	-	-	-	-	-	10,172
Donated	-	1,168	55	-	-	-	-	-	1,223
Finance leased	-	186	-	-	-	-	-	-	186
<b>Carrying amount at 31 March 2016</b>	<b>74,254</b>	<b>214,053</b>	<b>1,961</b>	<b>212</b>	<b>38</b>	<b>1,141</b>	<b>14,091</b>	<b>9,394</b>	<b>315,144</b>
<b>Of the total:</b>									
Department	74,254	214,027	1,906	-	38	1,138	13,804	9,390	314,612
Agency	-	26	-	212	-	3	287	4	532
<b>Carrying amount at 31 March 2016</b>	<b>74,254</b>	<b>214,053</b>	<b>1,961</b>	<b>212</b>	<b>38</b>	<b>1,141</b>	<b>14,091</b>	<b>9,394</b>	<b>315,144</b>

**DEPARTMENT OF FINANCE AND PERSONNEL**  
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**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**6(b) Property, plant and equipment for the year ended 31 March 2015**

	Land £000	Buildings including Dwellings £000	Antiques £000	Assets Under Construction £000	Transport £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings £000	Total £000
<b>Cost or Valuation</b>									
At 1 April 2014	68,304	215,609	1,952	-	444	3,252	45,594	27,113	362,268
Reclassifications	-	-	-	-	-	-	-	-	-
Additions	-	39,783	-	120	-	124	5,406	1,543	46,976
Donations	-	-	-	-	-	-	-	-	-
Disposals	(35)	(2,105)	-	-	-	(204)	(5,434)	(93)	(7,871)
Revaluations	(966)	9,137	9	-	(1)	62	9	28	8,278
Impairments charged to SoCNE	4	1,531	-	-	-	-	(10)	-	1,525
Indexations charged to Reserves	-	-	-	-	-	-	-	-	-
Net Transfers	-	-	-	-	-	-	-	-	-
<b>At 31 March 2015</b>	<b>67,307</b>	<b>263,955</b>	<b>1,961</b>	<b>120</b>	<b>443</b>	<b>3,234</b>	<b>45,565</b>	<b>28,591</b>	<b>411,176</b>
<b>Depreciation</b>									
At 1 April 2014	-	60,809	-	-	315	1,933	28,525	18,163	109,745
Reclassifications	-	-	-	-	-	-	-	-	-
Charged in year	-	10,991	-	-	38	285	6,709	1,692	19,715
Disposals	-	(1,968)	-	-	-	(188)	(5,309)	(81)	(7,546)
Revaluations	-	(711)	-	-	(6)	20	(8)	17	(688)
Impairments charged to SoCNE	-	98	-	-	-	7	-	-	105
Indexation charged to Reserves	-	-	-	-	-	-	-	-	-
Net Transfers	-	-	-	-	-	-	-	-	-
<b>At 31 March 2015</b>	<b>-</b>	<b>69,219</b>	<b>-</b>	<b>-</b>	<b>347</b>	<b>2,057</b>	<b>29,917</b>	<b>19,791</b>	<b>121,331</b>
<b>Carrying amount at 31 March 2015</b>	<b>67,307</b>	<b>194,736</b>	<b>1,961</b>	<b>120</b>	<b>96</b>	<b>1,177</b>	<b>15,648</b>	<b>8,800</b>	<b>289,845</b>
<b>Carrying amount at 31 March 2014</b>	<b>68,304</b>	<b>154,800</b>	<b>1,952</b>	<b>-</b>	<b>129</b>	<b>1,319</b>	<b>17,069</b>	<b>8,950</b>	<b>252,523</b>

**DEPARTMENT OF FINANCE AND PERSONNEL  
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**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**6(b) Property, plant and equipment for the year ended 31 March 2015**

	<b>Land £000</b>	<b>Buildings including Dwellings £000</b>	<b>Antiques £000</b>	<b>Assets Under Construction £000</b>	<b>Transport £000</b>	<b>Plant &amp; Machinery £000</b>	<b>Information Technology £000</b>	<b>Furniture &amp; Fittings £000</b>	<b>Total £000</b>
<b>Asset financing:</b>									
Owned	67,307	185,533	1,906	120	96	1,177	15,648	8,800	280,587
UK Grant Funded	-	-	-	-	-	-	-	-	-
EU Grant Funded	-	7,948	-	-	-	-	-	-	7,948
Donated	-	999	55	-	-	-	-	-	1,054
Finance leased	-	256	-	-	-	-	-	-	256
<b>Carrying amount at 31 March 2015</b>	<b>67,307</b>	<b>194,736</b>	<b>1,961</b>	<b>120</b>	<b>96</b>	<b>1,177</b>	<b>15,648</b>	<b>8,800</b>	<b>289,845</b>
<b>Of the total:</b>									
Department	67,307	194,692	1,961	-	96	1,172	15,274	8,800	289,302
Agency	-	44	-	120	-	5	374	-	543
<b>Carrying amount at 31 March 2015</b>	<b>67,307</b>	<b>194,736</b>	<b>1,961</b>	<b>212</b>	<b>38</b>	<b>1,172</b>	<b>15,648</b>	<b>8,800</b>	<b>289,845</b>

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**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**6(c) Notes**

- i. Included within buildings are dwellings, the carrying amount of which at 31 March 2015 was £310k (Cost £394k, Accumulated Depreciation £84k). During the accounting period, depreciation was charged at £17k. The closing carrying amount as at 31 March 2016 was £386k (Cost £418k, Accumulated Depreciation £32k).
- ii. Details of the basis of valuation can be found at Note 1.3.
- iii. The depreciation charged during the accounting period in respect of assets held under finance leases was £85k (2014-15: £229k).
- iv. Included in Reclassification is a Net Book Value of £1,020k reclassified to Assets Held for Sale (AHFS). This asset and another brought forward AHFS of £500k were disposed off during the year.

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**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**7. Intangible assets**

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

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

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

**DEPARTMENT OF FINANCE AND PERSONNEL  
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**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**7(b) Intangible assets for the year ended 31 March 2015**

	Assets Under Construction £000	Software Licences £000	Information Technology £000	Total £000
<b>Cost or valuation</b>				
At 1 April 2014	261	9,683	127,901	137,845
Reclassifications	(67)	(48)	115	-
Additions	479	1,557	4,529	6,565
Disposals	-	-	(990)	(990)
Revaluations	-	141	1,996	2,137
Impairments charged to SoCNE	-	-	-	-
Indexation charged to Reserves	-	-	-	-
Transfers	-	-	-	-
<b>At 31 March 2015</b>	<b>673</b>	<b>11,333</b>	<b>133,551</b>	<b>145,557</b>
<b>Amortisation</b>				
At 1 April 2014	-	5,373	70,167	75,540
Reclassifications	-	1	(1)	-
Charged in year	-	1,434	12,562	13,996
Disposals	-	-	(909)	(909)
Revaluations	-	32	1,133	1,165
Impairments charged to SoCNE	-	-	-	-
Indexation charged to Reserves	-	-	-	-
Transfers	-	-	-	-
<b>At 31 March 2015</b>	<b>-</b>	<b>6,840</b>	<b>82,952</b>	<b>89,792</b>
<b>Carrying amount at 31 March 2015</b>	<b>673</b>	<b>4,493</b>	<b>50,599</b>	<b>55,765</b>
<b>Carrying amount at 31 March 2014</b>	<b>261</b>	<b>4,310</b>	<b>57,734</b>	<b>62,305</b>
<b>Asset financing:</b>				
Owned	673	4,489	44,164	49,326
UK Grant Funded	-	4	409	413
EU Grant Funded	-	-	-	-
Donated	-	-	-	-
Finance leased	-	-	6,026	6,026
<b>Carrying amount at 31 March 2015</b>	<b>673</b>	<b>4,493</b>	<b>50,599</b>	<b>55,765</b>
<b>Of the total</b>				
Department	673	4,335	47,046	52,054
Agency	0	158	3,553	3,711
<b>Carrying amount at 31 March 2015</b>	<b>673</b>	<b>4,493</b>	<b>50,599</b>	<b>55,765</b>

**7(c) Notes**

The amortisation charged during the accounting period in respect of assets held under finance leases was £2,031k (2014-15: £1,998k).

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**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**8. Impairments**

	2015-16 £000	2014-15 £000
	Core Department & Agencies	Core Department & Agencies
Charged direct to the Statement of Comprehensive Net Expenditure	(457)	(1,270)
Taken through the Revaluation Reserve	(24,734)	(9,942)
<b>Total impairment charge for the year</b>	<b>(25,191)</b>	<b>(11,212)</b>

**9. Capital and other commitments**

**9.1 Capital commitments**

	2015-16 £000	2014-15 £000
	Core Department & Agencies	Core Department & Agencies
Contracted capital commitments at 31 March not otherwise included in these financial statements:		
Property, plant and equipment	10,032	7,585
Intangible assets	1,675	3,366
<b>Total</b>	<b>11,707</b>	<b>10,951</b>

**9.2 Commitments under leases**

**9.2.1 Operating leases**

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

	2015-16 £000	2014-15 £000
	Core Department & Agencies	Core Department & Agencies
<b>Land and Buildings</b>		
Not later than one year	9,382	9,690
Later than one year and not later than five years	24,470	29,863
Later than five years	27,250	31,072
	<b>61,102</b>	<b>70,625</b>
<b>Other</b>		
Not later than one year	206	18
Later than one year and not later than five years	39	11
Later than five years	-	-
	<b>245</b>	<b>29</b>

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**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**9.2.2 Finance leases**

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

	<b>2015-16</b>	<b>2014-15</b>
	<b>£000</b>	<b>£000</b>
	<b>Core Department &amp; Agency</b>	<b>Core Department &amp; Agency</b>
<b>Buildings:</b>		
Not later than one year	-	16
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>16</u>
<i>Less interest element</i>	-	(1)
<b>Present value of obligations</b>	<u>-</u>	<u>15</u>

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

**9.3.1 Off-balance sheet (SoFP)**

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

**9.3.2 On-balance sheet (SoFP)**

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

The Department has one contract which is classified as a service concession agreement. This contract is in relation to the Account NI financial accounting system, including the design, build and test of the financial system and provision of related hardware. This twelve year contract was entered into on 9th March 2006 by DFP on behalf of the Northern Ireland Civil Service and includes anticipated refresh of the hardware and software. The contractor is required to meet specified service availability and service performance indicators under the contract. Failure to provide the specified level of service may result

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in non payment of service charges, cost recovery, delay payments, compensation and even contract termination. Variations to the contract are managed via a change control process and there have been a number of such variations since the commencement of the contract. On expiry of the contract the Department may elect to have the asset transferred to it for zero cost, with any additional changes to the asset as a result of the change control process that have not been recovered by the contractor at this time being paid for at cost.

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

	<b>2015-16</b>	<b>2014-15</b>
	<b>£000</b>	<b>£000</b>
	<b>Core Department &amp; Agency</b>	<b>Core Department &amp; Agency</b>
<b>Total obligations under on-balance sheet (SoFP) service concession arrangements for the following periods comprise:</b>		
Not later than one year	2,450	2,450
Later than one year and not later than five years	2,245	4,695
Later than five years	-	-
	<u>4,695</u>	<u>7,145</u>
<i>Less interest element</i>	<u>(358)</u>	<u>(796)</u>
<b><i>Present value of obligations</i></b>	<b><u>4,337</u></b>	<b><u>6,349</u></b>

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

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of on-balance sheet (SoFP) PFI and other service concession arrangement transactions was £2.9m (2014-15: £2.9m); and the payments to which the Department and its agencies are committed are as follows:

	<b>2015-16</b>	<b>2014-15</b>
	<b>£000</b>	<b>£000</b>
	<b>Core Department &amp; Agency</b>	<b>Core Department &amp; Agency</b>
Not later than one year	3,875	4,002
Later than one year and not later than five years	5,784	10,254
Later than five years	-	-
	<u>9,659</u>	<u>14,256</u>

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of off-balance sheet (SoFP) PFI and other service concession arrangement transactions was £7m (2014-15: £5.7m); and

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the payments to which the Department and its agencies are committed are as follows (financial commitments have been disclosed on the basis that the option to break will not be exercised):

	<b>2015-16</b>	<b>2014-15</b>
	<b>£000</b>	<b>£000</b>
	<b>Core Department &amp; Agency</b>	<b>Core Department &amp; Agency</b>
Not later than one year	5,900	5,700
Later than one year and not later than five years	6,000	18,850
Later than five years	-	-
	<b><u>11,900</u></b>	<b><u>24,550</u></b>

**9.4 Other financial commitments**

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

	<b>2015-16</b>	<b>2014-15</b>
	<b>£000</b>	<b>£000</b>
	<b>Core Department &amp; Agency</b>	<b>Core Department &amp; Agency</b>
Not later than one year	24,188	22,322
Later than one year and not later than five years	65,500	63,313
Later than five years	4,115	19,064
<b>Total</b>	<b><u>93,803</u></b>	<b><u>104,699</u></b>

**10. Financial instruments**

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

**Classification of financial instruments**

All departmental financial instruments are measured at amortised cost. The Department's financial assets are classified as loans and receivables and comprise trade and other debtors (Note 12) and cash

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at bank and in hand (Note 11). The Department's financial liabilities comprise payables excluding tax liabilities, accruals and deferred income (Note 13). The carrying value of these financial assets and liabilities, as disclosed in the notes to the accounts, approximates to fair value because of their short maturities.

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

	From interest	At fair value	From subsequent measurement Currency translation	Impairment/reversal of impairment	2016	Net gain/(loss) 2015
Loans and receivable	-	-	298	(1,439)	(1,141)	(3,229)
Financial liabilities measured at amortised cost	(440)	-	(172)	-	(612)	(406)
<b>Total</b>	<b>(440)</b>	<b>-</b>	<b>126</b>	<b>(1,439)</b>	<b>(1,753)</b>	<b>(3,635)</b>

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

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

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

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

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

**Risk management**

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

**Credit risk**

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

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**Liquidity risk**

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

**Currency risk**

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

The Department receives reimbursement of certain grant payments from the European Union (EU). Transactions with the EU are denominated in euro and therefore exposed to currency risk. The revenue due from the EU is recognised as a receivable when it is initially paid to grant recipients. However, only when the Department submits claims to the EU is the relevant portion of the receivable subject to exchange rate risk. The exchange risk on receivables is offset by EU advances received, which are included within payables. At 31 March 2016 the net exposure was £1.4m (31 March 2015: £2.8m).

*Sensitivity analysis*

Based on the balance denoted in euro at 31 March 2016, a 15% weakening or strengthening of sterling against the euro would have increased or decreased the exchange rate movement by £208k respectively (31 March 2015: movement of £423k). This movement is attributable to the foreign exchange gains or losses on translation of the euro denominated receivables and payables with the EU as described above.

**Interest rate risk**

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

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

**11. Cash and Cash Equivalents**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
	<b>Core</b>	<b>Core</b>
	<b>Department</b>	<b>Department</b>
	<b>&amp; Agency</b>	<b>&amp; Agency</b>
Balance at 1 April	29,791	30,006
Net change in cash and cash equivalent balances	(302)	(215)
<b>Balance at 31 March</b>	<b>29,489</b>	<b>29,791</b>
<b>The following balances at 31 March were held at:</b>		
Commercial banks and cash in hand	31,959	32,964
Overdrawn account at commercial bank shown as payables	(2,470)	(3,173)
<b>Balance at 31 March</b>	<b>29,489</b>	<b>29,791</b>

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

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
	<b>Core Department &amp; Agency</b>	<b>Core Department &amp; Agency</b>
<b>Amounts falling due within one year:</b>		
Trade receivables	8,839	6,757
Other receivables	10,238	16,772
Prepayments and accrued income	15,531	16,278
Amounts due from EU	2,764	5,796
Amounts due from the Consolidated Fund in respect of Supply	-	1,174
	<b><u>37,372</u></b>	<b><u>46,777</u></b>

Included within prepayments and accrued income is £486 (2014-15: £535) that will be due to the Consolidated Fund once the debts are collected.

There were no amounts due to the Department in more than one year outstanding at 31 March 2016 or at 31 March 2015.

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

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
	<b>Consolidated Core Department &amp; Agency</b>	<b>Consolidated Core Department &amp; Agency</b>
<b>Balance at 1 April</b>	(4,711)	(3,613)
Impairment losses recognised/derecognised on receivables	(1,366)	(2,554)
Amounts written off as uncollectable	1,657	1,456
<b>Balance at 31 March</b>	<b><u>(4,420)</u></b>	<b><u>(4,711)</u></b>

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

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

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

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
	<b>Core</b>	<b>Core</b>
	<b>Department</b>	<b>Department</b>
	<b>&amp; Agency</b>	<b>&amp; Agency</b>
Neither past due nor impaired trade receivables	6,399	5,579
1-30 days	829	686
31-60 days	243	173
61-90 days	259	90
91-180 days	383	128
181-360 days	699	88
361 days plus	167	131
<b>Gross carrying value</b>	<b>8,979</b>	<b>6,875</b>
Less: impairment	(140)	(118)
<b>Net carrying value</b>	<b>8,839</b>	<b>6,757</b>

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

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
	<b>Core</b>	<b>Core</b>
	<b>Department</b>	<b>Department</b>
	<b>&amp; Agency</b>	<b>&amp; Agency</b>
<b>Amounts falling due within one year:</b>		
Bank overdraft	2,470	3,173
Other taxation and social security	28,952	30,852
Trade payables	23	58
Other payables	709	1,098
Accruals and deferred income	48,989	42,973
Current part of finance leases	2,179	2,026
Consolidated Fund extra receipts due to be paid to the Consolidated Fund		
received	172	173
receivable	-	-
Amounts due from EU due to be paid to Consolidated Fund		
received	-	-
receivable	-	-
Amounts issued from the Consolidated Fund for supply but not spent at year end	394	-
	<b>83,888</b>	<b>80,353</b>
<b>Amounts falling due after more than one year:</b>		
Finance leases	2,158	4,336
	<b>2,158</b>	<b>4,336</b>

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**14. Provisions for liabilities and charges**

**Provisions for the year ended 31 March 2016**

	2015-16				2014-15			
	Core Department & Agency			Core Department & Agency				
	Early Departure Costs £0	Legal Claims £0	Equal Pay £0	Total £0	Early Departure Costs £0	Legal Claims £0	Equal Pay £0	Total £0
Balance at 1 April 2015	118	851	-	969	158	1,365	750	2,273
Provided in the year	-	217	-	217	15	813	-	828
Provisions not required written back	-	(340)	-	(340)	(3)	(411)	(125)	(539)
Provisions utilised in the year*	(58)	(394)	-	(452)	(52)	(916)	(625)	(1,593)
<b>Balance as at 31 March 2016</b>	<b>60</b>	<b>334</b>	<b>-</b>	<b>394</b>	<b>118</b>	<b>851</b>	<b>-</b>	<b>969</b>

*Analysis of expected timing of cash flows*

	2015-16				2014-15			
	Core Department & Agency			Core Department & Agency				
	Early Departure Costs £0	Legal Claims £0	Equal Pay £0	Total £0	Early Departure Costs £0	Legal Claims £0	Equal Pay £0	Total £0
Not later than one year	38	253	-	291	58	800	-	858
Later than one year and not later than five years	22	81	-	103	60	51	-	111
Later than five years	-	-	-	-	-	-	-	-
<b>Balance as at 31 March</b>	<b>60</b>	<b>334</b>	<b>-</b>	<b>394</b>	<b>118</b>	<b>851</b>	<b>-</b>	<b>969</b>

\*Provisions utilised in year of £452k (2014-15: £1,593k) is made up of £331k (2014-15: £349k) reclassified as creditors as the amounts involved have crystallised and are known with certainty and £121k (2014-15: £1,244k) paid during the year.

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**14.1 Early departure costs**

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

**14.2 Legal claims**

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

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

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

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

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

The Department has the following contingent liabilities:

**Public/employer liability cases**

There are currently 13 cases (2014-15: 4 cases) pending against the Department. The maximum that will be payable cannot be accurately estimated.

**Industrial tribunal cases**

There are currently 16 industrial tribunal cases (2014-15: 19 cases) pending. It is not known when or at what value settlement will be reached.

**Other**

Litigation is in process against the Department relating to a dispute with a contractor. The information usually required by IAS 37 is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation. The Department is of the opinion that the claim can be successfully resisted.

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**Other legal issues**

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

**Tax Compliance**

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

**16. Related-party transactions**

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

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

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

**17. Third-party assets**

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

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

**18. Entities within the departmental boundary**

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

**DFP Core Directorates**

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

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

**Supply Financed Agency**

- Northern Ireland Statistics and Research Agency.

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

**Arms Length Bodies**

- Construction Industry Forum Northern Ireland;
- Lay Observer for Northern Ireland;
- Northern Ireland Building Regulations Advisory Committee;
- Northern Ireland Civil Service Pension Board;
- Public Service Commission for Northern Ireland; *and*
- Statistics Advisory Committee.

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

**19. Events after the reporting period**

On 23 June 2016 the United Kingdom held a Referendum to determine whether the country would remain in or leave the European Union. The Department is currently considering the impact of the majority leave result on its activities. However, it is likely to be some time before the impact, if any, will be known.

**Date of authorisation for issue**

The Accounting Officer authorised the issue of these financial statements on 30 June 2016.

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**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

**Appendix 1**

**DFP CORE DIRECTORATES**

**Central Procurement Directorate (CPD)**

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

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

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

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

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

Works with stakeholders to promote equality of opportunity and social, environmental and economic benefits in the delivery of public procurement contracts.

**Corporate Human Resources (CHR)**

Seeks to ensure that all 12 Departments comply with the law and with Government policies where these relate to the employment and management of Northern Ireland Civil Service (NICS) staff.

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

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

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

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

Provides welfare and occupational health services to support Departments.

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

**Corporate Services Group (CSG)**

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

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

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

**Departmental Solicitors Office (DSO)**

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

**Enterprise Shared Services (ESS)**

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

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

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

Provides financial processing and accounting services primarily to NICS Departments.

Provides generic training services primarily to NICS Departments.

Manages the delivery of HR services primarily to NICS Departments.

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

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

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

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Provides citizen facing services through the NI Direct Programme.

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

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

**Land & Property Services (LPS)**

Provides Mapping Services for Northern Ireland which are used widely across public and private sectors, informing policy development and enhancing service delivery.

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

Carries out the statutory responsibility to maintain the Valuation Lists which supports the collection of rates.

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

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

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

**Public Spending Directorate (PSD)**

To support the Minister and the Executive in the securing, allocation and effective use of available resources.

To maintain a framework of guiding principles and delegations which support decisions on the management of public expenditure, maximise the achievement of VFM and promote accountability.

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

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

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

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

Leads the reform of the rating system.

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

**EXECUTIVE AGENCY**

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

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

Carries out the decennial Census.

Administers marriage laws.

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