



Northern
Ireland
Office

ANNUAL REPORT AND ACCOUNTS 2013-14

Annual Report and Accounts 2013-14

(For the year ended 31 March 2014)

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FOREWORD

By the Right Honourable Theresa Villiers MP, Secretary of State for Northern Ireland

I am pleased to present the Annual Report and Accounts for the Northern Ireland Office 2013-14.

The past twelve months have seen Northern Ireland play host to some amazing events. Last June the Prime Minister brought some of the world's most powerful leaders to Co Fermanagh for the G8 summit. For two days in brilliant sunshine the eyes of the world really were focused on us. That was followed by the International Investment Conference in October, the fruits of which we are seeing in respect of new jobs coming to Northern Ireland.

Last summer Northern Ireland staged the World Police and Fire Games, the third largest multi participant sporting event on the planet, which was a huge success. In addition few people will forget Northern Ireland being decked out in pink as Giro d'Italia fever gripped us for a number of days this May.

All of these events have shown a Northern Ireland that is open and welcoming, a great place to live, work, visit, invest and do business, a Northern Ireland capable of putting on a show to rival the best that the rest of the world has to offer.

The optimism surrounding these events is also now evident on the economy, as the Government's long term economic plan shows increasing signs of bringing results. The unemployment claimant count has fallen for seventeen months in a row. Local surveys put business confidence at record levels. Northern Ireland is increasingly a destination of choice for overseas investors, with Belfast second only to London as the most popular location for foreign direct investment in the whole of the United Kingdom. Last June, immediately prior to the G8, the Government signed an economic pact with the Northern Ireland Executive that sees us working more closely than ever before to boost the private sector and rebalance the economy.

Yet the Government realises that more needs to be done if we are to secure a lasting recovery. We must continue to tackle the record deficit we inherited in 2010 to keep interest and mortgage rates as low as we can. In addition, we will do whatever we can to help with the standard of living, such as freezing fuel duty and cutting income tax for over 600,000 people. We are also committed to ensuring that the UK has the most competitive tax system of any major developed economy, which is why we have cut business taxes to help UK firms compete in the global race. Later this year the Prime Minister will decide whether to devolve corporation tax powers to the Executive and Assembly.

For all that Northern Ireland is moving forward, however, some dark reminders of the past regrettably remain. The terrorist threat remains severe, though the efforts of the Police Service of Northern Ireland, along with its partners, continue to bear down on the small numbers of people who pursue their objectives through violence and hold democracy in contempt. For our part, the Government continues to do everything it can to keep people in Northern Ireland safe and secure. In last autumn's spending round we provided the PSNI with £31 million, additional to the extra £200 million provided over the spending review period 2010-14. I would also like to put on record my continuing thanks to the PSNI and also to An Garda Síochána. The co-operation between the two police services is undoubtedly saving lives.

This month also sees the retirement of Matt Baggott, who has led the PSNI with great distinction since 2009. I wish Matt a long and happy retirement and welcome his successor, George Hamilton, to his new role.

The past twelve months have also seen efforts by the Northern Ireland parties to resolve some of the most divisive issues that can poison the political atmosphere and regrettably lead to public disorder – flags, parading and the past. While the intensive negotiations last year, under the distinguished chairmanship of Richard Haass and Meghan O’Sullivan did not lead to agreement, much progress was made. The Government continues to believe that agreement on these issues would be a hugely positive step forward for Northern Ireland and to that end we remain deeply engaged with the parties in seeking a way forward.

Finally I would like to thank and pay tribute to the Director General of the Northern Ireland Office Julian King, who returned to the Foreign Office in June after two and a half years heading the Department. I welcome Sir Jonathan Stephens as our new Permanent Secretary and look forward to working closely with him as the Government maintains its efforts to build a peaceful, stable, prosperous Northern Ireland based on a genuinely shared future for all its people.

RT HON THERESA VILLIERS MP

DIRECTOR'S REPORT

Scope

This is the Annual Report and Accounts for the Northern Ireland Office ("the Department") for the financial year ending 31 March 2014. These statements have been prepared in accordance with directions given by HM Treasury in pursuance of the Government Resources and Accounts Act 2000.

This report relates to the Northern Ireland Office only and its handling of matters "excepted" and "reserved" to the United Kingdom Parliament as set out in the Northern Ireland Act 1998.

Background

The Northern Ireland Office (NIO) represents Northern Ireland interests at UK Government level and UK Government interests in Northern Ireland.

Statement of Strategic Direction

Our key purpose is to make the political settlement work and in partnership with the Northern Ireland Executive help bring about a stable, prosperous Northern Ireland at peace with itself and ready for new challenges and opportunities. To do this we:

- support and implement the political Agreements to increase the stability of the institutions;
- work with the Executive to rebalance the Northern Ireland economy, promoting growth, trade and encouraging inward investment;
- support reconciliation and the Executive's objective of building a shared future for all, while acknowledging the past;
- champion Northern Ireland's interests in Whitehall making sure Cabinet takes full account of Northern Ireland and that Whitehall policies are represented there effectively;
- support democracy and take the lead against the terrorism and violence that threatens national security;
- work closely with the Irish Government on matters of common interest.

We work hard as a Department to offer our best advice and support to our Ministers and colleagues, to help us all carry out our duties and statutory obligations to Parliament, the public and others. We maximise our people's talents and use our resources to carry all this work out as effectively possible.

Our Ministers

The Secretary of State retains ministerial responsibility for the operation of the Northern Ireland Office and represents the interests of Northern Ireland at Cabinet level. She is assisted in this role by the Minister of State.

The Secretary of State for Northern Ireland, Rt Hon Theresa Villiers MP, was appointed on 4 September 2012 and the Minister of State, Rt Hon Andrew Robathan MP, was appointed on 7 October 2013, replacing Mike Penning MP.

The Permanent Secretary / Director General

The Permanent Secretary of the NIO, as Accounting Officer, is accountable for the overall performance of the Departmental Group. Sir Jonathan Stephens KCB was appointed Permanent Secretary of the Northern Ireland Office on 9 June 2014. He succeeds Julian King who was Director General from 1 January 2012. The upgrading of the post underlines the importance the Prime Minister and the Secretary of State attach to the work the Department does.

The Management Board

The Permanent Secretary is supported by a Management Board, which provides corporate leadership to the organisation as a whole and takes ownership, in support of the Accounting Officer, of the Department's performance. The Management Board comprises the Permanent Secretary (or, until June 2014, Director General), the Director, Deputy Directors from across the Department, a non-executive director and the Crown Solicitor for Northern Ireland.

Subject to Ministerial agreement, the Management Board sets the strategic direction for the core Department through the Departmental business plan, prioritises the allocation of resources to match development and delivery requirements, and monitors and is accountable for Departmental performance. The business plan is available at www.gov.uk/government/organisations/northern-ireland-office

The Management Board is supported in its work by three sub-committees: the Audit and Risk Committee, the People Group and the Efficiency and Reform Group. Further details regarding the Board and its sub-committees can be found in the Governance Statement on page 43.

Directorships and Other Significant Interests

A register of interests is maintained for all members of the Management Board and the Audit and Risk Committee. The register includes details of company directorships and other significant interests which may conflict with their management responsibilities. This register is available for public inspection upon request.

Disclosure of Audit information to the Comptroller and Auditor General

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

Sir Jonathan Stephens KCB
Accounting Officer

10 July 2014

STRATEGIC REPORT

1. Structure and Functions

Size and Shape of the Department

Throughout this reporting period, the core Department continued to adjust to and consolidate the changes to its role, responsibilities and structure following the devolution of policing and justice functions to the Northern Ireland Assembly on 12 April 2010. This change was significant in that it saw the NIO reduce in size from over 2,000 staff and a baseline budget of approximately £1.3bn (excluding the block grant to the Northern Ireland Executive) to, in 2011-12, approximately 300 core members of staff (including those on secondment from the Northern Ireland Civil Service) and a budget of £29m.

For 2013-14, the Department's budget was set at £28.4m reducing to £22.6m by the end of the Spending Review period. The Department's budgets, set in SR2010, have been reduced further by the Chancellor's Autumn Statement to the House of Commons on 5 December 2012 (budget reduction of 1% in 2013-14 and 2% in 2014-15), the 2013 Budget Report (additional top sliced reductions of 1% in 2013-14 and 2014-15) and the 2013 Autumn Statement (further top sliced reductions of 1% in 2013-14 and 2014-15). The Department's budget for the financial year 2015-16 was set in SR2013 which took account of a further 10% reduction in real terms.

The Department's Supply Estimate also includes parliamentary authority for the cash grant payable to the Northern Ireland Consolidated Fund (£14.9bn).

During 2013-14, some changes to the core Departmental structure were implemented to align our resources to delivering Ministerial strategic priorities. In recognition of the increasing pressure on resources, a key focus during 2012-13 and 2013-14 was the need to take action to ensure that the Department was as efficient and lean as possible. A major outcome of our work in this area saw the relocation, on 25 February 2013, of the London Office from Millbank to 1 Horse Guards Road. This move has enabled the Department to secure significant efficiency savings of just under £1m per annum. Another outcome of this work was the transfer of responsibility for the management of Hillsborough Castle to Historic Royal Palaces on 1 April 2014. Under the new model, the Castle will become self-financing which will further reduce the burden on the public purse. The Department has also established the Efficiency and Reform Group to consider other areas within the Department where efficiencies can be driven out.

At the end of 2013-14 there were 314 staff employed by or seconded to the Department, or on fixed term appointments. This includes staff working in the Crown Solicitor's Office and the employees of the Chief Electoral Officer for Northern Ireland.

The core Department has 181 members of staff comprised of 101 members of the Home Civil Service (HCS), 62 seconded from the Northern Ireland Civil Service (NICS), and 15 others including casual staff and Commissioners. In addition, at the end of 2013-14 there were 133 staff and other appointees working in offices funded by the NIO vote such as the Crown Solicitor's Office, The Electoral Office and other smaller bodies.

Constitutional and Political Group

The Constitutional and Political Group (CPG) is responsible for advising on the implementation of the Agreements and on other constitutional and devolution issues. It drives the Department's efforts to support the Northern Ireland Executive (the Executive) which this year has included coordination of the Government's involvement with the all-party group chaired by Dr Richard Haass. CPG looks after policy relating to Northern Ireland elections and human rights, and has some responsibility for equality matters. It sponsors the Northern Ireland Human Rights Commission, the Boundary Commission for Northern Ireland, and the Chief Electoral Officer for Northern Ireland.

Economy Group

The Economy Group (EG) was established in October 2013 to reflect a need for greater focus on economic issues and increased expertise within the Department. It absorbed some of the responsibilities previously held by the Constitutional and Political Group.

The Economy Group is responsible for advice on economic and fiscal issues that impact on the Northern Ireland economy as well as providing analytical support across the Department. It supports other Government Departments and the Executive to deliver the shared objective of rebalancing. This includes providing the Secretariat for the Ministerial Task Force on Banking and Access to Finance.

Security and Protection Group

The Security and Protection Group (SPG) previously Security and Legacy Group is responsible for implementing the Government's National Security Strategy and related policy and legislation in Northern Ireland. Northern Ireland Related Terrorism (NIRT) was identified as a Tier One risk to national security in the government's National Security Strategy. The threat level from NIRT is SEVERE in Northern Ireland and MODERATE in Great Britain. As a result, SPG are responsible for coordinating delivery of a comprehensive strategy to deal with the threat from Northern Ireland Related Terrorism. It handles the NIO's responsibilities for the Home Protection Scheme and other security-related matters such as national security-related firearms appeals and maintaining the Department's crisis response arrangements. SPG also sponsors the Sentence Review Commissioners (SRC). SPG liaises with the Northern Ireland Executive and Department of Justice & Equality in the Republic of Ireland on security, policing and justice matters.

Engagement Group

The Engagement Group (EnG) was formed in May 2013 to enable more targeted political outreach and engagement with key stakeholders across a range of particularly challenging policy areas. These include: dealing with the legacy of the past, parades and oversight of the Public Processions Act (NI) 1998, engagement with hard to reach communities (in particular loyalist and republican communities), commemorations and work on the shared future agenda. EnG represents HMG in the British-Irish Intergovernmental Secretariat, liaising with the Irish Joint Secretary and her Belfast-based team. The Group also sponsors the Parades Commission for Northern Ireland (PCNI) and has oversight responsibility for the work of the Independent Commission for the Location of Victims' Remains (ICLVR).

Strategy and Communications Group

The Strategy and Communications Group delivers the NIO's strategy and manages the corporate side of the Department, including those teams which service Ministers and the Management Board. It coordinates Ministerial and wider Departmental activity including media, visits and Parliamentary business matters, as well as the Department's approach to business planning, risk management and records management.

Business Delivery Group

The Business Delivery Group (BDG) provides the overarching support services for the day to day work of the Department including human resources (HR) and finance. As well as managing key contracts for IT, corporate services and HR support, BDG also manages the Departmental estate in Northern Ireland. It has a sponsoring role in respect of the Civil Service Commissioners for Northern Ireland.

Associated Bodies

In addition to the core Department, there are a range of matters which are dealt with through a network of associated bodies, which are independent of Government. These differ considerably from each other in terms of their formal status, intended purpose, statutory or other responsibilities, the degree of independence from Government and size.

Non-Departmental Public Bodies (NDPBs)

The Department's executive NDPBs are:

- The Northern Ireland Human Rights Commission
- The Parades Commission for Northern Ireland

The Department's advisory NDPB is:

- The Boundary Commission for Northern Ireland

Statutory Office Holders

The Department's statutory office holders are:

- The Chief Electoral Officer for Northern Ireland
- The Civil Service Commissioners for Northern Ireland
- The Sentence Review Commissioners
- The Independent Chairman of the Northern Ireland Committee on Protection
- The Remission of Sentences Act Commissioners
- The Independent Reviewer of Police and Military Powers under the Justice and Security Act 2007
- The District Electoral Areas Commissioner

International Bodies

In partnership with the Republic of Ireland, during the 2013-14 financial year, the Department co-sponsored the Independent Commission for the Location of Victims' Remains (ICLVR).

In addition, NIO Ministers are responsible, together with the Irish Government, for appointing the Board of the International Fund for Ireland (IFI). The IFI is governed by a fully independent Board, funded by international donors and administered by the British and Irish Governments. The Department also provides support for the British-Irish Intergovernmental Secretariat.

Inquiries and Reviews

Although the Robert Hamill Inquiry was completed and wound down during the 2010-11 financial year, publication of the Inquiry's report has been delayed, pending the outcome of legal proceedings relevant to the case. On 12 March 2014, Lady Justice Hallett was appointed to conduct an inquiry into the 'On-the-Runs' administrative scheme. The Department has committed to publishing the report by the end of June 2014.

The Crown Solicitor's Office for Northern Ireland

The Crown Solicitor for Northern Ireland is a statutory appointee under Section 35 of the Northern Ireland Constitution Act 1973 (as amended). The staff of the Crown Solicitor's Office are all members of the NICS, employed by the Department of Finance and Personnel (DFP) for Northern Ireland, seconded to the NIO and posted to the Crown Solicitor's Office. The Crown Solicitor's Office does not form part of the core of the Northern Ireland Office operationally, but its budget forms part of the NIO Vote and accordingly its activities are recorded as part of these accounts.

Our People

As a small Department, successful delivery of the NIO's strategic priorities requires us to adopt a flexible approach to ensure that the right people, with the right skills, are in the right place. Following the devolution of policing and justice in April 2010, NIO staff moved on to Ministry of Justice (MOJ) terms and conditions. The NIO obtains HR services from the Ministry of Justice (MOJ) Shared Services provision and the well-established HR team led by a qualified HR professional means that the Department is well placed to ensure compliance with HR policies and employment legislation. The challenge is to continue to bring in new talent whilst making effective use of the corporate knowledge and experience of existing members of staff. The establishment of the People Group provided increased momentum for our work in this area. Further details on the People Group can be found on page 45.

Recruitment of Staff

As a Whitehall department, the NIO follows Whitehall procedures for the recruitment of staff. During 2012-13, the core Department refined and re-launched its recruitment policy and practices to better meet our new post-devolution circumstances and business needs. In 2013-14 we continued to monitor the effectiveness of these processes to ensure they meet our ongoing business requirements.

In recognition of our dual role of representing Northern Ireland interests at UK Government level and UK Government interests in Northern Ireland, the Department can only carry out its core functions and deliver its strategic priorities by having direct access to individuals who have a detailed knowledge and understanding of Northern Ireland-related issues. This includes a knowledge and understanding of the devolved administration and the machinery of government including Northern Ireland departmental functions and structures. Equally, the devolved administration, and therefore the NICS, has an interest in assisting the NIO to further develop its capacity and capability to fully understand and appreciate the issues of key concern to the Executive. For these reasons, a Memorandum of Understanding was agreed formally between the NIO and NICS in October 2012 in recognition of the unique relationship between the two organisations and to provide an appropriate structure, and a degree of flexibility, around our secondment arrangements. This MOU has continued to work effectively for the NIO during 2013-14.

Staff Development

The Department remains committed to supporting the learning and development of all staff to enable them to do their jobs to the best of their ability and to develop the necessary skills for the present and future. The Personal Development Strategy was launched in 2012-13 and throughout 2013-14 development panels have met to endorse requests for training opportunities. Staff at all grades made good use of the Civil Service Learning portal as well as face to face learning.

Employment of People with Disabilities

Since the devolution of policing and justice functions, the Department has adopted MOJ policies for staff related matters, including making reasonable adjustments where necessary for staff with disabilities and the Guaranteed Interview Scheme.

Managing Attendance

Throughout 2013-14, the Department has continued to take a robust approach to managing attendance. There are a range of policies and procedures to support line managers to address this key area of their responsibilities. These policies are aimed at ensuring staff are afforded every opportunity of returning to the workplace as soon as possible. Data from the latest 12 month rolling period ending December 2013 shows that the NIO had an average working days lost figure of 6.8, below the 7.4 Civil Service wide average. 74% of NIO absence relates to a very small number of long term absences.

Pay and Workforce Planning

The Department carefully monitors staff numbers, workloads and working practices and looks for all available opportunities to maximise effectiveness. During 2013-14 a number of focused reviews of staffing levels and services were undertaken as part of the work of the Efficiency and Review Group to ensure value for money and to make sure resources are targeted at areas of greatest strategic importance. Effective planning and timely recruitment campaigns ensured that departures at senior management level did not cause significant disruption to business towards the end of 2013-14.

As part of the post-devolution integration with the MOJ, all staff members below the Senior Civil Service (SCS) were offered the opportunity to move to MOJ pay scales. The MOJ 2010 pay deal was

implemented for staff members who had opted to move to MOJ terms and conditions. In line with the MOJ, the Department implemented a pay deal of 1%.

During 2013-14, MOJ reviewed terms and conditions as part of the wider programme of Civil Service Reform and implemented changes to annual leave. The modernised terms are in line with other Whitehall departments and have been taken up by the NIO. Members of staff on secondment from the NICS remain on NICS terms and conditions, including NICS pay scales.

Pensions and Early Departure Costs

Present and past employees of the Department are covered by either the GB or NI Principal Civil Service Pension Scheme (PCSPS). Those organisations within the boundary covered by the scheme meet the costs of pensions provided for the staff they employ by the payment of charges called Accrued Superannuation Liability Charges. This is charged to the Statement of Comprehensive Net Expenditure on an accrued basis annually.

The Department is also required to meet the additional cost of benefits beyond the normal PCSPS and PCSPS (NI) benefits in respect of staff who retire early. The Department provides in full for this cost, charged against the Statement of Comprehensive Net Expenditure when the early retirement has been announced. There were no early retirement costs incurred in the year.

Corporate Governance

The role of the Department's Corporate Governance Team within SCG is to provide advice and support across the Departmental Group, including its Arm's Length Bodies, on governance and stewardship responsibilities. The Head of the Team also provides secretarial support to the Management Board and the Audit and Risk Committee. During 2013-14, the team continued to provide advice to Deputy Directors in undertaking their role as sponsor for the Department's Arm's Length Bodies and supported them by running a number of public appointments processes. The Team also prepared and submitted the Department's Annual Progress Report to the Equality Commission for Northern Ireland. Detailed information regarding the Department's approach to governance, including its Management Board and associated Committees, can be found in the Governance Statement on page 43.

Sustainable Development

The Department's sustainability aim is to reduce the impact of its business on the environment, with a priority to reduce carbon dioxide emissions. The Department continues to monitor its carbon footprint reductions through the Carbon Reduction Energy Efficiency Scheme administered by the Department of Energy and Climate Change. The Department has enrolled into Phase 2 of the Carbon Reduction Commitment as a mandated participant and will therefore continue to monitor and evaluate its carbon emissions through the scheme.

Staff are required to consider the use of public transport, where appropriate, as the primary means of travel when on official business, making savings on both carbon emissions and financial resources.

Throughout 2013-14, the Department increased the use of its video conferencing facilities, minimising the need for travel between London and Belfast. There are currently four video conference facilities

within the Department. These facilities are widely used between the NIO and the Northern Ireland departments, as well as with other Whitehall departments.

The Department is exempt from complying with HM Treasury guidance on sustainability reporting as to collate the figures would be disproportionately expensive relative to the size of the Department. However, the Department is committed to the wider agenda of Greener Government and has taken steps to reduce carbon emissions and the amount of waste generated. The Department is committed to improving performance in relation to sustainability in the coming year.

Corporate Social Responsibility

The work of the Department is fundamentally about making a positive impact in the community in which it operates. However, going beyond this, during 2013-14 staff within the Department participated in a number of fundraising and volunteering activities for a range of local charities.

Health and Safety

The Department remains committed to providing and continuing to develop an effective health and safety regime. During 2013-14, the Department refreshed its Health & Safety policy and updated a number of operating arrangements, thus ensuring the key areas which managers must take responsibility for are clearly defined and adhered to. Each building has an appointed person who monitors the health and safety risk assessments and identifies and provides training when required. In total there were six minor and one more serious accident which were reported to Health and Safety Executive for Northern Ireland.

Health and safety guidance is available to all staff on the Department's intranet.

Better Regulation

The Department is committed to producing less regulation and better regulation in line with the Coalition Government's general principles of regulation. As such, the Department continually looks for ways to reduce regulation where possible. As part of this process, the Department is committed to actively promote the better regulation agenda across the Northern Ireland Executive, representing the needs of the devolved administration in Whitehall and vice versa.

Complaints to the Parliamentary Ombudsman

There were no complaints about the Department which have been investigated by the Parliamentary Ombudsman.

Political and Charitable Donations

The Department did not make any political or charitable donations in 2013-14.

Transparency

The Department, in line with the Government's Transparency Agenda, regularly publishes information on any significant areas of expenditure.

Expenditure on Consultancy and Temporary Staff

	Core Department	Arm’s Length Bodies	Consolidated
	£000	£000	£000
Consultancy Expenditure	2	12	14
Temporary Staff Costs	763	30	793

2. Departmental Performance against Objectives

The Department exists to support the Secretary of State for Northern Ireland in taking forward Government policy in Northern Ireland. The Departmental Business Plan for 2011-15 contained four overarching objectives, and the following commentary explains how these were achieved during 2013-14.

Objective 1: Renewed politics

- **Devolved government capable of resolving differences, delivering its core business**
- **Society moving on, not held back by the legacy of the past**

Devolved government in Northern Ireland remained stable throughout the period covered by this report.

In line with Ministerial priorities, the Department has continued to devote increasing resources within the Office to the challenges of economic renewal, leading to the pact of June 2013 (see objective 2); and to encouraging measures directed to a shared future, on which the Executive, with Government support, produced its plans in *Together: Building a United Community* in May 2013.

Leading on from that document, the First and deputy First Ministers last summer appointed Dr Richard Haass to lead an All-Party Group on issues connected with parades, flags and symbols, and the past. The Government, though not a part of that dialogue, gave it strong support and encouragement, before and after the end of Dr Haass’ term in December. Significant progress was made in those talks, though agreement had not been reached by end of the period.

The Department continues to work to improve the operation of politics and the political institutions, and managed the procession through Parliament of the Northern Ireland (Miscellaneous Provisions) Bill, which achieved Royal Assent in March 2014. This will enable limited reductions in the size of the Northern Ireland Assembly, extend the Assembly term to 2016, ban ‘double-jobbing’ between the Assembly and Westminster, increase the transparency of donations and loans to political parties in Northern Ireland and improve electoral administration. It also takes steps towards the devolution of responsibility for the Northern Ireland Human Rights Commission and the Northern Ireland Civil Service Commissioners, though only after consultation, parliamentary scrutiny and votes at Stormont and Westminster. We continue to carry out our role in promoting human rights and equality in Northern Ireland, including sponsorship of the Northern Ireland Human Rights Commission.

We have maintained a close and productive relationship with the Irish Government, as well as with the United States Administration and other international partners, as we have addressed the political challenges which Northern Ireland still faces.

There is still little or no consensus on how to approach the past in Northern Ireland. The NIO and our Ministers continue to engage with a number of individuals and groups to hear their stories and ideas on how a range of issues related to the legacy of the Troubles might be advanced. We have continued to make a positive contribution to dealing with the legacy of the Troubles and to manage a broad portfolio of complex casework relating to the past. The volume of this casework has increased in the past 12 months, and the department is endeavouring to manage this pressure from within existing resources. This trend is being felt across the justice and prosecutorial system in Northern Ireland. The Robert Hamill Inquiry report has not yet been published, pending the outcome of legal proceedings relevant to the case. The Department has committed to publishing the report of Lady Justice Hallett's inquiry into the 'On-the-Runs' administrative scheme by the end of June 2014.

The Department is responsible for sponsorship of the Chief Electoral Officer for Northern Ireland and the Boundary Commission for Northern Ireland, and for developing policy and legislation relating to electoral matters in Northern Ireland. We made secondary legislation to deliver European parliamentary and local elections in 2014 and to support local government reform in Northern Ireland, including by designating new district electoral areas. We also worked with the Chief Electoral Officer to deliver a successful canvass of electors in Northern Ireland.

The Department is also responsible for sponsorship of the Parades Commission for Northern Ireland (PCNI). A public appointments process was completed successfully in this period to appoint a new Chair and four new Members of the Commission from 1 January 2014. Parading remains a source of tension and the Department continued to work closely with the Parades Commission, the Department of Justice, the police, local politicians and community leaders to ensure that the majority of parades in Northern Ireland passed peacefully. Whilst 12th July parades in 2013 were celebrated and enjoyed by many, serious public disorder occurred in a number of localised areas. At other times during the summer Republican parades generated significant opposition. The Department will continue to promote the need for local people to work together to reach local agreement to diffuse all such parade-related tensions.

The Department supported the local development and implementation of the Government's programme to mark the centenary of the First World War, as part of the wider decade of commemorations marking events in UK, Irish and Northern Ireland history from 1912-1922. We continue to co-ordinate closely with the Irish Government on commemorations and have agreed a programme of joint Ministerial events for 2014.

The Prime Minister visited Northern Ireland to attend the G8 summit and the International Investment Conference in October (see below), and the Deputy Prime Minister visited Northern Ireland for the British Irish Conference in June. Other Government ministers visited during the year and the Department supported each through their programme of engagement.

The Department organised six visits to Northern Ireland by members of the Royal family. The Department were also heavily involved in the visit of Aung San Suu Kyi, the Burmese opposition leader, who has become an international symbol of peaceful resistance in the face of opposition, to Northern

Ireland on 24 October. 51 Citizenship Ceremonies, resulting in over 1,600 individuals receiving their British citizenship, were also organised.

Objective 2: Economy on course to a healthier balance

• Rebalancing the economy by promoting private sector growth

The Government continues to work with the Executive to increase private sector investment and employment in Northern Ireland to help rebalance the economy. There remain considerable economic challenges: economic inactivity rates are higher than the UK average and the economy is far too dependent on public spending.

There has been progress in addressing these issues and the Northern Ireland economy is showing signs of recovery. The Government worked closely with the Executive to ensure the hosting of the G8 Summit in County Fermanagh showcased Northern Ireland as an attractive place for inward investment. The Prime Minister also attended an Investment Conference in October where he championed these opportunities.

The Secretary of State, together with the Prime Minister and the Northern Ireland First and deputy First Ministers, published the economic pact, *Building a Prosperous and United Community* in June. This includes a wide range of commitments to boost business from both the Government and the Executive including measures on access to finance; enterprise zones; tackling red tape and R&D funding. It also includes measures, such as an additional borrowing facility, to deliver the shared future required to ensure Northern Ireland achieves its economic potential.

The Government has already delivered a number of pact commitments: the Prime Minister's attendance at the Investment Conference; a new pilot Enterprise Zone near Coleraine announced at the Budget; taking forward further work on the potential devolution of Corporation Tax and providing insight and expertise to an Infrastructure Seminar. The Government recognises that further efforts are still required and will report on further progress in the summer.

Objective 3: Threat from terrorism in Northern Ireland reducing

• A decreased threat from terrorism in Northern Ireland, as a result of co-ordinated response

Violent dissident republican groups remain active in Northern Ireland. The latter half of 2013 saw persistent planning and targeting by terrorists, evidenced by a significant number of attacks with lethal intent taking place in the weeks before Christmas. Many more such attempts were disrupted. Overall, the number of national security attacks remains broadly comparable with previous years.

The threat from Northern Ireland Related Terrorism (NIRT) has remained at SEVERE, meaning that an attack is highly likely in Northern Ireland. The threat level in Great Britain was reduced to MODERATE on 24 October 2012, meaning an attack is a possibility but not likely. There were 30 national security attacks in Northern Ireland during the 2013 calendar year, compared with 24 attacks in 2012. The threat continues to be tackled and suppressed and there have been some significant successes by the security forces which have bought both immediate and longer term benefits.

Over the past year, the Northern Ireland Office has continued to work with our partners on developing our strategic approach to tackling the threat from NIRT, in line with the commitment made by the

Government in the Strategic Defence and Security Review. These strong partnership arrangements are delivering demonstrable results in response to the current threat. This includes close working with counterparts in the Republic of Ireland.

The Department has worked to ensure that the Police Service of Northern Ireland (PSNI) has effective and proportionate powers to tackle terrorism.

Close co-operation between the Department and its partners across Government ensured that the threat from NIRT did not affect the G8 Summit in Fermanagh, World Police and Fire Games (WPFNG) and Londonderry/Derry City of Culture.

The Department has continued to work to build resilience to protect from, and respond to, terrorist attacks; working with partners we have supported the provision of advice and guidance to business and commercial sectors across Northern Ireland including those impacted by G8, WPFNG, and the City of Culture.

We have continued to deliver the Home Protection Scheme, which provides physical security measures to the homes of individuals who fall within certain occupations in public life and who are under a high level of threat from NIRT, and to provide secretariat support to the Northern Ireland Committee on Protection. The Department continues to handle firearms appeals to the Secretary of State in relation to personal protection weapons and liaises with the PSNI in the issuing of authorisations for prohibited weapons and for licenses for controlled explosive substances.

Objective 4: Maximising resources

- **A slimmer Northern Ireland Office, which lives within its means and maximises the value of its people and resources**
- **Hillsborough Castle is fully utilised meeting the needs of the Royal Household, Department and the wider community in Northern Ireland**

The Department remains committed to delivering the savings agreed in the Spending Review 2010, managing its resources effectively during the year to live within the funding allocated by HM Treasury. By providing enhanced video-conferencing facilities in our new London base, we have also ensured that we can continue to make savings on our travel costs by conducting more of our day-to-day business via this medium.

A key focus during 2013-14 was to ensure that our structures, our people and our finances were appropriately aligned to ensure delivery of agreed ministerial policy objectives. A Board sub-committee, the Efficiency and Review Group, was established to lead on a number of reviews. We continued to seek opportunities to maximise value for money by exploiting opportunities to redirect limited resources from back-office functions towards policy delivery. We continued to work closely with colleagues in the Scotland Office and the Wales Office to explore further opportunities for providing shared services across the three territorial offices with a view to building resilience and, where possible, reducing costs. The NIO and Wales Office undertook a pilot for shared Freedom Of Information services which was successful and which will be further developed in 2014.

Throughout the year the Department performed well against targets for responding to Parliamentary Questions and requests for information under the Freedom of Information Act.

The Department continued to make productive use of Hillsborough Castle in 2013-14. In addition to 51 citizen ceremonies, the highlights included the G8 investment dinner, a royal garden party and the Oyster Festival Fun Day. We also hosted a number of gun salutes, Garden Show Ireland's garden festival, a major music event on the main lawn, the Soap Box Derby and the Field Hospital Family Day.

In March 2014, the Department signed a contract with Historic Royal Palaces (HRP), transferring to them the responsibility for managing, maintaining and presenting Hillsborough Castle. This change, which takes effect from 1 April 2014, does not affect Hillsborough's role as Residence of the Royal family when visiting Northern Ireland. Hillsborough also remains the residence of the Secretary of State for Northern Ireland.

In the coming years HRP will make significant changes and these will confer a range of benefits. HRP already run a range of other premises including the Tower of London and Hampton Court, and accordingly they will bring great expertise in the preservation of historic buildings and the curation of art and artefacts. They have plans to open up the Castle and its grounds to much larger numbers of visitors. They envisage new educational opportunities, and working with a range of charities and community groups under their successful outreach and community engagement programme.

Additionally the project will have significant economic benefits for the surrounding area and Northern Ireland more generally, in line with the NIO's strategic objective to work with the Executive in growing the Northern Ireland economy. In particular, the project will create new jobs. The large increase in visitor numbers will also bring additional income for local businesses. A welcome benefit is that the HRP model is self-financing. So as their vision is realised, the burden on the public purse will be greatly reduced.

3. Report of the Crown Solicitor for Northern Ireland

Role and task

The Crown Solicitor's Office (CSO) provides a legal service to United Kingdom Government Ministers, some departments and agencies, the Chief Constable of the Police Service of Northern Ireland, the Policing Board for Northern Ireland, the Chief Electoral Officer for Northern Ireland and others, principally, but not exclusively, where civil proceedings are brought by or against them. The CSO is thus involved in a wide range of legal work including extradition, public and employer's liability litigation, insolvency, debt recovery, employment law, judicial review, inquests, including legacy inquests, legacy litigation generally, applications for injunctions, habeas corpus applications, bona vacantia and general legal advice.

Aim and objectives

The aim of the CSO is to provide a high quality and best value legal service to its clients.

The objectives of the CSO are to:

- provide a high quality legal service;

Northern Ireland Office

- work in partnership with our clients to achieve the best legal outcomes in the most cost effective way possible;
- work to ensure that clients are satisfied with the legal service provided;
- recover the running costs of the CSO by charging for work done;
- recover from clients the outlay expended on their behalf;
- keep the use of resources under continuous review and where possible identify and deliver efficiency savings;
- continue to train and develop staff in accordance with Investors in People principles.

Operational activities

The CSO provided its services to its clients in both advice work and in terms of representation. The Office represents clients at every tier of the Civil Courts in Northern Ireland from the County Courts to the High Court, to the Supreme Court. In the Magistrates' Courts it represents Her Majesty's Revenue and Customs (HMRC) in condemnation proceedings. Before the "appropriate judge", in extradition proceedings, the Office represents the judicial authorities of those countries seeking the extradition of accused or convicted fugitives who are located in Northern Ireland. Clients are also represented in the Fair Employment Tribunal, the Industrial Tribunals and public inquiries. The Secretary of State for Northern Ireland is represented by the Office before the Parole Commissioners and the Remission of Sentences Commissioners.

The legal work of the office is carried out in three divisions each with a Legal Clerical Unit and with an office wide administrative division and IT services.

During the period of this report IT Services have replaced a number of key network servers and associated software which had reached end of life. Software upgrades, during this period, included some of the CSO's essential "line of business" applications for Case Management, Finance and Digital Dictation. The CSO recovered its full running costs during the 2013/14 financial year.

The CSO retains its Investors in People (IiP) accreditation and adheres to the standards of the IiP brand in its investment in and development of its staff. Further the Office has developed, particularly in the administrative aspects of the office, and continues to develop in the legal sphere, a root and branch review of policies and processes so that it is increasingly moving towards the LEXCEL standards of excellence particularly in areas such as client care, case management and risk management.

Most notably during 2013-14 the CSO has:

- continued to process large numbers of hearing loss cases, reviewing and amending processes where possible in order to streamline and strip out costs. Further with the increase in the County Court jurisdiction this has now meant that Writ actions which are dealt with in the High Court have greatly diminished to be replaced with County Court Civil Bills with the attendant changed procedures, changed time tabling and a lowering of damages and costs. It is considered that the bulk of the hearing loss cases have now been dealt with and although the remaining numbers are an unknown quantity the run down will continue to require careful management in terms of personnel and resources;

- continued to deal with legacy inquests of which there are now some forty-five. These are time, document, issue, procedurally and cost demanding matters. The greatest difficulty can be getting engagement from personnel who are retired and who are required to re-engage in events that have occurred many years ago. Also the volume of documents which have to be examined from a public interest immunity perspective and the investigations and enquiries which are now necessary in order for the Coroner to provide Article 2 ECHR compliant inquests places a huge demand on often small resources;
- dealt with the judicial review application brought by Hugh Jordan, the father of the deceased, Patrick Pearce Jordan, who challenged various rulings made by the Coroner in the course of the Inquest and the approach and action of the PSNI in relation to a variety of matters. This was, in effect, three judicial review applications consolidated together and involved extensive consideration of a variety of matters, in particular, disclosure of documents by the Coroner; the extent of the obligation on police to provide documents to the Coroner; the requirements of an Article 2 ECHR compliant Inquest; the test for judicial review in respect of decisions of the Coroner; similar fact evidence; evidence as to the credibility of a witness; actual and apparent bias; the common law obligation of procedural fairness and the Article 2 ECHR requirement of an impartial investigation; the positive operational duty to protect life under Article 2 ECHR and actions taken in response such as granting anonymity and screening; the formulation and content of jury questions; the requirement of promptness and reasonable expedition in the Investigation/inquest; jury verdicts and jurors;
- successfully defended a challenge to the alleged failure by the UK to properly transpose the European Framework Decision which introduced the European Arrest Warrant (EAW) system into UK domestic law. This challenge, had it succeeded would have had an enormous detrimental impact on the working of the EAW system in the whole of the UK. Whilst it was proceeding to Court in Northern Ireland it had the effect of creating a backlog of cases where representatives of requested persons sought to adjourn extradition hearings until the matter was litigated;
- dealt with increasing numbers of extradition cases following arrest on foot of European Arrest Warrants and the increasing number of legal arguments advanced on behalf of fugitives focusing mainly on their Article 3 (prohibition of torture or inhuman or degrading treatment) and Article 8 (respect for private and family) rights. Article 3 rights were particularly raised in relation to Lithuanian prison conditions. Initially this successfully barred one fugitive from extradition from Northern Ireland to Lithuania but following various assurances and work with the Lithuanian authorities a number of fugitives have now been successfully extradited;
- dealt with the first cases in Northern Ireland where closed material procedures may be deployed under the Justice and Security Act 2013 (which came into force July 2013). The 2013 Act is likely to have a significant impact on civil claims (including judicial reviews) where there is material which would be damaging to national security to disclose. The Act arose against the background of the conclusion of the Supreme Court in Al-Rawi that it was not possible to have a closed material procedure in a civil claim pursuant to the common law in the absence of statutory authority to do so;
- continued to deal with stop and search cases where Applicants challenge the legality of the stop and search powers pursuant to the Justice and Security (NI) Act 2007 (as amended by the

Protection of Freedoms Act 2012). The question for the Court is the legality of the power to stop and search following the enactment of a Code of Practice. The Respondent contends that stops and searches are now Convention compliant and in accordance with the legislation and Code of Practice;

Overall this has been another demanding year where the continued streamlining of processes and the re-structuring of work and work patterns has been effectively and productively deployed to the benefit of our major clients in terms of work completed and at a cost which represents best value for money. There have also been significant personnel changes within the year resulting in new opportunities for some staff to change work and to develop and grow into different areas of work. This has had to be handled without loss of quality to clients and within the context of court requirements and demands. Further there has been augmentation to the finance part of the office with the appointment of a full time accountant to handle internal finance arrangements and to interface with NIO (Central Finance) in the most productive efficient way possible. The judiciary have also continued to produce practice directions, protocols and rules designed to save expense and deal with cases in ways which are proportionate to (a) the amount of money involved; (b) the importance of the case; and (c) the complexity of the case; and also ensuring that cases are dealt with as expeditiously and fairly as possible. These have all to be adhered to and absorbed within the work of the office without additional resources.

Jim Conn
Crown Solicitor for Northern Ireland

4. Financial position and results for the year

The Department's activities are financed mainly by Supply voted by Parliament. Each year the NIO is given Parliamentary approval for its expenditure when Parliament votes the Main Supply Estimates. Subject to Parliament's agreement, the estimates may be amended during the year at the Supplementary Estimate stage. The estimates are published by The Stationery Office (TSO) and contain details of voted monies for all government departments. They are also available at <https://www.gov.uk/government/publications>

Departmental Expenditure Limit (DEL): £28,395,000 (including non-voted expenditure of £75,000)

Expenditure arising from:

Overseeing the effective operation of the devolution settlement in Northern Ireland and representing the interests of Northern Ireland within the UK Government. Expenditure on administrative services, Head of State related costs, VIP visits to Northern Ireland, NI Human Rights Commission and other Reviews and Commissions arising from the Good Friday Agreement, the Northern Ireland Act 1998, the Northern Ireland Act 2000, the Northern Ireland Act 2009, political development and inquiries, the Electoral Office for Northern Ireland, elections and boundary reviews, legal services, security, victims of the Troubles including the work of the Independent Commission for the Location of Victims Remains, arms decommissioning, parading, Civil Service Commissioners, compensation schemes under the Justice and Security (Northern Ireland) Act 2007 and Terrorism Act 2000, the running of Hillsborough Castle and

certain other grants. This will include associated depreciation and any other non-cash costs falling in DEL.

Income arising from:

Recoupment of electoral expenses, receipts from the use of video conferencing facilities, fees and costs recovered or received for work done for other departments, freedom of information receipts, data protection act receipts, recovery of compensation paid, recoupment of grant funding, costs and fees awarded in favour of the crown and receipts arising from arms decommissioning. Fees and costs recovered or received for the use of the NIO estate. Contributions from third parties to fund grant programmes and monies from other departments to fund projects in Northern Ireland.

Annually Managed Expenditure (AME): (£1,115,000)

Expenditure arising from:

Provisions relating to administrative services and to compensation schemes under the Justice and Security (Northern Ireland) Act 2007, Criminal Justice Act 1988 and Terrorism Act 2000 and other non-cash costs falling in AME.

Non-Budget Expenditure: £14,875,937,000

Expenditure arising from:

Providing appropriate funding to the Northern Ireland Consolidated Fund for the delivery of transferred public services as defined by the Northern Ireland Act 1998, Northern Ireland Act 2000 and the Northern Ireland Act 2009. Grants to the Northern Ireland Consolidated Fund and transfers of EU funds. Expenditure related to previous financial years in the form of Prior Period Adjustments.

The Department's final resource Estimate for 2013-14 was £14,905m (2012-13: £14,697m);
The Department's final capital Estimate for 2013-14 was £0.396m (2012-13: £1.341m)

Comparison of estimate and outturn

The total outturn shown in the Statement of Parliamentary Supply of these Accounts reflects achievement of the Department's financial objectives and an effective financial management performance for the year. The net resource outturn for 2013-14 was £13,809m (2012-13: £13,746m) compared with the Estimate of £14,905m (2012-13: £14,697m).

The net cash requirement (note SOPS4) net total outturn was £13,816m (2012-13 £13,733m) compared with the Estimate of £14,909m (2012-13: £14,704m).

£2m of the Resource DEL underspend related to funding which was provided by HM Treasury for a specific use by PSNI. In the final event, PSNI did not drawdown this funding but as it was 'ring-fenced' it could not be used by NIO for any other purpose and will revert to HM Treasury for reallocation. A further £0.34m of underspend arose in relation to the ring-fenced non cash depreciation budget and the

Northern Ireland Office

remainder of the underspend relates to In-year saving realised as a result of: the continuing drive to deliver efficiency savings

Statement of Comprehensive Net Expenditure

The Statement of Comprehensive Net Expenditure represents the total net administration and programme resources consumed during the year by Request for Resources. Net Operating Costs during 2013-14 were £13,809m (2012-13: £13,739m restated) as follows:

Northern Ireland Office

£26m (2012-13: £23m restated) analysed between:

Staff Costs £16m (2012-13: £15m restated);
Other Administration Costs £8m (2012-13: £8m);
Programme Costs £8m (2012-13: £6m restated); and
Income £6m (2012-13: £6m).

Northern Ireland Executive

£13,783m (2012-13: £13,716m)

Decisions on how funding to the Northern Ireland Executive is spent are managed by the devolved administration and funding is allocated to the Northern Ireland departments by DFP. Each of the Northern Ireland departments, including DFP, publishes their own financial statements.

Additional information regarding the budgets of the Northern Ireland Executive and the grants paid by the Northern Ireland Office to the Northern Ireland Consolidated Fund are included in an annex at the end of this document.

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	2013-14 £000	2012-13 £000
Net Resource Outturn (Estimates)	13,809,426	13,745,522
Adjustments to remove non-budget elements:		
Prior Period Adjustments	(290)	(7,137)
Grants to Northern Ireland Consolidated Fund	(13,783,000)	(13,716,000)
Resource Budget Outturn (Budget)	26,136	22,385
of which:		
Departmental Expenditure Limits (DEL)	25,358	22,594
Annually Managed Expenditure (AME)	778	(209)
	26,136	22,385
Adjustments to include:		
Grants to Northern Ireland Consolidated Fund	13,783,000	13,716,000
Restated OCS for PPAs	-	581
Net Operating Cost (Accounts)	13,809,136	13,738,966

Statement of Financial Position

The net assets at 31 March 2014 of £66m (2012-13: £54m restated) principally comprise property, plant and equipment of which Hillsborough Castle and its surrounding estate is £64m (2012-13: £60m) as the remainder of the other assets and liabilities offset.

The financial assets include loans issued to DFP under the National Loans Fund, but these are balanced by corresponding amounts in current and non-current liabilities.

Departmental Auditor

These accounts are audited by the Comptroller and Auditor General (C&AG) who is appointed by statute and reports to Parliament on the audit examination. His certificate and report are produced at pages 50 to 52. The audit of the financial statements for 2013-14 resulted in a group audit fee of £133,500 (cash audit fee £27,000, non-cash audit fee £106,500) (2012-13 £112,500; cash fee £21,000, non-cash fee £91,500).

The C&AG may also undertake other statutory activities that are not related to the audit of the Department's accounts such as value for money reports. No such reports were published during the year.

The Accounting Officer confirms that, as far as he is aware, there is no relevant audit information of which the Department's 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.

Policy and practice on payment of creditors

The Department is a signatory to the prompt payment code launched in December 2008 by the Department of Business, Innovation and Skills which aims to establish a clear and consistent policy across government in the payment of business bills. Further details regarding this are available at www.promptpaymentcode.org.uk.

The Department is fully committed to the prompt payment of invoices for goods and services received and delivering against the prompt payment targets set for all central government departments which during the financial year were as follows:

- from 1 May 2010 to pay 80% of all supplier invoices not in dispute within 5 working days of receipt of a properly rendered invoice.

During the year, 83% of invoices were paid within the five-day target and 97.7% were paid within 10 days. Performance during 2013-14 was maintained at a consistent level throughout the year.

The aggregate amount owed to trade creditors at the year-end compared with the aggregate amount invoiced by suppliers during year, expressed as a number of days in the same proportion to the total number of days in the financial year is 7 days.

There were no interest charges arising and payable by the Department during the year under The Late Payment of Commercial Debts (Interest) Act 1998 and the Late Payment of Commercial Debts Regulations 2002.

Sir Jonathan Stephens KCB
Accounting Officer

10 July 2014

CORE TABLES

Table 1 – Public Spending

	£000						
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans
Resource DEL							
Section A: Northern Ireland Office	43,778	27,489	17,194	20,104	22,927	19,334	18,268
Section B: NI Human Rights Commission	1,702	1,694	1,608	1,486	1,446	1,341	1,191
Section C: Parades Commission	1,008	1,066	934	1,370	914	833	740
Funding of Elections	2,560	3,380	2,906	215	71	-	-
Total Resource DEL	49,048	33,629	22,642	23,175	25,358	21,508	20,199
<i>Of which:</i>							
-Pay	14,737	16,626	12,983	14,926	16,470	14,256	13,372
-Net current procurement	31,304	14,660	7,628	6,364	7,260	5,411	4,597
-Current grants and subsidies to the private sector and abroad	-	-	-	-	-	-	-
-Depreciation ²	2,836	2,196	1,781	1,726	1,528	1,711	2,100
-Other	171	147	250	159	100	130	130
Resource AME							
Section D: Northern Ireland Office	(12)	129	481	(209)	778	200	-
Total Resource AME	(12)	129	481	(209)	778	200	-
<i>Of which:</i>							
-Take up of provisions	(12)	405	1,264	276	971	260	60
-Release of provisions	-	(276)	(783)	(485)	(193)	(60)	(60)
Total Resource Budget	49,036	33,758	23,123	22,966	26,136	21,708	20,199
<i>Of which:</i>							
-Depreciation	2,836	2,196	1,781	1,726	1,528	1,711	2,100

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	£000 2015-16
	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans
Capital DEL							
Section A: Northern Ireland Office	283	8,277	160	1,261	207	241	380
Section B: NI Human Rights Commission	18	3	-	8	-	-	-
Section C: Parades Commission	-	-	-	2	100	-	-
Total Capital DEL	301	8,280	160	1,271	307	241	380
<i>Of which:</i>							
-Net capital procurement	301	280	160	1,271	307	241	380
-Capital grants to the private sector and abroad	-	-	-	-	-	-	-
-Capital support for local government	-	-	-	-	-	-	-
-Capital support for public corporations	-	-	-	-	-	-	-
-Other	-	8,000	-	-	-	-	-
Capital AME							
Total Capital AME	-	-	-	-	-	-	-
<i>Of which:</i>							
-Capital grants to the private sector and abroad	-	-	-	-	-	-	-
-Net lending to the private sector and abroad	-	-	-	-	-	-	-
-Capital support for public corporations	-	-	-	-	-	-	-
-Other	-	-	-	-	-	-	-
Total Capital Budget	301	8,280	160	1,271	307	241	380
Total departmental spending	46,501	39,842	21,502	22,511	24,915	20,238	18,479
<i>of which:</i>							
-Total DEL	46,513	39,713	21,021	22,720	24,137	20,038	18,479
-Total AME	(12)	129	481	(209)	778	200	-

Northern Ireland Office

Spending by local authorities on functions relevant to the Department

	2008-09	2009-10	2010-11	2011-12	2012-13	£000 2013-14 Estimated outturn
	Outturn	Outturn	Outturn	Outturn	Outturn	
Current spending	60,207	46,200	31,562	21,342	21,240	24,608
<i>of which:</i>						
-financed by grants from budgets above	60,207	46,200	31,562	21,342	21,240	24,608
Capital spending	1,033	301	8,280	160	1,271	307
<i>of which:</i>						
-financed by grants from budgets above	1,033	301	8,280	160	1,271	307

Table 2 – Public Spending Control

							£000	£000	£000		
							Outturn	Total outturn	Final estimate	Supple- mentary Estimate	Main Estimate 2013-14
Administration		Net	Gross	Programme Income	Net	Net Total	Net Total	Net Total	Net Total	Net Total	
Gross	Income										
Spending in Departmental Expenditure Limits (DEL)											
Voted:											
A - Northern Ireland Office	18,751	(5,579)	13,172	10,589	(628)	9,961	23,133	25,945	57	25,888	
B - Northern Ireland Human Rights Commission	-	-	-	1,446	-	1,446	1,446	1,472	-	1,472	
C - Parades Commission	-	-	-	1,014	-	1,014	1,014	903	-	903	
Non-voted:											
D - Funding of elections	-	-	-	71	-	71	71	75	75	-	
	18,751	(5,579)	13,172	13,120	(628)	12,492	25,664	28,395	132	28,263	
Annually Managed Expenditure											
Voted											
E - Northern Ireland Office	-	-	-	778	-	778	778	1,115	1,115	-	
Non-budget											
F - Grant Payable to the NI Consolidated Fund	-	-	-	13,783,000	-	13,783,000	13,783,000	14,875,500	404,500	14,471,000	
Prior Period Adjustments	-	-	-	1,433	(1,143)	290	290	437	437	-	
Total	18,751	(5,579)	13,172	13,798,331	(1,771)	13,796,560	13,809,732	14,905,447	406,184	14,499,263	

Table 3 Capital employed (£'000)

	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 projected outturn	2014-15 plans	2015-16 plans
Assets and Liabilities on the Statement of Financial Position at end of year:	£000	£000	£000	£000	£000	£000	£000
Assets							
Non-Current assets							
Intangible	203	229	188	104	130	6	4
Tangible							
of which:							
Heritage assets	59,963	58,858	63,431	61,292	65,211	65,111	64,111
Information Technology	931	626	404	275	274	300	250
Plant and machinery	959	855	755	500	397	250	200
Assets under construction	506	165	94	-	193	-	-
Investments	1,365,520	1,294,403	1,545,900	1,552,238	1,632,506	1,565,900	1,565,900
Other non-current assets	-	-	-	-	-	-	-
Current assets	132,118	386,935	415,743	431,937	395,312	390,000	388,000
Liabilities							
Payables (<1 year)	128,894	386,089	410,608	438,463	393,746	390,000	390,000
Payables (>1 year)	1,371,439	1,300,739	1,552,647	1,552,238	1,632,506	1,565,900	1,565,900
Provisions	864	999	1,480	1,092	1,821	200	150
Capital employed within core department	59,003	54,244	61,780	54,553	65,950	65,467	62,415
ALB net assets / (liabilities)	81	(12)	(58)	(421)	26	10	10
Total capital employed in dept'l group	59,084	54,232	61,722	54,132	65,976	65,477	62,425

Restatement of published assets and liabilities on the statement of financial position

On 12 April 2010, policing and justice functions in Northern Ireland were devolved to the Northern Ireland Assembly. In line with the guidance contained in the Government Financial Reporting Manual (FReM), the machinery of government change was accounted for in the 2010-11 annual report and accounts for the Northern Ireland Office, and caused the statement of financial position at 31 March 2009 to be restated.

In 2011-12, further restatement exercises were carried out to reflect the reforms introduced as part of the Alignment project (Clear Line of Sight). These restatements have caused the Statements of Financial Position at 31 March 2010 and 31 March 2011 to be restated.

The Statements of Financial Position for 2011-12, 2012-13 and 2013-14 include prior period adjustments.

These restated figures have been included in the table above, and as such these do not necessarily correspond to the published resource accounts for those years.

Table 4 – Administration Budgets

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	£000 2015-16
	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans
Section A: Northern Ireland Office	15,112	16,919	13,511	13,552	12,965	15,227	15,243
Total administration budget	15,112	16,919	13,511	13,552	12,965	15,227	15,243
<i>Of which:</i>							
-Paybill	11,587	13,669	10,622	10,974	10,855	11,244	11,256
-Expenditure	9,293	10,524	11,367	8,017	7,689	9,409	9,211
-Income	(5,768)	(7,274)	(8,478)	(5,439)	(5,579)	(5,426)	(5,224)

Table 5 - Staff in Post – full-time equivalents

	2010-11 Actual (FTE)	2011-12 Actual (FTE)	2012-13 Actual (FTE)	2013-14 Actual (FTE)
NIO – Core department				
Permanent Staff	68	85	100	106
Fixed-term appointments	251	220	212	193
Other non-payroll posts	1	2	8	15
Total	320	307	320	314
Northern Ireland Human Rights Commission				
Permanent Staff	18.5	18	15	15
Fixed Term appointments	4.5	2	6	9
Other non-payroll posts	-	-	-	-
Total	23	20	21	24
Northern Ireland Parades Commission				
Permanent Staff	10	10	1	1
Fixed Term appointments	8	8	17	16
Other non-payroll posts	-	-	-	-
Total	18	18	18	17

Staff data for 2009-10 is incomparable with data from 2010-11 onwards, given the devolution of policing and justice functions to the Northern Ireland Assembly on 12 April 2010.

The NIO will continue to present data in a comparable format in future years, to present a relevant time-series for users.

Table 6 – Total identifiable expenditure on services by country and region, 2008-09 to 2012-13

Northern Ireland Office	National Statistics				£ million
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn
North East	-	-	-	-	-
North West	-	-	-	-	-
Yorkshire and the Humber	-	-	-	-	-
East Midlands	-	-	-	-	-
West Midlands	-	-	-	-	-
East	-	-	-	-	-
London	-	-	-	-	-
South East	-	-	-	-	-
South West	-	-	-	-	-
Total England	-	-	-	-	-
Scotland	-	-	-	-	-
Wales	-	-	-	-	-
Northern Ireland	61	46	39	25	27
UK identifiable expenditure	61	46	39	25	27
Outside UK	-	-	-	-	-
Total identifiable expenditure	61	46	39	25	27
Non-identifiable expenditure	-	-	-	-	-
Total expenditure on services	61	46	39	25	27

Table 7 – Total identifiable expenditure on services by country and region, per head 2008-09 to 2012-13

Northern Ireland Office	National Statistics				£ per head
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn
North East	-	-	-	-	-
North West	-	-	-	-	-
Yorkshire and the Humber	-	-	-	-	-
East Midlands	-	-	-	-	-
West Midlands	-	-	-	-	-
East	-	-	-	-	-
London	-	-	-	-	-
South East	-	-	-	-	-
South West	-	-	-	-	-
England	-	-	-	-	-
Scotland	-	-	-	-	-
Wales	-	-	-	-	-
Northern Ireland	34	26	22	14	15
UK identifiable expenditure	1	1	1	0	0

Table 8 – Expenditure on services by sub-function,2012-13

£ million Northern Ireland Office	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London	South East	South West	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	OUTSIDE UK	Total identifiable expenditure	Totals
1.General public services																	
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	-	-	-	-	-	-	-	-	-	-	-	-	27	27	-	27	27
1.2 Foreign economic aid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total general public services																	
1.3 General services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.4 Basic Research	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.5 R&D general public services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.6 General public services n.e.c	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total general public services	-	-	-	-	-	-	-	-	-	-	-	-	27	27	-	27	27
Total NIO expenditure on services	-	-	-	-	-	-	-	-	-	-	-	-	27	27	-	27	27

REMUNERATION REPORT

In accordance with the requirement of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, only certain sections of the Remuneration Report have been subject to full external audit. These comprise the sections on salary, pension entitlements and pay multiples.

Remuneration policy

The salary of the Director General of the NIO is considered by a Cabinet Office moderating committee.

The remuneration of Senior Civil Servants is set by the Prime Minister following independent advice from the Senior Salaries Review Body.

In reaching its recommendations, the Review Body considers the following:

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

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.

Performance appraisal

The performance of senior managers was assessed, as directed by Cabinet Office, in the same manner as all other staff. A performance group recommendation was made by the line manager and passed to the relevant remuneration committee, which determined the consolidated and nonconsolidated pay for all senior staff.

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

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 Commission can be found at www.civilservicecommission.org.uk.

The Department currently has a single non-executive director, in line with practice across the Territorial Offices.

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the ministers and most senior management (i.e. Board members) of the department.

Remuneration (salary and payments in kind)

[Audited]

Single total figure of remuneration								
Ministers	Salary (£)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000)		Total (to nearest £1,000)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Minister 1 ¹ The Rt Hon Owen Paterson MP – Secretary Of State (to 3 September 2012)	-	34,413 (68,827 FTE)	-	-	-	-	-	34,000
Minister 2 The Rt Hon Theresa Villiers MP – Secretary Of State (from 4 September 2012)	68,169	37,100 (68,827 FTE)	-	-	25,000	13,000	93,000	50,000
Minister 3 ¹ The Rt Hon Hugo Swire MP – Minister Of State (to 3 September 2012)	-	16,501 (33,002 FTE)	-	-	-	-	-	17,000
Minister 4 Mike Penning MP – Minister Of State (from 4 September 2012 to 6 October 2013)	18,867 (32,344 FTE)	17,265 (33,002 FTE)	-	-	6,000	6,000	25,000	23,000
Minister 5 The Rt Hon Andrew Robathan MP – Minister of State (from 7 October 2013)	13,477 (32,344 FTE)	-	-	-	3,000	-	16,000	-

¹ The requirement to provide a figure for pension benefits and total remuneration is a new requirement for 2013-14. These Ministers are no longer current Ministers of the Department and as such requisite information was not available to provide this disclosure in these accounts.

[Audited]

Officials	Single total figure of remuneration									
	Salary (£'000)		Bonus Payments (£,000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest thousand)		Total (£'000)	
	13-14	12-13	13-14	12-13	13-14	12-13	13-14	12-13	13-14	12-13
Director General Julian King	110-115	105-110	15	-	6,100	6,600	21,000	9,000	150-155	120-125
Director Richard Penman (from 24 September 2012)	95-100	45-50 (95-100 FTE)	-	-	-	-	42,000	35,000	135-140	80-85
Crown Solicitor James Conn	95-100	95-100	-	-	-	-	12,000	10,000	105-110	105-110
Deputy Director Business Delivery (from 3 September 2012 to 31 December 2013)	45-50 (65-70 FTE)	35-40 (60-65 FTE)	-	-	-	-	12,000	25,000	55-60	60-65
Deputy Director Business Delivery (to 16 February 2014)	55-60 (65-70 FTE)	65-70	-	-	-	-	7,000	61,000	60-65	125-130
Deputy Director¹ Business Delivery (from 10 March 2014)	-	-	-	-	-	-	-	-	-	-
Deputy Director Security and Protection	65-70	65-70	-	-	-	-	14,000	11,000	75-80	75-80
Deputy Director Engagement	-	85-90	-	-	-	-	-	10,000	-	95-100
Deputy Director Engagement (from 7 May 2013)	55-60 (65-70 FTE)	-	-	-	-	-	35,000	-	90-95	-
Deputy Director Constitutional and Political	70-75	70-75	-	-	-	-	(2,000)	(28,000)	65-70	40-45
Deputy Director Economy (from 14 October 2013)	25-30 (60-65 FTE)	-	-	-	-	-	13,000	-	35-40	-
Deputy Director Strategy and Communications	60-65	55-60 (60-65 FTE)	-	-	-	-	20,000	(4,000)	80-85	55-60
Non-Executive Director John King (to 31 May 2013)	0-5	0-5	-	-	-	-	-	-	0-5	0-5
Non-Executive Director Dawn Johnson (from 1 June 2013)	5-10	-	-	-	-	-	-	-	5-10	-

¹ This official joined the Department in March 2014 and was remunerated for this period by their previous Department not NIO.

Salary

‘Salary’ includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Department and thus recorded in these accounts. In respect of ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration; the salary for their services as an MP (£65,738 from 1 April 2010) and various allowances to which they are entitled are borne centrally.

Benefits in Kind

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

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2013-14 relate to performance in 2013-14 and the comparative bonuses reported for 2012-13 relate to the performance in 2012-13.

Pension Benefits [Audited]

Minister

	Accrued pension at age 65 as at 31/3/14	Real increase in pension at age 65	CETV at 31/3/14	CETV at 31/3/13	Real increase in CETV
	£000s	£000s	£000s	£000s	£000s
The Rt Hon Theresa Villiers MP – Secretary Of State	0-5	0-2.5	55	34	10
Mike Penning MP – Minister Of State	0-5	0-2.5	38	31	4
The Rt Hon Andrew Robathan MP – Minister of State	0-5	0-2.5	96	91	3

Ministerial pensions

Pension benefits for ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute (the regulations are set out in 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 (details of which are not included in this report). The accrual rate has been 1/40th since 15 July 2002 (or 5 July 2001 for those that chose to backdate the change) but Ministers, in common with all other members of the PCPF, can opt for a 1/50th accrual rate and a lower rate of member contribution. An additional 1/60th accrual rate option (backdated to 1 April 2008) was introduced from 1 January 2010.

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 from age 65. Pensions are re-valued annually in line with Pensions Increase legislation. From 1 April 2013 members pay contributions between 7.9% and 16.7% depending on their level of seniority and chosen accrual rate.

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

In line with reforms to other public service pension schemes, it is intended to reform the Ministerial Pension Scheme in 2015.

The Cash Equivalent Transfer Value (CETV)

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

The real increase in the value of the CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the minister. It is worked out using common market valuation factors for the start and end of the period.

[Audited]

Officials	Accrued pension at pension age at 31/03/14 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/14	CETV at 31/03/13	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Julian King, Director General	40-45 plus lump sum of 125-130	0-2.5 plus lump sum of 2.5-5.0	707	650	13	-
Richard Penman Director (from 24 September 2012)	25-30 plus lump sum of 80-85	0-2.5 plus lump sum of 2.5-5.0	396	346	25	-
James Conn Crown Solicitor	25-30 plus lump sum of 85-90	0-2.5 plus lump sum of 0-2.5	635	585	10	-
Deputy Director, Security and Protection	10-15 plus lump sum of 35-40	0-2.5 plus lump sum of 0-2.5	205	182	8	-
Deputy Director ¹ , Business Delivery (from 10 March 2014)	-	-	-	-	-	-
Deputy Director, Economy	5-10	0-2.5	68	60	4	-
Deputy Director, Strategy and Communications	15-20	0-2.5	229	202	9	-
Deputy Director, Engagement	15-20 plus lump sum of 55-60	0-2.5 plus lump sum of 5-7.5	298	259	21	-
Deputy Director, Constitutional and Political	30-35 plus lump sum of 90-95	0-2.5 plus lump sum of 0-2.5	637	599	(2)	-
Dawn Johnston Non-Executive Director	-	-	-	-	-	-

¹ This official joined the Department in March 2014 and was remunerated for this period by their previous Department, not NIO.

All the senior managers of the Department are members of the classic scheme with the exception of two who are members of the premium scheme.

No pension benefits are provided to non-executive directors.

Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest-paid director in the Northern Ireland Office in the financial year 2013-14 was

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£110,000 - £115,000 (2012-13 £105,000 - £110,000). This was 3.98 (2012-13 4.2) times the median remuneration of the workforce, which was £28,279 (2012-13 £25,477).

In 2013-14, no employee received remuneration in excess of the highest-paid director. Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The decrease in the pay multiple is due to the increase in the median remuneration of the workforce which reflects the changing staff profile and the impact of pay increases.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary related and range between 1.5% and 6.25% of pensionable earnings for **classic** and 3.5% and 8.25% for **premium**, **classic plus** and **nuvos**. Increases to employee contributions were applied from 1 April 2013 and further increases will take place from 1 April 2014. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial 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. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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 from a panel of three providers. 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 pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservice.gov.uk/pensions>.

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 figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is 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.

Compensation for loss of office

No staff left under any compulsory early retirement or early severance terms during the year.

Sir Jonathan Stephens KCB
Accounting Officer

10 July 2014

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Northern Ireland Office to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the Department and its sponsored non-departmental and other arm's length public bodies designated by order made under the GRAA by Statutory Instrument 2013 nos.488 and 3187 (together known as the 'departmental group', consisting of the Department and sponsored bodies listed at note 22 to the accounts). The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and the departmental group and of the net resource outturn, application of resources, changes in taxpayers' equity and cash flows of the departmental group for the financial year.

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

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- ensure that the Department has in place appropriate and reliable systems and procedures to carry out the consolidation process;
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental and other arm's length public bodies;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

HM Treasury has appointed the Permanent Head of the department as Accounting Officer of the Northern Ireland Office.

The Accounting Officer of the Department has also appointed the Chief Executives or equivalents of its sponsored non-departmental and other arm's length public bodies as Accounting Officers of those bodies. The Accounting Officer of the Department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the Department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies is properly accounted for, for the purposes of consolidation within the resource accounts. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the Department or sponsored body are set out in Managing Public Money published by HM Treasury.

GOVERNANCE STATEMENT

Scope of Responsibility

I was appointed Accounting Officer on 9 June 2014, and was advised about the system of internal control in operation prior to my appointment by my predecessor, the Chair of the Audit and Risk Committee and the Head of Internal Audit.

As Accounting Officer, I have responsibility for the robustness of the control and governance arrangements operated by the Department. The Governance Statement outlines how I have discharged my responsibility to manage and control the resources of the Northern Ireland Office during the course of the year. The sound governance system, as outlined in this Statement supports the achievement of the Department's policies, aims and objectives, whilst safeguarding public funds and Departmental assets in accordance with the responsibilities assigned to me in *Managing Public Money*.

I also have responsibility for reviewing the effectiveness of the system of internal control. My assessment of the effectiveness of the governance framework is informed by the work of the 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 and the Audit and Risk Committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

Purpose of Governance Framework

The Department's governance framework is designed to manage its 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 governance framework is based on an ongoing process designed to identify and prioritise the risks to the achievement of Departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The governance framework has been in place for the year ended 31 March 2014 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

The Management Board

The Board has a corporate responsibility for setting objectives, agreeing priorities and implementing ministerial policy. The Board, which normally meets on a monthly basis, 11 times a year, developed and agreed a business plan for 2013-14, which was formally approved by Ministers, and reviewed the progress and management of key risks associated with the delivery of Departmental objectives regularly throughout the financial year. The Board retained responsibility for monitoring financial performance and considering key strategic issues and corporate policies, such as those relating to risk management, information assurance and workforce planning. During 2013-14 the Board also closely monitored the development of a more self-sustaining business model for Hillsborough Castle, as well as preparations for the G8 Summit.

Board Composition

The joint Treasury and Cabinet Office publication, *Corporate Governance in Central Government Departments: code of good practice* states that boards should be comprised of a minimum of two independent non-executive members. However, the code provides scope for alternative approaches to be adopted provided that they are justifiable. Given that the NIO is considerably smaller than most central Government departments, and has a limited budget and responsibilities by comparison, it has been exempted from the Government's model for Enhanced Departmental Boards. Ministers do not sit on the Management Board, but will normally attend at least annually. The Secretary of State attended the May 2013 meeting. The NIO has also opted to have a single non-executive director.

Member	No of meetings attended in year
Julian King, Chair, Director General	10/11
Richard Penman, Director	11/11
John King, Non-Executive Director (to 31 May 2013)	2/2
Dawn Johnson, Non-Executive Director (from 1 June 2013)	9/9
Deputy Director, Business Delivery	10/11
Deputy Director, Strategy and Communications	8/11
Deputy Director, Engagement (from 7 May 2013)	7/10
Deputy Director, Constitutional and Political	9/11
Deputy Director, Security and Protection	11/11
Deputy Director, Economy (from 14 October 2013)	5/5
Jim Conn (Crown Solicitor)	10/11

Board Assessment of Effectiveness

Following last year's assessment of effectiveness, the Department has continued to take a robust approach to Board meetings, including having a tightly focused and strategic agenda and implementing "deep dive" discussions on key policy objectives on a bi-monthly basis. Other improvements, such as meetings between the Director and Deputy Directors on specific relevant policy matters separately to Board meetings, meant that more time was available at Board meetings for detailed discussion on strategic issues including risk management, business continuity planning and finance.

The annual assessment of Board effectiveness was carried during February and March 2014. The self-assessment focused on five areas: Board Performance; Board Approach to Business; Board Servicing; Board Dynamics and a Board Member Self-Assessment. The Board considered the initial results at its March meeting and then held a meeting in April to consider the recurring themes from the assessment in more detail. In 2014-15, the Board will take additional steps to improve performance tracking and progress against set objectives and targets. The Board has also decided to review how risk is presented at its monthly meetings.

Audit and Risk Committee

During 2013-14, the Management Board was supported in its work by the Audit and Risk Committee, which is chaired by the Non-Executive Director. Dawn Johnson replaced John King as chair in June 2013. The Audit and Risk Committee has two members; these were Chris Flatt, Deputy Director, Corporate and Constitutional Division, Scotland Office and Vijay Rangarajan, Director, Foreign Office. Both members stood down during 2013-14 and have been replaced by Sian Osborne, Deputy Director,

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Policy at the Wales Office, and Ian Summers, who joined the Committee as an independent external member on 1 April 2014. The Committee met five times during 2013-14.

Member	No of meetings attended in year
John King, Chair, non-executive director (End of term May 2013)	1/1
Dawn Johnson, Chair, non-executive director (Appointed June 2013)	4/4
Chris Flatt, Deputy Director, Corporate and Constitutional Division at the Scotland Office, external member (End of term March 2014)	5/5
Sian Osborne, Deputy Director, Policy at the Wales Office, external member (Appointed February 2014)	1/1

The role of the Audit and Risk Committee is to support the Accounting Officer in monitoring the corporate governance and control systems (including financial reporting) operating in the Department. Its primary function is to test and challenge the assurances which are provided to the Accounting Officer, the way in which these assurances are developed and the management priorities and approaches on which the assurances are premised. Such assurances come from internal and external audit and are also provided by management across the Department and its Arm's Length Bodies. The Committee acts in an advisory capacity and has no executive powers. The Audit and Risk Committee is constituted as a sub-committee of the Board. Assurances are provided to the Accounting Officer and the Management Board by the Chair of the Audit and Risk Committee.

The Committee met five times throughout 2013-14, and agreed a work plan for the year ahead. It undertook a range of activities to fulfil its role in providing advice and challenge to the Accounting Officer and the Board, and to support them in their corporate governance responsibilities. Activities during 2013-14 included: considering the Department's 2012-13 Annual Report and Accounts and Governance Statement; monitoring the preparation of the 2013-14 Annual Report and Accounts in order to give assurance to the Accounting Officer as to their timely delivery; monitoring the implementation of internal and external audit recommendations; reviewing the Departmental risk register and providing feedback and challenge to the Management Board; and considering the governance arrangements in place between the NIO and its ALBs.

Following each meeting, the Chair provided an update to the Management Board and the minutes of the meeting were circulated to Board members. On the basis of the issues discussed and evidence presented at its meetings, the Audit and Risk Committee concluded that the assurances it received throughout the year were satisfactory, and it was not aware of any significant internal control issues for inclusion in the 2013-14 accounts.

People Group Sub-Committee

The People Group is a sub-committee of the Management Board. Established December 2012, its key aim is to bring focus and momentum to the Department's work to ensure we have the right people, with the right skills, in the right place and ensure a focused response to issues such as the annual staff survey. The People Group is chaired by the Director and membership includes representatives, at Deputy Director level, of core business areas within the Department. The People Group is supported by an Advisory Team comprising representatives of staff across the Department.

Significant progress has been made in this area during 2013-14, building on the success of 2012-13. Key achievements for 2013-14 included a thorough review of recruitment processes, introduction of new performance development tools and a new process for managing headcount. The People Group continued to make good use of structured management information to enable effective decision making in relation to headcount and structures.

Efficiency and Reform Sub-Committee

The Efficiency & Reform Group is a sub-committee of the Management Board. Established in July 2013, the key aims of the group are to ensure that (i) NIO policies and practices optimise our efficiency and are consistent with government finance rules; and (ii) that we identify savings across the Department that will enable us to live within our challenging 2015-16 budget settlement, and beyond. The Efficiency and Reform Group monitors the implementation of decisions taken by the Group and reports to Ministers and the Management Board on the results. The Group is chaired by the Director and membership includes representatives, at Deputy Director level, of core business areas within the Department. The Group is supported by an Advisory Team comprising representatives of staff across the Department.

Internal Audit

During 2013-14, the Department's internal audit service was provided by the Ministry of Justice. Internal audit identifies and agrees areas for investigation through its own analysis based on the Departmental risk register, and through discussions with the Audit and Risk Committee and senior managers.

Internal audit reports were commissioned at the start of the year for: Home Protection Scheme; Cash Management; Procurement; Business Continuity Planning and Workforce Planning. In addition, two follow up reports were completed in respect of Payroll and Hillsborough Castle. Completed reports indicate that there are no significant control issues and all recommendations made during the year have been accepted by the Management Board and have been implemented or are being progressed in accordance with agreed timetables. The status of internal audit recommendations is regularly reported to the Audit and Risk Committee.

The internal audit opinion for 2013-14 reports a reasonable¹ level of assurance that the Department's overall risk, control and governance framework is adequate to enable the achievement of its objectives and that the key risks to the Department are being effectively managed. The opinion is based on the agreed programme of work which has covered a range of areas, identified good levels of control and found only a small number of significant control issues. The opinion is based primarily on the work conducted during the year but also takes into account observations during attendance at Audit and Risk Committee meetings. It also takes into account internal audit's confidence in the extent to which agreed actions to remedy weaknesses are implemented by due dates.

¹ Definition of *reasonable*: Our work identified moderate/significant rated findings that are isolated to specific systems and processes and when taken in aggregate we believe they are not pervasive to the system of internal control as a whole. Consequently we can give reasonable assurance on the adequacy and effectiveness of the system of governance, risk management and internal control.

Compliance with the Corporate Governance Code

Corporate governance in central government departments: code of good practice was published in July 2011. The Code sets out principles and provisions relating to the role and responsibilities, composition and functions of enhanced departmental boards. The Code is designed to cover all central Government departments which have enhanced Departmental Boards. Most of these departments have multi-billion pound budgets and deliver a range of front line services. The NIO is one of the smallest Whitehall departments, with a budget of £28m in 2013-14 and reducing, and does not have an enhanced departmental board, as outlined on page 44. While the NIO ensures that, as far as possible, it abides by the principles and spirit of the Code, it would be disproportionate to implement many of the detailed provisions.

Risk Management

As Accounting Officer, I acknowledge my overall responsibility for the effective management of risk within the Northern Ireland Office. In meeting this responsibility, I am supported by the Board, which I chair. Risk management is embedded across the Department, and we manage our business in a manner which takes account of the risks we face. Over the year, we have undertaken a number of measures to safeguard the effectiveness of our processes, to ensure they are proportionate to the Department as currently structured. The Department's Risk Register aligns closely with the Departmental Business Plan, and the Board has identified and owns a set of strategic risks which are distributed among our four main business objectives outlined on pages 12-16. They include risks relating to: the safety and security of Northern Ireland; risks to the devolved political environment, including the economy; and to our operational delivery should we be faced with resource pressures.

Risk management is a standing agenda item at the Management Board, with the Board viewing the register as a living document, to be monitored and discussed on a monthly basis. This includes 'deep dive/challenge' sessions where Board members have an opportunity to consider each risk in detail and provide a challenge/assurance function to the risk owner. On a monthly basis, risk owners consider the risks, the internal controls and mitigating factors in place, and alert the Board to any increase in the likelihood or impact of each risk. The risk register is also provided to the Audit and Risk Committee at each meeting to ensure that it effectively identifies and assesses risk and sets out mitigating actions to significant risks across the Department.

Information and tools for effective risk management are available to all staff in procedures and policies accessible on Department's intranet. In addition, online training for staff is available via the Ministry of Justice's web-portal. The effectiveness of the risk management system in place has been demonstrated through the manner in which the Department has continued to deliver its objectives, through a period of comprehensive and continuous restructuring following the devolution of policing and justice functions in April 2010. I received assurance from Deputy Directors that risk management was considered as an integral part of the policy development process within their business areas, including incorporating details of risk in advice to Ministers. I also received assurance first hand through discussions with staff and Ministers on key policy issues and through sight of submissions and other documentation setting out advice and guidance to Ministers and senior officials.

At the time of writing, a review of the risk management process is underway with a view to improving our process for identifying, recording, presenting and managing risk at both Board level and across the Department.

Information Assurance

I am responsible for ensuring that information risks are assessed and mitigated to an acceptable level. Information is a key business asset and the Department continues to make Information Assurance (IA) a priority. The Management Board has agreed the necessary structures, policies and training to ensure the Department continues to comply with Government standards. A network of Information Asset Owners (IAOs), accountable to the Senior Information Risk Owner (SIRO), manages information assurance and risk across the Department and its ALBs.

In support of this network the Departmental Security Committee chaired by the Departmental Security Officer (DSO) meets on a quarterly basis to review protective security and information assurance arrangements. Additionally, a Security Managers' Forum, comprising representatives from each of the business areas and ALBs also meets on a quarterly basis. The purpose of this Forum is to improve and implement the Department's policies and guidance in relation to security and information assurance and to provide a forum for promoting and sharing best practice across the NIO and its departmental family.

During 2013-14, all staff were required to complete the annual mandatory Data Handling e-learning package, "Responsible for Information", provided by Civil Service Learning (CSL). Separate arrangements were made for ALB staff, without access to CSL, to access and complete the relevant training. During 2013-14, no information assurance incidents occurred.

Stewardship Statements

Each Deputy Director in the core Department and senior official in each ALB signs a stewardship statement bi-annually, providing assurance on governance, risk management and the operation of internal controls within their business areas. These stewardship statements clearly set out the controls in place and the steps taken to monitor the effectiveness of the controls. These are agreed at the beginning of the year, reviewed mid-year and an assessment of the effectiveness of these controls is carried out at the end of the year. I am satisfied that the statements provide me with an appropriate level of assurance.

Arm's Length Bodies (ALBs)

During 2013-14, the Corporate Governance Team, together with Deputy Directors and other support areas, continued to work closely with the Department's sponsored bodies to strengthen governance arrangements. Regular meetings between the Department and the sponsored bodies were held and attended by the sponsoring Deputy Director. The team continued to keep under review the framework documents that set out the arm's length relationships with the Department to ensure robust governance arrangements were in place. The Department also introduced internal changes to improve and strengthen the oversight and accountability arrangements between the Northern Ireland Office and its ALBs, including the development of a *Guide for Sponsors*.

I sought assurance that each sponsored body operated sound governance arrangements from the relevant sponsoring Deputy Director who were required to provide me with written assurance that they

had reviewed the extent to which these governance requirements were met both mid-year and at the end of the financial year. The Audit and Risk Committee also received quarterly updates on the management of the governance arrangements of the ALBs, including details of internal audits completed and progress on the implementation of recommendations.

For the Non-Departmental Public Bodies (the Northern Ireland Human Rights Commission and the Parades Commission for Northern Ireland), I relied principally on the Governance Statement that each body's Accounting Officer made as part of its annual accounts. These were supplemented by stewardship statements provided by Deputy Directors in the Department responsible for sponsoring each body.

In respect of the Parades Commission for Northern Ireland, it is notable that there was some delay in the publication of the 2012-13 accounts. This issue was addressed during 2013-14 with increased engagement between the Commission and the NIO sponsor team and Finance Team. The result was a very positive response at the interim account and we anticipate timely publication of the 2013-14 accounts.

For the period 2013-14, I am able to report that there were no significant weaknesses in the Department's system of internal controls which affected the achievement of the Department's key policies, aims and objectives.

Sir Jonathan Stephens KCB
Accounting Officer

10 July 2014

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements of the Northern Ireland Office and of its Departmental Group for the year ended 31 March 2014 under the Government Resources and Accounts Act 2000. The Department consists of the core Department only. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2013. The financial statements comprise: the Department's and Departmental Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities that govern them.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2014 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's and the Departmental Group's affairs as at 31 March 2014 and of the Department's net operating cost and Departmental Group's net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

Date 16 July 2014

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

STATEMENT OF PARLIAMENTARY SUPPLY

Summary of Resource and Capital Outturn 2013-14

£000		Estimate			Outturn			2013-14 £000	2012-13 £000
Note	Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted Outturn compared with Estimate: saving	Net Total	
							Departmental Expenditure Limit		
Resource	2.1	27,924	75	27,999	25,287	71	25,358	2,637	22,594
Capital	2.2	396	-	396	307	-	307	89	1,271
Annually Managed Expenditure									
Resource	2.1	1,115	-	1,115	778	-	778	337	(209)
Capital									-
Total Budget Non-Budget		29,435	75	29,510	26,372	71	26,443	3,063	23,656
Resource	2.1	14,875,937	-	14,875,937	13,783,290	-	13,783,290	1,092,647	13,723,137
Total		14,905,372	75	14,905,447	13,809,662	71	13,809,733	1,095,710	13,746,793
Total Resource		14,904,976	75	14,905,051	13,809,355	71	13,809,426	1,095,621	13,745,522
Total Capital		396	-	396	307	-	307	89	1,271
Total		14,905,372	75	14,905,447	13,809,662	71	13,809,733	1,095,710	13,746,793

Net cash requirement 2013-14

£000	Note	2013-14 Estimate	Outturn	2013-14 Outturn compared with Estimate: saving/(excess)	2012-13 Outturn
	4	14,908,958	13,815,529	1,093,429	13,733,364

Administration Costs 2013-14

	2013-14 Estimate	2013-14 Outturn	2012-13 Outturn
3.2	15,551	12,969	2,582

Figures in the areas outlined in bold are voted totals or other totals subject to Parliamentary control.

The notes on pages 68 to 101 form part of these accounts.

Explanations of variances between the Estimate and Outturn are given in SOPS note 2 and in the Director's report.

Prior Period Adjustments (PPAs) that have resulted from an error in previous recording or from a change in accounting policy initiated by the Department or which are otherwise the result of departmental action have a potential impact on net budgets. It is proper for the Department to seek parliamentary authority for the provision that should have been sought previously. In 2013-14, the following such PPAs have been made, which have been included within voted non-budget Supply in the Estimate:

PPA Description	Resource/Capital	Amount
		£000
Parades Commission	Resource	433
Miscarriages of Justice Error	Resource	1,000
Revised Work in Progress Valuation	Resource	(1,143)

Parades Commission for Northern Ireland Tax Liability

After the Department's 2012-13 resource accounts were completed a tax liability was accrued in the Parades Commission for Northern Ireland 2012-13 accounts. A Prior Period Adjustment (PPA) has been completed to account for this error.

Miscarriages of Justice Claims

A liability was accrued in the Department's 2011-12 resource accounts for the Miscarriages of Justice Claims. This was incorrectly classified as accrued expenditure and should have been classified as a provision. A Prior Period Adjustment (PPA) has been completed to account for this error.

Revised Work in Progress Valuation

After review, the methodology for valuing work in progress was revised with the result that the receivable recognised in the Statement of Financial Position and the associated income in the Statement of Comprehensive Net Expenditure were increased. The revised methodology was applied to prior years giving rise to a prior period adjustment. The change in the movement in the work in progress balances up to 31 March 2013 of £1,143,000 has been recognised in the SOPS in 2013-14.

Notes to the Departmental Accounts (Statement of Parliamentary Supply)

SOPS1. Statement of accounting policies

The Statement of Parliamentary Supply and supporting notes have been prepared in accordance with the 2013-14 Government Financial Reporting Manual (FReM) issued by HM Treasury. The Statement of Parliamentary Supply accounting policies contained in the FReM are consistent with the requirements set out in the 2013-14 Consolidated Budgeting Guidance and Supply Estimates Guidance Manual.

SOPS1.1 Accounting convention

The Statement of Parliamentary Supply and related notes are presented consistently with Treasury budget control and Supply Estimates. The aggregates across government are measured using National Accounts, prepared in accordance with the internationally agreed framework 'European System of Accounts' (ESA95). ESA95 is in turn consistent with the System of National Accounts (SNA93), which is prepared under the auspices of the United Nations.

The budgeting system, and the consequential presentation of Supply Estimates and the Statement of Parliamentary Supply and related notes have different objectives to IFRS-based accounts. The system supports the achievement of macro-economic stability by ensuring that public expenditure is controlled, with relevant Parliamentary authority, in support of the Government's fiscal framework. The system provides incentives to departments to manage spending well so as to provide high quality public services that offer value for money to the taxpayer.

The Government's objectives for fiscal policy are set out in the Charter for Budget Responsibility. These are to:

- ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness, and ensure the effectiveness of wider government policy; and
- support and improve the effectiveness of monetary policy in stabilising economic fluctuations.

SOPS1.2 Comparison with IFRS-based accounts

Many transactions are treated in the same way in National Accounts and IFRS-based accounts, but there are a number of differences.

SOPS1.3 Capital Grants

Grant expenditure used for capital purposes are treated as capital (CDEL) items in the Statement of Parliamentary Supply. Under IFRS, as applied by the FReM, there is no distinction between capital grants and other grants, and they score as an item of expenditure in the Consolidated Statement of Comprehensive Net Expenditure.

SOPS1.4 Prior Period Adjustments (PPAs)

PPAs resulting from an error in previous recording, or from an accounting policy change initiated by the department, need to be voted by Parliament in the current year, whereas in IFRS-based accounts (IAS 8) they are treated as adjustments to previous years. (PPAs resulting from a change in accounting policy brought in by a new or modified accounting standard are not included in Estimates, so there is no misalignment.)

SOPS1.5 Receipts in excess of HM Treasury agreement

This applies where HM Treasury has agreed a limit to income retainable by the department, with any excess income scoring outside of budgets, and consequently outside of the Statement of Parliamentary Supply. IFRS-based accounts will record all of the income, regardless of the budgetary limit. This situation may arise in the following areas: (i) profit/loss on disposal of assets; (ii) income generation above department Spending Review settlements; and (iii) income received above netting-off agreements.

SOPS1.6 Provisions - Administration and Programme expenditure

Provisions recognised in IFRS-based accounts are not recognised as expenditure for national accounts purposes until the actual payment of cash (or accrual liability) is recognised. To meet the requirements of both resource accounting and national accounts, additional data entries are made in the Statement of Parliamentary Supply across AME and DEL control totals, which do not affect the Statement of Comprehensive Net Expenditure. As the Administration control total is a sub-category of DEL, Administration and Programme expenditure reported in the Statement of Parliamentary Supply will differ from that reported in the IFRS-based accounts. A reconciliation is provided in SoPS note 3.2

Northern Ireland Office

SOPS2. Net Outturn

SOPS2.1 Analysis of net resource outturn by section

2013-14											2012-13
Outturn								Estimate			Outturn
Administration			Programme								
Gross	Income	Net	Gross	Income	Net	Total	Net Total	Net total compared to Estimate	Net total compared to Estimate, adjusted for virements	Total	
Spending in Departmental Expenditure Limits (DEL)											
Voted:											
A - Northern Ireland Office	18,548	(5,579)	12,969	10,586	(628)	9,958	22,927	25,549	2,622	2,611	19,956
B - Northern Ireland Human Rights Commission	-	-	-	1,446	-	1,446	1,446	1,472	26	26	1,486
C - Parades Commission	-	-	-	914	-	914	914	903	(11)	-	937
Non-voted:											
D - Funding of elections	-	-	-	71	-	71	71	75	4	4	215
	18,548	(5,579)	12,969	13,017	(628)	12,389	25,358	27,999	2,641	2,641	22,594
Annually Managed Expenditure (AME)											
Voted											
E - Northern Ireland Office	-	-	-	778	-	778	778	1,115	337	337	(209)
	-	-	-	778	-	778	778	1,115	337	337	(209)
Non-budget											
F - Grant Payable to the Northern Ireland Consolidated Fund	-	-	-	13,783,000	-	13,783,000	13,783,000	14,875,500	1,092,500	1,091,356	13,716,000
G - Prior Period Adjustments	-	-	-	1,433	(1,143)	290	290	437	147	1,291	7,137
Total	18,548	(5,579)	12,969	13,798,228	(1,771)	13,796,457	13,809,426	14,905,051	1,095,625	1,095,625	13,745,522

Explanation of variances

£2m of the Resource DEL underspend related to funding which was provided by HM treasury for a specific use by another organisation. As this funding was 'ring-fenced', when it was not required by that organisation, it could not be used by NIO for any other purpose and will revert to HM Treasury for reallocation.

Northern Ireland Office

A further £0.34m of underspend arose during the year in respect of the ring-fenced depreciation Resource DEL budget

In addition, funds requested by the Northern Ireland Executive were not drawn by the Northern Ireland Departments during the financial year.

SOPS2.2 Analysis of net capital outturn by section

	2013-14						2012-13
	Outturn			Estimate			Outturn
	Gross	Income	Net	Net	Net Total Outturn Compared with estimate	Net total compared to Estimate, adjusted for virements	Net
Spending in Departmental Expenditure Limits (DEL)							
Voted:							
A - Northern Ireland Office	207	-	207	396	189	89	1,261
B - Northern Ireland Human Rights Commission	-	-	-	-	-	-	8
C - Parades Commission	100	-	100	-	(100)	-	2
Non-voted:							
D - Funding of elections	-	-	-	-	-	-	-
	307	-	307	396	89	89	1,271
Annually Managed Expenditure (AME)							
Voted							
E - Northern Ireland Office	-	-	-	-	-	-	-
Total	307	-	307	396	89	89	1,271

Explanation of variances

The underspend arose entirely from lower than anticipated costs in relation to the London Headquarters relocation.

SOPS3. Reconciliation of outturn to net operating cost and against Administration Budget

SOPS3.1 Reconciliation of net resource outturn to net operating cost

		2013-14 £000	2012-13 Restated £000
	Note	Outturn	Outturn
Total resource outturn in Statement of Parliamentary Supply			
Budget	2.1	26,136	22,385
Non-budget	2.1	13,783,290	13,723,137
		13,809,426	13,745,522
Prior Period Adjustments made in 12-13			(7,137)
Prior Period Adjustments made in 13-14		(290)	581
Net Operating Costs in Consolidated Statement of Comprehensive Net Expenditure		13,809,136	13,738,966

Note a - Three Prior Period Adjustments (PPAs) were processed during 2013-14. The impact of these PPAs was to restate the Net operating cost in 2012-13 and increase the outturn in 2013-14 (see notes 1.27 and 1.28).

Further details regarding financial performance are contained within the Director's report.

SOPS3.2 Outturn against final Administration Budget and Administration net operating cost

	2013-14 £000	2012-13 £000
Estimate – administration costs limit	15,551	13,414
Outturn –Gross administration costs	18,548	18,991
Outturn – Gross Income relating to administration costs	(5,579)	(5,587)
Outturn – Net administration costs	12,969	13,404
Reconciliation to operating costs:		
Less: Prior Period Adjustment for WIP	-	148
Administration net operating costs	12,969	13,552

SOPS4. Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	Estimate £000	Outturn £000	Net total outturn Compared with Estimate: saving/(exc ess) £000
Resource Outturn	SOPS 2.1	14,905,051	13,809,426	1,095,625
Capital Outturn	SOPS 2.2	396	307	89
Accruals to cash adjustments:				
<i>Adjustment to remove non-cash items:</i>				
Depreciation		(1,807)	(1,474)	(333)
New Provisions and adjustments to previous provisions		(1,175)	(811)	(364)
Departmental Unallocated Provision				
Prior Period Adjustments		(437)	(290)	(147)
Other non-cash items	4,5	(130)	(83)	(47)
<i>Adjustments for NDPBs:</i>				
Remove voted resource and capital		(2,375)	(2,509)	134
Add Cash grant-in-aid		2,313	2,856	(543)
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables	13	-	809	(809)
(Increase)/decrease in payables	14	7,137	7,286	(149)
Use of provisions	15	60	82	(22)
		14,909,033	13,815,599	1,093,434
Removal of non-voted budget items:				
Consolidated Fund Standing Services		(75)	(70)	(5)
Net Cash Requirement		14,908,958	13,815,529	1,093,429

SOPS5. Income payable to the Consolidated Fund**SOPS5.1 Analysis of income payable to the Consolidated Fund**

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

	Outturn 2013-14		Outturn 2012-13	
	Income	£000 <i>Receipts</i>	Income	£000 <i>Receipts</i>
Operating income outside the ambit of the estimate	-	-	-	-
Excess cash surrenderable to the Consolidated Fund	-	-	-	-
Total income payable to the Consolidated Fund	-	-	-	-

SOPS5.2 Consolidated Fund Income

Consolidated Fund income shown in note 5.1 above does not include any amounts collected by the department where it was acting as agent for the Consolidated Fund rather than as principal. The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from these financial statements) were:

	2013-14	2012-13
	£000	£000
Income from Election Office activities funded by the Consolidated Fund	1	120
Amount payable to the Consolidated Fund	1	120
Balance held at the start of the year	120	11
Payments into the Consolidated Fund	(120)	(11)
Balance held in trust at the end of the year	1	120

All income shown above had been received at 31 March 2014.

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

For period ended 31 March 2014

	Note	2013-14		2012-13	
				Restated	Restated
		£000	£000	£000	£000
		Core Dept	Departmental Group	Core Dept	Departmental Group
Administration costs					
Staff costs	3	10,855	10,855	10,974	10,974
Other costs	4	7,693	7,693	8,017	8,017
Income	6	(5,579)	(5,579)	(5,439)	(5,439)
Programme costs					
Staff costs	3	4,144	5,615	2,372	3,777
Other costs	5	13,913,133	13,914,370	13,869,826	13,871,406
Income	6	(123,511)	(123,818)	(149,660)	(149,769)
Grant in aid to NDPBs		2,856	-	2,516	-
Net Operating Costs for the year ended 31 March 2014		13,809,591	13,809,136	13,738,606	13,738,966
Total Expenditure		13,938,681	13,938,533	13,893,705	13,894,174
Total Income		(129,090)	(129,397)	(155,099)	(155,208)
Net Operating Costs for the year ended 31 March 2014		13,809,591	13,809,136	13,738,606	13,738,966
Other Comprehensive Net Expenditure					
Items that will not be reclassified to net operating costs:					
Net (gain)/loss on:					
Revaluation of property, plant and equipment		(5,280)	(5,277)	2,291	2,294
Revaluation of Intangibles		-	-	-	-
Total comprehensive expenditure for the year ended 31 March 2014		13,804,311	13,803,859	13,740,897	13,741,260

The notes on pages 68 to 101 form part of these accounts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

		31 March 2014		31 March 2013	
				Restated	Restated
Note	£000 Core Department	£000 Departmental Group	£000 Core Department	£000 Departmental Group	
Non-current assets					
Property, plant and equipment	7	66,075	66,158	62,067	62,160
Intangible assets	8	130	197	104	112
Financial Assets	11	1,632,506	1,632,506	1,552,238	1,552,238
Total non-current assets		1,698,711	1,698,861	1,614,409	1,614,510
Current assets					
Trade and other receivables	13	6,955	7,092	6,148	6,195
Financial assets	11	132,452	132,452	143,992	143,992
Cash and cash equivalents	12	255,904	256,236	281,798	282,163
Total current assets		395,311	395,780	431,938	432,350
Total assets		2,094,022	2,094,641	2,046,347	2,046,860
Current Liabilities					
Trade and other payables	14	393,746	394,136	438,463	439,244
Provisions	15	-	202		
Total current liabilities		393,746	394,338	438,463	439,244
Non-current assets plus/less net current assets/liabilities		1,700,276	1,700,303	1,607,884	1,607,616
Non-current liabilities					
Provisions	15	1,821	1,821	1,092	1,245
Other payables	14	1,632,506	1,632,506	1,552,238	1,552,238
Total non-current liabilities		1,634,327	1,634,327	1,553,330	1,553,483
Total assets less liabilities		65,949	65,976	54,554	54,133
Taxpayers' equity					
General fund		49,344	49,369	43,229	42,799
Revaluation reserve		16,605	16,607	11,325	11,334
Total equity		65,949	65,976	54,554	54,133

Signed:

Accounting Officer: Sir Jonathan Stephens KCB

Date: 10 July 2014

The notes on pages 68 to 101 form part of these accounts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

		31 March 2012	
		Restated	Restated
		£000 Core Department	£000 Departmental Group
	Note		
Non-current assets			
Property, plant and equipment	7	64,684	64,826
Intangible assets	8	188	191
Financial Assets	11	1,545,900	1,545,900
Total non-current assets		1,610,772	1,610,917
Current assets			
Trade and other receivables	13	9,319	9,349
Financial assets	11	122,923	122,923
Cash and cash equivalents	12	283,501	283,994
Total current assets		415,743	416,266
Total assets		2,026,515	2,027,183
Current Liabilities			
Trade and other payables	14	410,608	411,334
Total current liabilities		410,608	411,334
Non-current assets plus/less net current assets/liabilities		1,615,907	1,615,849
Non-current liabilities			
Provisions	15	1,480	1,480
Other payables	14	1,552,647	1,552,647
Total non-current liabilities		1,554,127	1,554,127
Total assets less liabilities		61,780	61,722
Taxpayers' equity			
General fund		48,164	48,094
Revaluation reserve		13,616	13,628
Total equity		61,780	61,722

The notes on pages 68 to 101 form part of these accounts.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	Note	2013-14		2012-13	
		Core Dept	Departmental Group	Core Dept	Departmental Group
				Restated	Restated
Cash flows from operating activities					
Net operating cost		(13,809,591)	(13,809,136)	(13,738,606)	(13,738,966)
Adjustment for non-cash transactions	4,5	2,473	2,689	1,687	2,161
(Increase)/decrease in trade and other receivables	13	(807)	(890)	3,171	3,154
Increase/(decrease) in trade payables	14	34,577	34,101	27,446	27,501
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	14	(41,935)	(41,980)	(32,860)	(32,861)
Use of provisions	15	(82)	(141)	(237)	(511)
Other adjusting items				(5)	-
Net cash outflow from operating activities		(13,815,365)	(13,815,357)	(13,739,404)	(13,739,522)
Cash flows from investing activities					
Purchase of property, plant and equipment	7	(164)	(190)	(295)	(305)
Purchase of intangible assets	8	-	(29)	(6)	(6)
Loans to other bodies	11	(195,936)	(195,936)	(150,936)	(150,936)
Repayment from other bodies	11	127,208	127,208	123,529	123,529
Net cash outflow from investing activities		(68,892)	(68,947)	(27,708)	(27,718)
Cash flows from financing activities					
From the Consolidated Fund (Supply) – current year		13,789,756	13,789,770	13,737,748	13,737,748
From the Consolidated Fund (Supply) – prior year		-	-	-	-
From the Consolidated Fund (non-supply)		-	-	145	145
Loans received from the National Loans Fund	11	195,936	195,936	150,936	150,936
Repayments of loans from the National Loans Fund	11	(127,208)	(127,208)	(123,529)	(123,529)
Net financing		13,858,484	13,858,498	13,765,300	13,765,300
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund					
		(25,773)	(25,806)	(1,812)	(1,940)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		(1)	(1)	120	120
Payments of amounts due to the Consolidated Fund		(120)	(120)	(11)	(11)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(25,894)	(25,927)	(1,703)	(1,831)
Cash and cash equivalents at the beginning of the period					
	12	281,798	282,163	283,501	283,994
Cash and cash equivalents at the end of the period					
	12	255,904	256,236	281,798	282,163

The notes on pages 68 to 101 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

For year ended 31 March 2014 – Core Department

	Note	General Fund Restated £000	Revaluation Reserve Restated £000	Total Reserves Restated £000
Balance at 31 March 2012		46,873	13,616	60,489
Prior Period Adjustment		1,291	-	1,291
		48,164	13,616	61,780
Net Parliamentary Funding - drawn down		13,737,748	-	13,737,748
Net Parliamentary Funding - deemed		277,293	-	277,293
Consolidated Fund Standing Services	5	215	-	215
Supply payable adjustment	14	(281,677)	-	(281,677)
		13,733,579	-	13,733,579
Changes in taxpayers equity for 2012-13				
Net gain on revaluation of property, plant and equipment		-	(2,291)	(2,291)
Net (loss) on revaluation of intangible assets		-	-	-
Non-cash charges - auditor's remuneration	4,5	92	-	92
Non-cash charges - other notional	4,5	-	-	-
Machinery of Government transfers		-	-	-
Net operating cost for the year		(13,738,606)	-	(13,738,606)
Total recognised income and expense for 2012-2013		(13,738,514)	(2,291)	(13,740,805)
Balance at 31 March 2013		43,229	11,325	54,554
Net Parliamentary Funding - drawn down		13,789,756	-	13,789,756
Net Parliamentary Funding - deemed		281,677	-	281,677
Consolidated Fund Standing Services	5	70	-	70
Unspent Supply payable to the Consolidated Fund	14	(255,904)	-	(255,904)
		13,815,599	-	13,815,599
Changes in taxpayers equity for 2013-14				
Net gain on revaluation of property, plant and equipment		-	5,280	5,280
Net (loss) on revaluation of intangible assets		-	-	-
Non-cash charges - auditor's remuneration	4,5	107	-	107
Non-cash charges - other notional	4,5	-	-	-
Machinery of Government transfers		-	-	-
Net operating cost for the year		(13,809,591)	-	(13,809,591)
Total recognised income and expense for 2013-14		(13,809,484)	5,280	(13,804,204)
Balance at 31 March 2014		49,344	16,605	65,949

The General Fund serves as the chief operating fund and is used to account for all financial resources except those required to be accounted for in another fund. The Revaluation Reserve records the unrealised gain or loss on revaluation of assets.

The notes on pages 68 to 100 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

For year ended 31 March 2014 – Departmental Group

	Note	General Fund Restated £000	Revaluation Reserve Restated £000	Total Reserves Restated £000
Balance at 31 March 2012		46,803	13,628	60,431
Prior Period Adjustment		1,291	-	1,291
		48,094	13,628	61,722
Net Parliamentary Funding - drawn down		13,737,748	-	13,737,748
Net Parliamentary Funding - deemed		277,293	-	277,293
Consolidated Fund Standing Services	5	215	-	215
Supply payable adjustment	14	(281,677)	-	(281,677)
		13,733,579	-	13,733,579
Changes in taxpayers equity for 2012-13				
Net gain on revaluation of property, plant and equipment		-	(2,294)	(2,294)
Net (loss) on revaluation of intangible assets		-	-	-
Non-cash charges - auditor's remuneration	4,5	92	-	92
Non-cash charges - other notional	4,5	-	-	-
Machinery of Government transfers		-	-	-
Net operating cost for the year		(13,738,966)	-	(13,738,966)
Total recognised income and expense for 2012-2013		(13,738,874)	(2,294)	(13,741,168)
Balance at 31 March 2013		42,799	11,334	54,133
Net Parliamentary Funding - drawn down		13,789,756	-	13,789,756
Net Parliamentary Funding - deemed		281,677	-	281,677
Consolidated Fund Standing Services	5	70	-	70
Unspent Supply payable to the Consolidated Fund	14	(255,904)	-	(255,904)
		13,815,599	-	13,815,599
Changes in taxpayers equity for 2013-14				
Net gain on revaluation of property, plant and equipment		-	5,277	5,277
Net (loss) on revaluation of intangible assets		-	-	-
Non-cash charges - auditor's remuneration	4,5	107	-	107
Non-cash charges - other notional	4,5	-	-	-
Net operating cost for the year		(13,809,136)	(4)	(13,809,140)
Total recognised income and expense for 2013-14		(13,809,029)	5,273	(13,803,756)
Balance at 31 March 2014		49,369	16,607	65,976

The General Fund serves as the chief operating fund and is used to account for all financial resources except those required to be accounted for in another fund. The Revaluation Reserve records the unrealised gain or loss on revaluation of assets.

The notes on pages 68 to 101 form part of these accounts.

NOTES TO THE DEPARTMENTAL ACCOUNTS

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2013-14 *Government Financial Reporting Manual* (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Northern Ireland Office for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The accounts have been prepared under Accounts presented to the House of Commons Pursuant to Section 6(4) of the Government Resources and Accounts Act 2000.

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

1.1 Accounting convention

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

1.2 Basis of consolidation

The accounts comprise a consolidation of the core Department and its two designated NDPBs, the Parades Commission and the Northern Ireland Human Rights Commission, on a line by line basis. Counterparty transactions have been eliminated on consolidation in accordance with relevant accounting standards.

1.3 Property, plant and equipment

Property, plant and equipment comprise heritage assets (including antiques), leasehold improvements, fixtures and fittings, vehicles, plant and machinery, computer equipment and assets under construction.

The Department's heritage assets comprise Hillsborough Castle and its surrounding estate, as well as arts and antiques.

In addition, the Department occupies a number of properties within the Northern Ireland Executive Estate and the Civil Estate in Great Britain for which rent is paid. Terms of occupancy of these buildings are outlined in agreements known as the Memoranda of Terms of Occupancy (MOTOs).

Consolidation of asset categories

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

- Plant and machinery
- Motor vehicles
- Furniture and fittings
- Office equipment
- Security equipment

1.3.1 Valuation of property, plant and equipment

Property, plant and equipment are stated at fair value, which is deemed to be the lower of replacement cost and recoverable amount. All non-heritage property, plant and equipment are restated to fair value each year by reference to indices compiled by the Office for National Statistics (ONS).

Assets under construction are shown at cost, and relate to assets which are incomplete but for which the Department has incurred a liability.

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

In compliance with IAS 16, subsequent expenditure on an asset which does not meet the criteria of enhancement or improvement is expensed through the Statement of Comprehensive Net Expenditure.

Upward revaluations are credited to the revaluation reserve and permanent reductions in the value of property, plant and equipment are charged to the Statement of Net Comprehensive Expenditure. Any subsequent revaluation of assets is credited to the Statement of Net Comprehensive Expenditure to the extent that it reverses previous revaluation decreases recognised as an expense in the Statement of Net Comprehensive Expenditure.

1.4 Heritage assets

In accordance with the Financial Reporting Manual (FRm) as issued by HM Treasury, heritage assets are capitalised and recognised in the Statement of Financial Position at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Hillsborough Castle is depreciated as set out in Note 1.4 and subject to quinquennial professional valuations, with indices supplied by Land and Property Services used in the intervening years. Arts and antiques are not depreciated and are subject to quinquennial professional valuations.

1.5 Intangible assets

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

1.6 Depreciation

All property, plant and equipment and intangible assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Assets in the course of construction are depreciated from the point at which the asset is brought into use.

Estimated useful lives, which are reviewed regularly, are:

Asset category	Useful Life
Heritage assets	50 years
Leasehold improvements	10 years (or the life of the lease, whichever is least)
Plant and machinery	3 - 25 years
Information Technology	2 - 16 years
Assets under construction	No depreciation
Intangible assets (software licences)	2 - 10 years

1.7 Realised Element of Depreciation from Revaluation Reserve

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

1.8 Donated assets

The Department does not have any donated assets.

The Department does hold a number of “works of art” which are not on the NIO’s Statement of Financial Position. These are on loan from a variety of sources including the Northern Ireland Civil Service Art Collection, Government Art Collection of Great Britain and local museums. These items are checked regularly, for condition and verification that they are still located in government buildings, by each organisation from which they are on loan.

1.9 Work in progress

Work in progress relates only to the provision of professional services provided by the Crown Solicitor’s Office (CSO). Professional fees and costs incurred in relation to this work are invoiced on completion of cases, rather than on an on-going basis. Consequently an estimated work in progress figure is included in the accounts to reflect work undertaken to date net of costs deemed to be irrecoverable. Outstanding balances at the year-end are presented in the receivables figure on the Statement of Financial Position.

1.10 Employee Benefits

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) and the PCSPS (NI). The defined benefit schemes are unfunded. The department

recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS and the PCSPS (NI) of the amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS and the PCSPS (NI). In respect of the defined contribution schemes, the department recognises the contributions payable for the year.

Further details regarding the above schemes are contained in Note 3 to the Accounts.

1.11 Early departure costs

The Department is required to meet the additional cost of benefits beyond the normal PCSPS and PCSPS (NI) benefits in respect of employees who retire early, from the date of their retirement until they reach normal pensionable age. The Department provides in full for this cost when the early retirement programme has been announced and this is binding on the Department.

1.12 Financing and Operating income

Financing

The Department is primarily resourced by funds approved by Parliament through the annual Supply process. Resources are drawn down each month to meet expenditure requirements.

Operating Income

Operating income is income which relates directly to the operating activities of the Department. It principally comprises monies received in respect of EU grants and National Loans Fund interest. This income is netted off gross expenditure in the Statement of Parliamentary Supply. Operating income also includes charges provided on a full-cost basis to external customers, as well as public repayment work, i.e. professional services provided by the CSO.

Operating income includes not only income appropriated in aid of the estimate but also income to the Consolidated Fund which in accordance with the FReM is treated as operating income. Operating income is stated net of VAT.

Operating income is split under the following headings depending on its classification:

- Administration costs
- Programme costs

It excludes funding from Parliamentary Vote, loans from the National Loans Fund and advances from the Contingencies Fund.

1.13 Administration and Programme expenditure

The Statement of Net Comprehensive Expenditure is analysed between administration and programme income and expenditure. The classification of expenditure as administration or as programme follows the definitions set out in HM Treasury's *Consolidated Budgeting Guidance*. Broadly, administrative expenditure reflects the costs of running the Department while programme costs relate directly to service delivery activities.

1.14 Grants payable and paid

The Core Department recognises the grants due to its executive Non-Departmental Public Bodies, (the Northern Ireland Human Rights Commission and the Parades Commission), in the period in which they are paid.

The Core Department processes receipts and payments on behalf of the Parades Commission. Grant-in-aid paid during the year, is calculated by recording the details of payments processed and cash that has been paid out. The Core Department also keeps a record of notional costs incurred by the Parades Commission, but does not recognise these as grant funding in its core financial statements. These costs are instead reported by the Parades Commission in its separate annual report and accounts.

The Department also makes a small number of grants to a variety of public sector, private sector and voluntary bodies and these are recognised in the period in which there is reasonable assurance that they will be paid and that the conditions attaching them will be complied with.

1.15 Leases

Operating leases

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

1.16 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the reporting date on the basis of the best estimate of the expenditure required to settle the obligation.

1.17 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, 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, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money*.

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

1.18 Foreign exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction.

1.19 Value Added Tax

Most of the activities of the Department are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.20 Insurance

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

Departments do not generally insure. No insurance is affected against the following: fire, explosion, common law, third party and similar risks. Notional insurance premiums are not charged to the Statement of Net Comprehensive Expenditure. Instead, expenditure in connection with uninsured risks is charged as incurred.

1.21 Notional charges

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

1.22 Staff Costs

Under IAS19 *Employee Benefits*, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the costs of any untaken leave as at the year end. The cost of untaken leave has been determined using data from staff leave records.

1.23 Financial Instruments

Recognition and de-recognition of financial assets and financial liabilities

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognised when, and only when, the Department becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Department no longer has rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

Financial assets

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

Loans and receivables

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

Trade and other receivables

Financial assets within trade and other receivables are recognised at fair value, which is usually the original invoiced amount. Provisions for bad debt are made specifically where there is objective evidence of a dispute or inability to pay. CSO only write off debts after all attempts to recover monies have been exhausted.

Cash and cash equivalents

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

Impairment of financial assets

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

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

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

Financial Liabilities

Trade and other payables

Financial liabilities within trade and other payables are recognised at fair value, which is usually the original invoiced amount.

Loans and other borrowings

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

1.24 Critical accounting estimates and key judgements

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

(i) – Depreciation of non-current assets

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

(ii) – Impairment of non-current assets

Where there is an indication that the carrying value of items of property, plant and equipment may have been impaired through events or changes in circumstances, a review will be undertaken of the recoverable amount of that asset.

(iii) – Provisions for compensation

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

(iv) – Work in Progress

The Crown Solicitor's Office recognises the income relating to the cost of solicitor activity in relation to cases that have not completed at the reporting date. This is an estimate of the fees earned as a result of work undertaken up to the reporting date using the an estimate of cost based on actual bills issued and an assessment of the progress on the case to date. Account has been take of the recoverability of the receivable in the calculation. Any differences between the amount charged to the client upon the completion of the case and the value recognised as work in progress will be accounted for in the accounting period when the client invoice is raised.

1.25 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2013

The Department has reviewed all standards that were effective at the start of the year, and those which became effective during the year, and considered whether these affect the presentation, disclosure and measurement of balances within the financial statements.

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

The following new standards, interpretations and amendments, which have been adopted by the EU but are not yet effective, may have an impact on the future Northern Ireland Office accounts:

IFRS 13 – Fair Value Measurement was issued on 1 January 2013 and has been adopted by the EU. This will be effective from 2015-16. IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS. Guidance on how this should be applied across government has yet to be issued by the Treasury. Until guidance on its adoption is issued by HMT in the FReM, we are unable to provide an assessment on the impact of adopting this Standard.

IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities, IAS 27 – Separate Financial Statements, and IAS 28 – Investments in Associates and Joint Ventures were all issued from 1 January 2013, with EU adoption from 1 January 2014. The IASB have issued new and amended standards that affect the consolidation and reporting of subsidiaries, associates, joint ventures and investment entities: IFRS 10 definition of control (investor power and ability to direct activities of an investee) requires more judgement, notably of agency-principal relationships. Clarity on investor exposure or rights to variable returns (e.g. cost savings) may result in new consolidations, notably asset and fund managers. IFRS 12 requires more disclosure of the financial effects on, and risks to, the consolidating entity. All of these are still subject to consultation at the Treasury and until we receive guidance on how these updates can be applied via the FReM, the impact of applying these standards is not known.

IAS 18 Replacement - Revenue Recognition and Liabilities Recognition (effective no later than 1 January 2015 as per Exposure Draft). This standard was reissued in November 2011. The Exposure Draft sought to develop a single conceptual model, and general principles, for determining when revenue should be recognised in the financial statements - replacing IAS 18 and IAS 11. Until guidance on its adoption is issued by HMT in the FReM, we are unable to provide an assessment on the impact of adopting this Standard.

The above standards to be adopted are not expected to have a material impact on the Northern Ireland Office.

1.27 Prior Period Adjustment (PPA)

Parades Commission for Northern Ireland Tax Liability

After the Department's 2012-13 resource accounts were completed a tax liability was accrued in the PCNI 2012-13 accounts. A PPA has been completed to account for this error.

In November 2013, HM Revenue and Customs (HMRC) assessed that the Parades Commission had additional liabilities of £433k relating to PAYE and National Insurance (£258k), interest (£87k) and penalties (£88k) on payments made to Authorised Officers from 2003 to 2011. These amounts have been adjusted in the statement of comprehensive net expenditure.

Crown Solicitor's Office Work in Progress

After review, the methodology for valuing work in progress was revised with the result that the receivable recognised in the account was increased by £1,291k. This adjustment was done as a prior period adjustment at 31 March 2012 as the same method had been used for previous accounting years.

1.28 Impact of PPA on Prior Year Outturn

In accordance with IAS 8, adjustments applicable to prior periods arising from either changes in accounting policy or correction of material errors, are accounted for as prior period adjustments. Opening balances are adjusted for the cumulative effect of the prior year adjustment and comparative figures for the preceding period are restated. A reconciliation of restated balances is provided below:

	Note	Published Accounts £000	Restated Balance £000	Adjustment £000	Description
Statement of Comprehensive Net Expenditure 2012-13					
Programme staff costs	3	3,519	3,777	258	Recognition of additional tax expenditure
Programme non staff costs	5	13,871,231	13,871,406	175	Recognition of interest and penalties on outstanding tax liability
Administration Income	6	5,587	5,439	(148)	Adjustment for revised work in progress valuation
Statement of Financial Position at 31 March 2013					
Taxation and social security payables	15	208	641	433	Recognition of additional liabilities
Prepayments and accrued Income	16	3,146	4,289	1,143	Amended disclosure and recognition of revised work in progress valuation

Statement of Financial Position at 1 April 2012

Prepayments and accrued Income	16	4,700	5,991	1,291	Amended disclosure and recognition of revised work in progress valuation
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2. Statement of Operating Costs by Operating Segment

The Department organises itself by group and reports income and expenditure by group to the Board each month. The four Groups that operated within the Department have now been reorganised into seven main groups to more accurately align to ministerial priorities. The current groups are

- Business Delivery Group;
- Engagement Group;
- Constitutional and Political Group;
- Economy Group;
- Strategy and Communications Group;
- Security and Protection Group; and
- Crown Solicitor's Office.

Information on amounts paid to the Northern Ireland Consolidated Fund (NICF) is not included in the management information reported to the board. However, details of these payments are included as a separate operating segment in the analysis below.

The Board received management information containing summary of spend on a monthly basis throughout the year. Information on the same basis is reproduced in the table below.

The Department does not consider that assets and liabilities can be meaningfully allocated to segments, and manages and reports on assets and liabilities in total. Therefore, no breakdown of assets and liabilities is given.

Management information presented to the Board does not contain details of payments made to the Northern Ireland Consolidated Fund. These payments are included as expenditure within the Consolidated Statement of Comprehensive Net Expenditure, and represent the majority of total expenditure. Consequently these costs have been included as an operating segment below.

Northern Ireland Office

	£000	£000	£000	£000	£000	£000	£000	£000	2013-14
	NICF	BDG	EnG	CPG	EG	SCG	SPG	CSO	£000
									Total
Administration									
Gross administration costs	-	9,569	621	752	71	1,535	1,728	4,592	18,868
Receipts	-	(311)	-	-	-	-	(70)	(5,384)	(5,765)
Net Administration Costs	-	9,258	621	752	71	1,535	1,658	(792)	13,103
Programme									
Gross programme costs	13,783,000	1,334	1,338	8,193	-	-	1,720	-	13,795,585
Receipts	-	-	(97)	(324)	-	-	4	-	(417)
Net programme costs	13,783,000	1,334	1,241	7,869	-	-	1,724	-	13,795,168
Overall Costs	13,783,000	10,592	1,862	8,621	71	1,535	3,382	(792)	13,808,271
2012-13									
	£000	£000	£000	£000	£000	£000	£000	£000	£000
	NICF	BDG	CPG	SLG	CSO				Total
Administration									
Gross administration costs	-	10,230	2,276	1,785	4,608				18,899
Receipts	-	(249)	(154)	(30)	(5,139)				(5,572)
Net Administration Costs	-	9,981	2,122	1,755	(531)				13,327
Programme									
Gross programme costs	13,716,000	60	5,764	2,947	284				13,725,055
Receipts	-	-	(208)	(76)	-				(284)
Net programme costs	13,716,000	60	5,556	2,871	284				13,724,771
Overall Costs	13,716,000	10,041	7,678	4,626	(247)				13,738,098

Description of segments:

Constitutional and Political Group

The Constitutional and Political Group (CPG) is responsible for advising on the implementation of the Agreements and on other constitutional and devolution issues. It drives the Department's efforts to support the Northern Ireland Executive (the Executive) which this year has included coordination of the Government's involvement with the all-party group chaired by Dr Richard Haass. CPG looks after policy relating to Northern Ireland elections and human rights, and has some responsibility for equality matters. It sponsors the Northern Ireland Human Rights Commission, the Boundary Commission for Northern Ireland, and the Chief Electoral Officer for Northern Ireland.

<p>Economy Group</p>
<p>The Economy Group (EG) was established in October 2013 to reflect a need for greater focus on economic issues and increased expertise within the Department. It absorbed some of the responsibilities previously held by the Constitutional and Political Group. The Economy Group is responsible for advice on economic and fiscal issues that impact on the Northern Ireland economy as well as providing analytical support across Department. It supports other Government Departments and the Executive to deliver the shared objective of rebalancing. This includes providing the Secretariat for the Ministerial Task Force on Banking and Access to Finance.</p>
<p>Security and Protection Group</p>
<p>The Security and Protection Group (SPG) previously Security and Legacy Group is responsible for implementing the Government's national security strategy and related policy and legislation in Northern Ireland. Northern Ireland Related Terrorism (NIRT) was identified as a Tier One risk to national security in the government's National Security Strategy. The threat level from NIRT is SEVERE in Northern Ireland and MODERATE in Great Britain. As a result, SPG are responsible for coordinating delivery of a comprehensive strategy to deal with the threat from Northern Ireland Related Terrorism. It handles the NIO's responsibilities for the Home Protection Scheme and other security-related matters such as national security-related firearms appeals and maintaining the Department's crisis response arrangements. SPG also sponsors the Sentence Review Commissioners (SRC). SPG liaises with the Northern Ireland Executive and Department of Justice & Equality in the Republic of Ireland on security, policing and justice matters.</p>
<p>Engagement Group</p>
<p>The Engagement Group (EnG) was formed in May 2013 to enable more targeted political outreach and engagement with key stakeholders across a range of particularly challenging policy areas. These include: dealing with the legacy of the past, parades and oversight of the Public Processions Act (NI) 1998, engagement with hard to reach communities (in particular loyalist and republican communities), commemorations and work on the shared future agenda. EnG represents HMG in the British-Irish Intergovernmental Secretariat, liaising with the Irish Joint Secretary and her Belfast-based team. The Group also sponsors the Parades Commission for Northern Ireland (PCNI) and has oversight responsibility for the work of the Independent Commission for the Location of Victims' Remains (ICLVR).</p>
<p>Strategy and Communications Group</p>
<p>The Strategy and Communications Group delivers the NIO's strategy and manages the corporate side of the Department, including those teams which service Ministers and the Management Board. It coordinates Ministerial and wider Departmental activity including media, visits and Parliamentary business matters, as well as the Department's approach to business planning, risk management and records management.</p>
<p>Business Delivery Group</p>
<p>The Business Delivery Group (BDG) provides the overarching support services for the day to day work of the Department including human resources (HR) and finance. As well as managing key contracts for IT, corporate services and HR support, BDG also manages the Departmental estate in Northern Ireland. It has a sponsoring role in respect of the Civil Service Commissioners for Northern Ireland.</p>

The Crown Solicitor's Office for Northern Ireland

The Crown Solicitor for Northern Ireland is a statutory appointee under Section 35 of the Northern Ireland Constitution Act 1973 (as amended). The staff of the Crown Solicitor's Office are all members of the NICS, employed by the Department of Finance and Personnel (DFP) for Northern Ireland, seconded to the NIO and posted to the Crown Solicitor's Office. The Crown Solicitor's Office does not form part of the core of the Northern Ireland Office operationally, but its budget forms part of the NIO Vote and accordingly its activities are recorded as part of these accounts.

Funding for the Northern Ireland Consolidated Fund (NICF)

The Northern Ireland Office is responsible for the provision of appropriate funding to the Northern Ireland Consolidated Fund for the delivery of transferred public services as defined by the Northern Ireland Act 1998, Northern Ireland Act 2000 and the Northern Ireland Act 2009.

2.1 Reconciliation between Operating Segments and Statement of Comprehensive Net Expenditure (Not provided for Interim)

	2013-14 £000 Total	2012-13 £000 Total
Total net expenditure by operating segment	13,808,271	13,738,098
Reconciling items:		
AME and non voted expenditure not included in analysis	778	6
Accounting adjustments	87	862
Total net expenditure per statement of comprehensive net expenditure	13,809,136	13,738,966

Northern Ireland Office

3. Staff numbers and related costs

Staff costs comprise:	2013-14					2012-13
	Total	Permanently Employed and inward seconded Staff	Others	Ministers	Special Advisors	£000 Restated Total
Wages and salaries	13,783	10,613	3,000	101	69	11,491
Social security costs	945	860	68	10	7	1,127
Other pension costs	2,090	2,036	39	-	15	2,334
Sub Total	16,818	13,509	3,107	111	91	14,952
Less recoveries in respect of outward secondments	(348)	(348)				(201)
Total net costs*	16,470	13,161	3,107	111	91	14,751
Of which:						
Core department	14,999	11,930	2,867	111	91	13,346
Other designated bodies	1,471	1,231	240	-	-	1,405

Of which:	Charged to Administration budgets	Charged to Programme budgets	Total
	£000	£000	£000
Core Department	10,855	4,144	14,999
Other Designated Bodies	-	1,471	1,471
Total	10,855	5,615	16,470

The Principal Civil Service Pension Scheme (PCSPS) and PCSPS (NI) are unfunded multi-employer defined benefit schemes but the Northern Ireland Office is unable to identify its share of the underlying assets and liabilities. Full actuarial valuations of both the PCSPS and PCSPS (NI) were carried out as at 31 March 2007. Details of the PCSPS can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions). Details of the PCSPS (NI) are available in the PCSPS (NI) resource accounts.

Northern Ireland Office

For 2013-14, total employers' contributions of £1,889,217 (2012-13: 1,937,708) were payable to PCSPS (NI) and PCSPS at rates in the range 16.7 to 24.3 per cent of pensionable pay for PCSPS and 18 to 25 per cent of pensionable pay for PCSPS (NI), based on salary bands. The difference between this amount and the amount disclosed above relates to pension costs recouped on seconded staff. The PCSPS and PCSPS (NI) schemes actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2013-14 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2012-13: £nil) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age related and range from 3 to 12.5 per cent (2012-13: 3 to 12.5 per cent) of pensionable pay. In addition, employer contributions of 0.8 per cent (2012-13: 0.8 per cent) of the individuals' pensionable earnings were payable to the PCSPS and 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 reporting date were £nil, as the contributions are paid over to the pension providers on a monthly basis. Contributions prepaid at that date were £nil.

No person (2012-13: Nil persons) retired early on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £nil (2012-13 £nil)

Average number of persons employed

The average number of full-time equivalent persons employed during the year was as follows. These figures include those working in the Department as well as in other bodies included within the core departmental boundary (including senior management, ministers, special advisors, staff on secondment or loan into the Department and agency/temporary staff, but excluding staff on secondment to other organisations).

						2013-14 Number	2012-13 Number
	Total	Permanent Staff	Inward Secondments	Others	Ministers	Special Advisors	Total
Northern Ireland Office core department staff	314	103	193	15	2	1	320
Other staff**	41	16	8	17	-	-	39
Total*	355	119	201	32	2	1	359

*No staff members were engaged on capital projects. (2012-13: Nil)

**Other staff includes those working in the NIO's designated Arm's Length bodies, consolidated within the departmental group accounts.

3.1 Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	Core Dept Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£100,000	nil (nil)	nil (3)	nil (3)
£100,000-£150,000	nil (nil)	nil (nil)	nil (nil)
£150,000-£200,000	nil (nil)	nil (nil)	nil (nil)
£200,000-£250,000	nil (nil)	nil (nil)	nil (nil)
£250,000-£300,000	nil (nil)	nil (nil)	nil (nil)
Total number of exit packages	nil (nil)	nil (3)	nil (3)
Total resource cost /£	nil (nil)	nil (nil)	nil (nil)

Exit package cost band	Departmental Group Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£100,000	nil (nil)	nil (3)	nil (3)
£100,000-£150,000	nil (nil)	nil (nil)	nil (nil)
£150,000-£200,000	nil (nil)	nil (nil)	nil (nil)
£200,000-£250,000	nil (nil)	nil (nil)	nil (nil)
£250,000-£300,000	nil (nil)	nil (nil)	nil (nil)
Total number of exit packages	nil (nil)	nil (3)	nil (3)

No staff left under any compensation scheme during the year.

Figures in brackets relate to 2012-13.

4. Other Administration Costs

	Note	2013-14 £000		2012-13 £000	
		Core Department	Departmental Group	Core Department	Departmental Group
Rentals under operating leases:					
Hire of plant and machinery		27	27	420	420
Other operating leases		1,035	1,035	820	820
Non-cash items (Note a):					
Depreciation and amortisation of non-current assets:					
Property, plant and equipment	7	1,327	1,327	1,378	1,378
Intangible assets	8	15	15	60	60
(Profit)/Loss on disposal of non-current assets	7,8	4	4	7	7
Impairments	7,8			-	-
Auditor's remuneration and expenses		94	94	79	79
Provisions:					
Provided in year	16	-	-	-	-
Other expenditure:					
Auditor's remuneration and expenses		-	-	-	-
All other expenditure		5,191	5,191	5,253	5,253
Total		7,693	7,693	8,017	8,017

During the year the department did not purchase any non-audit services from its auditor, the National Audit Office.

5. Programme Costs

		2013-14 £000		2012-13 £000	
Note	Core Department	Departmental Group	Core Department	Departmental Group	
Current grants and other expenditure					
	Other expenditure	5,587	6,430	3,632	4,564
	Auditors remuneration and expenses	-	27	-	23
Rentals under operating leases:					
	Hire of plant and machines	191	243	206	246
	Other operating leases	132	233	195	308
Non-cash items:					
	Depreciation	7	81	125	187
	Amortisation	8	51	54	43
	Impairments	7,8	-	-	(11)
	Revaluation	7,8	-	7	-
	Loss on disposal of non-current assets	7,8	6	6	-
	Provisions:				
	Provided in year	16	811	971	-
	Written back in year	16	-	-	(150)
	Consolidated Fund Standing Services (note a)		71	71	70
	Auditor's remuneration and expenses		13	13	13
	Consolidated Fund Standing Services		-	-	145
		6,943	8,180	4,341	5,921
Northern Ireland Consolidated Fund :					
	Grant	13,783,000	13,783,000	13,716,000	13,716,000
	National Loans Fund interest	79,211	79,211	84,241	84,241
	EU grants	43,979	43,979	65,244	65,244
		13,906,190	13,906,190	13,865,485	13,865,485
Total		13,913,133	13,914,370	13,869,826	13,871,406

Note:

- By statute the remuneration and associated employers' earnings-related National Insurance Contributions of the Chief Electoral Officer (CEO) are met directly from the Consolidated Fund, rather than Parliamentary Supply. These costs are included under Other Programme Costs and are referred to as Consolidated Fund Standing Services. As the cash does not pass through the Department's accounts, the expenditure is accounted for as a non-cash item.
- Pension benefits for the CEO for Northern Ireland are on a broadly by-analogy to the Principal Civil Service Pension Scheme (PCSPS) basis. This provides for benefits on a final salary basis

accruing at 1/80th of pensionable salary for each year of service and an automatic lump sum of three times the pension. The actual payments come from the Consolidated Fund under section 14 (8) of the Electoral Law Act (NI) 1962.

6. Income

Operating income not within the budget (i.e. surrenderable to the Consolidated Fund) is analysed for resource budget purposes between that which is included in public expenditure and that which is not. In 2013-14, all operating income was within the budget.

6.1 Analysis of operating income

	2013-14 £000		2012-13 £000	
			Restated	Restated
	Core department	Departmental group	Core department	Departmental group
Administration income:				
CSO Fees and Charges	5,197	5,197	5,033	5,033
Other administrative income	382	382	406	406
	5,579	5,579	5,439	5,439
Programme income:				
<i>Operating income</i>				
Other	321	628	175	284
<i>Other income (Note a)</i>				
National Loans Fund interest	79,211	79,211	84,241	84,241
Income from EU for NI programmes	43,979	43,979	65,244	65,244
	123,511	123,818	149,660	149,769
Total	129,090	129,397	155,099	155,208

Note

- a. Other income relates to the following transactions with the Northern Ireland Consolidated Fund;
 - Interest receivable on loans made by the Northern Ireland Office to the Northern Ireland Consolidated Fund. The Northern Ireland Office uses this interest to pay interest due to the NLF in respect of the loans made to the Northern Ireland Office, equal to the amount of loan made from the Northern Ireland Office to the Northern Ireland Consolidated Fund.
 - Income from the EU, which is received by the Northern Ireland Office to be paid over directly to the Northern Ireland Consolidated Fund.

Both amounts are offset by an equal and opposite expense as shown in note 11.

6.2 Fees and charges

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

	2013-14 £000			2012-13 £000		
	Income	Full Cost	Surplus/ (deficit)	Income	Full Cost	Restated Surplus/ (deficit)
Crown Solicitor's Office	5,197	(4,665)	532	5,033	(4,938)	95
Total	5,197	(4,665)	532	5,033	(4,938)	95

In accordance with Managing Public Money, the Department is required to disclose results for the areas of its activities where fees and charges are made. The foregoing analysis is not intended to meet the requirements of IFRS 8 Segmental Reporting.

The Crown Solicitor's Office (CSO) generates income for legal work undertaken for all clients other than the Northern Ireland Office, for which no charges are made. The financial objective is to recover all costs associated with delivering these services. A schedule of fees is determined at the beginning of each financial year based on estimated costs and forecast activity levels.

7. Property, plant and equipment – Departmental Group

	Heritage Assets £000	Antiques £000	Leasehold improvements £000	Plant & Machinery £000	Information Technology £000	Assets Under Construction £000	Total £000
Cost or valuation							
At 1 April 2013	58,696	2,347	1,156	2,950	4,464	255	69,868
Additions	-	-	(84)	14	345	(62)	213
Disposals	-	-	-	(28)	(1,664)	-	(1,692)
Transfers within PPE	-	-	-	-	-	-	-
Transfers to Intangibles	-	-	-	-	(67)	-	(67)
Impairment	-	-	-	-	-	-	-
Revaluations (note a&b)	4,534	-	-	(82)	(151)	-	4,301
At 31 March 2014	63,230	2,347	1,072	2,854	2,927	193	72,623
Depreciation							
At 1 April 2013	1,061	-	131	2,359	4,157	-	7,708
Charged in year	1,067	-	119	113	152	-	1,451
Disposals	-	-	-	(19)	(1,656)	-	(1,675)
Transfers to Intangibles	-	-	-	-	(7)	-	(7)
Transfers/Reclassification	-	-	-	-	(36)	-	(36)
Impairment	-	-	-	-	-	-	-
Revaluations(note a&b)	(975)	-	-	-	(1)	-	(976)
At 31 March 2014	1,153	-	250	2,453	2,609	-	6,465
Carrying Amount at 31 March 2014	62,077	2,347	822	401	318	193	66,158
Carrying Amount at 31 March 2013	57,635	2,347	1,025	591	307	255	62,160
Of the total:							
Department	62,077	2,347	788	397	273	193	66,075
Other designated bodies	-	-	34	4	45	-	83
Carrying amount at 31 March 2014	62,077	2,347	822	401	318	193	66,158

All of the assets above are fully owned; no finance arrangements are in place.

7.1 Property, plant and equipment – Departmental group (continued)

	Heritage Assets £000	Antiques £000	Leasehold improvements £000	Plant & Machinery £000	Information Technology £000	Assets Under Construction £000	Total £000
Cost or valuation							
At 1 April 2012	61,084	2,347	199	2,794	3,839	94	70,357
Additions	22	-	-	1	28	1,210	1,261
Disposals	-	-	-	(31)	(14)	-	(45)
Transfers within PPE	-	-	955	-	94	(1,049)	-
Transfers to Intangibles	-	-	-	-	-	-	-
Impairment	-	-	-	-	(8)	-	(8)
Revaluations (note a&b)	(2,410)	-	2	186	525	-	(1,697)
At 31 March 2013	58,696	2,347	1,156	2,950	4,464	255	69,868
Depreciation							
At 1 April 2012	-	-	100	2,033	3,398	-	5,531
Charged in year	1,100	-	33	196	289	-	1,618
Disposals	-	-	-	(20)	(13)	-	(33)
Impairment	-	-	(2)	-	(3)	-	(5)
Revaluations (note a&b)	(39)	-	-	150	486	-	597
At 31 March 2013	1,061	-	131	2,359	4,157	-	7,708
Carrying Amount at 31 March 2013	57,635	2,347	1,025	591	307	255	62,160
Carrying Amount at 31 March 2012	61,084	2,347	99	761	441	94	64,826
Of the total:							
Department	57,635	2,347	955	591	284	255	62,067
Other designated bodies	-	-	70	-	23	-	93
Carrying amount at 31 March 2013	57,635	2,347	1025	591	307	255	62,160

Notes

- Hillsborough Castle has been valued by Land and Property Services in line with standards published by the Royal Institute of Chartered Surveyors (RICS) and the antiques are valued by John Ross and Company for the purposes of these accounts. The most recent valuation was at 31 March 2012.
- Heritage assets and antiques comprise Hillsborough Castle and its surrounding estate. It has historical importance as the principal seat in Ireland of the Marquesses of Downshire for well over 200 years. The present building dates from the 1770s with 19th and 20th century additions. It passed into public ownership in the 1920s and was used, until direct rule, as the residence of the Governors of Northern Ireland. Currently, the Castle is the venue for official functions including supporting

many Royal and other distinguished visitors and is also open to the public in the summer months. The Department has recently entered into new arrangements for the running of Hillsborough Castle, however the asset will remain on the Department's Statement of Financial Position.

8. Intangible assets – Departmental Group

The Department's intangible assets comprise purchased software licences with a finite life.

	Software Licenses	Software Licenses
	2013-14 £000	2012-13 £000
Cost or valuation		
Opening balance	1,831	1,597
Additions	94	13
Transfer from Assets Under Construction	-	-
Disposals	(36)	-
Transfers	67	-
Impairment	-	-
Revaluation	-	221
Closing balance	1,956	1,831
Amortisation		
Opening balance	1,719	1,406
Charged in year	69	106
Disposals	(36)	-
Transfers	7	-
Impairment	-	-
Revaluation	-	207
Closing balance	1,759	1,719
Carrying Amount at 31 March 2014	197	112
Carrying Amount at 31 March 2013	112	191
Of the total:		
Department	130	104
Other designated bodies	67	8
	197	112

Intangible assets are adjusted to their current value each year by reference to appropriate indices compiled by the Office for National Statistics.

9. Impairments

The Department did not have any impairments in the reporting period 2013-14.

10. Capital and Other commitments

10.1 Operating leases

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

	2013-14 £000		2012-13 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
Obligations under operating leases for the following periods comprise:				
<i>Buildings:</i>				
Not later than one year	1,237	1,372	1,229	1,388
Later than one year and not later than 5 years	3,770	3,770	4,160	4,258
Later than five years	3,297	3,297	4,350	4,350
	8,304	8,439	9,739	9,996
<i>Other:</i>				
Not later than one year	39	40	41	41
Later than one year and not later than 5 years	6	6	40	40
Later than five years	-	-	-	-
	45	46	81	81
Total	8,349	8,485	9,820	10,077

10.2 Finance leases

The Department has no obligations under finance leases.

10.3 Commitments under PFI contracts and other service concession arrangements

The Department is not currently engaged in any PFI contracts or service concession arrangements.

10.4 Other financial and capital commitments

The Department has recently entered into new arrangements with Historic Royal Palaces for the running of Hillsborough Castle.

11. Financial Instruments

Department of Finance & Personnel On-lent National Loans Fund Loans

	2013-14 £000	2012-13 £000
Balance at 1 April	1,696,230	1,668,823
Additions	195,936	150,936
Repayments	(127,208)	(123,529)
Balance at 31 March 2014	1,764,958	1,696,230

The balances represent the principal element of National Loans Fund advances on lent by the Secretary of State for Northern Ireland to the Northern Ireland Executive. Interest has been excluded from the disclosure due to the disproportionate amount of work required to calculate an accurate figure, which has as overall nil net impact on the Statement of Financial Position.

The balances above can be further analysed as:

	2013-14 £000	2012-13 £000
Current assets	132,452	143,992
Non-current assets	1,632,506	1,552,238
Balance at 31 March 2014	1,764,958	1,696,230

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

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

Classification of financial instruments

All departmental financial instruments are measured at amortised cost. The Department's financial assets are classified as loans and receivables and comprise trade and other receivables (Note 13) and cash and cash equivalents (Note 12). The Department's financial liabilities comprise payables excluding

tax assets, accruals and deferred income (Note 14). The carrying value of these financial assets and liabilities, as disclosed in the notes to the accounts, approximates to fair value because of their short maturities. The Department recognises the components of net gain/loss through the Statement of Net Comprehensive Expenditure. Interest on financial instruments is recognised in finance costs (Note 5) under Programme Costs.

Risk Management

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

Credit risk

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

Liquidity risk

The Department's net revenue resource requirements are financed by resources voted annually by Parliament, as is capital expenditure. The Northern Ireland Office is not, therefore, exposed to significant liquidity risks.

Currency Risk

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

The Department acts as an agent in transferring funds from HM Treasury to the Northern Ireland Consolidated Fund in respect of European Union (EU) grants. However payments are only made by the Department based on the sterling value of funding received and there was therefore no exposure to currency risk. The Department does not have the authority to manage currency risk through hedging.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. All of the Department's financial assets and liabilities carry nil or fixed rates of interest. The Department is therefore not exposed to any interest rate risk.

12. Cash and cash equivalents

	2013-14 £000		2012-13 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
Balance at 1 April 2013	281,798	282,163	283,501	283,994
Net change in cash balance	(25,894)	(25,927)	(1,703)	(1,831)
Balance at 31 March 2014	255,904	256,236	281,798	282,163
The following balances at 31 March are held at:				
Government Banking Service	254,253	254,253	279,682	279,682
Commercial banks and cash in hand	1,651	1,983	2,116	2,481
Balance at 31 March 2014	255,904	256,236	281,798	282,163

13. Trade receivables, financial and other assets

	2013-14 £000		2012-13 £000	
	Core Department	Departmental Group	Restated Core Department	Restated Departmental Group
Amounts falling due within one year:				
Trade receivables	3,227	3,274	1,841	1,858
Other receivables	19	19	47	48
Prepayments and accrued income	3,709	3,799	4,260	4,289
	6,955	7,092	6,148	6,195
Amounts falling due after more than one year:	-	-	-	-
Total	6,955	7,092	6,148	6,195

13.1 Intra-Government Balances – Core Department

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013-14 £000	2012-13 £000 Restated	2013-14 £000	2012-13 £000
Balances with other central government bodies	6,250	5,520	-	-
Balances with local authorities	313	131	-	-
Balances with public corporations and trading funds	-	-	-	-
Subtotal: Intra-government balances	6,563	5,651	-	-
Balances with bodies external to government	392	497	-	-
Total receivable at 31 March 2014	6,955	6,148	-	-

13.2 Intra-Government Balances – Departmental Group

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013-14 £000	2012-13 £000 Restated	2013-14 £000	2012-13 £000
Balances with other central government bodies	6,252	5,534	-	-
Balances with local authorities	313	131	-	-
Balances with public corporations and trading funds	-	-	-	-
Subtotal: Intra-government balances	6,565	5,665	-	-
Balances with bodies external to government	527	530	-	-
Total receivable at 31 March 2014	7,092	6,195	-	-

The Department of Finance and Personnel On-Lent National Loans Fund loans are all held with central government bodies. At 31 March 2014 £132,452,000 were held as current assets (2013: £143,992,000) and £1,632,506,000 were held as non-current assets (2013: £1,552,238,000).

14. Trade payables and other current liabilities

	2013-14 £000		2012-13 £000 Restated	
	Core Department	Departmental Group	Core Department	Departmental Group
Amounts falling due within one year:				
VAT	401	401	296	296
Taxation and social security	184	206	187	641
Trade payables	2,065	2,119	1,110	1,168
Other payables	167	172	7,144	7,151
Accruals and deferred income	2,465	2,729	2,932	3,194
Property, plant and equipment accruals	107	152	1,005	1,005
Current element of repayment of National Loans Fund	132,452	132,452	143,992	143,992
Amounts issued from the Consolidated Fund but not spent at year end	255,904	255,904	281,677	281,677
Amounts received due to be paid to the Consolidated Fund	1	1	120	120
	393,746	394,136	438,463	439,244
Amounts falling due after more than one year:				
Repayment of National Loans Fund	1,632,506	1,632,506	1,552,238	1,552,238
Other Payables			-	-
Total	2,026,252	2,026,642	1,990,701	1,991,482

14.1 Intra-Government Balances – Core Department

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013-14	2012-13	2013-14	2012-13
	£000	£000	£000	£000
Balances with other central government bodies	390,899	435,536	1,632,506	1,552,238
Balances with local authorities	6	-	-	-
Subtotal: Intra-government balances	390,905	435,536	1,632,506	1,552,238
Balances with bodies external to government	2,841	2,927	-	-
Total Payables at 31 March 2014	393,746	438,463	1,632,506	1,552,238

14.2 Intra-Government Balances – Departmental Group

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013-14 £000	2012-13 £000	2013-14 £000	2012-13 £000 Restated
Balances with other central government bodies	390,985	436,133	1,632,506	1,552,238
Balances with local authorities	6	1	-	-
Subtotal: Intra-government balances	390,991	436,134	1,632,506	1,552,238
Balances with bodies external to government	3,145	3,110	-	-
Total Payables at 31 March 2014	394,136	439,244	1,632,506	1,552,238

15. Provisions for liabilities and charges

	2013-14 £000	2012-13 £000		2013-14 £000	2012-13 £000
	Core Department	Departmental Group	Restated Core Department	Restated Core Department	Restated Departmental Group
Balance at 1 April	1,092	1,245	1,480	1,480	1,480
Provided in the year	811	971	-	-	427
Provisions not required written back	-	-	(151)	(151)	(151)
Provisions utilised in the year	(82)	(193)	(237)	(237)	(511)
Balance at 31 March 2014	1,821	2,023	1,092	1,092	1,245

Analysis of expected timing of discounted flows

	2013-14 £000	2012-13 £000		2013-14 £000	2012-13 £000
	Core Department	Departmental Group	Restated Core Department	Restated Core Department	Restated Departmental Group
Not later than one year	1,821	2,023	1,092	1,092	1,245
Later than one year and not later than five years	-	-	-	-	-
Later than five years	-	-	-	-	-
Balance at 31 March 2014	1,821	2,023	1,092	1,092	1,245

	Early Departure Costs	Compensation Payments	Litigation Claims	Total
Not Later than one year	-	1,821	202	2,023
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Balance at 31 March 2014	-	1,821	202	2,023

All provisions represent the best estimate of the expenditure required to settle the obligation at the date of approval of the financial statements.

15.1 Early Departure Costs: £0k (2012-13: £0k)

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

15.2 Compensation Payments: £1,821k (2012-13: £38k)

The Department provides for future obligations arising from all claims for compensation under the Terrorism Act 2000 and the Justice and Security (Northern Ireland) Act 2007 at the reporting date. All such claims will either be allowed or denied (including abandoned/withdrawn claims). The likely ratio of settled claims together with the potential average value of each allowed claim are estimated is including in arriving at the total expected future liability.

15.3 Provision for Litigation Claims: £ 202k (2012-13: £232k)

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

16. Contingent liabilities disclosed under IAS 37

Listed below are the Department's contingent liabilities that have not been recognised as provisions because their existence will only be confirmed by the occurrence of one or more uncertain future events, not wholly within the Department's control.

(a) Employment and personnel cases

There are a number of cases pending against the Department. The potential liability has been estimated although there is continuing uncertainty over the expected date of settlement in respect of these cases at the reporting date.

(b) Others

There are a number of other cases pending against the Department or the Secretary of State for which it is not possible to quantify any potential liability. This includes two ongoing Judicial Reviews, six Judicial Reviews that have not yet been granted for hearing and four other legal cases.

17. Losses and special payments

A fruitless payment was made during the year relating to Parades Commission for Northern Ireland tax liabilities in the sum of £ 175,687. This payment related to 2012-13 but occurred after NIO consolidated accounts had been signed off and is therefore disclosed this year.

18. Financial Guarantees, Indemnities and Letters of Comfort

The Department has indemnified members of the public inquiries and commissions against any civil liability which is incurred in the execution of their functions, unless they acted recklessly and provided that they have acted in good faith. None of these indemnities represent contingent liabilities within the meaning of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* since the likelihood of a transfer of economic benefit in settlement is too remote.

19. Related-party transactions

The Northern Ireland Office is the parent Department of two constitutionally separate entities. During the year the NIO has had a number of material transactions with these entities and with other entities which, for financial reporting purposes, are regarded as related parties. These include the Northern Ireland Human Rights Commission and the Northern Ireland Parades Commission.

In addition, the Northern Ireland Office has had a number of material transactions with other government bodies, including the Department of Finance and Personnel, and HM Treasury with regard to National Loans Fund.

With the exception of the above, none of the board members, key managerial staff or other related parties has undertaken any other material transactions with the NIO during the year. The remuneration report sets out compensation paid to management.

Dawn Johnson is a non-executive director of CIPFA Business Limited. The NIO occasionally purchases minor services, though Dawn has had no involvement in any of these transactions.

20. Third-party assets

The Department does not hold as custodian or trustee monies belonging to third parties, over and above those monies disclosed in Note 12 Cash and cash equivalents.

21. Entities within the Departmental boundary

The entities within the boundary during 2013-14 were as follows:

Executive

Northern Ireland Parades Commission *
Northern Ireland Human Rights Commission *

Non-executive / Advisory

Boundary Commission for Northern Ireland
Chief Electoral Officer for Northern Ireland
Civil Service Commissioners for Northern Ireland
Sentence Review Commissioners
Independent Commission for the Location of Victims' Remains
District Electoral Areas Commissioner (ad-hoc)
Independent Reviewer of Police and Military Powers under the Justice and Security Act 2007
Remission of Sentences Act Commissioners
Independent Chairman of the Northern Ireland Committee on Protection

*Separate Annual Accounts are produced by these entities and are available at:
<http://www.paradescommission.org>

and

<http://www.nihrc.org>

22. Events after the reporting period date

The Northern Ireland Office's Annual Report and Accounts is laid before the House of Commons by HM Treasury. The Northern Ireland Office is required to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are dispatched by the Northern Ireland Office to HM Treasury.

The Annual Report and Accounts were authorised for issue on the same date as the Comptroller and Auditor General signed the audit certificate.

ANNEX – ADDITIONAL BUDGET AND FINANCIAL INFORMATION

TABLE 1

The Northern Ireland Block 2009-10 to 2015-16

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	Provisional outturn	plans	plans
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Northern Ireland Office Resource⁽³⁾							
Northern Ireland Office Administration Costs ⁽³⁾	15,112	15,530	11,041	13,499	13,902	15,227	15,243
Northern Ireland Office - other ⁽³⁾	33,936	18,099	11,601	9,676	11,456	6,281	4,956
Northern Ireland Office Resource⁽³⁾	49,048	33,629	22,642	23,175	25,358	21,508	20,199
Northern Ireland Office Capital							
Northern Ireland Office	301	8,280	160	1,271	307	241	380
Northern Ireland Office Resource + Capital DEL⁽³⁾	49,349	41,909	22,802	24,446	25,665	21,749	20,579
<i>less depreciation & impairments</i>	<i>(2,836)</i>	<i>(2,196)</i>	<i>(1,858)</i>	<i>(1,764)</i>	<i>(1,869)</i>	<i>(1,773)</i>	<i>(2,100)</i>
Northern Ireland Office DEL⁽⁴⁾	46,513	39,713	20,944	22,682	23,796	19,976	18,479
Northern Ireland Executive							
Northern Ireland Executive Resource	9,641,423	9,972,739	9,862,039	10,040,967	10,166,214	10,157,660	10,241,457
Northern Ireland Executive Capital	1,277,142	1,192,128	1,000,301	968,898	930,760	1,051,064	1,092,265
Northern Ireland Executive DEL⁽³⁾	10,918,565	11,164,867	10,862,340	11,009,865	11,096,974	11,208,724	11,333,722
<i>less depreciation & impairments</i>	<i>(342,262)</i>	<i>(369,953)</i>	<i>(420,460)</i>	<i>(579,938)</i>	<i>(438,500)</i>	<i>(479,356)</i>	<i>(550,363)</i>
Northern Ireland Executive DEL⁽⁴⁾	10,576,303	10,794,914	10,441,800	10,429,927	10,658,474	10,729,368	10,783,359
Total Northern Ireland Block^{(4) (5)}							
⁽⁶⁾	10,622,816	10,834,627	10,462,744	10,452,609	10,682,270	10,749,344	10,801,838

(1) Totals may not sum due to roundings

(2) Includes Budgetary Changes as a result of Clear Line of Sight

(3) Including Depreciation and Impairments

(4) Resource and Capital –depreciation and impairments

(5) By convention Departmental Expenditure Limit budgets are expressed as resource and capital less depreciation and impairments. Therefore the resource and capital numbers in this table will not sum to the Departmental Expenditure Limit: the difference between depreciation and impairments.

(6) Northern Ireland Office DEL +Northern Ireland Executive DEL net of depreciation

TABLE 2
Changes to Northern Ireland Executive Departmental Expenditure Limit for 2011-12 to 2015-16 since publication of 2012-13 Report & Accounts

	2011-12 £m Outturn	2012-13 £m Outturn	2013-14 £m Provisional Outturn	2014-15 £m Plans	2015-16 £m Plans
Capital DEL plus Resource DEL: June 2013	10,856.6	11,000.0	11,004.5	11,130.6	-
Interdepartmental transfers					
From Cabinet Office – Law Commission	0.0	0.0	0.0	0.0	0.0
From NIO: Administration (net)	0.0	0.0	0.5	0.0	0.0
From DCMS: Broadband	0.0	0.0	5.8	0.0	0.0
Spending Policy					
2013 Spending Round Outcome	0.0	0.0	0.0	0.0	11,228.8
Budget Exchange	0.0	0.0	44.2	0.0	0.0
Coastal Communities Fund	0.0	0.0	0.5	0.0	0.0
Student Loan Impairment	0.0	0.0	22.1	0.0	0.0
G8	0.0	0.0	26.0	0.0	0.0
Policing & Justice	0.0	0.0	89.1	0.0	0.0
Block Grant Adjustment for APD	0.0	0.0	-2.0	0.0	-2.3
DEL Reduction: Welfare Reform	0.0	0.0	0.0	-13.0	0.0
Barnett Consequentials					
Autumn Statement 2013	0.0	0.0	0.3	59.3	84.2
Budget 2014	0.0	0.0	0.0	12.3	8.9
Departmental outturn (underspend compared to final plans)					
Final Outturn 2011-12	0.2	0.0	0.0	0.0	0.0
Final Outturn 2012-13	0.0	4.5	0.0	0.0	0.0
Estimated Outturn 2013-14	0.0	0.0	-99.3	0.0	0.0
Budgeting Changes					
Small Benefits: AME to DEL	5.5	5.4	5.3	6.0	6.5
Housing Executive (Policy arm)	0.0	0.0	0.0	13.5	7.6
Subtotal	5.7	9.9	92.5	78.1	11,333.7
Capital DEL plus Resource DEL: June 2014	10,856.6	11,000.0	11,004.5	11,130.6	11,333.7

(1) Totals may not sum due to roundings

TABLE 3

Cash grant paid to the Northern Ireland Consolidated Fund 2012-13: Provision and Final Outturn

	Original Provision £million	Final Provision £million	Final Outturn £million
Expenditure Classified as Departmental Expenditure Limit ⁽¹⁾	10,807	11,134	11,010
Expenditure Classified as Annually Managed Expenditure	8,889	8,874	8,810
RRI Borrowing	200	170	151
Total Managed Expenditure	19,895	20,178	19,971
<i>Less:</i>			
Non Cash charges	(2,978)	(3,169)	(2,987)
Non Voted (DEL, AME & Other AME)	(10,524)	(10,857)	(11,008)
<i>Add:</i>			
Voted Other Expenditure outside DEL	7,197	7,895	7,394
Utilisation of Provisions	997	976	1,002
Movement in Debtors / Creditors	349	474	142
Prior Period Adjustment	0	0	(47)
Supply Expenditure	14,937	15,498	14,467
Interest Payable	86	86	84
District Council Rates	511	516	516
Loans issued	0	0	35
Sums repaid	0	0	146
Temporary Investments	0	0	1,618
Advances from NI Consolidated Fund	0	0	0
Other Services	9	9	
Total Expenditure	15,542	16,109	16,875
Income			
RRI Borrowing	200	170	151
District and Regional Rates	1,123	1,132	1,105
Interest Receivable	82	76	75
NICF Loan Repaid	0	0	93
Internal Departmental Funds	0	0	26
Temporary Investments	0	0	1,618
Advances from NI Consolidated Fund	0	0	0
Excess of Capital Issues over Capital Receipts	0	0	0
Miscellaneous receipts	81	57	90
<i>of which:</i>			
NICF Balance	0	0	0
Continental Shelf	2	2	2
Misc – NIHE, Land Annuities, etc	0	0	8
Excess Accruing Resources	25	7	12
CFERS	50	33	21
EU CFERS	5	15	548
Total Income	1,486	1,435	3,159
Cash grant paid to Northern Ireland Consolidated Fund	14,056	14,674	13,716

Totals may not sum due to roundings

(1) Resource and capital DEL including depreciation

TABLE 4

Cash grant paid to the Northern Ireland Consolidated Fund 2013-14: Provision and Estimated Outturn

	Original Provision £million	Final Provision £million	Provisional Outturn ⁽²⁾ £million
Departmental Expenditure Limit ⁽¹⁾	11,004	11,191	11,191
Annually Managed Expenditure (inc Other AME & Reg Rates)	8,718	8,855	8,855
RRI Borrowing	200	200	200
Total Managed Expenditure (DEL, AME & Other AME)	19,922	20,246	20,246
<i>Less:</i>			
Non Cash charges	(2,926)	(2,925)	(2,925)
Non Voted (DEL, AME & Other AME)	(10,516)	(10,790)	(10,790)
<i>Add:</i>			
Voted Other Expenditure outside DEL	7,725	7,815	7,815
Utilisation of Provisions	1,000	1,070	1,070
Movement in Debtors / Creditors	161	394	394
Supply Expenditure	15,367	15,809	15,809
Interest Payable	84	80	80
District Council Rates	523	537	537
Other Services	9	9	9
Total Expenditure	15,984	16,435	16,435
Income			
RRI Borrowing	200	200	200
District and Regional Rates	1,160	1,168	1,168
Interest Receivable	74	70	70
Miscellaneous receipts	79	121	121
<i>of which:</i>			
<i>Misc – NIHE, Land Annuities, etc.</i>	0	11	11
<i>Continental Shelf</i>	2	2	2
<i>Excess Accruing Resources</i>	38	2	2
<i>CFERS</i>	28	95	95
<i>EU CFERS</i>	10	11	11
Total Income	1,513	1,560	1,560
Block Grant	14,471	14,875	14,875

Totals may not sum due to roundings

(1) Resource and capital DEL including depreciation

(2) A detailed breakdown of the provisional outturn is not yet available. Table 4a below compares outturn and provision

TABLE 5

Cash grant paid to the Northern Ireland Consolidated Fund 2014-15: Provision

	Original Provision
	£million
Departmental Expenditure Limit	11,209
Annually Managed Expenditure (inc Other AME & Reg Rates)	9,565
RRI Borrowing	300
Total Managed Expenditure (DEL, AME & Other AME)	21,074
<i>Less:</i>	
Less Non Cash charges	(3,333)
Less Non Voted (DEL, AME & Other AME)	(10,995)
<i>Add:</i>	
Voted Other Expenditure outside DEL	7,638
Utilisation of Provisions	1,097
Movement in debtors/creditors	199
Supply Expenditure	15,680
<i>Add:</i>	
Interest Payable	79
District Council Rates	532
Other Services	9
Total Expenditure	16,300
<i>Income</i>	
RRI Borrowing	300
District and Regional Rates	1,199
Interest Receivable	70
Miscellaneous receipts	111
<i>of which:</i>	
Continental Shelf	2
Misc - NIHE, Land Annuities etc	7
Excess Accruing Resources	3
CFERS	91
EU CFERS	9
Total Income	1,680
Cash grant paid to Northern Ireland Consolidated Fund	14,620

Totals may not sum due to roundings

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