

Office of the First Minister and Deputy First Minister
Resource Accounts
For the year ended 31 March 2007

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

21st September 2007

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for the year ended 31 March 2007**

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ANNUAL REPORT

DIRECTORS' REPORT

The Office of the First Minister and Deputy First Minister (OFMDFM) presents its accounts for the financial year ended 31 March 2007.

The Department produces accounts as directed by Department of Finance and Personnel (DFP) under section 9(1) of Government Resources and Accounts Act (Northern Ireland) 2001. These accounts have been prepared in accordance with the appropriate form and disclosure requirements of the Government Financial Reporting Manual (FReM).

SCOPE

Departmental Accounting Boundary

The Departmental boundary is determined by the way in which in-year budgetary control is exercised by the Department. For the year 2006-07 the following are considered within the boundary and their financial performance consolidated in the Department's resource accounts:

- **OFMDFM Core Directorates/Department**
- **North/South Ministerial Council Joint Secretariat:**

Established under the terms of the Belfast/Good Friday Agreement, the North South Ministerial Council (NSMC) brings together those with executive responsibilities in Northern Ireland and in the Irish Government. The NSMC is supported by a Joint Secretariat, based in Armagh and staffed by civil servants from Northern Ireland and

the Irish Government Civil Service. OFMDFM provides the Northern Ireland staff working in the Joint Secretariat.

- **Civic Forum:**

The Forum is a body established under the terms of the Belfast/Good Friday Agreement. The First Minister and Deputy First Minister have the responsibility for resourcing and supporting the work of the Civic Forum.

The Forum comprises representatives of the business, trade union and voluntary sectors, and such other sectors as agreed by the First Minister and Deputy First Minister. It acts as a consultative mechanism on social, economic and cultural issues. The First Minister and Deputy First Minister will, by agreement, provide administrative support for the Civic Forum and establish guidelines for the selection of representatives to the Forum.

The devolution of powers to the Northern Ireland Assembly was suspended throughout the period of this report. During suspension, and in the absence of a First Minister or Deputy First Minister, the Civic Forum had been unable to operate, but OFMDFM retained token financial provision and a caretaker role for it.

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

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

- **Office of the Commissioner for Public Appointments for Northern Ireland (OCPA NI)**

The Office of the Commissioner for Public Appointments for Northern Ireland was established in 1995 on the recommendation of the Committee on Standards in Public Life. The Commissioner is appointed by the First Minister and Deputy First Minister (during devolution) and is an independent office holder. The Commissioner's role is to regulate, monitor and report on Ministerial

appointments to executive non-departmental public bodies and health and social services bodies. Further details are available on the OCPA NI website – www.ocpani.gov.uk

Entities Outside the Departmental Accounting Boundary

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

OFMDFM Non Departmental Public Bodies (NDPBs) and Sponsored Bodies:

- **The Economic Research Institute of Northern Ireland.**

The Economic Research Institute of Northern Ireland (ERINI) was established as a new independent economic research body through the merger of the former Northern Ireland Economic Council and the Northern Ireland Economic Research Centre, and became operational on 12 January 2004.

ERINI was established as a Company Limited by Guarantee with a Board comprised of representatives from academic, business, trade unions and other interests. It has two primary functions:

- (i) the provision of economic research (primary and secondary) and analyses and advice aimed at challenging and developing policy-making and strategic thinking on the issues facing Northern Ireland society; and
- (ii) the provision of an economic research consultancy service on a commissioned basis to Government Departments, the Northern Ireland Assembly and others.

In order to assist it to carry out these functions, ERINI:

- (i) encourages, in conjunction with Government Departments, an increase in the capacity for research of local policy relevance within the local universities; and

(ii) initiates and leads an informed debate among the wider policy community.

Further information on ERINI can be found at www.erini.ac.uk

- **Equality Commission for Northern Ireland**

The Equality Commission for Northern Ireland is a public body established under the Northern Ireland Act 1998 with statutory functions which include working towards eliminating unlawful discrimination and to promote equality of opportunity on the grounds of disability, sex, race and religious belief/political opinion. The Commission also has responsibilities under Section 75 of the Northern Ireland Act 1998 in relation to the public sector equality duties.

The Mission Statement contained in the Commission's Corporate Plan 2006-2009 is "to advance equality, promote equality of opportunity, encourage good relations and challenge discrimination through promotion, advice and enforcement".

Its key functions are to:

- Promote equality of opportunity and affirmative and positive action;
- Work towards the elimination of unlawful discrimination;
- Promote good relations between persons of different racial groups;
- Oversee the effectiveness of statutory duties on public authorities; and
- Keep relevant legislation under review.

Further information, including the ECNI Corporate Plan and Annual Report and Accounts can be found at www.equalityni.org

- **Community Relations Council for Northern Ireland**

The Community Relations Council (CRC) was established with government support in 1990 as an independent company with charitable status. Since then it has developed to become a centre of expertise on community relations practice and is the main channel for government funding for voluntary sector community relations groups and projects.

The strategic aim of the Community Relations Council is to assist the people of Northern Ireland to recognise and counter the effects of communal division. It aims to do this by:

- Providing support (finance, training, advice, information) for local groups and organisations;
- Developing opportunities for cross-community understanding;
- Increasing public awareness of community relations work; and
- Encouraging constructive debate throughout Northern Ireland.

The Community Relations Council is a strategic partner in the implementation of '*A Shared Future – The Policy and Strategic Framework for Good Relations in Northern Ireland*'.

Further information, including the CRC Annual Report and accounts, can be obtained at www.community-relations.org.uk

- **Strategic Investment Board**

The Strategic Investment Board (SIB) was established in 2003 as a company limited by guarantee. Its purpose is to advise the Executive in relation to the formulation and implementation of its programme of major investment projects and also to advise bodies carrying out major investment projects. The Company has its own Board and is wholly funded by OFMDFM.

The SIB has carried out these responsibilities through the publication of the Investment Strategy for Northern Ireland in December 2005. Further details of its work and the projects in which it is involved, along with other information on the SIB, including its Annual Report and Accounts, can be found on www.sibni.org.uk

- **Ilex Urban Regeneration Company**

Ilex was incorporated as a government owned company limited by guarantee on 17 July 2003 to create and promote the co-ordinated regeneration of the Derry City Council

area through the collective force of private and public sector drive, expertise, finance and development skills. The company is funded by OFMDFM and the Department of Social Development (DSD) as set out in the Financial Memorandum. www.illex-urc.com

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

The primary role of the Commissioner, established under the The Commissioner for Children and Young People (Northern Ireland) Order 2003, is to promote and safeguard the rights and best interests of children and young people in Northern Ireland. The first Commissioner, Nigel Williams who was appointed in October 2003, sadly died in March 2006 following a long illness. The Chief Executive, Barney McNeany was appointed interim Commissioner in May 2006 until the new Commissioner, Patricia Lewsley took up post in January 2007.

Further information, including the Commissioner's annual report and accounts can be obtained at www.nickey.org

Departmental Reporting Cycle

The OFMDFM annual report and accounts represents the culmination of the Department's annual reporting cycle. This report provides a summary of the Department's performance and key achievements during 2006-07.

The Department's original Estimates for the year were set out in the document, *Northern Ireland Main Estimates 2006-07*. These Estimates were subject to in-year revision. The revised Estimates for 2006-07 were published in the document, *Northern Ireland Spring Supplementary Estimates 2006-07*. Both documents are available at <http://www.dfpmi.gov.uk/pubs-nics-fin-est> or from *The Stationery Office, TSO*.

The Department's key performance targets are set out in its Public Service Agreement (PSA), which can be obtained at <http://www.ofmdfmi.gov.uk/index/about-ofmdfm/about-the-department.htm>. The Department's annual business plan details the actions and targets set to monitor the achievement of its PSA. The 2006-07 Business Plan Outturn Report is available from the Office of the First Minister and Deputy First Minister website at <http://www.ofmdfmi.gov.uk/index/about-ofmdfm/about-the-department.htm>.

MANAGEMENT COMMENTARY

Aim and Objectives

The Department's overarching aim is:

A cohesive, inclusive and just society administered through effective government.

Objectives

In support of this aim, the Department has set two objectives:

- To assist government in making and implementing well-informed decisions and improving public services; and,
- To promote equality of opportunity, human rights and improved community relations, tackle poverty and social disadvantage, and meet the needs of victims and survivors.

Principal Activities

Supporting the Work of Government

The Department provides direct support and advice to the First Minister and Deputy First Minister, the Executive, and the North/South Ministerial Council. Under devolved arrangements, OFMDFM plays a central role in producing a "Programme for Government" which sets out the Administration's priorities for the years ahead.

A dedicated Executive Information Service seeks to ensure that the Administration's internal and external communications are effective, while the Brussels and Washington offices maintain a key presence abroad.

Under direct rule (which continued throughout the period covered by this report) OFMDFM worked closely with DFP to produce the single integrated Priorities and Budget document, which sets out the Government's priorities and associated spending plans.

The Department acts as a central point of co-ordination and advice on Parliamentary and Assembly procedures and business, for the preparation of the legislative programme for NI Departments and for the co-ordination of cross-cutting issues with no clear Departmental lead.

The Department is also responsible for the development of policy capacity across the NICS.

Economic Policy and Regeneration

The Department has a strong policy making remit in relation to economic policy, including the Reinvestment and Reform Initiative, with the aim of ensuring an integrated approach to major infrastructure investment (including the Investment Strategy for Northern Ireland) and matters pertaining to Europe.

In October 2006 David Hanson launched Northern Ireland's European Strategy "Taking our place in Europe". The strategy provides a framework for European engagement by regional and local government and by civil society for the period 2006-2010.

The Department is responsible for the development of policy on the use of Public Private Partnerships.

The Department also has lead policy responsibility for Sustainable Development.

Equality, Rights, Social Need and Good Relations

The Department is responsible for taking forward legislative and non-legislative programmes covering anti-discrimination, equality and good relations, and developing cross-cutting policy in areas such as racial equality, disability, gender, sexual orientation, older people, children and young people, victims and survivors. In addition, the Department has responsibility for overseeing implementation across government departments of 'Lifetime Opportunities' (government's anti poverty strategy) and statutory obligations arising from section 75 of the Northern Ireland Act 1998 and the Human Rights Act 1998.

Providing a Service to Other Government Departments

The Department provides central services for the whole Administration such as professionally skilled legislative draftsmen; advice and guidance on public appointments; and promotion of protective security, civil protection and business continuity planning throughout the public sector.

OFMDFM provides a base for staff engaged in a number of cross cutting responsibilities including: community initiatives in North Belfast; the Review of Public Administration in

Northern Ireland; aspects of the Reinvestment and Reform Initiative; and the civil service cross-cutting information based Knowledge Network project. In addition staff are out-posted to independent bodies such as the Planning and Water Appeals Commissions and the Department has responsibilities in relation to the Offices of the Assembly Ombudsman and Commissioner for Complaints. OFMDFM also plays a significant role in providing advice, support and challenge to all Departments in relation to their statutory equality duties arising from Section 75 of the Northern Ireland Act 1998 and for advice and guidance in relation to human rights issues.

Performance during the period

The Department's Public Service Agreement (PSA), as relevant to the 2006-07 financial year, is set out in the document, *Priorities and Budget 2006-08*. This document can be found at <http://www.dfpni.gov.uk/pubs-nics-fin-est> The Department had 12 PSA targets for the 2006-07 financial year, which were delivered through 101 business targets. Of these, 71 were achieved, 27 were partially achieved, and 3 were not achieved.

The Departmental Board plays a key role in the corporate and business planning processes of the Department.

OFMDFM PSA Targets

Request for Resources A - To assist government in making and implementing well-informed decisions and improve public services.

Relevant PSA Targets

- To work with Ministers, Departments and others to secure good government, well-informed decisions, excellence in policy and legislation making and high quality services responsive to customer needs.
- To agree a timetable for implementation of the Review of Public Administration by April 2006.
- To continuously improve public services through the development of electronic delivery channels, by working with departments and others to develop the necessary strategies and policies, and to shape and guide their practical implementation. To

implement the early phases of a multi-channel contact centre strategy by 30 September 2007. Responsibility for this target transferred to the Department of Finance and Personnel with effect from 1 April 2007.

- To underpin improved public services by continuing to deliver the increase in public sector infrastructure investment, as set out in the long-term Investment Strategy for Northern Ireland.

Request for Resources B – To promote equality of opportunity, human rights and improved community relations, tackle poverty and social disadvantage, and meet the needs of victims and survivors.

Relevant PSA Targets:

- Advance equality of opportunity, reduce discrimination and barriers to participation by:
 - improving legislation;
 - supporting the Equality Commission for Northern Ireland; and,
 - promoting effective implementation of Section 75 of the Northern Ireland Act 1998 across Northern Ireland Departments.
- Working with all Departments, put in place co-ordinated strategic action to achieve measurable improvements across a range of indicators in:
 - Gender equality; and
 - Equality and social inclusion for people of different sexual orientation, disability and older people.
- Working with other Departments, put in place co-ordinated strategic action linked to a range of indicators to achieve measurable improvements in race relations and racial equality.
- Publish a triennial Action Plan on “A Shared Future” to include actions to achieve improvements in good relations across a range of indicators, an enhanced Community Relations Council and a new District Council Good Relations Challenge Programme.

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- Working with other departments and agencies, put in place strategic action to tackle sectarianism, racism, homophobia and hate crime against people with disabilities.
 - Working with other Departments, put in place co-ordinated policy and action a range of indicators to reduce the number of households and children living in poverty and improve the prospects, opportunities and living conditions of those in the most disadvantaged areas and groups – including halving the number of children in relative low income households between 1998-99 and 2010-11, on the way to eradicating child poverty by 2020.
 - Working with other Departments, improve support and service delivery for victims and survivors by co-ordinated strategic action at regional and local level including the establishment of a Commissioner for Victims and Survivors.
 - Working with other Departments, put in place an over-arching, inter-departmental strategy, associated actions and indicators to uphold the rights and meet the needs of Children and Young People linked to support for the Office of the Commissioner for Children and Young People and the Minister for Children and Young People.

Key Achievements

Review of Public Administration

The Review of Public Administration (RPA) was launched by the NI Executive in 2002, with the outcome being announced by the Secretary of State in a two-stage process in November 2005 and March 2006.

During 2006-07, the focus moved to the first steps in implementation of the RPA reform programme. The vision for RPA is to put in place public sector organisations and service delivery arrangements which will provide first class modern public services to the people of Northern Ireland.

Implementation Structures

A strong implementation structure was put in place to ensure the effective and efficient roll-out of RPA reforms. This structure is as follows:

- a) **RPA Steering Group** – chaired by the Head of the Civil Service (HOCS), and includes representatives of each department and the Public Service Commission. Its role is to ensure co-ordinated implementation of Ministerial decisions on RPA. The Steering Group is supported by the RPA Central Unit in OFMDFM;
- b) **Public Service Commission** – established to make recommendations on guiding principles aimed at safeguarding the interests of staff and ensuring their smooth transfer to new organisations as a result of RPA reforms.
By the end of February 2007, five of the nine Guiding Principles drafted by the Public Service Commission were accepted by government. These included – an effective communications strategy for staff affected by RPA reforms; managing vacancies effectively; staff transfers; filling new posts in new organisations; and employer statutory obligations;
- c) **HR Cross Sector Group** - established to consider the many and complex employment issues associated with RPA; and
- d) **Central Joint Forum** – chaired by HOCS and Head of NI Public Service Alliance (NIPSA), this includes representatives of government and the NI Committee of the Irish Congress Trade Union (ICTU). An additional consultation mechanism has also been put in place for major unions not affiliated to NIC ICTU.

A specific implementation structure for delivery of Local Government reforms under RPA was also established. The three main elements of this are:

- a) **Strategic Leadership Board** – chaired by Minister for the Environment, and including representatives of political parties nominated by the parties and NI Local Government Association (NILGA);

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- b) **Policy Development Panels** – will take their lead from the Board, and will be responsible for human resources and capacity building; shared services, finance and estates; community planning and governance; central local government and performance management; and transfer of functions; and
 - c) **Social Partners Forum** – including representatives from the voluntary, community and private sectors.

Key appointments / New Organisations

Key appointments in 2006-07 included the appointment of the Local Boundaries Commissioner in June 2006, to make recommendations on the boundaries and names of the agreed seven new councils. (Following initial consultation and recommendations, a revised Boundaries Commission Report was issued for consultation on 30 March 2007).

In June 2006, the Chief Executive Designate for the Health & Social Services Authority was appointed.

Also in June, five new Health and Social Services Trusts were established in shadow form, scheduled to take over the functions of the existing 18 Trusts by 1 April 2007. Chairpersons and Chief Executives of the new Trusts were appointed with effect from 1 September, with an immediate remit to get their new organisations ready to ‘go live’ from 1 April 2007. Recruitment for other senior posts in the Trusts and Health & Social Services Authority was also undertaken.

In October 2006, Health Minister Paul Goggins announced that seven new Local Commissioning Groups (LCGs) would be established as the ‘local’ offices of the Health & Social Services Authority. These seven LCGs will mirror the boundaries of the seven proposed new Local Councils.

In January 2007, the new Chief Executive designate of the Library Authority was appointed, and the new Chief Executive designate of the Education & Skills Authority took up post on 1 February.

Legislation/Consultation

In May 2006, legislation to set the number of councils at seven and the remit of the Local Government Boundaries Commissioner completed its Parliamentary stages.

A number of pieces of primary legislation were issued for consultation in early 2007, with end dates in April 2007. These included the draft Libraries (NI) Order 2007 – to create a new Library Authority for Northern Ireland; the draft Health & Social Services (Reform) (NI) Order; and the draft Public Authorities Reform (NI) Order.

In January 2007, DFP's 'Guiding Principles for the Location of Public Sector Jobs in Northern Ireland' was issued for consultation.

Communications Issues

External

Key achievements for the Executive Information Service included the delivery of an integrated communications programme across government and a comprehensive review of government's advertising policy. The review has established a clear value for money framework in which advertising will be delivered as part of an effective and integrated communications process.

Members of the public have been updated and engaged through regular press releases, and media interviews by Ministers and senior officials.

The eMedia team has successfully provided a range of services to customers from development, design and maintenance of websites to taking photographs for archive and web publication purposes. Demand for this has increased and the service has expanded to incorporate recordings for conferences and web purposes and promoting online services to the public.

Internal

A draft Internal Communications Strategy was put in place by Executive Information Service in OFMDFM to ensure an understanding of, and commitment to, the RPA reform programme by all target audiences. A Key Communications Group, involving a network of key communicators across the sectors, has been developed.

Throughout the 2006-07 period, staff in NICS departments and public sector organisations were kept abreast of all RPA issues by means of a series of News Letters, Ministerial bulletins, staff briefings and the RPA website.

Key stakeholders have been regularly informed and consulted on RPA matters through a broad range of consultation exercises, workshops, conferences, seminars, meetings and information events.

Equality and Good Relations

The department published the ten year Gender Equality Strategy on 19 December 2006 and is currently developing two supporting action plans and gender equality indicators. The department produced the Northern Ireland input into the UK's fifth report to the United Nations on the implementation of the Convention on the Elimination of Discrimination against Women. We also produced the first annual Northern Ireland report to the UK Women and Work Commission on implementation of their recommendations to reduce the gender pay gap.

The Draft Sexual Orientation strategy and action plan was published for consultation on 29 July for three months formal consultation – this ended on 23 October. Departmental officials are currently considering the responses. The Secretary of State also announced a short term funding package to help build the capacity of organisations representing sexual orientation sector. Officials are currently rolling out this short term funding project working closely with the Coalition on Sexual Orientation (CoSO).

Equality Legislation

In the area of anti-discrimination, the Department introduced two important pieces of equality legislation. In June 2006, the Department made the Employment Equality (Age) Regulations (Northern Ireland) 2006 to prohibit unjustified age discrimination in the workplace. The main provisions of the Age Regulations came into operation on 1 October 2006 while the occupational pension aspects of the Regulations came into operation on 1 December 2006. The Department also made the Equality Act (Sexual Orientation) Regulations (Northern Ireland) 2006 to prohibit discrimination on the grounds of sexual orientation in the provision

of goods, facilities and services. The Sexual Orientation Regulations came into operation on 1 January 2007.

On the good relations agenda two major areas of work (A Shared Future and the Racial Equality Strategy) implementation has progressed significantly. Action Plans for both policy areas were launched in April 2006 and outcome reports will be published by early summer 2007. A mid-year review showed 94% of targets either already achieved or on track for achievement. In the course of 06/07 the Good Relations Panel was established and chaired by Nigel Hamilton (HOCS). The Panel now has strategic responsibility for the future direction of the Action Plans.

The first baseline report of good relations was published in January 2007. These indicator reports are designed to assist in evaluating the impact of policies and inform the future development of A Shared Future and the Racial Equality Strategy.

In the area of victims and survivors Bertha MacDougall completed her term in office on 31 January 2007. During the year she produced two reports. The first was an interim report on funding for the victims sector, which was published on 22 June 2006. The second report, "Support for Victims and Survivors Addressing the Human Legacy", was published on 25 January 2007 and will be used to inform future policy for the victims and survivors sector. The Victims and Survivors (Northern Ireland) Order 2006 was approved by Parliament and received Royal Assent on 14 November 2006. The Order makes provision for the post of Commissioner for Victims and Survivors. The public appointments process commenced in January 2007 to identify a suitable candidate.

In relation to children and young people, the Department launched a 10 year over arching strategy for children and young people in Northern Ireland in June 2006. A number of implementation structures will be established to oversee the implementation of the strategy, through the delivery of the action plan which was published in March 2007.

All Northern Ireland government departments (including the Northern Ireland Office and the Northern Ireland Court Service) contributed to the action plan which will be reviewed and updated on an annual basis.

On 24 October 2006, Maria Eagle MP, who replaced Lord Rooker as the Minister for Children and Young People launched a consultation on a draft Play Policy for Northern Ireland. The play policy is set within the context of the 10-year strategy and will contribute to the delivery of many of our strategic aims, particularly those which relate to improved health and achievement outcomes. The play policy, which is aimed at children aged 11 years and under, will be followed by a recreation/leisure policy aimed at the older age group. An analysis of the responses to the consultation is nearly complete and this will be followed by the publication of the revised policy, the establishment of an implementation group and the drawing up of an action plan.

The Northern Ireland input to the UK report on the United Nations Convention on the Rights of the Child was approved by Ministers in January 2007 and has issued to the Department for Education and Skills (London), which is leading on the production of the UK report. Ministers have also agreed to the production of a Northern Ireland-specific report, in line with the approach by Wales and Scotland.

Maria Eagle is supported by a Ministerial Sub-Committee on Children and Young People which comprised all members of the NIO Ministerial team (excluding the Secretary of State). Committee meetings, chaired by the Minister for Children and Young People, took place on a quarterly basis and were also attended by Permanent Secretaries of relevant departments.

Anti-Poverty

“Lifetime Opportunities” Government’s Anti-Poverty and Social Inclusion Strategy for Northern Ireland was launched by the Secretary of State on 13th November 2006.

The strategy’s overall objectives are to:

- work towards eliminating poverty and social exclusion in NI by 2020; and
- end child poverty by 2020 based on the estimate of approximately 130,000 children in NI in relative income poverty in 1998/99, this means lifting 65,000 children out of poverty by 2010 on the way to eradication by 2020.

“Lifetime Opportunities” committed Government to establishing a Ministerially led Poverty and Social Inclusion Forum. The Forum includes representatives from Northern Ireland Departments and key organisations from the voluntary and community sector and the first meeting of the Forum was held on Thursday 8th March 2007.

In December 2006 the Northern Ireland Grand Committee debated “Lifetime Opportunities”. The debate was held in Belfast City Hall and this was the first time the Committee met outside Westminster.

Older People

In January 2007, OFMDFM published the first Action Plan outlining activities and indicators across the Northern Ireland administration, which aim to meet objectives in Government’s social inclusion strategy for older people, ‘Ageing in an Inclusive Society’.

Economic Policy and Regeneration

The Department continued to play a key role in its contribution to a range of economic policy matters, including the management of the Integrated Development Fund. In July 2006, responsibility for Sustainable Development policy transferred from DOE to the Economic Policy Unit. Following the launch of the first Northern Ireland Sustainable Development Strategy in May 2006, an Implementation Plan was developed in consultation with Stakeholders and launched by the Secretary of State in November 2006. Work on a range of other key areas was taken forward including the publication of an interim Communications Plan, pending the development of the full Communication Strategy for Sustainable Development, and the development of a set of high level sustainable development indicators. Stakeholders were also engaged on the development of a future Sustainable Development Forum. OFMDFM has also sought to develop Government’s relationship with the Sustainable Development Commission who have recently strengthened their Secretariat in Northern Ireland.

The Department played a key role in the publication of the Investment Strategy for Northern Ireland in December 2005 and in the development of PPP policy in Northern Ireland, including new policy on the treatment of cleaning in schools.

In December 2005, the Ilex Urban Regeneration Company published its Regeneration Plan. The Plan is a response to the Ministerial call “to create and promote a deliverable vision for regeneration of the Derry City Council area, to secure the commitment of all stakeholders to that vision and to pursue single-mindedly its implementation”. The Plan’s primary purpose is to articulate a focused and visionary integrated regeneration strategy for the Derry City Council area and to provide a platform for the delivery of critical economic and spatial interventions by all the public executive bodies and Ilex in an operational partnership. While it is the aim of Ilex and its partners that the Plan should be delivered over a 15-year period, significant initiatives are being put in place to ensure that demonstrable progress in the regeneration of the area can be identified in the first five years.

The Maze Consultation Panel was established in January 2003 with political appointees from the four main political parties. The aim was to unlock the potential of the Maze/Long Kesh site and promote optimum development and regeneration. It reported to government in February 2005 with the unanimous vision of all four parties. The government welcomed the report and appointed masterplanners EDAW plc (an expert team of design, development and planning professionals) to complete a regeneration framework for the site. The masterplanning exercise is based on the broad thrust of the Maze Consultation Panel’s report and centred on the concepts at the heart of the report – a multi-sports stadium and an Internal Centre for Conflict Transformation. Minister David Hanson published the Masterplan on 30 May 2006 and announced a series of further key appraisals and design, transport and environmental studies to move the proposals forward to final decision.

Civil Contingencies

OFMDFM’s responsibility for civil contingencies includes:

- promoting civil contingencies preparedness across NI departments through the provision of information and guidance and maintenance of effective civil contingencies policies;
- facilitating co-ordination of civil contingencies preparedness across NI departments and the wider public sector when issues are cross-cutting;
- maintaining the NI Central Crisis Management Arrangements; and
- maintaining central government arrangements to provide public information and media response in an emergency.

During the year the Central Emergency Planning Unit (CEPU) embarked on a number of key projects to enhance emergency planning arrangements. These included: a project aimed at strengthening the NI Central Crisis Management Arrangements to ensure that they are capable of dealing with current threats and hazards; a project aimed at coordinating cross-government planning for a Pandemic Influenza; and a cross-cutting Regional Risk Assessment project which aims to establish a shared understanding of the hazards to which Northern Ireland is exposed and the risk associated with each hazard.

CEPU also ran or participated in a number of exercises aimed at testing civil contingency arrangements. This included planning and delivering NI's input to the National Pandemic Influenza exercise, Winter Willow, which involved over 500 NI participants.

Freedom of Information

The extensive preparations made by the department for the introduction of Freedom of Information legislation on 1 January 2005 have again borne fruit. During 2006, every one of the 98 requests received was completed within the statutory 20 working day deadline or within permitted extensions. Where the information requested was held by the department, it was released in 90% of cases and partially released in the remaining 10%. In not one single case therefore, was all of the information requested withheld from the applicant, which highlights the emphasis placed on the release of information by OFMDFM.

While we did not receive any requests for an internal review of a departmental decision during 2006, two such requests were received in the first quarter of 2007. OFMDFM has had no requests referred to the Information Commissioner.

Requests received have covered a wide range of subjects, from personnel issues raised by staff, reports into topical issues such as the Review of Public Administration and the proposed redevelopment of the Maze-Long Kesh site, to interest from the media and public representatives on strategic, policy, political and expenditure-related issues. While the greatest number of requests during 2006 has come from members of the public (61%), a significant number (25%) has been received from the media, which is an increase of 8% on

the previous year. Requests from business organisations and public representatives accounted for a further 10%.

We are confident that the bedding in of procedures, coupled with a growing expertise and experience, will ensure that the high standards achieved to date can be maintained.

Managing Attendance

During the year, the Department achieved a lower rate of absenteeism than the average for the NICS.

We have a wide variety of support mechanisms in place to help staff who are sick, including early referral to the Occupational Health Service, staff welfare services and access to an independent and confidential employee assistance programme, which can provide advice and counselling where necessary.

The Department takes a proactive approach to employee health; a variety of events have taken place including health checks organised in conjunction with the Chest Heart and Stroke Association and a series of cancer screening and awareness sessions for both male and female staff, operated by Action Cancer.

Financial Performance

OFMDFM Outturn against Estimate by Category of Spend

2006-07	Estimate £m	Outturn £m	Underspend £m/%
Administration Costs	18.59	18.02	0.57 / 3.1%
Grants/Grant-in-Aid	35.25	33.34	1.91 / 5.4%
Other Current (including accruing resources)	9.19	7.81	1.38 / 15%
Total Resources	63.03	59.17	3.86 /6.1%
Capital	1.54	0.82	0.72/46.7%
Departmental Total	64.57	59.99	4.58 /7.1%

The Department's total Resource Outturn for the 2006-07 financial year was £59.17 million against an Estimate of £63.03 million. Total Capital Outturn for the 2006-07 financial year was £0.82 million against an Estimate of £1.54 million.

The table above provides a breakdown of the total outturn figure, as compared against Estimate, by category of expenditure.

The majority of the Department's non-administration expenditure is in relation to Grants or Grants-in-Aid in support of the Department's objectives. The Department's grant expenditure totalled £33.34 million, representing 81% of non-administration cost expenditure.

Resource Outturn

The Department had a total resource underspend against Estimate provision of £3.86 million, 6.1% of the budget for the year. The Department is committed to improving its overall financial performance and reducing the level of year end underspend.

Analysis of Resource Underspend by Request for Resource

Summary of Resource Outturn by Request for Resource

Request for Resource (RfR)	Estimate £m	Outturn £m	Underspend £m/%
RfR A	31.59	28.42	3.17 /10%
RfR B	31.44	30.75	0.69 / 2.2%
Departmental Total	63.03	59.17	3.86 / 6.1%

Request for Resources A (RfR A)

To assist government in making and implementing well-informed decisions and improving public services

The net underspend against RfR A of £3.167 million is mainly due to the following underspends:

-
- Support for the Government and Other Services (£1,179,000)
 - This underspend relates to a number of individually small underspends across various business areas including a £176,000 underspend within the Review of Public Administration due to delays in taking forward planned projects and events, £147,000 underspend within Executive Information Service due to delays in the set up of a new advertising shared service centre team, a £100,000 Grant underspend in relation to ERINI due to lower than anticipated drawdowns and £135,000 underspend in relation to lower than anticipated spend on the work programme to support the Sustainable Development strategy. A further £184,000 of this underspend relates to lower than anticipated spend on depreciation and cost of capital.
 - Reinvestment and Reform Initiative (£1,194,000)
 - this underspend is primarily due to delays in the launch of the Maze/Longkesh Masterplan and the taking forward of repair and maintenance works at the Maze/Longkesh site as well as delays in the implementation of the Ebrington Masterplan.
 - Strategic Investment Board (£325,000)
 - this underspend includes a £145,000 underspend on office accommodation, stationery, postage and other miscellaneous costs and a £180,000 underspend in relation to the Enabling Fund.
 - Notional Charges (£246,000)
 - this underspend relates to lower than anticipated notional charges including a £102,000 underspend on notional accommodation costs and lower than anticipated EU cost of capital charges due to a significant reduction in the EU Debtor from the previous year.

Request for Resources B (RfR B)

To promote equality of opportunity, human rights and improved community relations, tackle poverty and social disadvantage, and meet the needs of victims

RfR B shows an underspend of £0.693 million which is mainly due to the following underspends:

- Support for Equality, Human Rights and Community Relations (£234,000)
 - This underspend relates to a number of individually small underspends across various business areas including a £112,000 underspend in relation to lower than anticipated spend on the Crumlin Road Gaol Regeneration Project. A further £64,000 of this underspend relates to delays associated with the Capacity Building Project within the Sexual Orientation Sector. An additional £41,000 of this underspend relates to lower cost of capital charges than anticipated.
- Community Relations (£63,000)
 - This underspend relates to delays in the drawdown of capital grants by capital-build projects.
- EU Programme for Peace and Reconciliation (£233,000)
 - this underspend relates to lower than anticipated spend by projects.
- Victims (£113,000)
 - This underspend relates mainly to lower than anticipated accommodation costs in relation to the office of the Interim Victims Commissioner following its relocation from McKelvey House to Goodwood House.

Management of Administration Costs

The Department is committed to achieving value for money and the delivery of efficiencies in the use of public funds. Departmental administrative expenditure on the following areas reduced in 2006-07 in contrast to 2005-06:

- Consultancy – reduction of £58,000 or 31% on 2005-06
- Hospitality – reduction of £51,000 or 19% on 2005-06
- Service and building costs – reduction of £80,000 or 43% on 2005-06.

A reduction in other expenses was achieved in a number of other areas. Full details can be found in note 10 of the accounts (page 69).

Capital Outturn

The Department had a total capital underspend against Estimate provision of £0.72 million, 46.7% of the budget for the year. The Department is committed to improving its performance in the management of its capital expenditure.

Analysis of Capital Underspend by Request for Resource

Summary of Capital Outturn by Request for Resource

Request for Resource (RfR)	Estimate £m	Outturn £m	Underspend £m/%
RfR A	1.26	0.54	0.72 / 57.1%
RfR B	0.28	0.28	0.00 / 0%
Departmental Total	1.54	0.82	0.72 / 46.7%

Request for Resources A (RfR A)

To assist government in making and implementing well-informed decisions and improving public services

£561,000 of the total underspend against RfR A of £0.72 million is due to delays in the commencement of demolition work on the MLK sites. The remaining underspend of £159,000 relates to lower than anticipated investment being required for IT equipment and the change in the capitalisation threshold of all fixed assets from £500 to £1000.

Request for Resources B (RfR B)

To promote equality of opportunity, human rights and improved community relations, tackle poverty and social disadvantage, and meet the needs of victims

The £0.28 million capital budget for RfRB was all expensed in year on the repair and restoration programme for Crumlin Road Gaol resulting in a nil underspend.

Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets

	2006-07	2005-06
	£000's	£000's
Net Resource Outturn (estimates)	59,167	62,584
<i>Adjustments to remove:</i>		
Provision voted for in earlier years		
<i>Adjustments to additionally include:</i>		
Non voted expenditure in the OCS		
CFER in OCS	-397	-4,459
Other adjustments		
Net Operating Cost Accounts	58,770	58,125
<i>Adjustments to remove:</i>		
Capital Grants to local authorities		
Capital Grants financed from Capital Modernisation Fund		
EU Income & Related Adjustments		
Voted expenditure outside the budget	-2,893	-3,115
<i>Adjustments to additionally include:</i>		
Other CFERs	397	4459
Resource Consumption of NDPBs	-	-
Unallocated Resource Provision		
Other adjustments		
capital grants	-620	-1,801
Resource Budget Outturn (Budget)	55,654	57,668
<i>of which</i>		
DEL	55,003	57,102
AME	651	566

Net Cash Requirement

The Net Cash Requirement for 2006-07 was £53.075 million. This is £7.495 million lower than the estimated net cash requirement of £60.57 million. The Resource Outturn underspend of £3.860 million, the capital underspend of £0.714 million and accruals adjustments of £2.921 million reduced the net cash requirement by £7.495 million against the estimated net cash requirement of £60.57 million.

Future Events

The main trends and factors likely to affect the Department's future development, performance and position are monitored by the Departmental Board, which leads strategic

planning and assists the Permanent Secretary and Accounting Officer in meeting their corporate governance responsibilities for the Department. It provides a forum for consideration and discussion of issues of relevance to the overall management and direction of the Department and its business units, and concentrates on strategic planning in relation to finance and human resources.

Restoration of devolution on 8 May 2007 presents the opportunity and challenge of delivering a shared future for everyone in this society. Priority will be given to commitments within the St Andrews Agreement in the area of equality and tackling poverty and social exclusion, including the consolidation of equality legislation and making tackling poverty the subject of a statutory provision. Internationally, and in particular within the European Union, the designation of 2007 as the European Year of Equal Opportunities for All and 2010 as the European Year of Combating Poverty and Social Exclusion will provide opportunities to highlight the importance of the work in promoting equality and tackling social exclusion, within the wider European context. Looking ahead other key areas will be embedding “A Shared Future” and the “Racial Equality Strategy”, implementing the 10-year Strategy for Children and Young People, and increasing support for victims and survivors including the appointment of a Commissioner for Victims and Survivors.

During 2007-08 the Executive will have the first opportunity to review long-term infrastructure investment plans as an integral part of the Programme for Government and Budget considerations. Supporting the Executive in developing the Investment Strategy is a key task for OFMDFM. How the Executive decides to approach its task will be a critical influence on the Department’s work in 2007-08.

In 2007-08 the Executive will also examine the affordability, feasibility and value for money of proposals for regeneration of the Maze/Long Kesh site. The Regeneration Sites team will support the Executive to progress the implementation of Phase 1 proposals, including the multi-sports stadium, the International Centre for Conflict Transformation, and essential roads and transport access arrangements for this important 360-acre site.

At an administrative level, OFMDFM will be managing the roll out of the Northern Ireland Civil Service Reform Programme across the department in 2007-08. The Reform Programme

will include the move to shared service centres for a range of corporate services. This will involve new ways of working for staff and a change in the work culture of the department.

The reform agenda across the NICS is about creating a modern public service that delivers, is respected and contributes significantly to a successful Northern Ireland. The Northern Ireland Civil Service Reform Programme forms a significant part of the overall reform agenda and will help focus energy and resources on frontline priorities through improving efficiency, rationalising support services and harnessing technology. The main outcomes to be delivered focus on changes set to deliver a world-class organisation capable of meeting the needs of a 21st century people. In the future public services will be delivered in a more accessible, innovative, fair, efficient and effective way for the benefit of everyone in Northern Ireland.

Post Balance Sheet Events

There have been no significant events since the year-end that would affect these accounts.

MANAGEMENT

The Secretary of State, Peter Hain exercised overall responsibility for the Departments of the Northern Ireland Civil Service. Minister of State at the Northern Ireland Office, David Hanson had direct responsibility for all of the functions of the Office of the First Minister and deputy First Minister with the exception of those within the remit of Maria Eagle as Minister for Children and Young People.

Nigel Hamilton held the position of Head of the Civil Service and Permanent Secretary of OFMDFM. Greg McConnell was Accounting Officer from 27 March to 9 June 2006. John McMillen assumed the role of Accounting Officer from 12 June 2006.

OFMDFM Departmental Board

During 2006-07 the Accounting Officer was supported by a Departmental Board which exists to assist the Permanent Secretary and the Principal Accounting Officer meet their corporate governance responsibilities for the Department. The Board operates within HM Treasury's Corporate Governance in Central Government Departments: code of good practice. The Board met monthly throughout the year with the exception of July 2006.

The main role of the Board is to determine the Department's objectives, overall priorities and business strategy. The Board approves the Department's published Public Service Agreement (PSA) and Business Plan and ensures that budget planning is fully integrated with those business planning documents. The Board takes strategic decisions to:

- ensure coherence of policy across OFMDFM business areas;
- provide corporate leadership of the Department;
- consider issues of strategic importance to the management of OFMDFM and its business areas; and
- make recommendations on the allocation of resources across OFMDFM business areas.

The Board provides a forum for consideration and discussion of issues of relevance to the overall management and direction of the Department and its business units and concentrates on strategic planning in relation to finance and human resources.

The Board undertakes an annual evaluation of its performance and every two years it formally considers its remit, constitution and operating procedures. A review of the management, role and responsibility of the Departmental Board is scheduled to be undertaken in the 2007-2008 financial year.

The Permanent Secretary regularly reviews the performance of the Non-Executive Director (Independent Board Member) and evaluates the arrangements between that member and the Department. The primary role of the Non-Executive (Independent Member) is to contribute to the good governance of the Department by assisting the Board in monitoring business performance and assisting with the development of strategy. The Independent member is expected to make constructive contributions to debates and provide rigorous challenge to existing practice in a dispassionate and independent fashion.

He is also Chair of the Audit Committee (which is a sub-committee of the Board) and therefore, has a role in scrutinising financial information to ensure it is accurate and that controls and systems of risk management are robust and defensible.

The Departmental Board is comprised of the following members:

Nigel Hamilton, Permanent Secretary

Frank Cushnahan, Non-executive Director (Independent Member)

George Gray, First Legislative Counsel

Billy Gamble, Acting Director of Equality (to 10 November 2006)

Cynthia Smith, Director of Equality (from 13 November 2006)

Rosalie Flanagan, Director of Executive Services

Stephen Grimason, Director of the Executive Information Service

Greg McConnell, Chief Operating Officer, Review of Public Administration (to 19 May 2006)

Mary Bunting, Joint Secretary (North), North/South Ministerial Council Joint Secretariat

Denis McCartney, Director of Legal Services (to 29 September 2006)

Deirdre Kenny, Director of Corporate Services
Jackie Kerr, Director of Finance
John McMillen, Director of Resources, Regeneration and International Relations
(Accounting Officer from 12 June 2006)

It is with regret that the Board records the death of Denis McCartney, Director of Legal Services, following a long illness.

OFMDFM Audit Committee

The Accounting Officer has established an Audit Committee as a sub-committee to the Departmental Board to support him in his responsibilities for issues of risk, control and governance and associated assurance. Frank Cushnahan, non-executive director to the Departmental Board, has acted as Chairman of the Audit Committee throughout the 2006-07 financial year. The Audit Committee met on four occasions during 2006-07.

Membership of Audit Committee

Frank Cushnahan, Chairman and Non-executive Member, Departmental Board
Nigel Hamilton, Permanent Secretary
Greg McConnell, Chief Operating Officer, Review of Public Administration (Accounting Officer and member of Audit Committee (to 9 June 2006)
Billy Gamble, Acting Director of Equality (to 10 November 2006)
Cynthia Smith, Director of Equality (from 13 November 2006)
John McMillan, Director of Resources, Regeneration and International Relations
(Accounting Officer from 12 June 2006)

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

The Department is responsible for 8 sponsored bodies. Oversight of each is managed by a sponsor division within the department. The sponsor division is responsible for the provision of advice to and regular monitoring of the sponsored bodies in relation to all aspects

of accountability and good governance.

During the 2006-07 financial year, the Chairman of the Audit Committee and the Accounting Officer attended the Audit Committees of the following sponsored bodies:

- the Northern Ireland Commissioner for Children and Young People; and
- the Strategic Investment Board Ltd.

Further meetings are planned with other OFMDFM sponsored bodies in the 2007-08 financial year.

Appointment of Senior Officials

The current Head of the Department was appointed by external competition. The appointment is for an indefinite period under the terms of the Senior Civil Service contract. The rules of termination are set out in paragraph 5 of the Northern Ireland Civil Service (NICS) Staff Handbook.

The Departmental Board consists of the Head of the Department, the Senior Officers responsible for the main business areas and a non-executive Director. The appointments of Senior Officers are made either through internal promotion or external competition. The non-executive director to the Board was appointed under Public Appointment procedures.

Ministerial Remuneration

Details of the remuneration of the Northern Ireland Office Ministers will be provided in the 2006-07 Northern Ireland Office Resource Accounts.

Remuneration of Senior Officials

The Head of the Department is also Head of the Northern Ireland Civil Service. Pay of the Head of the Department is determined in consultation with the NI Permanent Secretaries Remuneration Committee, taking account of the recommendations of the Senior Salaries Review Body.

Pay of other members of the Departmental Board is set by the recommendations of the annual Senior Salaries Review Body report.

Details of the remuneration of senior officials in salary bands are provided in the Departmental Remuneration Report at page 40.

Note 1.10 (page 62) and note 9 (page 68) of the accounts and the Departmental Remuneration Report (pages 37 to 44) provide details of the pension scheme for past and present employees and explain the treatment applied to pension liabilities in the accounts.

PUBLIC INTEREST AND OTHER

Disabled Persons

The Department's Equal Opportunities policy applies to the employment of people with a disability. The Department is committed to ensuring that its policies and practices comply with the requirements of the Disability Discrimination Act 1995. At 31st March 2007, the Department employed 15 staff who consider themselves to be disabled.

Equal Opportunities

The Department is an Equal Opportunity employer. It is fully committed to the elimination of all forms of discrimination, harassment and victimisation, not only because of the legal requirements under which it operates, but because it makes sound business sense and ensures that working relationships are based on mutual trust, respect and understanding. This allows the best use to be made of the wide variety of skills, abilities and attributes available in the Department and promotes a harmonious working environment.

In addition to this the Department has a statutory obligation under Section 75 and Schedule 9 of the Northern Ireland Act 1998 to ensure that it carries out its various functions relating to Northern Ireland having due regard to the need to promote equality of opportunity between 9 social categories, including persons of different religious belief, political opinion, racial group, age, marital status, sexual orientation, gender, persons with/without a disability and persons with/without dependants.

In addition to this, the Department is also required to have regard to the desirability of promoting good relations between persons of different religious belief, political opinion, and racial group.

These statutory obligations are implemented through our Equality Scheme, (which is approved by the Equality Commission for NI) which shows how we propose to fulfil these duties, and by carrying out equality screening and, where necessary, Equality Impact Assessments (EQIAs) on policies. The purpose of these two processes is to ascertain whether the policy has any potential positive or negative implications for equality of opportunity on one or more of the nine categories listed above.

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 and British Standard BS 7890 – Achieving Good Payment Performance in Commercial Transactions. 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 later. During the year 94 per cent of bills were paid within this standard.

Auditors

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

The audit of the financial statements for 2006-07 resulted in a notional audit fee of £35,000 and is included in the administration costs in the operating cost statement.

Audit Information

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

Employee Involvement

The Department recognises the benefit of keeping all its employees regularly informed about progress towards achieving its aims and objectives. The Department's Business Plan has been communicated to all staff and the Department continues to meet with local Trade Union representatives as required. There is also a formal bi-monthly team briefing process.

Health and Safety

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

Register of Interests

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

Approved and signed

A handwritten signature in black ink, appearing to read 'John McMillen', written in a cursive style.

John McMillen

Accounting Officer
10th September 2007

DEPARTMENT RENUMERATION REPORT

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits;
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

The pay award for staff in the Senior Civil Service (SCS) is comprised of two elements; a base pay uplift and a non-consolidated bonus. Both elements are based on performance. The non-consolidated bonuses are payable to a proportion of SCS staff as part of the annual pay award.

The remuneration of all senior civil servants, including Permanent Secretaries, is entirely performance based. The Performance Management System for the Senior Civil Service provides a means to improve management of individual performance and a better link

between organisational success, individual contribution and reward. It links objective setting to business objectives; provides a delivery-focused set of Senior Civil Service Leadership Competences; encourages the development of skills and knowledge; focuses on personal development through the mid-year development review; and rewards results through the performance review and pay awards.

Further information about the work of the Review Body can be found at www.ome.uk.com.

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners for Northern Ireland's 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.

Remuneration and pension entitlements

The following sections provide details of the remuneration and pension interests of the Ministers and most senior officials of the department.

Ministers Remuneration

The Secretary of State, Peter Hain exercised overall responsibility for the Departments of the Northern Ireland Civil Service. Minister of State at the Northern Ireland Office, David Hanson had direct responsibility for all of the functions of the Office of the First Minister and deputy First Minister with the exception of those within the remit of Maria Eagle as Minister for Children and Young People.

Their salaries and allowances were paid by the Northern Ireland Office rather than the Northern Ireland Assembly. These costs have not been included as notional costs in the Operating Cost Statement in the same way as Devolved Minister's salaries. Details of Ministerial salary and allowances will be provided in the 2006-07 Northern Ireland Office Resource Accounts.

Ministerial pensions

Pension benefits for Westminster Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is statutory based (made under Statutory Instrument SI 1993 No 3253, as amended).

Those Ministers who are Members of Parliament may also accrue an MP's pension under the PCPF. The arrangements for Ministers provide benefits on an 'average salary' basis taking account of all service as a Minister. (The accrual rate has been 1/40th since 15 July 2002 but Ministers, in common with all other members of the PCPF, can opt to increase their accrual rate from 5 July 2001, or retain the former 1/50th accrual rate and the lower rate of employee contribution.)

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office on or after age 65. Pensions are increased annually in line with changes in the Retail Prices Index. Members pay contributions of 6% of their ministerial salary if they have opted for the 1/50th accrual rate. Those members who have opted for the 1/40th accrual rate are required to pay an increased contribution. The rate was increased from 9% to 10% from 1 April 2004. There is also an employer contribution paid by the Exchequer representing the balance of cost. This is currently 26.8% of the ministerial salary.

Senior Civil Servants (Audited)

	2006-07		2005-06	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Mr Nigel Hamilton <i>Head of the Department</i>	160-165	NIL	145-150	NIL
Mr George Gray <i>Director</i>	115-120	NIL	110-115	NIL
Mrs Mary Bunting <i>Director</i>	90-95	NIL	85-90	NIL
Mrs Rosalie Flanagan <i>Director</i>	85-90	NIL	80-85	NIL
Mr Stephen Grimason <i>Director</i>	85-90	NIL	80-85	NIL
Mr John McMillen <i>Director (from 12 June 2006)</i>	70-75 (85-90 full year equivalent)	NIL	-	-
Mr Greg McConnell <i>Director (to 12 May 2006)</i>	10-15 (95-100 full year equivalent)	NIL	90-95	NIL
Peter Smyth <i>Director (to 14 October 2005)</i>	-	-	45-50 (90-95 full year equivalent)	NIL
Paul Sweeney <i>Director (to 26 March 2006)</i>	-	-	80-85	NIL
Frank Cushnahan <i>Non Executive Director</i>	0-5	NIL	5-10	NIL
Denis McCartney <i>Director (to 29 September 2006)</i>	55-60	NIL	70-75	NIL
Chris Stewart <i>Director (from 1 December 2005 to 28 February 2006)</i>	-	-	55-60	NIL
Deirdre Kenny <i>Director</i>	55-60	NIL	55-60	NIL
Jacqueline Kerr <i>Director</i>	55-60 (70-75 full year equivalent)	NIL	40-45 (60-65 full year equivalent)	NIL
Dorothy Angus <i>Director (to 30 September 2005)</i>	-	-	60-65	NIL
Billy Gamble <i>Director (to 5 November 2006)</i>	40-45 (70-75 full year equivalent)	NIL	60-65	NIL
Cynthia Smith <i>Director (from 6 November 2006)</i>	30-35 (80-85 full year equivalent)	NIL	-	-
Paul Priestly <i>Director (from 20 March 2007)</i>	0-5 (80-85 full year equivalent)	NIL	-	-

Salary

'Salary' includes gross salary; performance pay or bonuses; and any other allowance such as London Weighting Allowances, to the extent that it is subject to UK taxation. This report is based on payments made by the department and thus recorded in these accounts.

Benefits in kind

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

Civil Service Pensions (Audited)

	Accrued pension at age 60 as at 31 March 2007 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31 March 2007	CETV at 31 March 2006	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Nigel Hamilton <i>Head of the Department</i>	65-75 plus 205-210 lump sum	0-2.5 plus 2.5-5 lump sum	1665	1194	26	NIL
Mr George Gray <i>Director</i>	50-55 plus 150-155 lump sum	0-2.5 plus 2.5-5 lump sum	1258	894	27	NIL
Mrs Mary Bunting <i>Director</i>	30-35 plus 100-105 lump sum	0-2.5 plus 0-2.5 lump sum	735	558	12	NIL
Mrs Rosalie Flanagan <i>Director</i>	10-15 plus 35-40 lump sum	0-2.5 plus 2.5-5 lump sum	277	197	20	NIL
Mr Stephen Grimason <i>Director</i>	5-10 plus 20-25 lump sum	0-2.5 plus 2.5-5 lump sum	148	105	16	NIL
Mr John McMillen <i>Director (from 12 June 2006)</i>	30-35 plus 100-105 lump sum	0-2.5 plus 0-2.5 lump sum	721	680	NIL	NIL
Mr Greg McConnell <i>Director (to 12 May 2006)</i>	40-45 plus 120-125 lump sum	0-2.5 plus 2.5-5 lump sum	985	729	31	NIL
Paul Sweeney <i>Director (to 26 March 2006)</i>	N/A	N/A	N/A	351	N/A	NIL
Mr Frank Cushnahan <i>Non Executive Director</i>	NIL	NIL	NIL	NIL	NIL	NIL
Denis McCartney <i>Director (to 29 September 2006)</i>	40-45 plus 130-135 lump sum	0-2.5 plus 0-2.5 lump sum	N/A Over 60	N/A Over 60	N/A Over 60	NIL

Chris Stewart <i>Director (from 1 December 2005 to 28 February 2006)</i>	N/A	N/A	N/A	164	N/A	NIL
Deirdre Kenny <i>Director</i>	20-25 plus 70-75 lump sum	0-2.5 plus 0-2.5 lump sum	539	397	8	NIL
Jacqueline Kerr <i>Director</i>	15-20 plus 50-55 lump sum	0-2.5 plus 0-2.5 lump sum	249	199	6	NIL
Dorothy Angus <i>Director (to 30 September 2005)</i>	N/A	N/A	N/A	356	N/A	NIL
Billy Gamble <i>Director (to 5 November 2006)</i>	35-40 plus 105-110 lump sum	0-2.5 plus 5-10 lump sum	765	560	35	NIL
Cynthia Smith <i>Director (from 6 November 2006)</i>	25-30 plus 75-80 lump sum	0-2.5 plus 0-2.5 lump sum	488	447	NIL	NIL
Paul Priestly <i>Director (from 20 March 2007)</i>	20-25 plus 65-70 lump sum	0-2.5 plus 0-2.5 lump sum	394	379	NIL	NIL

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. 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 in the same way as in classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach 60, or on immediately ceasing to be an active member of the scheme if they are already 60.

Further details about the Civil Service Pension arrangements can be found at the website <http://www.civilservicepensions-ni.gov.uk/>.

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 Civil Service pension arrangements and for which the Department of Finance and Personnel's Superannuation Scheme Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. 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 within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Approved and signed

A handwritten signature in black ink, appearing to read 'John McMillen', written in a cursive style.

John McMillen

Accounting Officer
10th September 2007

CORPORATE GOVERNANCE REPORT

The Department complies with the requirements of the HM Treasury Code of Good Practice on Corporate Governance in Central Government Departments. In compliance with the Code, the Department has established the following Corporate Governance Framework:

- the appointment of an Accounting Officer, with responsibility for the propriety and regularity of the public finances voted to the Department - see Statement of Accounting Officer Responsibility page 47;
- the Accounting Officer is supported by the Departmental Board, which is chaired by the Permanent Secretary. The role of the Board, and details of the membership of the Board during 2006-07 are set out in the Management Commentary, at pages 29-31. The Board membership comprises senior officials from each major business area, and includes an independent Non-Executive Director, and a professionally qualified Finance Director;
- the Board has established an Audit Committee, chaired by the Non-Executive Director on the Board. Details of the membership of the Audit Committee, its role, and the frequency of and attendance at meetings during 2006-07 can be found in the Management Commentary, at pages 31-32;
- the Departmental Board, with advice from the Audit Committee, provides strategic leadership on risk management and control, through the regular review of the Corporate Risk Register - see Statement of Internal Control, sections 3 and 4, page 49; and
- the Internal Audit function provides an independent opinion on the adequacy and effectiveness of the Department's system of internal control to the Accounting Officer and Audit Committee - see Statement of Internal Control, section 5, page 50.

The Department is responsible for 8 sponsored bodies - see Directors Report, pages 1-6. Oversight of each is managed by a sponsor division within the Department, responsible for

the provision of advice on and monitoring of adherence to all aspects of accountability and good governance. During 2006-07, the Chairman of the Audit Committee and the Accounting Officer attended the Audit Committees of the Northern Ireland Commissioner for Children and Young People, and the Strategic Investment Board;

The September 2006 meeting of the Departmental Board was attended by the Minister, David Hanson MP.

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act (NI) 2001, the Department is required to prepare resource accounts for each financial year, in conformity with a DFP direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year.

The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department, the net resource outturn, resources applied to objectives, recognised gains and losses, and cash flows for the financial year.

The Accounting Officer is appointed by DFP and is responsible for preparing the Department's accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the accounts, the Accounting Officer is required to comply with the Financial Reporting Manual (FREM) prepared by DFP, and in particular to:

1. observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
2. make judgements and estimates on a reasonable basis;
3. state whether applicable accounting standards, as set out in the FREM, have been followed, and disclose and explain any material departures in the accounts; and
4. prepare the accounts on a going-concern basis.

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

STATEMENT ON INTERNAL CONTROL

1. Scope of responsibility

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

All relevant internal control considerations, including any issues of risk, are taken into account with regard to the achievement of Departmental policies, aims and objectives and where necessary are brought to the attention of the Minister.

The Department sponsors two Non Departmental Public Bodies (NDPB's) and three Companies Limited by Guarantee. The NDPB's are the Equality Commission for Northern Ireland and The Commissioner for Children and Young People, and the Companies Limited by Guarantee are The Economic Research Institute of Northern Ireland, Strategic Investment Board and Ilex Urban Regeneration Company. The Community Relations Council is an independent company with charitable status. I have designated the senior officials in each NDPB as Accounting Officers for their organisations.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Office of the First Minister and Deputy First Minister for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with DFP guidance.

3. Capacity to handle risk

The Departmental Board and the Departmental Audit Committee play fundamental roles in providing leadership in the management of risk by setting the tone and influencing the culture of risk management across the Department. The Department's capacity to manage risk is established through the risk management strategy and the increasing experience of managers in the risk management process. Directors and senior managers provide leadership to the risk management process in their particular areas of responsibility and also corporately through their involvement in the Departmental Board and the Departmental Audit Committee.

Guidance/Legislation issued centrally is communicated to staff for implementation, as appropriate. Where this impacts on the business of a directorate, either as a new requirement or as a change to existing processes, it is considered in the wider context of the directorate business plan and risk register. Where significant, the risk is documented in the risk register and ownership allocated and reviewed on an ongoing basis.

4. The risk and control framework

The Department's risk management strategy is based on the development and maintenance of Departmental and Directorate risk registers, which are informed by lower level divisional/branch risk and control frameworks. The Department's risk management strategy is managed by the Departmental Board which considers and satisfies itself that the significant risks identified in the Departmental and Directorate risk registers have been adequately identified, evaluated and managed. Fundamental to this process is the responsibility placed on individual Directors to establish sound systems of internal control and to identify, manage and regularly report to the Departmental Board on key risks within their business areas. The process of identification, evaluation and control of risk is a continual one at divisional, directorate and Departmental levels. Directors are required to review their Directorate Risk Register twice annually and, to report to the Departmental Board on any amendments, and to review and revise the Risk Register as necessary. The potential impact of risks are established on a risk by risk basis and are assessed against the potential impact on the delivery of Departmental objectives and targets.

5. Review of effectiveness

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of internal auditors and the executive managers within the Department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

A number of elements contribute to the review of effectiveness of the system of internal control including:

- The Departmental Board, which exercises authority at a corporate level within the Department and comprises the Accounting Officer, and Directors;
- The Departmental Audit Committee, chaired by a non-executive Director, which is made up of the members of the Departmental Board, and met 4 times in 2006-07, receives reports concerning internal control. It provides oversight in ensuring that appropriate steps are being taken to manage risks in significant areas of responsibility and monitoring progress, and
- The internal audit function, which the Department receives from the Department of Finance and Personnel Internal Audit Unit, operates to standards defined in the Government Internal Audit Manual. Regular reports are submitted which include the Head of Internal Audit (HIA) independent opinion on the adequacy and effectiveness of the Department's system of internal control together with recommendations for improvement.

6. Significant internal control issues

In the Department's 2006-07 Annual Assurance Statement the HIA concluded that, overall, a substantial level of assurance can be placed on OFMDFM internal control systems.

However, one limitation was highlighted in relation to the need to improve systems for the capture, storage and consideration of information within the Strategic Investment Board (SIB). The Department is progressing this issue with SIB.

The accounts of one of the Department's sponsored bodies, The Economic Research Institute for Northern Ireland (ERINI), were not available for the financial year 2006-07 within the timeframe for the preparation and audit of the Department's Resource Accounts. The auditors for ERINI have provided assurance to the Department sufficient for the Department to conclude that this does not impact on the reliability of financial data in the Department's accounts in relation to ERINI's grant drawdown from OFMDFM.

The HIA highlighted a number of in-year developments that she considered strengthened the Department's Corporate Governance/Risk Management arrangements. These included an update of the terms of reference for the Departmental Board, a revision of the OFMDFM Fraud Policy and Fraud Response Plan, maintenance of a Conflicts of Interest Register, new systems to ensure compliance with Gifts and Hospitality procedures, and provision of an annual report from the Chair of the Audit Committee to the Departmental Board.



John McMillen

Accounting Officer
10th September 2007

OFFICE OF THE FIRST MINISTER AND DEPUTY FIRST MINISTER

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

I certify that I have audited the financial statements of the Office of the First Minister and Deputy First Minister for the year ended 31st March 2007 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the Statement of Operating Costs by Departmental Aim and Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

The Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder, and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises an Executive Summary, a Management Commentary and a Remuneration Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Department has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by the Department of Finance and Personnel regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Department's compliance with the Department of Finance and Personnel's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to

form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Department's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

Audit Opinion

In my opinion:

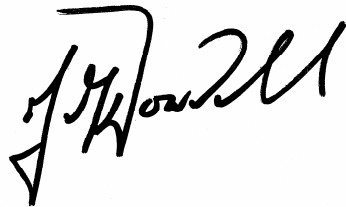
- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel, of the state of the Office of the First Minister and Deputy First Minister's affairs as at 31 March 2007, and the net cash requirement, net resource outturn, net operating cost, operating costs applied to objectives, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- information given within the Annual Report, which comprises an Executive Summary, a Management Commentary and Remuneration Report, is consistent with the financial statements.

Audit Opinion on Regularity

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements. ¹

A handwritten signature in black ink, appearing to read 'JM Dowdall', written in a cursive style.

*JM Dowdall CB
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU
11th September 2007*

¹ Please note:

The maintenance and integrity of the Department's website is the responsibility of the Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were originally presented on the website.

Statement of Parliamentary Supply
for the year ended 31 March 2007

Summary of Resource Outturn 2006-07

	2006-07						2005-06		
	Estimate			Outturn			Net total outturn compared with Estimate: saving/ (excess)	Prior-year outturn	
	Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total			
1	2	3	4	5	6	7	8		
	£000	£000	£000	£000	£000	£000	£000	£000	
A	2	31,737	(150)	31,587	28,570	(150)	28,420	3,167	29,001
B	2	36,659	(5,219)	31,440	35,268	(4,521)	30,747	693	33,583
Total resources		68,396	(5,369)	63,027	63,838	(4,671)	59,167	3,860	62,584
Non-operating Accruing Resources			-			-			

Net cash requirement 2006-07

	Note	2006-07			2005-06
		Estimate	Outturn	Net total outturn compared with Estimate: saving/(excess)	Outturn
		£000	£000	£000	£000
Net cash requirement	4	60,570	53,075	7,495	58,389

Summary of income payable to the Consolidated Fund

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

	Note	Forecast 2006-07		Outturn 2006-07	
		Income	Receipts	Income	Receipts
		£000	£000	£000	£000
Total	5	-	-	397	2,197

The notes on pages 60 to 79 form part of these accounts.

Explanation of variances between Estimates and Outturn are given in Note 2 and the Management Commentary.

Operating Cost Statement
for the year ended 31 March 2007

	Note	2006-07			2005-06	
		Staff Costs £000	Other Costs £000	Income £000	Total £000	£000
Administration costs:						
Staff costs	9	11,794	-	-	11,794	12,031
Other administration costs	10	-	6,226	-	6,226	5,809
Operating income	12	-	-	(178)	(178)	(80)
Programme costs						
Request for resources A						
Staff costs	9,11	2,332	-	-	2,332	2,048
Programme costs	11	-	13,720	-	13,720	14,499
Income	12	-	-	(369)	(369)	(181)
Request for resources B						
Staff costs	9,11	245	-	-	245	53
Programme costs	11	-	29,521	-	29,521	28,200
Income	12	-	-	(4,521)	(4,521)	(4,254)
Total		14,371	49,467	(5,068)		
Net operating cost	3				58,770	58,125

Statement of Recognised Gains and Losses

for the year ended 31 March 2007

	2006-07	2005-06
	£000	£000
Net gain on revaluation of tangible fixed assets	581	512
Recognised gains and (losses) for the financial year	581	512

The notes on pages 60 to 79 form part of these accounts.

Balance Sheet
as at 31 March 2007

	Note	2006-07		2005-06
		£000	£000	£000
Fixed assets				
Tangible assets	14	16,453	16,453	15,129
Current assets				
Debtors	15	3,157		6,740
Cash at bank and in hand	16	1		1
		3,158		6,741
Creditors (amounts falling due within one year)	17	(10,596)		(10,701)
Net current liabilities			(7,438)	(3,960)
Total assets less current liabilities			9,015	11,169
Creditors (amounts falling due after one year)			-	-
Provisions for liabilities and charges			-	-
			9,015	11,169
Taxpayers' Equity				
General fund	18		693	3,348
Revaluation reserve	19		8,322	7,821
			9,015	11,169



John McMillen
Accounting Officer
10th September 2007

The notes on pages 60 to 79 form part of these accounts

Consolidated Cash Flow Statement
for the year ended 31 March 2007

		2006-07	2005-06
	Note	£000	£000
Net cash outflow from operating activities	20a	(50,052)	(44,240)
Capital expenditure and financial investment	20b	(824)	(131)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		-	-
Payments of amounts due to the Consolidated Fund		(2,124)	(11,629)
Financing	20d	53,000	56,000
Increase / (decrease) in cash in the year	20e	-	-

Consolidated Statement of Operating Costs by Departmental Aim and Objectives
for the year ended 31 March 2007

	2006-07			2005-06		
	Gross	Income	Net	Gross	Income	Net
	£000	£000	£000	£000	(£000)	£000
Aim:						
RfR A	28,570	(547)	28,023	29,057	(261)	28,796
RfR B	35,268	(4,521)	30,747	33,583	(4,254)	29,329
Net operating costs	63,838	(5,068)	58,770	62,640	(4,515)	58,125

The Department's objectives were as follows:

RfR A

To assist government in making and implementing well-informed decisions and improving public services.

RfR B

To promote equality of opportunity, human rights and improved community relations, tackle poverty and social disadvantage and meet the needs of victims.

The expenditure has been apportioned according to core administration costs which apply to both RfR A and B.

See note 21

ANNUAL REPORT AND ACCOUNTS 2006-07**Notes to the departmental resource accounts****1 Statement of accounting policies**

The financial statements have been prepared in accordance with the 2006-07 Government Financial Reporting Manual issued by the Department of Finance and Personnel. The accounting policies contained within FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. In addition to the primary statements prepared under UK GAAP, the FReM also requires the Department to prepare two additional primary statements. The **Statement of Parliamentary Supply** and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The **Statement of Operating Cost by Departmental Aim and Objectives** and supporting notes analyse the Department's income and expenditure by the objectives agreed with Ministers.

Where FReM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of the department for the purpose of giving a true and fair view has been selected. The Department's accounting policies have been applied consistently in dealing with items considered material in relation to the account.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs.

1.2 Tangible fixed assets

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

Assets are re-valued at net replacement cost using appropriate indices compiled by the Office for National Statistics.

Land and buildings assets are revalued every five years on the basis of valuations provided by the Valuations and Lands Agency.

Assets under Construction are carried at cost.

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

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

1.3 Depreciation

Tangible fixed assets are depreciated at rates calculated to write down to estimated residual value on a straight line basis over their estimated useful lives. Assets under Construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is available for use or reverts to the department respectively. No depreciation is provided on freehold land and items for collections since they have unlimited or very long estimated useful lives.

Notes to the departmental resource accounts

Asset lives are in the following ranges :

Telecoms Equipment	5 years
Motor Vehicles	4 years
Computer Equipment	3-6 years
Office Equipment	5-10 years
Computer Systems	6-10 years
Buildings	25 years

1.4 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value.

1.5 Research and development

Expenditure on research and development will be written off in the year of expenditure through the operating cost statement.

1.6 Operating income

Operating income is income which related directly to the operating activities of the department. It principally comprises fees and charges for services provided on a full-cost basis to external customers, as well as public sector repayment work. It includes not only accruing resources of the Estimate but also income to the Consolidated Fund, authorised by the Department of Finance and Personnel to be treated as operating income. Operating income is stated net of VAT.

1.7 Administration and programme expenditure

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

1.8 Capital charge

A charge reflecting the cost of capital utilised by the Department is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the simple average carrying amount of all assets and liabilities, except for :

- Consolidated Fund Extra Receipts payable to the Consolidated Fund
- EU Creditor balance
- Supply Debtor or Creditor balance
- Inter-Departmental balance

Notes to the departmental resource accounts cont**1.9 Foreign exchange**

Transactions which are denominated in a foreign currency and which are covered by a related forward contract are translated into sterling at the exchange rate specified in the contract.

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

1.10 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme Northern Ireland (PCSPS (NI)) which are described in Note 9. The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). In respect of the defined contribution scheme, the department recognises the contributions payable for the year. A separate scheme statement is prepared for PCSPS (NI) as a whole.

1.11 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the department, the asset is recorded as a tangible fixed asset and a debt is recorded to the lesser 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 Operating Cost Statement 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 Operating Cost Statement on a straight-line basis over the term of the lease.

1.12 Grants payable

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

1.13 Provisions

The department provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set of HM Treasury (currently 3.5%).

Notes to the departmental resource accounts cont***1.14 Contingent liabilities***

In addition to contingent liabilities disclosed in accordance with FRS 12, the department discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote.

These comprise :

- items over £100,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to Parliament by departmental Minute prior to the Department entering into the arrangement;
- all items (whether or not they arise in the normal course of business) over £100,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the Resource Accounting Manual to be noted in the resource accounts.

Where the time value of money is material, contingent liabilities which are required to be disclosed under FRS 12 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by FRS 12 are stated at the amounts reported to Parliament.

1.15 Value Added Tax

Value Added Tax is accounted for in line with SSAP 5.

1.16 Disclosure of Figures

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

Notes to the departmental resource accounts cont

2 Analysis of net resource outturn by section

	2006-07							2005-06	
	Outturn			Estimate				Net total outturn compared with estimate	Prior- year outturn
	Admin	Other current	Grants	Gross resource expenditure	Accruing resources	Net total	Net total		
	£000	£000	£000	£000	£000	£000	£000	£000	
Request for resources A :									
<i>Central Government spending</i>									
A1 Support for Government and Other Services	10,545	922	840	12,307		12,307	13,529	1,222	13,551
A2 North/South Ministerial Council		695		695		695	695	-	628
A3 Civic Forum				-		-	50	50	-
A4 Planning Appeals Commission and Water Appeals Commission		2,051		2,051	(150)	1,901	1,858	(43)	1,905
A5 Reinvestment and Reform Initiative		2,516		2,516		2,516	3,710	1,194	1,584
A6 Executive Programme Funds			-			-	75	75	-
A7 Non cash Items		553		553		553	651	98	591
A8 Strategic Investment Board			8,475	8,475		8,475	8,800	325	8,705
A9 Notional charges	1,973			1,973		1,973	2,219	246	2,037
Total	12,518	6,737	9,315	28,570	(150)	28,420	31,587	3,167	29,001
Request for resources B :									
B1 Support for Equality, Human Rights and Community Relations	4,656	1,529	3,002	9,187		9,187	9,428	241	8,739
B2 Community Relations			6,020	6,020		6,020	6,083	63	6,223
B3 EU Programme for Peace and Reconciliation			6,028	6,028	(4,521)	1,507	1,740	233	5,631
B4 Executive Programme Funds				-		-	-	-	-
B5 Victims		4,136		4,136		4,136	4,249	113	3,359
B6 Equality Commission			7,130	7,130		7,130	7,130	-	6,656
B7 Commissioner for Children and Young People			1,847	1,847		1,847	1,897	50	1,897
B8 Notional Charges	846	74		920		920	913	(7)	1,078
Total	5,502	5,739	24,027	35,268	(4,521)	30,747	31,440	693	33,583
Resource Outturn	18,020	12,476	33,342	63,838	(4,671)	59,167	63,027	3,860	62,584

RfR A - To assist government in making and implementing well-informed decisions and improving public services.

RfR B - To promote equality of opportunity, human rights and improved community relations, tackle poverty and social disadvantage and meet the needs of victims.

The underspend in RfR A of £3,167,000 is mainly due to underspends in Support for the Executive and Other Services (£1,222,000), Reinvestment and Reform Initiative (£1,194,000), Strategic Investment Board (£325,000) and Notional Charges (£246,000).

The underspend of £693,000 in RfR B is mainly due to underspends in Support for Equality, Human Rights and Community Relations (£241,000), EU Programme for Peace and Reconciliation (£233,000) and Victims (£113,000).

Detailed explanations of the variances are given in the Financial Performance Review (pages 21-26) of the Management Commentary.

Notes to the departmental resource accounts cont

3 Reconciliation of Outturn to net operating cost and against Administration Budget

3(a) Reconciliation of net resource outturn to net operating cost

	Note	2006-07			2005-06
		Outturn £000	Supply Estimate £000	Outturn compared with Estimate £000	Outturn £000
Net resource outturn	2	59,167	63,027	3,860	62,584
Non supply income (CFERs)	5	(397)	-	397	(4,459)
Net operating cost		58,770	63,027	4,257	58,125

3(b) Outturn against final Administration Budget

	Note	2006-07		2005-06
		Budget £000	Outturn £000	Outturn £000
Gross Administration Budget	2	18,584	18,020	17,840
Administration expenditure excluded from the Administration cost limit	2	(2,889)	(2,819)	(2,910)
Net outturn against final Administration Budget		15,695	15,201	14,930

Notes to the departmental resource accounts cont

4 Reconciliation of resources to cash requirements

	Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate saving/(excess) £000
Resource Outturn	2	63,027	59,167	3,860
Capital :				
- Acquisition of fixed assets	14	1,538	824	714
Non-operating Accruing Resources :				
- Proceeds of fixed asset disposal		-	-	-
Accruals adjustments :				
- Non-cash items	10,14,18	(3,995)	(3,438)	(557)
- Changes in working capital other than cash	15,17	-	(3,478)	3,478
Net cash requirement		60,570	53,075	7,495

Further variance explanations can be found in the Management Commentary .

5 Analysis of income payable to the Consolidated Fund

In addition to Accruing Resources, the following income related to the department and is payable to the Consolidated Fund.

	Note	2006-07 forecast		2006-07 outturn	
		Income £000	Receipts £000	Income £000	Receipts £000
Operating income and receipts - excess Accruing Resources		-	-	219	219
Other operating income and receipts not classified as Accruing Resource		-	-	178	1,978
Subtotal	6	-	-	397	2,197
Non-operating income and receipts - excess Accruing Resources	7	-	-	-	-
Other non-operating income and receipts not classified as Accruing Resources	8	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund		-	-	-	-
Excess cash surrenderable to the Consolidated Fund		-	-	-	-
Total income payable to the Consolidated Fund		-	-	397	2,197

Notes to the departmental resource accounts cont

6 Reconciliation of income recorded within the Operating Cost Statement to operating income payable to the Consolidated Fund

		2006-07	2005-06
	Note	£000	£000
Operating income		5,068	4,396
Adjustments for transactions between RfRs		-	-
Gross income		5,068	4,396
Income authorised to be Accruing Resources	2	(4,671)	(56)
Operating income payable to the Consolidated Fund	5	397	4,340

7 Non-operating income - Excess accruing resources

		2006-07	2005-06
	Note	£000	£000
Other miscellaneous income	12	-	-
Non-operating income - excess accruing resources		-	-

8 Non-operating income not classified as Excess accruing resources

	2006-07	2005-06
	£000	£000
Non-operating income not classified as accruing resource	-	119

Notes to the departmental resource accounts cont

9 Staff numbers and related costs

Staff costs

Staff costs consist of :

	2006-07					2005-06
	Total	Permanently employed staff	Others	Ministers	Special advisers	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	11,643	11,643	-	-		11,120
Social security costs	854	854	-	-		888
Other pension costs	1,969	1,969	-	-	-	1,989
Sub total	14,466	14,466	-	-	-	13,997
Inward secondments	206	206	-	-	-	373
Total	14,672	14,672	-	-	-	14,370
Less recoveries in respect of outward secondments	(301)	(301)	-	-	-	(238)
Total net costs	14,371	14,371	-	-	-	14,132

Staff costs by Departmental Aim and Objectives at 31 March 2007

	2006-07	2005-06
	£000	£000
RfR A	10,356	10,186
RfR B	4,015	3,946
Total Staff Costs	14,371	14,132

The Principal Civil Service Pension Scheme Northern Ireland (PCSPS (NI)) is an unfunded defined benefit scheme, which produces its own resource accounts, but the Office of the First Minister and Deputy First Minister is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2003 and details of the valuation are available in the PCSPS (NI) resource accounts.

For 2006-07, employers' contributions of £1,969,393 were payable to the PCSPS (NI) (2005-06 £1,988,544) at one of four rates in the range of 16.5% to 23.5% (2005-06 : 16.5% to 23.5%) of pensionable pay, based on salary bands (the rates in 2004-05 were between 12% and 18%). These rates have increased from 1 April 2005 as a result of the latest actuarial valuation. The contribution rates reflect benefits as they are incurred, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £0 (2005-06 £0) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age- range from 3% to 12.5% (2005-06 : 3 to 12.5 %) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of 0.8% (2005-06 : 0.8%) of pensionable pay, were payable to the PCSPS (NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the balance sheet date were nil. Contributions prepaid at that date were nil.

1 person (2005-06: 1 person) retired early on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £1,679 (2005-06: £3,906).

The inflation adjustment factor for carrying out the calculation of the increase in real terms of the accrued pension for someone covered by the full reporting year to 31 March 2007 is 2.7%.

Notes to the departmental resource accounts cont

Average number of persons employed

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

Objective	2006-07					2005-06
	Total	Permanently employed staff	Others	Ministers	Special Advisers	Total
RfR A	251	247	4			240
RfR B	103	102	1			106
Total	354	349	5	-	-	346

10 Other Administration Costs

	2006-07	2005-06
	£000	£000
Rental under operating leases		
Land and buildings	514	567
Other operating leases	39	20
Office accommodation	1,879	1,953
Non-cash items :		
Depreciation	123	142
Disposal of fixed assets	5	83
Permanent diminution in value of fixed assets	-	-
Cost of capital charges	(136)	(130)
Auditors' remuneration and expenses	35	35
Other notional charges	905	923
Other expenses (see breakdown below)	2,862	2,216
Total	6,226	5,809

	2006-07	2005-06
	£000	£000
Breakdown of other expenses is as follows :		
Advertising	100	92
Communications	196	185
Consultancy	129	187
Hospitality	214	265
Incidentals	201	373
Legal Costs	505	1
IT	257	131
Publications and stationery	737	295
Service and building costs	106	186
Training	124	214
Travel and subsistence	293	287
	2,862	2,216

Notes to the departmental resource accounts cont

11 Programme Costs

	2006-07	2005-06
	£000	£000
Staff costs	2,577	2,101
Current grants and other current expenditure	42,614	41,903
Cost of capital charges	627	796
Total	45,818	44,800

12 Income

	2006-07			2005-06
	RfRA £000	RfRB £000	Total £000	Total £000
EU income	-	4,521	4,521	4,135
Planning and Water Appeals Commission	369	-	369	181
Rental income	126	-	126	72
Miscellaneous other operating income	52	-	52	8
EU Programme Receipts	-	-	-	119
	547	4,521	5,068	4,515

13 Analysis of net operating cost by spending body

	2006-07		2005-06
	Estimate £000	Outturn £000	Outturn £000
Spending Body :			
Core Department	54,000	49,793	49,572
Non-Departmental Public Bodies	9,027	8,977	8,553
Net Operating Cost	63,027	58,770	58,125

Notes to the departmental resource accounts cont

14 Tangible Fixed Assets

	Land & Buildings excluding Dwellings £000	Motor Vehicles £000	Computer Equipment £000	Office Equipment £000	Computer Systems £000	Telecoms Equipment £000	Assets under Construction (AUC) £000	Total £000
Cost or valuation								
At 1 April 2006	14,860	18	825	140	118	33	-	15,994
Additions	-	-	64	19	-	-	741	824
Transfers	-	-	(3)	-	-	-	-	(3)
Adjustments (a)	-	-	47	-	-	-	-	47
Disposals	-	(18)	-	-	-	-	-	(18)
Assets written off (a)	-	-	(233)	(27)	-	-	-	(260)
Revaluation (b)	590	-	(14)	(3)	-	-	-	573
At 31 March 2007	15,450	-	686	129	118	33	741	17,157
Depreciation								
At 1 April 2006	1	18	602	106	106	32	-	865
Charged in year	-	-	109	14	-	-	-	123
Transfers	-	-	(3)	-	-	-	-	(3)
Disposals	-	(18)	-	-	-	-	-	(18)
Assets written off (a)	-	-	(228)	(27)	-	-	-	(255)
Revaluation (b)	-	-	(6)	(2)	-	-	-	(8)
At 31 March 2007	1	-	474	91	106	32	-	704
NBV								
At 31 March 2007	15,449	-	212	38	12	1	741	16,453
At 31 March 2006	14,859	-	223	34	12	1	-	15,129
Asset financing :								
Owned	15,449	-	212	38	12	1	741	16,453
Net book value at 31 March 2007	15,449	-	212	38	12	1	741	16,453

(a) During the year an extensive asset verification exercise was undertaken. The exercise identified £47,000 of adjustments needed to reconcile the fixed asset register to the Resource Accounts. The exercise also identified £4,916 of assets to be written off to the Operating Cost Statement.

(b) A revaluation was undertaken in June this year by the Valuation and Lands Agency of the Re-investment and Reform Initiative site in Magherafelt. This site was revalued to £800,000 from an opening valuation as at 1 April 2006 of £376,858.

(c) Assets under construction relate to regeneration work currently underway at the Crumlin Road Gaol and the Maze Long Kesh sites.

Notes to the departmental resource accounts cont

15 Debtors

	2006-07	2005-06
	£000	£000
15(a) Analysis by type		
Amounts falling due within one year:		
Trade debtors	6	31
Other debtors	1,640	2,115
Prepayments	1,015	172
Amounts due from DFP	-	1,416
Amounts due from EU relating to debtors as at 31 March 2006	-	2,911
Amounts due from EU relating to debtors after 1 April 2006	252	0
VAT	244	95
	3,157	6,740

There were no debtors falling due more than one year after the year end.

15(b) Intra-Government Balances

	2006-07	2005-06	2006-07	2005-06
	£000	£000	£000	£000
	Amounts falling due within one year		Amounts falling due after one year	
Balances with other central government bodies	618	1,606	-	-
Balances with local authorities	-	-	-	-
Balances with NHS Trusts	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
Subtotal : intra-government balances	618	1,606	-	-
Balances with bodies external to government	2,539	5,134	-	-
Balance at 31 March 2007	3,157	6,740	-	-

Notes to the departmental resource accounts cont

16 Cash in hand and bank balances

	2006-07	2005-06
	£000	£000
Balance at 1 April	1	1
Net change in cash balances	-	-
Balance at 31 March	1	1
The following balances at 31 March were held at:		
Commercial banks and cash in hand	1	1
	1	1

17 Creditors

17(a) Analysis by type

	2006-07	2005-06
	£000	£000
Amounts falling due within one year:		
Trade creditors	-	-
Amounts due from EU due to be paid to the Consolidated Fund		
Received	-	-
Receivable (a)	-	2,911
Other creditors	6	1
Accruals and deferred income	6,740	6,305
Amounts issued from the Consolidated Fund for supply but not spent at year end	1,085	1,160
Amounts due to DFP	2,368	-
Consolidated fund extra receipts due to be paid to the Consolidated Fund		
Received	397	324
Receivable	-	-
	10,596	10,701

(a) In 2005-06 all EU grant income was classified as CFER income and remitted to the Consolidated Fund on receipt. From 2006-07 EU income is classified as an Accruing Resource. This has led to a reduction of £1.8 million in the EU CFER creditor.

17(b) Intra-Government Balances

	2006-07	2005-06
	Amounts falling due within one year £000	Amounts falling due within one year £000
Balances with other central government bodies	4,803	4,395
Balances with local authorities	762	615
Balances with NHS Trusts	68	-
Balances with public corporations and trading funds	-	-
<i>Subtotal</i> : intra-government balances	5,633	5,010
Balances with bodies external to government	4,963	5,691
Total creditors at 31 March 2007	10,596	10,701

Notes to the departmental resource accounts cont

18 General Fund

The General Fund represents the total assets less liabilities of each of the entities within the accounting boundary, to the extent that the total is not represented by other reserves and financing items.

	2006-07		2005-06	
	£000	£000	£000	£000
Balance at 1 April 2006		3,348		4,032
Net Parliamentary Funding				
Drawn Down	53,000		56,000	
Deemed Supply	1,160		3,549	
		54,160		59,549
Year End Adjustment				
Supply (Creditor)/Debtor - current	(1,085)		(1,160)	
Excess Vote - prior year	-		-	
		(1,085)		(1,160)
Net Transfer from Operating Activities				
Net Operating Cost	(58,770)		(58,125)	
CFERs repayable to Consolidated Fund	(397)		(4,459)	
		(59,167)		(62,584)
Non Cash Charges				
Cost of capital charges	491		666	
Notional costs	2,784		2,876	
Auditors' remuneration	35		35	
		3,310		3,577
Transfer from Revaluation Reserve		80		-
Fixed Asset Adjustment		47		-
Transfer of Functions		-		(66)
Balance at 31 March 2007		693		3,348

19 Revaluation Reserve

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments (excluding donated assets).

	2006-07	2005-06
	£000	£000
Balance at 1 April 2006	7,821	7,309
Arising on revaluation during the year (net)	581	512
Transferred to General Fund in respect of realised element of reval	(80)	-
Balance as at 31 March 2007	8,322	7,821

Notes to the departmental resource accounts cont

20 Notes to the Consolidated Cash Flow Statement

20(a) Reconciliation of operating cost to operating cash flows

	Note	2006-07	2005-06
		£000	£000
Net operating cost	3	(58,770)	(58,125)
Adjustments for non-cash transactions	10,11,14,18	3,438	3,808
(Increase)/decrease in stock		-	7
(Increase)/decrease in debtors	15	3,583	9,902
Less movements in debtors relating to items not passing through the OCS	15	(1,111)	-
Increase/(decrease) in creditors	17	(105)	(9,391)
Less movements in creditors relating to items not passing through the OCS	17	2,913	9,559
Net cash outflow from operating activities		(50,052)	(44,240)

20(b) Analysis of capital expenditure and financial investment

	Note	2006-07	2005-06
		£000	£000
Tangible fixed assets additions	14	(824)	(131)
Proceeds on disposal of fixed assets		-	-
Net cash outflow from investing activities		(824)	(131)

20(c) Analysis of capital expenditure and financial investment by Request for Resource

	Note	Capital Expenditure £000	Loans £000	Accruing Resources £000	Net total £000
Request for Resources A		544	-	-	544
Request for Resources B		280	-	-	280
Net movement in debtors/creditors		-	-	-	-
Total 2006-07	14	824	-	-	824
Total 2005-06		131	-	-	131

20(d) Analysis of financing

	Note	2006-07	2005-06
		£000	£000
From the Consolidated Fund - current year	18	53,000	56,000
From the Consolidated Fund - prior year		-	-
Net financing		53,000	56,000

Notes to the departmental resource accounts cont

20(e) Reconciliation of net cash requirement to increase/decrease in cash

	Note	2006-07	2005-06
		£000	£000
Net cash requirement	4	53,075	58,389
From the Consolidated Fund (Supply) - current year	18	(53,000)	(56,000)
Adjustment in respect of Interdepartmental bank account	18	(2)	(2,643)
Amounts due to the Consolidated Fund received in a prior year and paid over	17	324	578
Amounts due to the Consolidated Fund received and not paid over	17	(397)	(324)
Increase/(decrease) in cash		-	-

21 Notes to the Consolidated Statement of Operating Costs by Departmental Aim and Objectives

Programme grants and other current expenditure have been allocated as follows:

	2006-07	2005-06
	£000	£000
RfR A	16,052	16,547
RfR B	29,766	28,253
	45,818	44,800

The majority of capital employed is on Land & Building infrastructure within the organisation, which relates to RfR A programme.

Capital Employed by Departmental Aim and Objectives at 31 March 2007

	2006-07	2005-06
	£000	£000
RfR A	9,015	11,169
RfR B	-	-
	9,015	11,169

22 Capital Commitments

North Belfast Community Action Group is currently taking forward the redevelopment of the Crumlin Road Gaol and Girdwood Barracks site. As part of this, a contractor has been appointed to take forward the Environmental Improvement Scheme. This contract was awarded with a total cost of £462,000. £112,522 of this work was incurred in this financial year and the remaining balance of £349,478 is committed for 2007-08. A master planner has been selected to take forward the master plan for the site and the contract awarded totals £196,000. This work will take place in the 2007-08 financial year.

In the 2005-06 financial year, the North Belfast Community Action Group also commissioned an economic appraisal to provide an independent assessment of the need for further restorations and repairs to Crumlin Road Gaol. It has since been agreed that the capacity building programme will continue for a further two years (April 2007 to March 2009). This programme is expected to be funded at the same level as previous years (approx £2.5 million per annum).

OFMDFM have committed £1.4 million for the 2007-08 year towards the cost of demolition work on the Maze Long Kesh site.

	2006-07	2005-06
	£000	£000
Capital Commitments		
Expire within 1 year	1,945	985
Expire after 1 year but not more than 5 years	5,000	-
	6,945	985

23 Commitments under leases

23.1 Operating leases

Commitments under operating leases to pay rental during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	2006-07	2005-06
	£000	£000
Obligations under operating leases comprise:		
Land and buildings		
Expire within 1 year	13	-
Expire after 1 year but not more than 5 years	382	356
Expire thereafter	31	61
	<u>426</u>	<u>417</u>
Other :		
Expire within 1 year	-	4
Expire after 1 year but not more than 5 years	6	6
Expire thereafter	-	-
	<u>6</u>	<u>10</u>

23.2 Finance leases

The department has no finance lease commitments.

24 Contingent liabilities disclosed under FRS 12

In January 2006 an application was made to the High Court for a judicial review of the appointment of an Interim Commissioner for Victims and Survivors. After a number of hearings, the High Court ruled that there had been a breach of merit norms applicable to public appointments and the appointment was therefore illegal. The Secretary of State intends to appeal the High Court's decision. Litigation in this case is continuing and it is difficult to say what the final costs will be with regard to the Department's liability for the payment of legal fees.

In addition to the costs of its own legal representation, the Department has agreed to pay the Interim Victim Commissioner's legal costs and is likely to be liable for the costs of the applicant in this case. Therefore expenditure of £300,596 has been included within these Financial Statements.

Actual costs could be higher however it is not possible at this stage to further quantify potential costs.

The Planning Appeals Commission Water Appeals Commission (PACWAC) currently has two pending legal challenges. These legal challenges relate to two separate judicial reviews taken by the Holywood Conservation Society and Mr William Young. In both these cases PACWAC's decision was quashed.

PACWAC are appealing these decisions through the Court of Appeal.

PACWAC believe their appeal to the Court of Appeal is justified and estimate that legal costs associated with both these cases could be around £200,000 in total.

There are currently several public/employer liability cases pending against the Department. It is not known when or at what value settlement will be reached.

25 Contingent liabilities not required to be disclosed under FRS 12 but included for Parliamentary reporting and accountability purposes

25.1 Quantifiable

The department has no liabilities of this nature.

25.2 Unquantifiable

The department has no liabilities of this nature.

Notes to the departmental resource accounts cont**26 Financial Instruments**

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which government departments are financed, the Office of the First Minister and Deputy First Minister is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The department has very limited powers to borrow or invest surplus funds and expect for relatively insignificant forward purchases of foreign currency, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the department in undertaking its activities.

As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from the currency profile.

26.1 Liquidity risk

The department's net revenue resource requirements are financed by resources voted annually by Parliament, just as its capital expenditure largely is. The Office of the First Minister and Deputy First Minister is not therefore exposed to significant liquidity risks.

26.2 Interest-rate risk

The department's financial assets and its financial liabilities carry nil or fixed rates of interest, and the Office of the First Minister and Deputy First Minister is not therefore exposed to significant interest-rate risk.

26.3 Foreign currency risk

The department's exposure to foreign currency risk is not significant. Foreign currency income is Nil and foreign currency expenditure is not significant.

26.4 Fair Values

In a comparison by category of book values and fair values of the department's financial assets and liabilities as at 31 March 2007, fair value is not significantly different from book value.

27 Losses and special payments

	2006-07	2005-06
	£000	£000
Total - Losses	2	14

There were no special payments made in the financial year.

28 Related-party transactions

The Office of the First Minister and Deputy First Minister has had a number of material transactions with the Department of Finance and Personnel and other government departments and central government bodies. No minister, board member, key manager or other related parties has undertaken any material transactions with the Department during the year. The Department is also the sponsor of NDPB's and companies Limited by Guarantee, as referred to in the Annual Report.

29 Entities within the departmental boundary

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

- a) Supply financed agencies None
- b) Non-executive NDPBs North/South Ministerial Council
 Planning Appeals Commission and Water Appeals Commission(www.pacni.gov.uk)
 Civic Forum
 Office of the Commissioner for the Public Appointments for Northern Ireland
 (www.ocpani.gov.uk)
- c) Other entities None

