

**Office of the First Minister and Deputy First Minister Resource  
Accounts  
For the year ended 31 March 2006**

*Laid before the Houses of Parliament  
by the Department of Finance and Personnel  
in accordance with Paragraph 36 of the Schedule to the  
Northern Ireland Act 2000 (Prescribed Documents) Order 2004*

*15 November 2006*

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# **OFFICE OF THE FIRST MINISTER AND DEPUTY FIRST MINISTER**

## **ANNUAL REPORT**

### **DIRECTORS' REPORT**

The Office of the First Minister and Deputy First Minister (OFMDFM) presents its accounts for the financial year ended 31 March 2006.

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

#### **Scope**

##### **Departmental Accounting Boundary**

The Departmental boundary is determined by the way in which in-year budgetary control is exercised by the Department and for the year 2005-06 the following are considered within the boundary:

##### **OFMDFM Core Directorates/Department**

##### **North/South Ministerial Council:**

The North/South Ministerial Council (NSMC) was established on 2 December 1999 under the terms of the Good Friday Agreement and is the lead institution in developing North/South co-operation, bringing together Ministers from Northern Ireland and the Irish Government. The role of the Council is to develop consultation, co-operation and action on all-island and cross-border matters of mutual interest. It also provides leadership and direction for the six North/South implementation bodies and Tourism Ireland Limited.

The Council is supported by a Joint Secretariat in Armagh staffed by personnel from OFMDFM and the Irish Civil Service.

### **Civic Forum:**

The Forum is a body established under the terms of the Good Friday Agreement. During devolved Government in NI, and under the terms of the Good Friday Agreement, the First Minister and Deputy First Minister have the responsibility for resourcing and supporting the work of the Civic Forum.

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

During suspension, and in the absence of a First Minister or Deputy First Minister, the Civic Forum has been unable to operate, but OFMDFM has retained token financial provision and a caretaker role for it.

### **Planning Appeals Commission and Water Appeals Commission:**

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

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

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

to regulate, monitor and report on Ministerial appointments to executive non-departmental public bodies and health and social services bodies. Further details are available on the OCPA NI website – [www.ocpani.gov.uk](http://www.ocpani.gov.uk)

## **Entities Outside the Departmental Accounting Boundary**

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

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

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

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

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

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

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

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

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

Further information on ERINI can be found at [www.erini.ac.uk](http://www.erini.ac.uk).

### **Equality Commission for Northern Ireland**

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

The Commission's mission, set out in its Corporate Plan 2003-2006 is "Combating discrimination and promoting equality of opportunity through advice, promotion and enforcement" and its key functions are to:

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

Further information, including the ECNI Corporate Plan and Annual Report and Accounts can be found at [www.equalityni.org](http://www.equalityni.org)

### **Community Relations Council for Northern Ireland**

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

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

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

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

Further information, including the CRC Annual Report and accounts, can be obtained at [www.community-relations.org.uk](http://www.community-relations.org.uk)

### **Strategic Investment Board**

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

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

### **Ilex Urban Regeneration Company**

Ilex was incorporated as a government owned company limited by guarantee on 17 July 2003 to create and promote the co-ordinated regeneration of the Derry City Council area through the collective force of private and public sector drive, expertise, finance and development skills. The Company is funded by OFMDFM and DSD as set out in the Financial Memorandum. [www.ilex-urc.com](http://www.ilex-urc.com)

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

The primary role of the Commissioner, established under the The Commissioner for Children and Young People (Northern Ireland) Order 2003, is to promote and safeguard the rights and best interests of children and young people in Northern Ireland. The first Commissioner, Nigel Williams was appointed in October 2003. The department would like to pay tribute to the significant contribution Nigel made to the lives of children and young people in Northern Ireland. Nigel sadly lost his battle with cancer in February 2006. The process to appoint his successor is currently underway. It is intended that a new Commissioner will be appointed and in post by Autumn 2006.

Further information, including the annual report and accounts can be obtained at [www.niccy.org](http://www.niccy.org)

## **Departmental Reporting Cycle**

The OFMDFM annual report and accounts represents the culmination of the Department's annual reporting cycle. This report provides a summary of the Department's performance and key achievements during 2005-06.

The Department's original Estimates for the year were set out in the document, *Northern Ireland Main Estimates 2005-06*. These Estimates were subject to in-year revision. The revised Estimates for 2005-06 were published in the document, *Northern Ireland Spring Supplementary Estimates 2005-06*. Both documents are available at <http://www.dfpni.gov.uk/pubs-nics-fin-est> or from *The Stationery Office, TSO*.

The Department's key performance targets are set out in its Public Service Agreement (PSA), which can be obtained at <http://www.ofmdfmi.gov.uk/index/about-ofmdfm/about-the-department.htm>. The Department's annual business plan details the actions and targets set to monitor the achievement of its PSA. The 2005-06 Business Plan Outturn Report is available from the Office of the First Minister and Deputy First Minister website at <http://www.ofmdfmi.gov.uk/index/about-ofmdfm/about-the-department.htm>.



## **MANAGEMENT COMMENTARY**

### **Aim and Objectives**

The Department's overarching aim is:

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

### **Objectives**

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

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

### **Principal Activities**

#### **Supporting the Work of Government**

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

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

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

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

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

### **Economic Policy and Regeneration**

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

### **Equality, Rights and Good Relations**

The Department is responsible for taking forward legislative and non-legislative programmes covering anti-discrimination, equality and good relations, including race matters, and developing cross-cutting policy in areas such as racial equality, disability, gender, sexual orientation, older people, children and young people, victims and survivors. In addition, the Department has responsibility for overseeing implementation within government departments of the New Targeting Social Needs policy and statutory obligations arising from section 75 of the Northern Ireland Act 1998 and the Human Rights Act 1998.

### **Providing a Service to Other Government Departments**

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

OFMDFM provides a base for staff engaged in a number of cross cutting responsibilities including: community initiatives in North Belfast; the Review of Public Administration in Northern Ireland; aspects of the Reinvestment and Reform Initiative; and the civil service cross-cutting information based Knowledge Network project. In addition staff are out-posted to independent bodies such as the Planning and Water Appeals Commissions and the Department has responsibilities in relation to the Offices of the Assembly Ombudsman and

Commissioner for Complaints. OFMDFM also plays a significant role in providing advice support and challenge to all Departments in relation to their duties under section 75 of the Northern Ireland Act 1998 in relation to human rights issues.

### **Transfer of Functions to DFP**

The reform agenda in 'Fit for Purpose' underlines the need for efficiency and effectiveness. OFMDFM carried out a re-examination of its functions and how they were organised to ensure that the department met its business objectives and made best use of its resources. This included an examination of similar or overlapping functions in DFP. As a result of this re-examination of functions, a number of areas were identified which transferred to DFP with effect from 1 December 2005.

The areas transferred were: the Public Service Delivery Improvement Team which transferred to the Business Development Service (BDS); the EDRMS Project Team and the eGovernment Unit which passed to the Central Services Directorate of DFP; and, the International Fund for Ireland Secretariat.

The changes involved a formal transfer of staff and budgets to DFP but did not require a formal legal transfer of functions.

All expenditure, incurred by OFMDFM, in these areas for the year to 30 November 2005 has been transferred to DFP (£2.038 million). Budgetary cover for the full year was also transferred (£3.337 million).

### **Performance during the period**

The Department's Public Service Agreement (PSA), as relevant to the 2005-06 financial year, is set out in the document, *Priorities and Budget 2004-06*. This document, and *Priorities and Budget 2006-08*, can be found at <http://www.pfgbudgetni.gov.uk/>. The Department had 10 PSA targets for the 2005-06 financial year which were delivered through 95 business targets. Of these, 64 were achieved, 29 were partially achieved, and 2 were not achieved.

## **OFMDFM PSA Targets**

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

### **Relevant PSA Targets**

- To work with Ministers, Departments and others to secure good government, well-informed decisions, excellence in policy and legislation making and high quality services responsive to customer needs.
  
- To agree a timetable for implementation of the Review of Public Administration by April 2006 and ensure ongoing implementation of RPA decisions in line with this timetable.
  
- To underpin improved public services by continuing to deliver the increase in public sector infrastructure investment, as set out in the long-term Investment Strategy for Northern Ireland.

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

### **Relevant PSA Targets:**

- Advance equality of opportunity, reduce discrimination and barriers to participation by:
  - improving legislation;
  - supporting the Equality Commission for Northern Ireland; and,
  - promoting effective implementation of Section 75 of the Northern Ireland Act 1998 across Northern Ireland Departments.
  
- Working with all Departments, put in place co-ordinated strategic action to achieve measurable improvements across a range of indicators in:
  - Gender equality; and

- Equality and social inclusion for people of different sexual orientation, disability and older people.
- Working with other Departments, put in place co-ordinated strategic action linked to a range of indicators to achieve measurable improvements in race relations and racial equality.
- Publish a triennial Action Plan on “A Shared Future” to include actions to achieve improvements in good relations across a range of indicators, an enhanced Community Relations Council and a new District Council Good Relations Challenge Programme.
- Working with other Departments, put in place co-ordinated policy and action a range of indicators to reduce the number of households and children living in poverty and improve the prospects, opportunities and living conditions of those in the most disadvantaged areas – including halving the number of children in relative low income households between 1988-99 and 2010-11, on the way to eradicating child poverty by 2020.
- Working with other Departments, improve support and service delivery for victims and survivors by co-ordinated strategic action at regional and local level including the establishment of a Commissioner for Victims and Survivors.
- Working with other Departments, put in place an over-arching, inter-departmental strategy, associated actions and indicators to uphold the rights and meet the needs of Children and Young People linked to support for the Office of the Commissioner for Children and Young People and the Minister for Children and Young People.

## **Key Achievements**

### **Review of Public Administration**

The Secretary of State announced the outcome of the Review of Public Administration on 22 November 2005 and 21 March 2006 thereby bringing to a successful conclusion a programme of work launched by the Executive in 2002.

The Review of Public Administration was a very complex and wide-ranging examination of the way public services are delivered in Northern Ireland; the most extensive review of its kind in a generation.

The decisions taken by the Secretary of State were based on a significant body of information which included input from two major public consultation exercises, continuous engagement with key stakeholders, including the political parties, and a substantial body of research. The review was conducted in an open and transparent way throughout and the public consultation exercise that finished in September 2005 attracted over 1,000 responses from all aspects of society in Northern Ireland. The Review of Public Administration is an example of best practice in policy making.

On the 22 November the Secretary of State announced fundamental changes to the structure of local government, health and social services and education in Northern Ireland. The changes will see a more powerful and influential local government at the heart of local service delivery in their area. The needs of people will also be better met by more streamlined structures in health and social services and education.

On the 21 March the Secretary of State announced a further significant streamlining of the remaining public bodies and executive agencies. Overall the decisions will see the number of public bodies reduce from 154 to 76.

### **Equality**

On the good relations agenda two major areas of work have progressed significantly. First, the department published the Racial Equality Strategy on 19 July 2005. It has also continued to provide significant support and interventions for the integration of minority ethnic communities, focused response to hate crime, particularly racism, and specific support for migrant workers.

Second, good progress has been made in implementing A Shared Future and in preparing the first Triennial Action Plan to be launched in April 2006.

In the area of victims and survivors an interim Commissioner for Victims and Survivors was appointed on 24 October 2005. Bertha MacDougall is doing the necessary preparatory work in advance of new legislation to establish a full time Commissioner.

The Department has also played a key role in the development of policy in relation to children and young people. For example, it has helped create and shape the £100 million Children and Young Person's Package, provided support for the new Minister for Children and Young People and it supports the Ministerial Sub Committee on Children and Young People.

The Department co-ordinated actions across NI Administration in response to the Bichard Report, and prepared Government's response to the Commissioner's review of vetting arrangements. OFMDFM was instrumental in driving forward and embedding child protection measures across government.

In the area of anti discrimination notable highlights included:

- In February 2006 officials oversaw the making in Westminster of the Disability Discrimination (Northern Ireland) Order 2006. In steering this legislation through both Houses, we strengthened the rights of people with disabilities in Northern Ireland, including in relation to letting of premises, access to public transport and placed a duty on public authorities to promote positive attitudes towards and greater participation of people with disabilities in public life.
- The Department has also brought forward other important legislation including the Employment Equality (Sex Discrimination) Regulations (Northern Ireland) 2005 (to implement an EU Directive) and section 82 of the Equality Act 2006 (which will allow for the making of regulations to prohibit discrimination in the provision of goods facilities and services on the grounds of sexual orientation).

### **Economic Policy and Regeneration**

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

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

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

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

### **Emergency Planning**

The Central Emergency Planning Unit published a Civil Contingencies Framework in November 2005. This Framework is an important element in building the resilience of



Northern Ireland to emergencies and to maintain parity with policy and practice elsewhere in the UK.

### **Freedom of Information**

The Freedom of Information (FOI) Act came into force on 1 January 2005. An extensive training programme and the development of policies and procedures for dealing with requests for information have contributed to the successful implementation of FOI which is borne out by the following statistics – of the 89 requests received during 2005, 81 (91%) were completed with the statutory 20 working day deadline while a further 6 (7%) were completed within a permitted extension. In only 2 cases has no information been released, which highlights the emphasis placed on the release of information.

Due to the emphasis placed on maintaining high procedural standards, in addition to our focus on releasing information, only 3 requests have been received for an internal review of a decision (the last in May 2005). In two cases, the original decision was upheld while in the third, the applicant's appeal was successful. OFMDFM has also had no requests referred to the Information Commissioner.

Requests received have covered a wide range of subjects, from personnel issues raised by staff, reports into topical issues such as the Review of Public Administration and the proposed redevelopment of the Maze site, to media interest in the review of government advertising policy and the hospitality/travel expenses of senior civil servants. While the greatest number of requests has come from members of the public (57%), a significant number (17%) have been received from the media with business and public representatives accounting for a further 19%.

FOI has engendered a greater emphasis on making information available to the wider public, both pro-actively through website publication schemes and of course in response to requests for information.

### **Managing Attendance**

During the year, the Department has consistently achieved a lower rate of absenteeism than other departments across the NICS.

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

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

## Financial Performance

### OFMDFM Outturn against Estimate by Category of Spend

<b>2005-06</b>	<b>Estimate £m</b>	<b>Outturn £m</b>	<b>Underspend £m/%</b>
Administration Costs	18.58	17.84	0.74 / 4.0%
Grants/Grant-in-Aid	36.10	34.38	1.72 / 4.8%
Other Current (including accruing resources)	12.09	10.36	1.73 / 14.3%
<b>Total Resources</b>	<b>66.77</b>	<b>62.58</b>	<b>4.19/6.3%</b>
<b>Capital</b>	<b>0.75</b>	<b>0.13</b>	<b>0.62/82.7%</b>
<b>Departmental Total</b>	<b>67.52</b>	<b>62.71</b>	<b>4.81/7.1%</b>

The Department's total Resource Outturn for the 2005-06 financial year was £62.58 million against an Estimate of £66.77 million. Total Capital Outturn for the 2005-06 financial year was £0.13 million against an Estimate of £0.75 million.

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

The majority of the Department's non-administration expenditure is in relation to Grants or Grants-in-Aid in support of the Department's objectives. The Department's grant

expenditure totalled £34.38 million, representing 76.8% of non-administration cost expenditure.

### **Resource Outturn**

The Department had a total resource underspend against Estimate provision of £4.19 million, 6.3% of the budget for the year. The Department is committed to improving its overall financial performance and reducing the level of year end underspend.

### **Analysis of Resource Underspend by Request for Resource**

#### **Summary of Resource Outturn by Request for Resource**

<b>Request for Resource (RfR)</b>	<b>Estimate £m</b>	<b>Outturn £m</b>	<b>Underspend £m/%</b>
<b>RfR A</b>	30.46	29.00	1.46 / 4.8%
<b>RfR B</b>	36.31	33.58	2.73 / 7.5%
<b>Departmental Total</b>	66.77	62.58	4.19 / 6.3%

#### **Request for Resources A (RfR A)**

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

The net underspend against RfR A of £1.456 million is mainly due to the following underspends:

- Support for the Government and Other Services (£891,000)
  - £517,000 of this relates to a number of individually small administration cost underspends reflecting higher than usual staff vacancy levels across the business area;
  - £336,000 of the underspend relates to a capital grant for the Louvain Institute which, due to slippage in the Institute's development programme, was not required within the 2005/06 financial year but will be committed and spent in 2006/07.

- Reinvestment and Reform Initiative (£449,000)
  - this underspend is primarily due to delays in the launch of the Maze/Longkesh Masterplan and the taking forward of repair and maintenance works at the Maze/Longkesh site.
- Strategic Investment Board (£191,000)
  - this underspend relates to reduced consultancy spend resulting from slippage in the progress of a number of investment projects.

### **Request for Resources B (RfR B)**

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

RfR B shows an underspend of £2.726 million which is mainly due to the following underspends:

- Support for Equality, Human Rights and Community Relations (£1,024,000)
  - £283,000 of this relates to a number of individually small administration costs underspends reflecting higher than usual staff vacancy levels across the business area.
  - £648,000 of the underspend is due to lower than anticipated expenditure in a number of non-administration costs areas including:
    - disability and fair employment legislation not progressing as quickly as planned;
    - postponement of the publication of the 10 year over-arching strategy for children and young people to permit responses to the consultation to be taken into account;
    - delay in launching the anti poverty strategy, and
    - as a result of a change in strategy the development programme for Crumlin Road Gaol did not progress as planned.
- Community Relations (£401,000)
  - this resulted from underspends in the District Council's Community Relation Programme to support community relation actions at local level and as a consequence of funding available for short term emergency interventions not being required.

- EU Programme for Peace and Reconciliation (£538,000)
  - this underspend resulted from some projects not progressing as quickly as planned. Funding to complete these projects will be made available in 2006-07.
- Victims (£548,000)
  - this underspend resulted from extending the timetable for the development of a new victims and survivors strategy to allow the views of the interim Victims and Survivors Commissioner to be taken into account, together with some victims and survivors projects not progressing as quickly as intended.
- Equality Commission (£150,000)
  - this underspend was due to lower than anticipated requirement for grant-in-aid by the Equality Commission as a result of the postponement of work on the development of guidance associated with age discrimination legislation until 2006-07.

### **Management of Administration Costs**

The Department is committed to achieving value for money and the delivery of efficiencies in the use of public funds. Departmental administrative expenditure on the following areas reduced in 2005-06 in contrast to 2004-05:

- Consultancy – reduction of £210,000 or 112% on 2004-05
- Hospitality – reduction of £24,000 or 9% on 2004-05
- Travel and subsistence – reduction of £92,000 or 32% on 2004-05

A reduction in other expenses was achieved in a number of other areas. Full details can be found in note 10 of the accounts (page 56).

### **Capital Outturn**

The Department had a total capital underspend against Estimate provision of £0.62 million, 82.7% of the budget for the year. The Department is committed to improving its performance in the management of its capital expenditure.

## Analysis of Capital Underspend by Request for Resource

### Summary of Capital Outturn by Request for Resource

<b>Request for Resource (RfR)</b>	<b>Estimate £m</b>	<b>Outturn £m</b>	<b>Underspend £m/%</b>
<b>RfR A</b>	0.39	0.13	0.26 / 66.7%
<b>RfR B</b>	0.36	0.00	0.36 / 100%
<b>Departmental Total</b>	0.75	0.13	0.62 / 82.7%

#### **Request for Resources A (RfR A)**

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

The underspend against RfR A of £0.26 million was due to lower than anticipated investment being required for IT equipment and the change in the capitalisation threshold of all fixed assets from £500 to £1000.

#### **Request for Resources B (RfR B)**

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

The underspend against RfR B of £0.36 million was due the repair and restoration programme for Crumlin Road Gaol not progressing as originally planned as a result of a change in strategy.

#### **Net Cash Requirement**

The Net Cash Requirement for 2005-06 was £58.4 million. The net Resource Outturn underspend of £4.2 million together with a capital underspend of £0.6 million and accruals adjustments of £0.1 million reduced the net cash requirement by £4.9 million against the estimated net cash requirement of £63.3 million.

### **Future Events**

The main trends and factors likely to affect the Department's future development, performance and position are monitored by the Departmental Board, which leads strategic planning and assists the Permanent Secretary and Accounting Officer in meeting their corporate governance responsibilities for the Department. It provides a forum for consideration and discussion of issues of relevance to the overall management and direction of the Department and its business units, and concentrates on strategic planning in relation to finance and human resources.

### **Post Balance Sheet Events**

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

## **MANAGEMENT**

The previous Secretary of State for Northern Ireland, Paul Murphy MP, had overall responsibility for the Department's activities until 10 May 2005 with the Northern Ireland Office's (NIO) John Spellar MP, Ian Pearson MP, and Angela Smith MP having responsibility for certain specific areas of Departmental activity.

On 11 May 2005 Peter Hain MP was appointed to the post of Secretary of State and assumed the responsibilities formerly discharged by Paul Murphy. Angela Smith MP continued in the role of Victims Minister while Jeff Rooker MP assumed the responsibilities formerly discharged by John Spellar and Ian Pearson.

Nigel Hamilton held the position of Head of the Civil Service and Permanent Secretary of OFMDFM. Nigel Hamilton acted as Departmental Accounting Officer until 2 January 2006. Paul Sweeney assumed the role of Accounting Officer from 3 January to 26 March 2006. Greg McConnell assumed the role of Accounting Officer from 27 March to 11 June 2006. John McMillen assumed the role of Accounting Officer from 12 June 2006.

During 2005-06 the Accounting Officer was supported by a Departmental Board comprised of the following:

## **OFMDFM Departmental Board**

Nigel Hamilton, Permanent Secretary

Frank Cushnahan, Non-executive Director

George Gray, First Legislative Counsel

Mary Bunting, Director of Equality (to Friday 20 January 2006)

Billy Gamble, Acting Director of Equality (from Monday 23 January 2006)

Rosalie Flanagan, Director of Executive Services

Stephen Grimason, Director of the Executive Information Service

Greg McConnell, Chief Operating Officer, Review of Public Administration

Peter Smyth, Joint Secretary (North), North/South Ministerial Council (to Friday 14 October 2005)

Mary Bunting, Joint Secretary (North), North/South Ministerial Council (from Monday 23 January 2006)

Paul Sweeney, Principal Establishment and Finance Officer (and Acting Director of Economic Policy and Public Service to 26 March 2006)

Denis McCartney, Director of Legal Services

Dorothy Angus, Director of Corporate Services (to 2 October 2005)

Chris Stewart, Director of Corporate Services (from 26 September 2005 to 28 February 2006)

Deirdre Kenny, Director of Corporate Services (from 20 March 2006)

Jackie Kerr, Director of Finance (from 23 May 2005)

John McMillan, Director of Resources, Regeneration and International Relations (from 12 June 2006)

## **OFMDFM Audit Committee**

The Accounting Officer has established an Audit Committee as a sub-committee to the Departmental Board to support him in his responsibilities for issues of risk, control and governance and associated assurance. The terms of reference and membership of the Audit Committee was reconstituted in October 2005. Prior to this date, the membership of the Audit Committee comprised all members of the Departmental Board (as listed above). Frank Cushnahan, non-executive director to the Departmental Board, has acted as Chairman of the Audit Committee throughout the 2005-06 financial year. The Audit Committee met on four occasions during 2005-06.



## **Membership of Audit Committee from October 2005**

Frank Cushnahan, Chairman and Non-executive Member, Departmental Board

Nigel Hamilton, Permanent Secretary (Accounting Officer until 2 January 2006)

Paul Sweeney, Director of Regeneration and External Affairs (Accounting Officer from 3 January to 26 March 2006)

Greg McConnell, Chief Operating Officer, Review of Public Administration (Accounting Officer and member of Audit Committee from 27 March 2006 to 11 June 2006)

Mary Bunting, Director of Equality (until Friday 20 January 2006)

Billy Gamble, Acting Director of Equality (from Monday 23 January 2006)

John McMillan, Director of Resources, Regeneration and International Relations (Accounting Officer from 12 June 2006)

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

## **Appointment of Senior Officials**

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

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

## **Ministerial Remuneration**

Details of the remuneration of the Northern Ireland Office Ministers will be provided in the 2005/06 Northern Ireland Office Resource Accounts.

## **Remuneration of Senior Officials**

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

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

Details of the remuneration of senior officials in salary bands are provided in the Departmental Remuneration Report at page 30.

Note 1.10 (page 49) and note 9 (page 55) of the accounts and the Departmental Remuneration Report (pages 27 to 33) provide details of the pension scheme for past and present employees and explain the treatment applied to pension liabilities in the accounts.

## **PUBLIC INTEREST AND OTHER**

### **Disabled Persons**

The Department's Equal Opportunities policy applies to the employment of people with a disability. The Department is committed to ensuring that its policies and practices comply with the requirements of the Disability Discrimination Act 1995. The Department employed 7 people with a disability in 2005-06.

### **Equal Opportunities**

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

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

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

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

### **Payment to Suppliers**

The Department is committed to the prompt payment of bills for goods and services received in accordance with the Late Payment of Commercial Debts (Interest) Act 1998 and British Standard BS 7890 – Achieving Good Payment Performance in Commercial Transactions. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services or on presentation of a valid invoice or similar demand, whichever is later. During the year 93 per cent of bills were paid within this standard.

### **Auditors**

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

During the year NIAO carried out a value for money study on the Reinvestment and Reform Initiative.

The audit of the financial statements for 2005-06 resulted in a notional audit fee of £35,000 and is included in the administration costs in the operating cost statement.

### **Audit Information**

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

### **Employee Involvement**

The Department recognises the benefit of keeping all its employees regularly informed about progress towards achieving its aims and objectives. The Department's Business Plan has been communicated to all staff and the Departmental Whitley Committee meets regularly. There is also a formal bi-monthly team briefing process.

### **Health and Safety**

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

### **Register of Interests**

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

Approved and signed

***JOHN McMILLEN***  
**Accounting Officer**

**9 October 2006**

## **DEPARTMENTAL REMUNERATION REPORT**

### **Remuneration Policy**

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

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

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

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

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

The remuneration of all senior civil servants is entirely performance based. The Performance Management System for the Senior Civil Service provides a means to improve management of individual performance and a better link between organisational success, individual contribution and reward. It links objective setting to business objectives; provides a delivery-focused set of Senior Civil Service Leadership Competences; encourages the development of skills and knowledge; focuses on personal development through the mid-year development review; and rewards results through the performance review and pay awards. Permanent Secretaries pay awards are determined by the Northern Ireland Civil Service (NICS) Permanent Secretary Remuneration Committee.

Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).

## **Service Contracts**

Civil service appointments are made in accordance with the Civil Service Commissioners for Northern Ireland's Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 60. Policy relating to notice periods and termination payments is contained in the Northern Ireland Civil Service (NICS) Staff Handbook.

Tim Losty was appointed as Director of the Northern Ireland Bureau in Washington on a 3-year temporary contract in September 2003. This appointment was made permanent in January 2006.

Further information about the work of the Civil Service Commissioners can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org).

## **Salary and pension entitlements**

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

### **Ministers Salaries**

During 2005-06 the Secretary of State for Northern Ireland, Paul Murphy MP, had overall responsibility for the Department's activities until 10 May 2005 with the Northern Ireland Office's (NIO) John Spellar MP, Ian Pearson MP, and Angela Smith MP having responsibility for certain specific areas of Departmental activity.

On 11 May 2005, Peter Hain MP was appointed to the post of Secretary of State, and assumed the responsibilities formerly discharged by Paul Murphy. Angela Smith MP continued in the role of Victims Minister, while Jeff Rooker MP assumed the responsibilities formerly discharged by John Spellar and Ian Pearson.

Their salaries and allowances were paid by the Northern Ireland Office rather than the Northern Ireland Assembly. These costs have not been included as notional costs in the Operating Costs Statement in the same way as Devolved Minister's salaries. Details of Ministerial salary and allowances will be provided in the 2005-06 Northern Ireland Office Resource Accounts.

### **Ministerial pensions**

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

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

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office on or after age 65. Pensions are increased annually in line with changes in the Retail Prices Index. Members pay contributions of 6% of their ministerial salary if they have opted for the 1/50th accrual rate. Those members who have opted for the 1/40th accrual rate are required to pay an increased contribution. The rate was increased from 9% to 10% from 1 April 2004. There is also an employer contribution paid by the Exchequer representing the balance of cost. This is currently 24% of the ministerial salary.

## Senior Civil Servants

	2005-06		2004-05	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Mr Nigel Hamilton <i>Head of the Department</i>	145-150	NIL	145-150	NIL
Mr George Gray <i>Director</i>	110-115	NIL	110-115	NIL
Mrs Mary Bunting <i>Director</i>	85-90	NIL	85-90	NIL
Mrs Rosalie Flanagan <i>Director</i>	80-85	NIL	80-85	NIL
Mr Stephen Grimason <i>Director</i>	80-85	NIL	80-85	NIL
Mr Edgar Jardine <i>Director (to 28 October 2004)</i>	NIL	NIL	85-90	NIL
Mr Greg McConnell <i>Director</i>	90-95	NIL	90-95	NIL
Peter Smyth <i>Director (to 14 October 2005)</i>	45-50 (90-94 full year equivalent)	NIL	75-80	NIL
Paul Sweeney <i>Director (to 26 March 2006)</i>	80-85	NIL	80-85	NIL
Frank Cushnahan <i>Non Executive Director</i>	5-10	NIL	0-5	NIL
Denis McCartney <i>Director</i>	70-75	NIL	100-105	NIL
Chris Stewart <i>Director (from 1 December 2005 to 28 February 2006)</i>	55-60	NIL	-	-
Deirdre Kenny <i>Director (from 20 March 2006)</i>	55-60	NIL	-	-
Jacqueline Kerr <i>Director (from 24 May 2005)</i>	40-45 (60-65 full year equivalent)	NIL	-	-
Dorothy Angus <i>Director (to 30 September 2005)</i>	60-65	NIL	60-65	NIL
Billy Gamble <i>Director (from 23 January 2006)</i>	60-65	NIL	-	-

## Salary

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



## Benefits in kind

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

## Civil Service Pensions

	Accrued pension at age 60 as at 31 March 2006 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31 March 2006	CETV at 31 March 2005	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Nigel Hamilton <i>Head of the Department</i>	65-67.5 plus 195-197.5 lump sum	2.5-5 plus 12.5-15 lump sum	1194	1000	93	NIL
Mr George Gray <i>Director</i>	47.5-50 plus 147.5-150 lump sum	2.5-5 plus 7.5-10 lump sum	894	815	51	NIL
Mrs Mary Bunting <i>Director</i>	30-32.5 plus 95-97.5 lump sum	0-2.5 plus 2.5-5 lump sum	558	505	34	
Mrs Rosalie Flanagan <i>Director</i>	10-12.5 plus 32.5-35 lump sum	0-2.5 plus 2.5-5 lump sum	197	171	19	NIL
Mr Stephen Grimason <i>Director</i>	5-7.5 plus 20-22.5 lump sum	0-2.5 plus 2.5-5 lump sum	105	84	16	NIL
Mr Greg McConnell <i>Director</i>	37.5-40 plus 117.5-120 lump sum	0-2.5 plus 5-7.5 lump sum	729	655	47	NIL
Mr Peter Smyth <i>Director *</i> <i>(until 14.10.05)</i>	N/A	N/A	N/A	520	N/A	NIL
Mr Paul Sweeney <i>Director</i>	22-22.5 plus 65-67.5 lump sum	0-2.5 plus 5-7.5 lump sum	351	303	31	NIL
Mr Frank Cushnahan <i>Non Executive Director</i>	NIL	NIL	NIL	NIL	NIL	NIL
Denis McCartney <i>Director</i>	45-47.5 plus 135-137.5 lump sum	5-7.5 plus 22-22.5 lump sum	N/A over 60	672	N/A over 60	NIL
Chris Stewart <i>Director</i>	12.5-15 plus 40-42.5 lump sum	0-2.5 plus 2.5-5 lump sum	164	146	11	NIL
Deirdre Kenny <i>Director</i>	22.5-25 plus 67.5-70 lump sum	0-2.5 plus 0-2.5 lump sum	397	397	0	NIL
Jacqueline Kerr <i>Director</i>	15-17.5 plus 50-52.5 lump sum	0-2.5 plus 0-2.5 lump sum	199	180	8	NIL
Dorothy Angus <i>Director</i>	20-22.5 plus 60-62.5 lump sum	0-2.5 plus 2.5-5 lump sum	356	326	18	NIL
Billy Gamble <i>Director</i>	32.5-35 plus 97.5-100 lump sum	7.5-10 plus 25-27.5 lump sum	560	400	146	NIL

\* Mr Smyth received an early retirement package under the terms of the Civil Service Compensation Scheme which enhanced the value of his pension.

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

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in classic.

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

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

### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from

the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the Principal Civil Service Pension Scheme (N.I.) has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### **Real increase in CETV**

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Approved and signed

***JOHN McMILLEN***

**Accounting Officer**

**9 October 2006**

## **STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITY**

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

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

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

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

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

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

## **STATEMENT ON INTERNAL CONTROL**

### **1. Scope of responsibility**

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

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

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

### **2. The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Office of the First Minister and Deputy First Minister for the year ended 31 March 2006 and up to the date of approval of the annual report and accounts, and accords with DFP guidance.

### **3. Capacity to handle risk**

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

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

### **4. The risk and control framework**

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

## **5. Review of effectiveness**

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

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

- The Departmental Board, which exercises authority at a corporate level within the Department and comprises the Accounting Officer, and Directors;
- The Departmental Audit Committee, chaired by a non-executive Director, which is made up of the members of the Departmental Board, and met 4 times in 2005-06, receives reports concerning internal control. It provides oversight in ensuring that appropriate steps are being taken to manage risks in significant areas of responsibility and monitoring progress, and
- The internal audit function, which the Department receives from the Department of Finance and Personnel Internal Audit Unit, operates to standards defined in the Government Internal Audit Manual. Regular reports are submitted which include the Head of Internal Audit (HIA) independent opinion on the adequacy and effectiveness of the Department's system of internal control together with recommendations for improvement.

## **6. Significant Internal Control Problems**

In the Department's 2005-06 Annual Assurance Statement the HIA concluded that, overall, a substantial level of assurance can be placed on OFMDFM internal control systems.

However, one limitation was highlighted in relation to the need to further improve and formalise sponsor control arrangements over the Strategic Investment Board. The Department has agreed a plan of action to redress these concerns and will ensure implementation is expedited.

***JOHN McMILLEN***  
**Accounting Officer**

**9 October 2006**



## **OFFICE OF THE FIRST MINISTER AND THE DEPUTY FIRST MINISTER**

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

I certify that I have audited the financial statements of the Office of the First Minister and the Deputy First Minister for the year ended 31<sup>st</sup> March 2006 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the Statement of Operating Costs by Departmental Aim and Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them.

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

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

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the Financial Statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, if the Department has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by the Department of Finance and Personnel regarding remuneration and other transactions is not disclosed.

I review whether the statement on pages 35 to 38 reflects the Department's compliance with the Department of Finance and Personnel's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Director's Report, Management Commentary and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

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

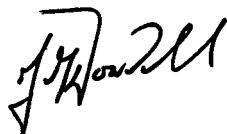
I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement,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

## Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel, of the state of the Department's affairs as at 31<sup>st</sup> March 2006 and the net cash requirement, net resource outturn, resources applied to objectives, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.



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

11<sup>th</sup> October 2006

Office of the First Minister and Deputy First Minister  
Statement of Parliamentary Supply  
for the year ended 31 March 2006

		2005-06						2004-05	
Summary of Resource Outturn 2005-06		Estimate			Outturn				
Request for Resources	Note	Gross expenditure	Accruing Resources	NET TOTAL	Gross expenditure	Accruing Resources	NET TOTAL	Net total outturn compared with Estimate saving/ (excess)	Prior-year outturn
		1	2	3	4	5	6	7	8
		£000	£000	£000	£000		£000	£000	
A	2	30,513	(56)	30,457	29,057	(56)	29,001	1,456	31,551
B	2	36,309	-	36,309	33,583	-	33,583	2,726	31,667
<b>Total resources</b>		<b>66,822</b>	<b>(56)</b>	<b>66,766</b>	<b>62,640</b>	<b>(56)</b>	<b>62,584</b>	<b>4,182</b>	<b>63,218</b>
Non-operating Accruing Resources				-			-		-

Net cash requirement 2005-06		£000			2005-06		2004-05	
		Note	Estimate	Outturn	Net total outturn compared with estimate	Outturn	£000	£000
Net cash requirement		4	63,256	58,389	4,867	56,848		

Summary of income payable to the Consolidated Fund

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

	Note	Forecast 2005-06		Outturn 2005-06	
		Income	Receipts	Income	Receipts
		£000	£000	£000	£000
Total	5	3,556	3,556	4,459	11,436

The notes on pages 47 to 66 form part of these accounts.

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

**Office of the First Minister and Deputy First Minister**  
**Operating Cost Statement**  
*for the year ended*  
*31 March 2006*

				2005-06	2004-05
	Note	Staff Costs	Other Costs	Income	Total
		£000	£000	£000	£000
<b>Administration costs:</b>					
Staff costs	9	12,031	-	-	12,031
Other administration costs	10	-	5,809	-	5,809
Operating income	12	-	-	(80)	(80)
<b>Programme costs</b>					
<b>Request for resources A</b>					
Staff costs	9,11	2,048	-	-	2,048
Programme costs	11	-	14,499	-	14,499
Income	12	-	-	(181)	(181)
<b>Request for resources B</b>					
Staff costs	9,11	53	-	-	53
Programme costs	11	-	28,200	-	28,200
Income	12	-	-	(4,254)	(4,254)
<b>Total</b>		<b>14,132</b>	<b>48,508</b>	<b>(4,515)</b>	
<b>Net operating cost</b>	<b>3</b>				<b>58,125</b>
					<b>58,324</b>

**Statement of  
Recognised Gains  
and Losses**  
*for the year ended*  
*31 March 2006*

	2005-06	As Restated 2004-05
	£000	£000
Net gain on revaluation of tangible fixed assets	512	6,754
<b>Recognised gains and (losses) for the financial year</b>	<b>512</b>	<b>6,754</b>

It has been necessary to restate prior year figures due to the application of an incorrect revaluation in respect of land and buildings in the 2004-05 accounts.

The notes on pages 47 to 66 form part of these accounts.

**Office of the First Minister and  
Deputy First Minister  
Balance Sheet  
as at 31 March 2006**

	Note	2005-06		As Restated 2004-05
		£000	£000	£000
<b>Fixed assets</b>				
Tangible assets	14	<u>15,129</u>	15,129	<u>14,783</u>
<b>Current assets</b>				
Stocks	15	-		7
Debtors	16	6,740		16,642
Cash at bank and in hand	17	<u>1</u>		<u>1</u>
		<u>6,741</u>		<u>16,650</u>
<b>Creditors (amounts falling due within one year)</b>	18	<u>(10,701)</u>		<u>(20,092)</u>
<b>Net current liabilities</b>			<u>(3,960)</u>	<u>(3,442)</u>
<b>Total assets less current liabilities</b>			11,169	11,341
<b>Creditors (amounts falling due after one year)</b>			-	-
<b>Provisions for liabilities and charges</b>			<u>-</u>	<u>-</u>
			<u>11,169</u>	<u>11,341</u>
<b>Taxpayers' Equity</b>				
General fund	19		3,348	4,032
Revaluation reserve	20		<u>7,821</u>	<u>7,309</u>
			<u>11,169</u>	<u>11,341</u>

It has been necessary to restate prior year figures due to the application of an incorrect revaluation in respect of land and buildings in the 2004-05 accounts.

*John McMillen*

Accounting Officer

Date : 9 October 2006

The notes on pages 47 to 66 form part of these accounts

**Office of the First Minister and Deputy First Minister  
Consolidated Cash Flow Statement**

*for the year ended*

*31 March 2006*

	Note	<b>2005-06</b> £000	<b>2004-05</b> £000
Net cash outflow from operating activities	21a	(44,240)	<b>(55,143)</b>
Capital expenditure and financial investment	21b, 21c	(131)	<b>(305)</b>
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		-	-
Payments of amounts due to the Consolidated Fund		(11,629)	<b>(3,901)</b>
Financing	21d	<u>56,000</u>	<u><b>59,349</b></u>
Increase / (decrease) in cash in the year	21e	<u>-</u>	<u>-</u>

**Office of the First Minister and Deputy First Minister**

**Consolidated Statement**

**of Operating Costs by**

**Departmental**

**Aim and**

**Objectives**

*for the year ended*

*31 March 2006*

***Aim:***

	2005-06			2004-05		
	Gross £000	Income £000	Net £000	Gross £000	Income (£000)	Net £000
<b><i>RfR A</i></b>	29,057	(261)	28,796	31,607	(108)	31,499
<b><i>RfR B</i></b>	33,583	(4,254)	29,329	31,667	(4,842)	26,825
<b>Net operating costs</b>	<u>62,640</u>	<u>(4,515)</u>	<u>58,125</u>	<u>63,274</u>	<u>(4,950)</u>	<u>58,324</u>

The Department's objectives were as follows:

**RfR A**

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

**RfR B**

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

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

See note 22



## Office of the First Minister and Deputy First Minister - Annual Report and Accounts 2005-06

### Notes to the departmental resource accounts

#### 1 Statement of accounting policies

The financial statements have been prepared in accordance with the 2005-06 Government Financial Reporting Manual issued by the Department of Finance and Personnel. The accounting policies contained within FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. In addition to the primary statements prepared under UK GAAP, the FReM also requires the Department to prepare two additional primary statements. The *Statement of Parliamentary Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The *Statement of Operating Cost by Departmental Aim and Objectives* and supporting notes analyse the Department's income and expenditure by the objectives agreed with Ministers.

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

##### 1.1 Accounting convention

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

##### 1.2 Tangible fixed assets

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

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

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

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

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

##### 1.3 Depreciation

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

**Office of the First Minister and Deputy First Minister - Annual Report  
and Accounts 2005-06**

**Notes to the departmental resource accounts cont.**

Asset lives are normally in the following ranges :

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

*1.4 Stocks and work in progress*

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

*1.5 Research and development*

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

*1.6 Operating income*

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

*1.7 Administration and programme expenditure*

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

*1.8 Capital charge*

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

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

**Office of the First Minister and Deputy First Minister - Annual Report  
and Accounts 2005-06**

**Notes to the departmental resource accounts cont.**

*1.9 Foreign exchange*

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

*1.10 Pensions*

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

*1.11 Leases*

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

*1.12 Grants payable*

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

*1.13 Provisions*

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

**Office of the First Minister and Deputy First Minister - Annual Report  
and Accounts 2005-06**

**Notes to the departmental resource accounts cont.**

*1.14 Contingent liabilities*

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

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

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

*1.15 Value Added Tax*

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

*1.16 Disclosure of Figures*

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

Office of the First Minister and Deputy First Minister - Annual Report and Accounts 2005-06

Notes to the departmental resource accounts

2 Analysis of net resource outturn by section

Outturn	2005-06						2005-06		2004-05
	Admin £000	Other current £000	Grants £000	Gross resource expenditure £000	Accruing resources £000	Net total £000	Estimate Net total £000	Net total outturn compared with estimate £000	Prior-year outturn £000
<b>Request for resources A :</b>									
<i>Central Government spending</i>									
A1 Support for Government and Other Services	10,473	827	2,251	13,551	-	13,551	14,442	891	14,818
A2 North/South Ministerial Council	-	628	-	628	-	628	672	44	577
A3 Civic Forum	-	-	-	-	-	-	1	1	1
A4 Planning Appeals Commission and Water Appeals Commission	-	1,961	-	1,961	(56)	1,905	1,858	(47)	1,871
A5 Reinvestment and Reform Initiative	-	1,584	-	1,584	-	1,584	2,033	449	2,041
A6 Executive Programme Funds	-	-	-	-	-	-	-	-	1,710
A7 Non cash Items	-	591	-	591	-	591	566	(25)	416
A8 Strategic Investment Board	-	-	8,705	8,705	-	8,705	8,896	191	8,015
A9 Notional charges	2,037	-	-	2,037	-	2,037	1,989	(48)	2,102
<b>Total</b>	<b>12,510</b>	<b>5,591</b>	<b>10,956</b>	<b>29,057</b>	<b>(56)</b>	<b>29,001</b>	<b>30,457</b>	<b>1,456</b>	<b>31,551</b>
<b>Request for resources B :</b>									
B1 Support for Equality, Human Rights and Community Relations	4,457	1,260	3,022	8,739	-	8,739	9,763	1,024	8,106
B2 Community Relations	-	-	6,223	6,223	-	6,223	6,624	401	5,393
B3 EU Programme for Peace and Reconciliation	-	-	5,631	5,631	-	5,631	6,169	538	5,956
B4 Executive Programme Funds	-	-	-	-	-	-	-	-	-
B5 Victims	-	3,359	-	3,359	-	3,359	3,907	548	2,952
B6 Equality Commission	-	-	6,656	6,656	-	6,656	6,806	150	6,779
B7 Commissioner for Children and Young People	-	-	1,897	1,897	-	1,897	1,897	-	1,725
B8 Notional Charges	873	205	-	1,078	-	1,078	1,143	65	756
<b>Total</b>	<b>5,330</b>	<b>4,824</b>	<b>23,429</b>	<b>33,583</b>	<b>-</b>	<b>33,583</b>	<b>36,309</b>	<b>2,726</b>	<b>31,667</b>
<b>Resource Outturn</b>	<b>17,840</b>	<b>10,415</b>	<b>34,385</b>	<b>62,640</b>	<b>(56)</b>	<b>62,584</b>	<b>66,766</b>	<b>4,182</b>	<b>63,218</b>

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

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

The underspend in RfR A of £1,456,000 is mainly due to underspends in Support for the Executive and Other Services (£891,000), the Reinvestment and Reform Initiative (£449,000) and the Strategic Investment Board (£191,000).

The underspend of £2,726,000 in RfR B is mainly due to underspends in Support for Equality, Human Rights and Community Relations (£1,024,000), Community Relations (£401,000), EU Programme for Peace and Reconciliation (£538,000), Victims (£548,000) and the Equality Commission (£150,000).

Detailed explanations of the variances are given in the Financial Performance Review (pages 16-20) of the Management Commentary.

Office of the First Minister and Deputy First Minister - Annual Report and Accounts 2005-06

Notes to the departmental resource accounts cont.

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

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

	Note	2005-06		2004-05	
		Outturn £000	Supply Estimate £000	Outturn compared with Estimate £000	Outturn £000
Net resource outturn	2	62,584	66,766	4,182	63,218
Non supply income (CFERs)	5	(4,459)	(3,556)	903	(4,894)
<b>Net operating cost</b>		<b>58,125</b>	<b>63,210</b>	<b>5,085</b>	<b>58,324</b>

**3(b) Outturn against final Administration Budget**

	Note	2005-06		2004-05	
		Budget £000	Outturn £000	Outturn £000	Outturn £000
Gross Administration Budget	2	18,576	17,840	19,024	19,024
Administration expenditure excluded from the Administration cost limit	2	(2,882)	(2,910)	(2,858)	(2,858)
<b>Net outturn against final Administration Budget</b>		<b>15,694</b>	<b>14,930</b>	<b>16,166</b>	<b>16,166</b>

Office of the First Minister and Deputy First Minister - Annual Report and Accounts  
2005-06

Notes to the departmental resource accounts cont.

4 Reconciliation of resources to cash requirements

	Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate saving/ (excess) £000
Resource Outturn	2	66,766	62,584	4,182
Capital :				
- Acquisition of fixed assets	14	746	131	615
Non-operating Accruing Resources :				
- Proceeds of fixed asset disposal		-	-	-
Accruals adjustments :				
- Non-cash items	14,19	(4,256)	(3,808)	(448)
- Changes in working capital other than cash		-	(518)	518
		<u>63,256</u>	<u>58,389</u>	<u>4,867</u>
Net cash requirement				

In relation to the capital variance of £615,000 noted above, this was due to unexpected delays in capital expense.  
Further variance explanations can be found in the Management Commentary .

5 Analysis of income payable to the Consolidated Fund

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

	Note	2005-06 forecast		2005-06 outturn	
		Income £000	Receipts £000	Income £000	Receipts £000
Operating income and receipts - excess Accruing Resources		-	-	125	125
Other operating income and receipts not classified as Accruing Resource		3,556	3,556	4,215	11,192
Subtotal	6	3,556	3,556	4,340	11,317
Non-operating income and receipts - excess Accruing Resources	7	-	-	-	-
Other non-operating income and receipts not classified as Accruing Resources	8	-	-	119	119
Other amounts collectable on behalf of the Consolidated Fund		-	-	-	-
Excess cash surrenderable to the Consolidated Fund		-	-	-	-
<b>Total income payable to the Consolidated Fund</b>		<u>3,556</u>	<u>3,556</u>	<u>4,459</u>	<u>11,436</u>

**Office of the First Minister and Deputy First Minister - Annual Report  
and Accounts 2005-06**

**Notes to the departmental resource accounts cont.**

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

	Note	2005-06 £000	2004-05 £000
Operating income		4,396	4,950
Adjustments for transactions between RfRs		-	-
Gross income		4,396	4,950
Income authorised to be Accruing Resources	2	(56)	(56)
Operating income payable to the Consolidated Fund	5	4,340	4,894

**7 Non-operating income - Excess accruing resources**

	Note	2005-06 £000	2004-05 £000
Proceeds on disposal of fixed assets		-	-
Other miscellaneous income	12	-	-
Non-operating income - excess accruing resources		-	-

**8 Non-operating income not classified as Excess accruing resources**

	2005-06 £000	2004-05 £000
Non-operating income not classified as accruing resource	119	6



Office of the First Minister and Deputy First Minister - Annual Report and Accounts 2005-06

Notes to the departmental resource accounts cont.

9 Staff numbers and related costs

Staff costs

Staff costs consist of :

	2005-06				2004-05	
	Total £000	Permanently employed staff £000	Others £000	Ministers £000	Special advisers £000	Total £000
Wages and salaries	11,120	11,065	-	-	55	12,788
Social security costs	888	882	-	-	6	930
Other pension costs	1,989	1,989	-	-	-	1,557
<b>Sub total</b>	<b>13,997</b>	<b>13,936</b>	<b>-</b>	<b>-</b>	<b>61</b>	<b>15,275</b>
Inward secondments	373	373	-	-	-	-
<b>Total</b>	<b>14,370</b>	<b>14,309</b>	<b>-</b>	<b>-</b>	<b>61</b>	<b>15,275</b>
Less recoveries in respect of outward secondments	(238)	(238)	-	-	-	(369)
<b>Total net costs</b>	<b>14,132</b>	<b>14,071</b>	<b>-</b>	<b>-</b>	<b>61</b>	<b>14,906</b>

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

For 2005-06, employers' contributions of £1,988,544 were payable to the PCSPS (NI) (2004-05 £1,556,673) at one of four rates in the range of 16.5% to 23.5% (2004-05 : 12 to 18.5 %) of pensionable pay, based on salary bands (the rates in 2004-05 were between 12% and 18%). These rates have increased from 1 April 2005 as a result of the latest actuarial valuation. The contribution rates reflect benefits as they are incurred, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £0 (2004-05 £0) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 % (2004-05 : 3 to 12.5 %) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of 0.8% (2004-05 : 0.8%) of pensionable pay, were payable to the PCSPS (NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the balance sheet date were nil. Contributions prepaid at that date were nil.

One person (2004-05: 1 person) retired early on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £3,906 (2004-05: £18,060).

The inflation adjustment factor for carrying out the calculation of the increase in real terms of the accrued pension for someone covered by the full reporting year to 31 March 2006 is 2.7%.

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**Notes to the departmental resource accounts cont.**

**Average number of persons employed**

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

	2005-06		2004-05			
Objective	Total	Permanently employed staff	Others	Ministers	Special Advisers	Total
RfR A	240	235	4	-	1	292
RfR B	106	104	1	-	1	108
<b>Total</b>	<b>346</b>	<b>339</b>	<b>5</b>	<b>-</b>	<b>2</b>	<b>400</b>

**10 Other Administration Costs**

	2005-06	2004-05
	£000	£000
Rental under operating leases		
Land and buildings	567	559
Other operating leases	20	38
Office accommodation	1,953	1,961
Non-cash items :		
Depreciation	142	271
Disposal of fixed assets	83	-
Permanent diminution in value of fixed assets	-	48
Cost of capital charges	(130)	(57)
Auditors' remuneration and expenses	35	35
Other notional charges	923	861
Other expenses (see breakdown below)	2,216	2,907
<b>Total</b>	<b>5,809</b>	<b>6,623</b>

	2005-06	2004-05
	£000	£000
<i>Breakdown of other expenses is as follows :</i>		
<i>Advertising</i>	92	109
<i>Communications</i>	185	234
<i>Consultancy</i>	187	397
<i>Hospitality</i>	265	289
<i>Incidentals</i>	374	420
<i>IT</i>	131	357
<i>Publications and stationery</i>	295	347
<i>Service and building costs</i>	186	133
<i>Training</i>	214	242
<i>Travel and subsistence</i>	287	379
	<b>2,216</b>	<b>2,907</b>

# Office of the First Minister and Deputy First Minister - Annual Report and Accounts 2005-06

## Notes to the departmental resource accounts cont.

### 11 Programme Costs

	2005-06	2004-05
	£000	£000
Staff costs	2,101	2,505
Current grants and other current expenditure	41,903	41,001
Cost of capital charges	796	744
<b>Total</b>	<b>44,800</b>	<b>44,250</b>

### 12 Income

	2005-06		2004-05	
	RfRA	RfRB	Total	Total
	£000	£000	£000	£000
EU income	-	4,135	4,135	4,577
Planning and Water Appeals Commission	181	-	181	101
Rental income	72	-	72	-
Miscellaneous other income	-	8	8	7
EU Programme Receipts	-	119	119	-
Receipt from The Commissioner for Children and Young People	-	-	-	265
	253	4,262	4,515	4,950

### 13 Analysis of net operating cost by spending body

	2005-06		2004-05	
	Estimate	Outturn	Outturn	Outturn
	£000	£000	£000	£000
Spending Body :				
Core Department	54,507	49,572	40,370	
Non-Departmental Public Bodies	8,703	8,553	17,954	
<b>Net Operating Cost</b>	<b>63,210</b>	<b>58,125</b>	<b>58,324</b>	

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## Notes to the departmental resource accounts cont.

### 14 Tangible Fixed Assets

	Land & Buildings excluding Dwellings £000	Motor Vehicles £000	Computer Equipment £000	Office Equipment £000	Computer Systems £000	Telecoms Equipment £000	Total £000
<b>Cost or valuation</b>							
At 1 April 2005	16,161	18	1,173	146	115	33	17,646
Prior Period Adjustment (a)	(1,819)	-	-	-	-	-	(1,819)
At 1 April 2005 as restated	14,342	18	1,173	146	115	33	15,827
Additions	-	-	126	5	-	-	131
Transfers (b)	-	-	(77)	(9)	-	-	(86)
Disposals	-	-	(16)	-	-	-	(16)
Assets written off (c)	-	-	(369)	-	-	-	(369)
Revaluation	518	-	(12)	(2)	3	-	507
At 31 March 2006	14,860	18	825	140	118	33	15,994
<b>Depreciation</b>							
At 1 April 2005	1	17	816	91	87	32	1,044
Charged in year	-	1	106	18	17	-	142
Transfers	-	-	(33)	(2)	-	-	(35)
Disposals	-	-	(16)	-	-	-	(16)
Assets written off	-	-	(265)	-	-	-	(265)
Revaluation	-	-	(6)	(1)	2	-	(5)
At 31 March 2006	1	18	602	106	106	32	865
<b>NBV</b>							
At 31 March 2006	14,859	-	223	34	12	1	15,129
At 31 March 2005 as restated	14,341	1	357	55	28	1	14,783
<b>Asset financing :</b>							
Owned	14,859	-	223	34	12	1	15,129
Net book value at 31 March 2006	14,859	-	223	34	12	1	15,129

(a) It has been necessary to restate the prior year figures due to the application of an incorrect revaluation in respect of land and buildings in the 2004-05 accounts.

(b) As outlined on page 9, OFMDFM carried out a re-examination of its functions and how they were organised to ensure that the department met its objectives and made best use of its resources. This included an examination of similar or overlapping functions in DFP. As a result, a number of areas were identified which transferred to DFP as at 1 December 2005. This included the transfer of appropriate fixed assets which are now held by DFP.

(c) During the financial year, an exercise was undertaken to increase the capitalisation threshold of all fixed assets from £500 to £1,000. This resulted in assets totalling £103,583.56 being written off to the Operating Cost Statement.

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Notes to the departmental resource accounts cont.

15 Stocks and work in progress

	2005-06	2004-05
	£000	£000
Stocks	-	7
	-	7

16 Debtors

	2005-06	2004-05
	£000	£000
<b>16(a) Analysis by type</b>		
<b>Amounts falling due within one year:</b>		
Trade debtors	31	38
Other debtors	2,115	2,162
Prepayments	172	87
Amounts due from DFP	1,416	4,125
Amounts due from EU	2,911	9,888
VAT	95	342
	6,740	16,642

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

16(b) Intra-Government Balances

	2005-06	2004-05	2005-06	2004-05
	Amounts falling due within one year		Amounts falling due after one year	
	£000	£000	£000	£000
Balances with other central government bodies	1,511	4,479	-	-
Balances with local authorities	-	-	-	-
Balances with NHS Trusts	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
<i>Subtotal</i> : intra-government balances	1,511	4,479	-	-
Balances with bodies external to government	5,229	12,163	-	-
Balance at 31 March 2006	6,740	16,642	-	-

**Office of the First Minister and Deputy First Minister - Annual Report and Accounts 2005-06**

**Notes to the departmental resource accounts cont.**

**17 Cash in hand and bank balances**

	2005-06 £000	2004-05 £000
Balance at 1 April	1	1
Net change in cash balances	-	-
<b>Balance at 31 March</b>	<b>1</b>	<b>1</b>

The following balances at 31 March were held at:

Commercial banks and cash in hand	1	1
	1	1

**18 Creditors**

**18(a) Analysis by type**

	2005-06 £000	2004-05 £000
<b>Amounts falling due within one year:</b>		
Trade creditors	-	-
Amounts due from EU due to be paid to the Consolidated Fund		
Received	-	-
Receivable	2,911	9,827
Other creditors	1	2
Accruals and deferred income	6,305	6,136
Amounts issued from the Consolidated Fund for supply but not spent at year end	1,160	3,549
Consolidated fund extra receipts due to be paid to the Consolidated Fund		
Received	324	578
Receivable	-	-
	<b>10,701</b>	<b>20,092</b>

**18(b) Intra-Government Balances**

	2005-06 Amounts falling due within one year £000	2004-05 Amounts falling due within one year £000
Balances with other central government bodies	4,395	13,954
Balances with local authorities	615	769
Balances with NHS Trusts	-	-
Balances with public corporations and trading funds	-	-
<i>Subtotal</i> : intra-government balances	5,010	14,723
Balances with bodies external to government	5,691	5,369
<b>Total creditors at 31 March 2006</b>	<b>10,701</b>	<b>20,092</b>

**Office of the First Minister and Deputy First Minister - Annual Report and Accounts 2005-06**

**Notes to the departmental resource accounts cont.**

**19 General Fund**

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

	2005-06		2004-05	
	£000	£000	£000	£000
Balance at 1 April		4,032		6,861
Net Parliamentary Funding				
Drawn Down	56,000		59,349	
Deemed Supply	<u>3,549</u>		<u>1,047</u>	
		59,549		60,396
Year End Adjustment				
Supply (Creditor)/Debtor - current year	(1,160)		(3,549)	
Excess Vote - prior year	<u>-</u>		<u>-</u>	
		(1,160)		(3,549)
Net Transfer from Operating Activities				
Net Operating Cost	(58,125)		(58,324)	
CFERs repayable to Consolidated Fund	<u>(4,459)</u>		<u>(4,894)</u>	
		(62,584)		(63,218)
Non Cash Charges				
Cost of capital charges	666		687	
Notional costs	2,876		2,820	
Auditors' remuneration	<u>35</u>		<u>35</u>	
		3,577		3,542
Transfer from Revaluation Reserve		-		-
Transfer of Functions		<u>(66)</u>		<u>-</u>
<b>Balance at 31 March 2006</b>		<u>3,348</u>		<u>4,032</u>

**20 Revaluation Reserve**

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

	As Restated	
	2005-06 £000	2004-05 £000
Balance at 1 April 2005	7,309	555
Arising on revaluation during the year (net)	512	6,754
Transferred to General Fund in respect of realised element of revaluation reserve	<u>-</u>	<u>-</u>
<b>Balance as at 31 March 2006</b>	<u>7,821</u>	<u>7,309</u>

It has been necessary to restate prior year figures due the application of an incorrect revaluation in respect of land and buildings in the 2004-05 accounts.

Office of the First Minister and Deputy First Minister - Annual Report and Accounts 2005-06

Notes to the departmental resource accounts cont.

21 Notes to the Consolidated Cash Flow Statement

21(a) Reconciliation of operating cost to operating cash flows	Note	2005-06 £000	2004-05 £000
Net operating cost	3	(58,125)	(58,324)
Adjustments for non-cash transactions	10,11,14,19	3,808	3,862
(Increase)/decrease in stock	15	7	-
(Increase)/decrease in debtors	16	9,902	(312)
Less movements in debtors relating to items not passing through the OCS		-	-
Increase/(decrease) in creditors	18	(9,391)	3,127
Less movements in creditors relating to items not passing through the OCS	18	9,559	(3,496)
Net cash outflow from operating activities		(44,240)	(55,143)

21(b) Analysis of capital expenditure and financial investment	Note	2005-06 £000	2004-05 £000
Tangible fixed assets additions	14	(131)	(311)
Proceeds on disposal of fixed assets		-	6
Net cash outflow from investing activities		(131)	(305)

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

Note	Capital Expenditure £000	Loans £000	Accruing Resources £000	Net total £000
Request for Resources A	107	-	-	107
Request for Resources B	24	-	-	24
Net movement in debtors/creditors	-	-	-	-
Total 2005-06	131	-	-	131
Total 2004-05	311	-	-	311

21(d) Analysis of financing	Note	2005-06 £000	2004-05 £000
From the Consolidated Fund - current year	19	56,000	59,349
From the Consolidated Fund - prior year		-	-
Net financing		56,000	59,349

21(e) Reconciliation of net cash requirement to increase/ (decrease) in cash	Note	2005-06 £000	2004-05 £000
Net cash requirement	4	58,389	56,848
From the Consolidated Fund (Supply) - current year	19	(56,000)	(59,349)
Adjustment in respect of Interdepartmental bank account	16,19	(2,643)	502
Amounts due to the Consolidated Fund received in a prior year and paid over	18	578	2,524
Amounts due to the Consolidated Fund received and not paid over	18	(324)	(525)
Increase/(decrease) in cash		-	-



## Office of the First Minister and Deputy First Minister - Annual Report and Accounts 2005-06

Notes to the departmental resource accounts cont.

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

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

	2005-06	2004-05
	£000	£000
RfR A	16,547	17,750
RfR B	28,253	26,500
	<u>44,800</u>	<u>44,250</u>

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

### Capital Employed by Departmental Aim and Objectives at 31 March 2006

	2005-06	As Restated 2004-05
	£000	£000
RfR A	11,169	11,341
RfR B	-	-
	<u>11,169</u>	<u>11,341</u>

### 23 Capital Commitments

North Belfast Community Action Group commissioned an economic appraisal to provide an independent assessment of the need for further restorations and repairs to Crumlin Road Gaol. The report considered a range of options, costs and phasing of work. It concluded that a programme of essential repairs and restoration was necessary involving holding repairs, health and safety work, and improvements to the façade. Approval has been granted to carry out these works at a cost of £985,000 during the 2006-07 financial year. There were no capital commitments in the 2004-05 financial year.

Notes to the departmental resource accounts cont.

**24 Commitments under leases**

*24.1 Operating leases*

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

	2005-06	2004-05
	£000	£000
<b>Obligations under operating leases comprise :</b>		
Land and buildings		
Expire within 1 year	-	-
Expire after 1 year but not more than 5 years	356	352
Expire thereafter	61	98
	<u>417</u>	<u>450</u>
Other :		
Expire within 1 year	4	5
Expire after 1 year but not more than 5 years	6	10
Expire thereafter	-	-
	<u>10</u>	<u>15</u>

*24.2 Finance leases*

The department has no finance lease commitments.

**25 Contingent liabilities disclosed under FRS 12**

The department has no contingent liabilities.

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

*26.1 Quantifiable*

The department has no liabilities of this nature.

*26.2 Unquantifiable*

The department has no liabilities of this nature.

Notes to the departmental resource accounts cont.

**27 Financial Instruments**

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

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

*27.1 Liquidity risk*

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

*27.2 Interest-rate risk*

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

*27.3 Foreign currency risk*

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

*27.4 Fair Values*

In a comparison by category of book values and fair values of the department's financial assets and liabilities as at 31 March 2006, fair value is not significantly different from book value.

**Office of the First Minister and Deputy First Minister - Annual Report and Accounts 2005-06**

**Notes to the departmental resource accounts cont.**

**28 Losses and special payments**

	2005-06	2004-05
	£000	£000
Total - Losses	14	1

There were no special payments made in the financial year.

**29 Related-party transaction**

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

**30 Entities within the departmental boundary**

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

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