



**Northern Ireland  
Assembly**

**Northern Ireland Assembly  
Resource Accounts  
For the year ended 31 March 2008**

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

*27 June 2008*



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## Annual Report and Accounts for the year ended 31 March 2008

	Pages
Speaker's Foreword	i
<b>Annual Report:</b>	
Executive Summary	1 - 4
Management Commentary	5
<i>Corporate Governance Report</i>	14
<i>Environmental and Sustainability Report</i>	19
Remuneration Report	21 - 28
<b>Accounts:</b>	
Statement of Accounting Officer's Responsibilities	29
Statement on Internal Control	30 - 33
The Certificate and Report of the Comptroller and Auditor General	34 - 36
Statement of Parliamentary Supply	37
Operating Cost Statement and Statement of Recognised Gains and Losses	38
Balance Sheet	39
Cash Flow Statement	40
Statement of Operating Costs by Departmental Aim and Objectives	41
Notes to the Resource Accounts	42 - 63

## **Foreword by the Speaker**

It gives me great pleasure to present the Annual Report and Accounts for the Northern Ireland Assembly for the 2007-2008 financial year. This report fulfils the Assembly's requirement to prepare and present an annual report and accounts under the Government Resources and Accounts Act (Northern Ireland) 2001.

Following the restoration of the Northern Ireland Assembly on 8 May 2007, the newly constituted Assembly Commission assessed the challenges that lie ahead for the Assembly. These challenges include the further development of a fully resourced Assembly Secretariat and the implementation of a clear and coherent strategy of engagement between the legislature and the citizens that it serves.

This Annual Report and Accounts provides facts and figures about the Assembly. The Assembly Commission is also producing a report which deals in greater detail with the work of the Assembly as the legislature for Northern Ireland.

I trust that these two documents will provide an insight into the work of the Assembly and how it plans and manages its resources.

William Hay MLA

## **Annual Report for the year ended 31 March 2008**

The Northern Ireland Assembly presents its annual report and accounts for the financial year ended 31 March 2008.

### *History and statutory background of the Northern Ireland Assembly*

The Northern Ireland Assembly was established following the signing of the Belfast Agreement on Friday, 10 April 1998. The Agreement (also known as the Good Friday Agreement) was the result of extended talks between the political parties in Northern Ireland and the Governments of the United Kingdom and Ireland. The talks covered the way in which Northern Ireland should be governed in the future to ensure that the aspirations of all communities could be democratically accommodated.

The electorate of Northern Ireland endorsed the Belfast Agreement in a referendum held on 22 May 1998. This paved the way for legislation, the Northern Ireland Act 1998, which defined the future institutions of government in Northern Ireland, and provided for collaboration between the Governments of the United Kingdom, Northern Ireland and the Republic of Ireland.

The United Kingdom Parliament devolved powers of government to the Northern Ireland Assembly at midnight on 1 December 1999. The Assembly was then able to govern Northern Ireland in respect of transferred matters; and also reserved matters with the Secretary of State's consent. Excepted matters remained the responsibility of the United Kingdom Parliament.

- Transferred matters: e.g. education, health and agriculture;
- Reserved matters: e.g. policing and criminal law, which could be transferred to the Assembly at a later date;
- Excepted matters: e.g. defence, taxation and foreign policy, considered as matters of national importance.

The Northern Ireland Assembly was suspended with effect from midnight on Monday, 14 October 2002. During the subsequent period of suspension, the United Kingdom Government remained committed to trying to achieve a full restoration of devolution. The Northern Ireland Act 2006 established an interim Assembly on 15 May 2006. The Northern Ireland (St Andrews Agreement) Act 2006 established a Transitional Assembly on 24 November 2006 and set the date for elections to a new Northern Ireland Assembly. The Transitional Assembly's purpose was to take part in preparations for the restoration of devolved government in Northern Ireland in accordance with the St Andrews Agreement. The Northern Ireland (St Andrews Agreement) Act 2006 envisaged a restoration date for the Northern Ireland Assembly of 26 March 2007; restoration eventually occurred during the period of this annual report and accounts, on 8 May 2007.

### *The Assembly Commission and the Accounting Officer*

Under section 40 of the Northern Ireland Act 1998 the Assembly elects a Commission, which has responsibility for providing the Assembly with the property, staff and services to carry out its business. The Commission is chaired by the Presiding Officer and has five other members who are tasked with representing the interest of the Assembly and its 108 elected Members.

During suspension, the Assembly Commission was unable to meet and its responsibilities were assumed by the Secretary of State for Northern Ireland. On restoration of the Assembly on 8 May 2007, an Assembly Commission was elected under the chairmanship of the Presiding Officer, William Hay MLA.

Since 17 October 2007, the interim Clerk to the Assembly, Mrs Carol Devon, has been the principal adviser to the Presiding Officer on all procedural and organisational matters. She is also the Director General of the Assembly Secretariat and is the Accounting Officer for all the Assembly's expenditure. Prior to that date, the post of Clerk to the Assembly/Chief Executive was held by Mr Arthur Moir. Mr Moir also acted as the Accounting Officer for the period from 1 April 2007 to the date of his retirement.

### *The Assembly Secretariat*

The Assembly Secretariat are employed by the Assembly Commission to provide the Assembly with the supporting services required for the Assembly's purposes.

On 5 July 2007, the Assembly Commission instigated a fundamental review of the Assembly Secretariat. The terms of reference for the review were fourfold, summarised as follows;

1. To examine the purpose, aims and objectives of the Assembly Secretariat, and identify exceptional strategic projects that may require additional resources and particular approaches above and beyond what would normally be expected of the organisation;
2. To identify the appropriate organisational and management structures, policies and governance arrangements necessary to provide the Assembly with the property, staff and services required and to the standards expected;
3. To conduct a Capability Review, based on the model used by the UK Cabinet Office, to assess the Assembly Secretariat's capability to address current and future challenges; and
4. To identify recommendations arising from 1-3 above and devise an implementation plan and timetable.

To fulfil the terms of reference, a review team was established. John Hunter CB, formerly the Permanent Secretary at the Department of Finance and Personnel led the team as Review Director. A Review Steering Group with membership drawn from the Assembly Commission, independent experts and chaired by the Rt. Hon George Reid (former Presiding Officer of the Scottish Parliament) acted as the Project Board. The Assembly Commission considered the Steering Group's report on 1 November 2007. A full copy of the report can be found at <http://www.niassembly.gov.uk/commission/2007mandate/reports/review.htm>

The review report contained 48 wide-ranging recommendations across all areas of the organisation including strategic and business planning, governance arrangements, organisational structure, pay and grading (including Terms and Conditions) and the findings and conclusion from the Capability Review.

While the review was on-going, the Assembly Commission undertook work on the



development of a Vision, Strategic Priorities and Values for the Assembly in order to guide and direct the activities of the Assembly Secretariat.

The Commission defined the Vision for the Assembly as:

*“An Assembly that strengthens democracy and engages the people in creating a better future for all”.*

The Strategic Priorities were established as:

- 1 The delivery and continuous improvement of support for Members in their work in Plenary sessions, Committees and constituencies;*
- 2 The development of a dynamic and responsive strategy for outreach and public engagement;*
- 3 The full and effective implementation of the 2007 Review of the Assembly Secretariat; and*
- 4 The management and development of accommodation to facilitate all of the above.*

Finally, the Assembly Commission established three core values for the Assembly Secretariat, namely:

- 1 Professionalism - reflected by a commitment to excellence; team-working; and a focus on meeting the needs of elected Members and the public whom the Assembly serves;*
- 2 Integrity - reflected by political impartiality; honesty, and respect for diversity; and*
- 3 Accountability - reflected by each member of staff taking responsibility for individual, team and corporate performance; and openness and transparency towards the public.*

### *Statutory Reporting*

It is the Assembly Commission's practice to publish an annual report and accounts in respect of each financial year that reports on the work of the Commission and Assembly Secretariat and provides full details of all Assembly expenditure. The Commission intends to produce a report of the work of the Assembly as a legislature prior to the Summer recess. This Annual Report and Accounts covers the work of the Commission and the Assembly Secretariat in support of the legislature and fulfils the requirements of the Government Resources and Accounts Act (Northern Ireland) 2001. The Assembly's accounts are published annually and are available from The Stationery Office. Details of all sums paid to Members and former Members are published on the Assembly's web site. The Assembly has participated fully in all public expenditure exercises during the year and details of the Assembly's main and supplementary estimates are available from The Stationery Office.

*Scope*

The Northern Ireland Assembly does not support any agencies, non-departmental public bodies (NDPBs) or trading funds.

*Register of interests*

The Assembly's corporate body is the Assembly Commission. Commission Members are elected by the Assembly from its membership. Northern Ireland Assembly Standing Order 64(1) requires that a Register of Members' interests be established, published and made available for public inspection. Following the restoration of the Northern Ireland Assembly on 8 May 2007, a Register of Members' Interests for the third mandate was established. The Register is continuously updated. The latest version of the Register can be viewed at <http://www.niassembly.gov.uk/members/expenses/register2.htm#p>

*Pensions liabilities*

Notes 1.11 and 9 to the Accounts and the Remuneration Report on pages 21 to 28 provide details of the pensions liabilities of the Assembly.

*Auditors*

The Assembly's financial statements are audited by the Comptroller and Auditor General, whose certificate appears on pages 34 to 36 of the Accounts. The notional cost of the work performed by the Northern Ireland Audit Office for 2007-2008 was £35,000 (2006-2007; £35,000) and related solely to audit services. The auditor did not provide any other services to the Assembly during 2007-2008.

*Disclosure to Auditors*

So far as the Accounting Officer is aware, there is no relevant audit information of which the Assembly's auditors are unaware and, the Accounting Officer has taken all reasonable steps to make herself aware of any relevant audit information and to establish that the Assembly's auditors are aware of that information.

## Management Commentary

### *Key Aims and Objectives*

During the 2007-2008 year, the restoration of the Assembly meant that the Aims and Objectives of the organisation were closely aligned to the delivery of a fully functioning legislature supported by the Assembly Secretariat. A Corporate Planning model was adopted that focussed on the delivery of support to the legislature. As the Corporate Plan for 2007-2008 was devised during a period when there was increasing confidence that restoration of the Assembly would take place, many of the objectives and supporting targets in the Plan related to the restoration of the full range of pre-suspension services.

As the restored Assembly became embedded and the review of the Assembly Secretariat was concluded, the Corporate Plan for 2007-2008 was reviewed and revised. This revised Plan reflected the shift from short-term planning for restoration to a longer term view of strategic planning. The need to implement the agreed recommendations from the review of the Assembly Secretariat was also reflected in revised Plans towards the end of the year.

### *Principal Activities*

Unlike an Executive Department, the Northern Ireland Assembly does not develop Public Service Agreement targets against its Key Objectives. The service delivery aspect of the Assembly's work relates to the procedural support, resources and services that it provides to the legislature to enable it to function effectively. Consequently, the outputs reported on in this Management Commentary are those that were developed internally in the Assembly to assist with the assessment of its performance during the year. These outputs were contained in the Assembly's Corporate Plan for 2007-2008.

### *The Corporate Plan*

The planning and delivery of all the services required by the restored Assembly were the main determinants of the corporate objectives contained in the Assembly's Corporate Plan for 2007-2008. The review of the Assembly Secretariat contributed to a revision of the Corporate Plan for the year and presented a series of implementation challenges for the Assembly Secretariat. The revised Corporate Plan set out the key objectives for 2007-2008, as follows:

1. To support the Assembly, its Speaker, Committees and Members in the performance of their parliamentary duties;
2. To deliver high quality corporate services in a manner that responds positively to the needs of the Assembly;
3. To develop a dedicated and valued parliamentary service whose officials act professionally and recognise the diversity of Members and colleagues;
4. To manage the Assembly's resources in an efficient and cost effective manner;
5. To ensure the effective operation of corporate governance, accountability, compliance and risk management arrangements;
6. To provide a secure environment for the Assembly, its Members, staff and

visitors, and

7. To implement the recommendations contained in the Assembly review report as approved by the Assembly Commission.

In addition, these corporate objectives were augmented by supporting targets with responsibility for meeting the target allocated to a specific individual.

#### *Delivery of the Corporate Plan*

Responsibility for delivery of the outputs agreed in the Corporate Plan fell to the Assembly's executive management team. Regular updates on performance against each of the supporting targets in the Plan were received from managers across the organisation and presented to either the Strategic Management Board or the Interim Management Board (as appropriate). Table 1, below, shows the actual performance against each of the supporting targets.

<b>TABLE 1: PERFORMANCE AGAINST CORPORATE PLAN TARGETS 2007-2008</b>			
<b>CORPORATE OBJECTIVE</b>	<b>SUPPORTING TARGET 2007-2008</b>	<b>RESPONSIBILITY</b>	<b>POSITION AT 31 MARCH 2008</b>
<b>1 To support the Assembly, its Speaker, Committees and Members in the performance of their Parliamentary duties</b>	1.1 Put in place all necessary clerking, reporting and research arrangements by 8 May 2007	Clerk Assistant/ Editor of Debates/ Director of Research & Information	Achieved.
	1.2 Service all Plenary and Committee meetings of the Assembly	Clerk Assistant/ Editor of Debates/ Director of Research & Information	Achieved.
	1.3 Produce an Official Report of all Plenary meetings of the Assembly by 8.30 am the following day and of Committee meetings within 3 working days	Editor of Debates/ Director of Research & Information	Hansard - 100% Achieved  Committee Reports – 99% Achieved
	1.4 Complete Members' research queries within the agreed timescale	Director of Research & Information	Achieved 95% compliance target
<b>2 To deliver high quality corporate services in a manner that responds positively to the needs of the Assembly</b>	2.1 Ensure that all corporate services that existed prior to suspension are operational by 8 May 2007	Deputy Chief Executive	Achieved.
	2.2 Ensure that all	Directors/	Monitoring

<b>TABLE 1: PERFORMANCE AGAINST CORPORATE PLAN TARGETS 2007-2008</b>			
<b>CORPORATE OBJECTIVE</b>	<b>SUPPORTING TARGET 2007-2008</b>	<b>RESPONSIBILITY</b>	<b>POSITION AT 31 MARCH 2008</b>
	<p>corporate services are delivered to agreed service levels in Directorate plans</p> <p>2.3 Establish an External Liaison Unit by 30 June 2007</p> <p>2.4 Agree arrangements for a Members' survey in relation to clerking, reporting, research services and corporate services with the Assembly Commission by 31 March 2008</p>	<p>Heads of Business</p> <p>Deputy Clerk</p> <p>Director of Research and Information</p>	<p>arrangements in place</p> <p>External Liaison Unit established 4 June 2007.</p> <p>Deferred to 2008-09.</p>
<b>3 To develop a dedicated and valued Parliamentary service whose officials act professionally and recognise the diversity of Members and colleagues</b>	<p>3.1 Fill all Priority 1 staffing vacancies on a temporary basis by 30 May 2007</p> <p>3.2 Complete Manpower Planning Review by 30 September 2007</p> <p>3.3 Meet the ongoing commitments contained in the Assembly Commission's Equal Opportunities Policy statement by 31 March 2008</p> <p>3.4 Agree a Dignity at Work policy with the Assembly Commission by 31 December 2007</p> <p>3.5 Provide initial training to new recruits within 6 months of appointment</p> <p>3.6 Implement Personal Development Plans for all staff by 31 March 2008</p>	<p>Head of Personnel</p> <p>Head of Personnel</p> <p>Senior Management/ Directors/ Heads of Business</p> <p>Head of Personnel</p> <p>Head of Personnel</p> <p>Head of Personnel/ Directors/ Heads of Business</p>	<p>Achieved.</p> <p>Completed.</p> <p>Monitored and reviewed, as appropriate</p> <p>NICS Dignity at Work policy adopted.</p> <p>Achieved.</p> <p>New Performance Management System being rolled out for all staff.</p>

<b>TABLE 1: PERFORMANCE AGAINST CORPORATE PLAN TARGETS 2007-2008</b>			
<b>CORPORATE OBJECTIVE</b>	<b>SUPPORTING TARGET 2007-2008</b>	<b>RESPONSIBILITY</b>	<b>POSITION AT 31 MARCH 2008</b>
	3.7 Arrange training in new Performance Appraisal System by 31 March 2008	Director of Implementation	Achieved.
<b>4 To manage the Assembly's resources in an efficient and cost effective manner</b>	4.1 Provide appropriate accommodation for all Members of the Assembly, the Executive and the Assembly Secretariat by 30 June 2007	Keeper of the House	Completed.
	4.2 Secure additional temporary accommodation to meet the Assembly's short-term requirements by 30 September 2007	Keeper of the House	Completed.
	4.3 Update all desktop IT equipment and the Assembly network infrastructure by 31 July 2007	Director of Research & Information	Desktop IT project completed July 2007.
	4.4 To meet the Department of Finance and Personnel deadlines to allow the Assembly Commission to properly consider its financial position	Head of Finance	All deadlines met.
	4.5 To agree the way forward on the procurement of the Assembly's long-term accommodation options by 31 March 2008	Keeper of the House	Report obtained - to be presented to the Assembly Commission in 2008-2009.
<b>5 To ensure the effective operation of Corporate Governance, accountability, compliance and</b>	5.1 Update current Risk Register by 31 January 2008	Office of the Clerk	Completed.
	5.2 Submit Equality Scheme to the	Office of the Assembly Commission	Equality Scheme approved by the

<b>TABLE 1: PERFORMANCE AGAINST CORPORATE PLAN TARGETS 2007-2008</b>			
<b>CORPORATE OBJECTIVE</b>	<b>SUPPORTING TARGET 2007-2008</b>	<b>RESPONSIBILITY</b>	<b>POSITION AT 31 MARCH 2008</b>
<b>risk management arrangements</b>	<p>Equality Commission by 8 February 2008</p> <p>5.3 Submit draft annual accounts for 2006-2007 to NIAO by 30 June 2007</p> <p>5.4 Submit draft interim annual accounts for 2007-2008 to NIAO by mid February 2008</p>	<p>Head of Finance</p> <p>Head of Finance</p>	<p>Equality Commission on 27 February 2008</p> <p>Accounts submitted on 1 June 2007.</p> <p>Achieved.</p>
<b>6 To provide a secure environment for the Assembly, its Members, staff and visitors</b>	<p>6.1 Implement the recommendations of the 2006-2007 Security Review by 31 March 2008</p> <p>6.2 Implement requirements of “No Smoking” legislation by 30 April 2007 and ensure ongoing compliance</p> <p>6.3 Review environmentally friendly practices and prepare an action plan by 31 March 2008</p> <p>6.4 Submit a Disability Action Plan to the Equality Commission by June 2007</p> <p>6.5 Ensure compliance with health and safety legislation on an ongoing basis</p>	<p>Keeper of the House</p> <p>Keeper of the House</p> <p>Keeper of the House</p> <p>Office of the Assembly Commission</p> <p>Keeper of the House</p>	<p>Partially implemented.</p> <p>Implemented.</p> <p>The Carbon Trust has been invited to carry out an energy efficiency survey by 31 May 2008.</p> <p>Achieved.</p> <p>Monitoring and review arrangements in place.</p>
<b>7 To implement the recommendations contained in the Assembly Secretariat Review Report, as approved by the</b>	<p>7.1 Commence the implementation of the recommendations contained in the Assembly Review Report, as approved by the Assembly</p>	<p>Interim Clerk/Director General / Director of Implementation</p>	<p>Achieved.</p>

<b>TABLE 1: PERFORMANCE AGAINST CORPORATE PLAN TARGETS 2007-2008</b>			
<b>CORPORATE OBJECTIVE</b>	<b>SUPPORTING TARGET 2007-2008</b>	<b>RESPONSIBILITY</b>	<b>POSITION AT 31 MARCH 2008</b>
<b>Assembly Commission</b>	Commission, by 12 November 2007		
	7.2 Establish an Implementation Team by 30 November 2007	Director of Implementation	Achieved.
	7.3 Commence the Corporate Planning process for 2008 - 2011 by 30 November 2007	Interim Management Board /Implementation Team	Achieved.
	7.4 Commence the business planning process for 2008 - 2009 by 30 November 2007	Interim Management Board /Implementation Team	Achieved.
	7.5 Agree the Corporate Plan for 2008 – 2011 with the Commission by mid-February 2008	Interim Clerk/Director General	Agreed by Commission in April 2008
	7.6 Complete the Business Plan for 2008 - 2009 by the end of February 2008	Interim Management Board	Agreed to amalgamation of Directorate Business Plans
	7.7 Have Directorate / Business Unit Business Plans for 2008 -2009 in place by mid March 2008	Interim Management Board /Heads of Business Units	Achieved.
	7.8 Commence development of an engagement strategy in January 2008	Engagement Working Group	Achieved.
	7.9 Put delegations to the Director General in place by the end of November 2007	Assembly Commission	Achieved. Agreed by Commission on 29 November 2007.
	7.10 Put delegations to Interim Management Board members in place by 31 December 2007	Interim Clerk/Director General	Achieved.



<b>TABLE 1: PERFORMANCE AGAINST CORPORATE PLAN TARGETS 2007-2008</b>			
<b>CORPORATE OBJECTIVE</b>	<b>SUPPORTING TARGET 2007-2008</b>	<b>RESPONSIBILITY</b>	<b>POSITION AT 31 MARCH 2008</b>
	7.11 Issue a statement on staff delegations for all staff by the end of February 2008	Interim Management Board	Achieved.
	7.12 Agree the interim Secretariat structure by 31 December 2007	Interim Management Board	Achieved, by April 2008
	7.13 Agree strategy for recruitment of Directors and Clerk/Director General by end December 2007	Assembly Commission	Achieved. Commission agreed on 13 December 2007 to appoint Capita RAS to oversee recruitment process.
	7.14 Complete a review of the Communications Audit by 31 March 2008	Interim Management Board	Review undertaken by Internal Communications Working Group
	7.15 Commence recruitment of Director General and Directors by the end of January 2008	Director of Implementation	Capita RAS appointed.
	7.16 Put in place a policy on Starting Pay to enable recruitment to progress, by 31 March 2008	Director of Implementation	Achieved.

Further information on the work of the Assembly in its role as the legislature for Northern Ireland is contained in the report for the 2007-2008 parliamentary year published by the Assembly Commission.

#### *Future developments*

During the course of the review of the Assembly Secretariat, the Assembly Commission developed its Vision, Strategic Priorities and Values. This informed the subsequent corporate planning process and re-iterated the commitment to the provision of the highest possible standards of service to Members of the Assembly. It also provided a focus for the Assembly's future intentions substantially to increase the level of engagement and interaction between the Assembly as the legislature for Northern Ireland and the citizens. It is not anticipated that future activities will require significant additional funding beyond the amounts already notified to the Department of Finance and Personnel.

*Principal risks and uncertainties*

Following the restoration of the Assembly on 8 May 2007, the principal risks and uncertainty relating to the work of the Assembly arose from the ongoing political environment. Although the Assembly has been relatively stable since restoration, political uncertainty or instability still affords the greatest risk to the Assembly.

Internally, the principal risks to the Assembly are identified and managed through a risk management regime. A revised approach to corporate and business planning for 2008-2009 and beyond means that there will be a clearer emphasis on risk management policy and a greater ability to identify and manage risks. Further details on the Assembly's capacity to handle risk, the risk and control framework within which the Assembly operates, and a review of effectiveness of the system of internal control are provided in the Statement on Internal Control on pages 30 to 33.

*Post balance sheet events*

There are no events occurring after the balance sheet date that require disclosure.

*Employment of disabled persons*

The Northern Ireland Assembly does not discriminate against staff or eligible applicants for posts on any grounds, including disability.

*Equal opportunity policy*

The Northern Ireland Assembly Commission is an equal opportunities employer. It does not discriminate against staff or eligible applicants on the grounds of gender, marital status, race, colour, nationality, ethnic origin, religion, disabilities, age or sexual orientation. Every possible step will be taken to ensure that staff are treated equally and fairly and that decisions on recruitment, selection, training, promotion and career management are based solely on objective and job-related criteria. It will actively pursue arrangements for flexible working patterns and is committed to creating a culture in which individual differences are valued and respected. The Northern Ireland Assembly Commission does not tolerate any form of discrimination, harassment or victimisation. It is committed to providing a working environment where no one is disadvantaged.

*Consultation with employees*

The Assembly Commission and senior management make every effort to ensure that all staff are kept informed of the organisation's plans and development. The main channels of communication include the formal Whitley process, the intranet, office circulars, email and regular team briefings. In addition, progress on the implementation of the recommendations arising from the review of the Assembly Secretariat has been regularly communicated to all Assembly staff through the monthly issue of the "Fresh Start" magazine. This publication has also provided details of the interim senior management team and has sought to improve communication with staff across the entire organisation. The interim Clerk to the Assembly / Director General has also held a number of open meetings or "surgeries" with staff.

*Policy on payment of suppliers*

The Northern Ireland Assembly Commission's policy is to comply with the Confederation of British Industry's Prompt Payers Code. The target is for payment to be made within agreed payment terms or 30 days of receipt of invoices not in dispute for goods and services. During the 2007-2008 financial year, 98.2% of all invoices (2006-2007; 99.2%) were paid within 30 days. The Assembly made no payment of interest under the Late Payment of Commercial Debts (Interest) Act 1988 during the year ended 31 March 2008.

*Charitable donations*

The Assembly has not made any charitable donations in the year.

## *Corporate Governance Report*

In September 2005, the Department of Finance and Personnel issued HM Treasury’s publication “Corporate governance in central government departments: Code of good practice”. Even though the Northern Ireland Assembly is not a government department, many of the provisions contained in the guidance are relevant to, and could readily be applied to, the Assembly. In December 2006, further explanatory guidance on corporate governance reporting was issued by the Department of Finance and Personnel. This Corporate Governance Report has been prepared in accordance with this guidance.

### *The Management Board*

The Northern Ireland Assembly has a two-tier management arrangement. The Assembly Commission has the legislative authority to provide the Assembly with the wide range of services needed by a modern legislature, but the day to day delivery of those services is vested through delegation to the interim Clerk to the Assembly / Director General and through further delegations from her, in an executive management team. For the purposes of this Report, the corporate governance arrangements have been applied to the management team charged with the delivery of the services on behalf of the Assembly Commission with relevant disclosures made regarding the delegated authority given to that management team.

Following the publication of the Northern Ireland Assembly Secretariat Review Report, responsibility for the delivery of the work of the Assembly Secretariat fell to the Interim Management Board (IMB) which comprises the interim Clerk to the Assembly/Director General, the Director of Implementation, the Director of Research and Information, the Editor of Debates, the Keeper of the House and the Clerk Assistant.

The IMB first met on 8 November 2007 and has responsibility for determining the strategic direction of the Assembly Secretariat. It met regularly to review progress on important organisational issues including performance management, finance and personnel issues relating to audit and accountability and to manage the implementation of the recommendations arising from the Review Report.

The Interim Management Board members were:

Carol Devon	Interim Clerk to the Assembly/Director General
Simon Burrowes	Editor of Debates
Frank Duffy	Director of Implementation
Nuala Dunwoody	Clerk Assistant
Sheila McClelland	Keeper of the House
Michael Rickard	Director of Research and Information

Carol Devon was seconded from the Scottish Parliament while Frank Duffy was temporarily re-deployed from the Northern Ireland Civil Service. All other IMB members were full-time employees of the Northern Ireland Assembly.

One of the specific recommendations contained in the Secretariat Review Report was that a delegation of authority be given to the Clerk to the Assembly/Director General in order to formalise the relationship between the Commission and the Secretariat. This letter of delegation was issued on 29 November 2007 and further sub-delegations have been issued by

the Director General to all IMB members.

Prior to the formation of the IMB, the Strategic Management Board exercised executive responsibility for the work of the Assembly Secretariat. The Strategic Management Board comprised the then Clerk to the Assembly/Chief Executive, the Deputy Chief Executive, the Deputy Clerk and the Director of Legal Services. As with the Interim Management Board, the Strategic Management Board had responsibility for determining the strategic direction of the Assembly Secretariat and met monthly.

The Strategic Management Board members, who were all full-time employees of the Northern Ireland Assembly, were:

Arthur Moir	Clerk to the Assembly ( <i>to 26 October 2007</i> )
Tom Evans	Deputy Chief Executive ( <i>to 18 January 2008</i> )
Joe Reynolds	Deputy Clerk ( <i>to 18 January 2008</i> )
Clare McGivern	Director of Legal Services ( <i>to 31 January 2008</i> )

During the extended period of suspension of the Assembly, the need for independent representation on the Management Board was not clearly defined. However, following the restoration of the Assembly (and in keeping with a further recommendation in the Secretariat Review Report) it has been agreed that the new management board, to be established in summer 2008, should include a non-executive Director. This will be an early matter for the incoming Clerk to the Assembly / Director General.

#### *The Secretariat Audit Advisory Committee*

The Northern Ireland Assembly Secretariat has established an audit committee (the Secretariat Audit Advisory Committee) with John MacQuarrie as its independent chair. The Committee meets on a quarterly basis to monitor progress against the audit plan, consider issues raised by both internal and external audit and advise the Accounting Officer on matters which may impact the overall level of assurance.

The members of the Audit Committee during 2007-2008 were:

John MacQuarrie	Chair
Tom Evans	Deputy Chief Executive ( <i>to 18 January 2008</i> )
Joe Reynolds	Deputy Clerk ( <i>to 18 January 2008</i> )
Tony Logue	Clerk to the Assembly Commission

Brian Moreland (Head of Internal Audit – Assembly Secretariat) and a Northern Ireland Audit Office representative were regular attendees at the Committee's meetings. Arthur Moir and Carol Devon (as Clerk and interim Clerk to the Assembly, respectively) and Clare McGivern also attended the meetings, when appropriate.

During the year, the Committee considered a wide range of issues relating to governance, internal control and accountability. These included the review of internal audit reports and plans, consideration of the assurance provided to the Accounting Officer through the Statement of Internal Control, consideration on an exception basis of issues (including risk management issues) arising from stewardship statements, review of the audit strategy for the external audit of annual accounts and consideration of the Report to those Charged With Governance following the external audit of the accounts.

Given Mr MacQuarrie's employment with the office of the Assembly Ombudsman for Northern Ireland he indicated that, following the restoration of the Assembly, he considered that a potential conflict of interest may arise in fulfilling both roles and he resigned from the role as Chair in April 2008. As Accounting Officer, I should like to record my appreciation for the contribution that John made to the work of the Assembly by helping to establish a viable corporate governance regime within the Assembly during the period of suspension. An independent Chair and another external member will be appointed shortly to the Audit Advisory Committee. These two members, together with a Commission member, will deliver a robust reconstituted Committee for the Assembly Secretariat and for the Commission.

### *Financial Review*

The Assembly's budget for 2007-2008 was established in the 2004 spending review (SR2004) and confirmed in the Main Estimates for the 2007-2008 financial year. The budget assumed both a fully operational Assembly and a full complement of staff. The rationale for the continued funding at fully operational levels was to ensure that the Assembly would have sufficient funds in place in the event of restoration. Following the restoration of the Assembly on 8 May 2007, the Assembly sought its full Request for Resources of £47.656 million with a consequent Net Cash Requirement of £41.398 million. Throughout the year, the Assembly closely monitored its resource and cash requirements. The restoration of the Assembly meant that substantially all of the resources were required during the year with the actual Request for Resources reduced during the year by £3.0 million to £44.656 million in the Spring Supplementary Estimates with the Net Cash Requirement reduced by £2.804 million to £38.594 million.

As in previous financial years, the most significant item of expenditure, totalling £11.0 million, related to Assembly Secretariat staffing costs. During the year, the Assembly employed 352 members of staff (on average) up from 277 in 2006-2007. Members' salaries returned to pre-suspension level following restoration. A range of Officeholders' salaries also came into payment following restoration including salaries, social security and pension costs for Executive Ministers. The total wage bill for Members and Officeholders was £6.7 million, up from £4.0m in 2006-2007.

Members' office costs allowance (OCA) totalling £6.9 million was paid during 2007-2008. The equivalent figure for 2006-2007 was £4.9 million. This substantial increase arose as a result of an increase in the rate of OCA (from £48,000 per annum to £70,000 per annum) introduced by the Secretary of State for Northern Ireland immediately prior to the restoration of the Assembly. OCA is intended to meet the expenses incurred on secretarial, clerical and administrative assistance (including the provision of any equipment, facilities or services) required by a Member in connection with the carrying out of his or her Assembly duties.

Note 4 of the accounts shows a surplus Net Resource Outturn of £3.6 million and a surplus Net Cash Requirement of £3.40 million against the Spring Supplementary Estimate position. The net resource underspend of £3.6 million represents 8.1% of the Spring Supplementary Estimate.

The main determinant for the underspend of £3.6 million was an underspend of £1.69 million on Secretariat General Administrative Expenditure. This arose from a variety of factors including less than anticipated expenditure on building repairs and maintenance towards the end of the financial year and significantly less expenditure on the costs associated with the

work of the Assembly's Committees (for example, on the use of specialist advisers to Committees). Expenditure on training and development was also less than anticipated arising from the delay in recruiting permanent staff pending the outcome of the review of the Assembly Secretariat.

The remaining underspend of £1.91 million was spread across a number of expenditure categories. There was a relatively significant underspend of £0.48 million for Members' Administrative Expenditure. This expenditure category includes the costs associated with Members' travel. The estimate for expenditure for 2007-2008 assumed that Members' travel patterns would not be unduly affected by restoration. In addition, it was felt that the underspend that arose early in the year would, as in previous years, be negated by Members submitting travel claims later in the year. This expected flow of claims did not materialise leading to the conclusion that Members' travel patterns may have been more affected by restoration that was first envisaged. Members' attendance at Parliament Buildings for Plenary and Committee meetings appears to have led to considerably less travel within constituency than in previous years.

An underspend of £0.47 million arose in respect of Secretariat Payroll costs. This underspend arose as a result of the Commission's decision in July 2007 to defer the permanent recruitment campaign pending the outcome of the review of the Assembly Secretariat. It was initially anticipated that permanent staff would be in post by late summer / autumn 2007; following the announcement of the review and the recruitment "freeze", it was then anticipated that recruitment might take place in early 2008. With little permanent recruitment taking place during 2007-2008 (apart from a small number of specialist posts), an underspend for this expenditure category ensued.

There was an underspend of £0.45 million on Members' Office Costs Allowance. The underspend on this expenditure category is a recurring feature as the Assembly must retain budget provision for the full amount of the Allowance for each member even though, in practice, every Member does not utilise the entirety of his or her Allowance. Some £0.17 million was underspent on Members' Payroll costs. The uplift in Members' salaries for 2007-2008 equated to 0.65% of salary whereas it had been anticipated that the uplift percentage would be closer to 2%.

There was an underspend of £0.20 million on non-cash costs. This underspend mainly arose as a result of a lower than anticipated movement on provisions for Members' pension costs. Although the performance of the underlying assets that make up the pension fund was severely depressed in 2007-2008, favourable changes in the discount rates used to calculate future liabilities of the Members' pension scheme meant that expenditure on this item was £0.20 million less than anticipated.

*Reconciliation of resource expenditure between Estimates, Accounts and Budgets*

	2007-08 £'000	2006-07 £'000
<b>Net Resource Outturn (Estimates)</b>	<b>41,047</b>	<b>33,800</b>
Adjustments to remove:		
Provision voted for earlier years		
Adjustments to additionally include:		
Non-voted expenditure in the OCS	-	-
Consolidated Fund Extra Receipts in the OCS	(66)	(34)
Other adjustments		
<b>Net Operating Cost (Accounts)</b>	<b>40,981</b>	<b>33,766</b>
Adjustments to remove:		
Voted expenditure outside the budget	39	38
Adjustments to additionally include:		
Other Consolidated Fund Extra Receipts	66	34
<b>Resource Budget Outturn (Budget)</b>	<b>41,008</b>	<b>33,762</b>
<b>of which</b>		
Departmental Expenditure Limits (DEL)	41,008	33,762
Annually Managed Expenditure (AME)	-	-



## *Environmental and Sustainability Report*

The Northern Ireland Assembly Commission seeks to follow best practice in the area of environmental management. The Assembly contributes fully to the recycling initiatives on the Stormont Estate. Estate Maintenance Branch of the Department of Finance and Personnel manages the waste and recycling for the Stormont Estate (including Parliament Buildings) with the collection and recycling of waste undertaken by a specialist contractor. The contractor collects waste on a daily basis and segregates it at source into dedicated waste streams. The waste streams include paper, plastic, cardboard and tins. Glass is also recycled. Estate Maintenance Branch has advised that a conservative estimate of 250 kg of waste per week is currently recycled representing 32% of total waste. Plans are in place to introduce new recycling streams in the future such as food waste.

The Assembly liaises with the Carbon Trust and Energy Conservation Branch in the Department of Finance and Personnel to try to progress energy saving initiatives. A full energy audit will be carried out of Parliament Buildings by the Carbon Trust by the end of June 2008 to identify the feasibility of these initiatives. A number of measures have already been introduced. Energy-saving bulbs are used, where feasible, throughout the Assembly's buildings and a number of offices have powered lighting that turns off when there is no one in the office. The Assembly is committed to adopting a proactive approach to energy management and, where possible, uses renewable sources. Currently, 25% of electricity supplied by Northern Ireland Electric to the Stormont Estate is from a renewable source. The Assembly has also added a carbon footprint calculator to its intranet website to make staff more aware of their own energy usage.

The Assembly has strengthened its internal recycling capabilities. Since June 2006, over 200 recycling bins have been installed to facilitate the recycling of glass, paper, newspapers, magazines, cardboard, plastic and aluminium cans. A contract is also in place for recycling all printer consumables from Parliament Buildings and Members' constituency offices. All cartridges from printers and fuser modules from photocopiers are routinely recycled with a percentage of the recycling profits distributed to the Northern Ireland Hospice. In addition, the Assembly has sought to influence the recycling efforts of its commercial partners. The support services contractor who provides catering and cleaning services to the Assembly has also adopted the Assembly's recycling policy and, for example, routinely recycles its used cooking oil.

The Assembly takes a proactive approach to environmentally friendly procurement. All office stationery paper products procured by the Assembly come from recycled sources. Purchases of office supplies are vetted for their ecological sensitivity with extensive use being made of "ecological catalogues". The Assembly also specifies that tenderers for goods and services should address their environmental policies and practices within their tender proposals.

The review of the Assembly Secretariat recommended that the Assembly should become an exemplar organisation in respect of sustainable development. Plans are in place to recruit a Sustainability Officer to drive forward this important policy area in 2008-2009.



**Carol Devon**  
**Accounting Officer and interim Clerk to the Assembly**

**Date: 24 June 2008**

## Remuneration Report

### *Remuneration Policy*

The pay and pensions of Members of the Legislative Assembly are determined by the Northern Ireland Assembly (Members' Salaries) Determination 2000.

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).

The Northern Ireland Permanent Secretary Remuneration Committee helps determine pay on entry and the annual review of Northern Ireland Civil Service (NICS) Permanent Secretaries in line with the agreed response to the annual recommendations of the Senior Salaries Review Body.

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

From 17 October 2007, the Interim Clerk to the Assembly was seconded from the Scottish Parliament. The remuneration of Scottish Parliament Corporate Body's (SPCB) directors is set by the SPCB taking into account their roles and responsibilities.

### *Service Contracts*

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

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

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

Appointments of SPCB staff, on terms and conditions set by the SPCB, are made in accordance with SPCB recruitment policy 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. These principles are set out in the staff handbook and are in line with the Civil Service Commissioners' Recruitment Code. More information is available on the SPCB staff handbook at [www.scottish.parliament.uk](http://www.scottish.parliament.uk).

SPCB staff are not members of the Civil Service but are entitled to membership of the Principal Civil Service Pension Scheme (PCSPS).

SPCB officials hold appointments which are open-ended until they reach normal retiring age of 60. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. All SPCB senior staff are directly employed by the SPCB.

*Salary and pension entitlements (audited)*

The restoration of the Northern Ireland Assembly on 8 May 2007 allowed for the establishment of an Assembly Commission under section 40 of the Northern Ireland Act 1998. Under s 40(4) of the Act “The Commission shall provide the Assembly, or ensure that the Assembly is provided, with the property, staff and services required for the Assembly’s purposes”. Therefore, the following sections provide details of the remuneration and pension interests of the Assembly Commission and the most senior officials within the Assembly Secretariat.

*Remuneration*

Assembly Commission	2007-08		2006-07	
	Salary £	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
William Hay, MLA <b>Presiding Officer</b> (from 8 May 2007)	33,940	0	N/A	N/A
Paul Butler, MLA (from 8 May 2007)	10,143	0	N/A	N/A
Robert Coulter, MLA (from 8 May 2007)	10,143	0	N/A	N/A
Alban Maginness, MLA (from 8 May 2007)	10,143	0	N/A	N/A
Stephen Moutray, MLA (from 8 May 2007)	10,143	0	N/A	N/A
Sean Neeson, MLA (from 8 May 2007)	10,143	0	N/A	N/A

	2007-08		2006-07	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
<b>Secretariat Officials</b>				
Arthur Moir <b>Clerk to the Assembly</b> <i>(to 26 October 2007)</i>	50-55 (85-90 full year equivalent)	0	85-90	0
Carol Devon <b>Interim Clerk to the Assembly</b> <i>(from 17 October 2007)</i>	45-50 (105-110 full year equivalent)	0	N/A	N/A
Tom Evans <b>Deputy Chief Executive</b> <i>(to 18 January 2008)</i>	50-55 (60-65 full year equivalent)	0	55-60	0
Joe Reynolds <b>Deputy Clerk</b> <i>(to 18 January 2008)</i>	50-55 (60-65 full year equivalent)	0	60-65	0
Clare McGivern <b>Director of Legal Services</b> <i>(to 31 January 2008)</i>	50-55 (60-65 full year equivalent)	0	60-65	0
Nuala Dunwoody <b>Clerk Assistant</b>	50-55	0	50-55	0
Simon Burrowes <b>Editor of Debates</b>	55-60	0	50-55	0
Sheila McClelland <b>Keeper of the House</b>	45-50	0	5-10 (45-50 full year equivalent)	N/A
Michael Rickard <b>Director of Research and Information</b>	50-55	0	5-10 (45-50 full year equivalent)	N/A
Frank Duffy <b>Director of Implementation</b> <i>(from 1 October 2007)</i>	30-35 (60-65 full year equivalent)	0	N/A	N/A

*Salary*

‘Salary’ for Secretariat Officials includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. For SPCB staff, the figure for salary does not include any performance pay bonus as this scheme ended in 2005-2006.

This report is based on payments made by the Assembly and thus recorded in these accounts. In respect of Members of the Assembly Commission, the above amounts represent the Office Holder’s Salary payable for being a Member of the Assembly Commission at £11,331 per annum from 8 May 2007 (2006-2007 Nil) or Presiding Officer (and Chair of the Assembly Commission) of £37,801 (2006-2007 Nil). The figure does not include the salary for their services as an MLA of £31,817 per annum from 1 April 2007 to 7 May 2007 and £43,101 per annum from 8 May 2007 (2006-2007; £31,817).

*Benefits in kind*

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

*Pensions Benefits (audited)*

Assembly Commission Members	Accrued pension at age 65 as at 31/03/08	Real increase in pension at age 65	CETV at 31/03/08 (or end date)	CETV at 31/03/07 (or start date)	Real increase in CETV
	£’000	£’000	£’000	£’000	£’000
William Hay <b>Presiding Officer</b> <i>(from 8 May 2007)</i>	0-5	0-2.5	11	0	9
Paul Butler, MLA <i>(from 8 May 2007)</i>	0-5	0-2.5	3	0	2
Robert Coulter, MLA <sup>1</sup> <i>(from 8 May 2007)</i>	0-5	0	12	11	0
Alban Maginness, MLA <i>(from 8 May 2007)</i>	0-5	0-2.5	13	10	1
Stephen Moutray, MLA <i>(from 8 May 2007)</i>	0-5	0-2.5	2	0	1
Sean Neeson, MLA <i>(from 8 May 2007)</i>	0-5	0-2.5	10	6	3

<sup>1</sup> As the Commission member is aged 75 or over, no additional pension benefits accrue beyond that conferred by annual uprating of existing preserved pension entitlement. A lump sum commutation was paid on 6 April 2006 meaning that no further pension contributions are payable either by the Member or by the Assembly.

*Assembly Commission pensions*

Pension benefits for Commission members are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2000 (AMPS). The scheme is made under s48 of the Northern Ireland Act 1998. As Commission members will be Members of the Legislative Assembly they may also accrue an MLA's pension under the AMPS (details of which are not included in this report). The pension arrangements for Commission members provide benefits on a "contribution factor" basis which takes account of service as a Commission member. The contribution factor is the relationship between the salary as a Commission member and the salary as a Member for each year of service as a Commission member. Pension benefits as a Commission member are based on the accrual rate (1/50th) multiplied by the cumulative contribution factors and the relevant final salary as a Member.

Benefits for Commission members are payable at the same time as MLA's benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Retail Prices Index. Commission members pay contributions of 6% of their officeholder's salary. There is also an employer contribution paid by the Consolidated Fund representing the balance of cost. This is currently 22.6% of the Commission members' salary.

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

*The Cash Equivalent Transfer Value (CETV)*

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total service as an office holder. The figures are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

*The real increase in the value of the CETV*

This is the increase in accrued pension due to the Assembly's contributions to the AMPS, and excludes increases due to inflation and contributions paid by the Commission member and is calculated using common market valuation factors for the start and end of the period.

Secretariat Officials	Accrued pension at age 60 as at 31/03/08 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/03/08 (or end date)	CETV at 31/03/07 (or start date)	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Arthur Moir <b>Clerk to the Assembly</b> <i>(to 26 October 2007)</i>	20-25 plus lump sum of 60-65	0-2.5 plus lump sum of 0-2.5	482	479	14	0
Carol Devon <b>Interim Clerk to the Assembly</b> <i>(from 17 October 2007)</i>	15-20 plus lump sum of 50-55	0-2.5 plus lump sum of 2.5-5	360	279	30	0
Tom Evans <b>Deputy Chief Executive</b> <i>(to 18 January 2008)</i>	25-30 plus lump sum of 75-80	2.5-5 plus lump sum of 0-2.5	574	492	43	0
Joe Reynolds <b>Deputy Clerk</b> <i>(to 18 January 2008)</i>	10-15 plus lump sum of 40-45	0-2.5 plus lump sum of 0-2.5	213	200	0	0
Clare McGivern <b>Director of Legal Services</b> <i>(to 31 January 2008)</i>	15-20 plus lump sum of 55-60	0-2.5 plus lump sum of 0-2.5	349	302	8	0
Nuala Dunwoody <b>Clerk Assistant</b>	15-20 plus lump sum of 45-50	0-2.5 plus lump sum of 0-2.5	309	259	14	0
Simon Burrowes <b>Editor of Debates</b>	20-25 plus lump sum of 60-65	0-2.5 plus lump sum of 2.5-5	388	320	28	0
Sheila McClelland <b>Keeper of the House</b>	10-15 plus lump sum of 40-45	2.5-5 plus lump sum of 7.5-10	284	155	43	0
Michael Rickard <b>Director of Research and Information</b>	25-30 plus lump sum of 75-80	2.5-5 plus lump sum of 7.5-10	630	549	64	0
Frank Duffy <b>Director of Implementation</b> <i>(from 1 October 2007)</i>	20-25 plus lump sum of 65-70	0-2.5 plus lump sum of 2.5-5	484	391	34	0
Due to certain factors being incorrect in the 2006-2007 CETV calculator, there may be a slight difference between CETV figures as at 31/3/07 stated above and the figures at 31/3/07 used in the calculation of the CETV at 31/3/08.						

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (**classic**, **premium**, and **classic plus**). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under



classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality ‘money purchase’ stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the **nuvos** arrangement or they can opt for a partnership pension account. **Nuvos** is an ‘earned pension’ arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. Earned pension benefits are increased annually in line with increases in the RPI and attract an annual pension increase.

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

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic, premium, and classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensions-ni.gov.uk](http://www.civilservicepensions-ni.gov.uk) .

For SPCB employees, pension benefits are also provided through the Principal Civil Service Pension Scheme arrangements.

### *Cash Equivalent Transfer Values*

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which

disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements.

They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

*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.

*Compensation for loss of office*

There was no loss of office recorded for the period under review and therefore no compensation was paid.



**Carol Devon**  
**Accounting Officer and interim Clerk to the Assembly**

**Date: 24 June 2008**

## Statement of Accounting Officer’s Responsibilities

Under the Government Resource and Accounts Act (NI) 2001, the Department of Finance and Personnel (DFP) has directed the Northern Ireland Assembly to prepare for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the department during the year.

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

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

- observe the Accounts Direction issued by DFP, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

DFP has appointed the interim Clerk to the Assembly, Carol Devon, as Accounting Officer of the Northern Ireland Assembly.

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

## Statement on Internal Control

### *Scope of responsibility*

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Northern Ireland Assembly Commission's policies, aims and objectives as set by the Commission whilst safeguarding the public funds and Assembly assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting Northern Ireland (GANI).

Under section 40 of the Northern Ireland Act 1998 the Northern Ireland Assembly elects a Commission which has responsibility for providing the Assembly with the property, staff and services to carry out its business. As Accounting Officer, I attend meetings of the Assembly Commission and present major decisions in relation to expenditure, asset management and staffing to the Commission for its consideration and approval.

Prior to my appointment on 17 October 2007, the previous Accounting Officer was supported by a Strategic Management Board that comprised the Deputy Clerk, the Deputy Chief Executive and the Head of Legal Services. Since 8 November 2007, I have chaired an interim Management Board comprising the Clerk Assistant, the Editor of Debates, the Keeper of the House, the Director of Research and Information and the Director of Implementation. The recruitment process for permanent Management Board members is well advanced at the Balance Sheet date. The re-constituted Management Board will comprise the Clerk to the Assembly / Director General, the Director of Clerking and Reporting, the Director of Engagement, the Director of Properties and the Director of Resources. The Commission has indicated that it wishes the new Clerk to the Assembly / Director General to appoint a non-executive Director. This revised Board structure was one of the specific recommendations contained in the report on the review of the Assembly Secretariat.

Since 29 November 2007, a formal delegation of functions from the Assembly Commission to the Accounting Officer has been in place and delegations of functions and financial responsibilities from the Accounting Officer to the members of the Interim Management Board have been in place since 16 January 2008. These delegations clarify the role and responsibilities of the Assembly Commission, the Accounting Officer and the relevant managers in the organisation. These delegations will be reviewed and reissued when the new Management Board is in place.

The Northern Ireland Assembly has no Executive Agencies or Non Departmental Public Bodies.

### *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 Assembly Commission 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 Northern Ireland Assembly for the year ended 31 March 2008 and up to the date of approval of the

annual report and accounts, and accords with DFP guidance.

### Capacity to Handle Risk

For the period from 1 April 2007 to 27 September 2007, the Strategic Management Board took the lead in developing risk management. Risk owners at this level obtained confirmation from senior functional managers on the means by which risks were managed via periodic Stewardship Statements. A scoring framework incorporating factors such as likelihood and impact was used in the assessment of each corporate level risk.

From 8 November 2007, leadership of the risk management process was provided corporately by the Interim Management Board. The Interim Management Board is the owner of the Corporate Risk Register. This ownership role places responsibility on the Board to agree the key risks identified in the Corporate Risk Register. The Board also identifies the risk owners and the controls needed to manage those risks. Following the identification of the risk owners by the Board, I assign ownership of key risks to those with the responsibility and authority for implementing controls and assigning resources to manage key risks. The Interim Management Board provides advice and support to me, as Accounting Officer, when taking major decisions affecting the management of risks within the Assembly.

### The risk and control framework

A corporate level risk register was developed and agreed with the Accounting Officer and the Strategic Management Board. Each corporate level risk was evaluated to assess its potential impact and likelihood and the controls in place to manage each risk were also identified. The resulting risk analysis was used to identify any additional measures considered necessary to effectively manage the risks with Heads of Business areas required to identify the extent to which they contributed to the control of each corporate level risk.

The review of the Assembly Secretariat concluded that although the Assembly had a framework in place for managing risk, there was a lack of understanding and ownership of risk. The review concluded that this lack of understanding and ownership suggested a need to further embed risk management within the culture of the organisation. The revised senior management arrangements within the Assembly will offer a formal opportunity for the Management Board to ensure that risk and review arrangements are included in the Board's Terms of Reference.

The risk management framework that was in place for much of the 2007-2008 financial year had a relatively narrow focus on the need to ensure that the activities to support the restoration of the Northern Ireland Assembly were delivered. This approach may have been appropriate in the prevailing circumstances but the transition to a fully functioning Assembly means that a more diverse and complex risk management model must be adopted. Given that the management of risk is a key element in ensuring that the Assembly can successfully deliver its objectives, risk management will involve regular and systematic review of key risks as a natural by-product of an enhanced corporate planning process.

The revised corporate planning process, using a Balanced Scorecard approach, was implemented during the latter part of the year for the years 2008-2011. The outputs from this process included a set of corporate objectives that are entirely in keeping with the Vision, Purpose and Values expressed by the Assembly Commission. This means that risk management can now take place in the context of clear strategic objectives. The linkages

between the strategic objectives and lower-level, Business Unit objectives have been identified. This will allow all parts of the organisation to consider the risks that might impact on the ability to meet specific objectives. It is acknowledged that more needs to be done to augment the risk management culture across the entire organisation. One of the first tasks for the newly constituted Management Board will be develop and agree an approach to risk management that will provide a tangible link to the achievement of corporate objectives and will highlight the risk of fraud across the Assembly.

A crucial aspect of the work to be undertaken properly to embed risk management within the Assembly will be the consideration of the corporate risk appetite. The nature of the Assembly's business as the legislature for Northern Ireland means that a conservative approach to risk must be adopted in areas such as physical and staff resources where the need for the utmost standards of propriety and regularity apply. However, it is likely that a more liberal approach in areas such as process improvements and citizen engagement will apply as the Assembly seeks innovative methods to deliver its services to all the citizens of Northern Ireland. The identification of a rational approach to deciding on the Assembly's risk appetite will be an immediate challenge for the Management Board

#### Review of Effectiveness

As Accounting Officer, I 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 the Internal Audit team and the senior management team (i.e. the Strategic Management Board and the interim Management Board) within the Assembly Secretariat who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their Report to those charged with Governance 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 Internal Audit and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The effectiveness of the system of internal control has been partially maintained through meetings of the senior management team and the Secretariat Audit Advisory Committee. These meetings have provided an opportunity to identify material changes in risks or controls. The Audit Committee reviewed and approved the programme of work for the Internal Audit Unit.

#### Significant Internal Control Issues

The Head of Internal Audit has advised that the overall level of assurance for the 2007-2008 year remains limited. This opinion was primarily informed as a result of the findings from a corporate governance audit within the Assembly undertaken by the House of Commons Internal Review Service in the latter part of the 2006-2007 financial year. The audit was performed with reference to HM Treasury's "Corporate governance in central government departments: Code of good practice" (HM Treasury, July 2005). Although it is acknowledged that there is not complete read across to the circumstances arising within legislatures, the Code is recognised as containing qualities desirable in all public sector bodies.

The audit report set out the areas where the Assembly was found to be non-compliant with the Code and recommendations were made to facilitate remedial action. These include;

- the need to improve accountability, including the use of formal delegations;
- the responsibilities of the Board;
- the use of non-executive Directors;
- clarification of the stewardship reporting system, and;
- the composition and role of the Audit Committee.

The Head of Internal Audit has noted that on-going progress in respect of the implementation of the recommendations from the corporate governance audit and the subsequent Secretariat Review report will assist in the task of moving the Assembly's assurance rating towards a satisfactory position. This view is strengthened by the results of the other assignments completed to date from the 2007-2008 internal audit programme. The audits of Building Management, Finance and Research were generally satisfactory with the majority of audit recommendations falling within medium to low priority levels.

Although only limited assurance can be taken from the internal audit programme, a range of internal controls were operating effectively during the period. These include the use of well-established and highly effective financial controls, the use of stewardship statements to identify changes in risks and controls, the implementation of measures recommended by the Northern Ireland Audit Office, regular meetings of the Strategic Management Board and the Interim Management Board, the continuing work of the Internal Audit unit and the work of the existing Audit Committee.

Formal delegations are now in place clarifying roles and responsibilities for senior managers and revised Terms of Reference for the Interim Management Board were agreed. Revised Terms of Reference for the Secretariat Audit Advisory Committee have been agreed by the Assembly Commission for consideration by the Audit Committee pending the imminent establishment of the re-constituted Audit Committee with non-executive representation. A draft Handbook for Commission members has been prepared and training on the role of a Commission member is being identified. The establishment of a stable Management Board and the adoption of best practice as recommended by HM Treasury's Audit Committee Handbook will assist in further strengthening the Assembly's governance arrangements.



**Carol Devon**  
**Accounting Officer and interim Clerk to the Assembly**

**Date: 24 June 2008**

**NORTHERN IRELAND ASSEMBLY 2007-08****THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY**

I certify that I have audited the financial statements of the Northern Ireland Assembly for the year ended 31 March 2008 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 Cash Flow Statement and the Statement of Operating Costs by Aim and Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

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

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

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

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

I review whether the Statement on Internal Control reflects the Northern Ireland Assembly's compliance with the Department of Finance and Personnel's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Northern Ireland Assembly'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 the unaudited part of the Remuneration Report. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.



### **Basis of audit opinions**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Northern Ireland Assembly'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 the Assembly and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

### **Opinions**

#### **In my opinion:**

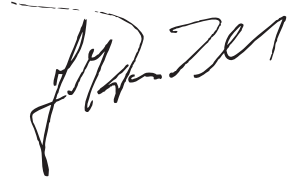
- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel, of the state of the Department's affairs as at 31 March 2008, and the net cash requirement, net resource outturn, net operating cost, operating costs applied to objectives, recognised gains and losses and cash flows 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
- information which comprises the executive summary and management commentary included within the Annual Report, is consistent with the financial statements.

### **Opinion on Regularity**

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

**Report**

I have no observations to make on these financial statements.

A handwritten signature in black ink, appearing to read 'JM Dowdall', written over a horizontal line.

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

*Date: 26 June 2008*

## Statement of Parliamentary Supply

### Summary of Resource Outturn 2007-2008

Estimate					Outturn			2007-08 £'000	2006-07 £'000
Request for Resources	Note	Gross Expenditure	ARs	Net Total	Gross Expenditure	ARs	Net Total	Net total outturn compared with estimate saving / (excess)	Net Total
1	2	44,730	(74)	44,656	41,121	(74)	41,047	3,609	33,800
<b>Total Resources</b>	<b>3</b>	<b>44,730</b>	<b>(74)</b>	<b>44,656</b>	<b>41,121</b>	<b>(74)</b>	<b>41,047</b>	<b>3,609</b>	<b>33,800</b>
Non-operating cost ARs				-			-	-	-

### Net Cash Requirement 2007-2008

	Note	Estimate	Outturn	2007-08 £'000	2006-07 £'000
Net Cash Requirement	<b>4</b>	38,594	35,193	3,401	23,602

### Summary of income payable to the Consolidated Fund

In addition to accruing resources, the following income relates to the Northern Ireland Assembly (NIA) and is payable to the Consolidated Fund (cash receipts being shown in *italics*)

	Note	Forecast 2007-08 £'000		Outturn 2007-08 £'000	
		Income	Receipts	Income	Receipts
<b>Total</b>	5	10	<i>10</i>	66	<i>51</i>

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

The notes on pages 42 to 63 form part of these accounts.

## Operating Cost Statement

for the year ended 31 March 2008

			2007-08	2006-07
			£'000	£'000
	Note	Staff Costs	Other Costs	Income
<b>Administration Costs</b>				
Staff costs		-		-
Other administration costs			-	-
Operating income			-	-
<b>Programme Costs</b>				
<b>Request for Resources 1</b>				
Staff costs	9	17,772		12,584
Programme costs	10, 11		23,349	21,336
Income	12		(140)	(154)
<b>Totals</b>		<b>17,772</b>	<b>23,349</b>	<b>(140)</b>
				<b>33,766</b>
<b>Net Operating Costs</b>	<b>3, 13</b>		<b>40,981</b>	<b>33,766</b>

## Statement of Recognised Gains and Losses


for the year ended 31 March 2008

		2007-08	2006-07
		£'000	£'000
	Note		
Net gain on revaluation of tangible fixed assets	20(a)	5,998	11,970
<b>Recognised gains and losses for the financial year</b>		<b>5,998</b>	<b>11,970</b>

The Notes on pages 42 to 63 form part of these accounts.

**Balance Sheet****as at 31 March 2008**

		<b>2008</b>	<b>2007</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Note</b>		
<b>Fixed assets:</b>			
Tangible assets	<b>14</b>	141,466	136,577
<b>Current assets:</b>			
Debtors	<b>15</b>	2,445	249
Cash at bank and in hand	<b>16</b>	-	401
		2,445	650
<b>Creditors (amounts falling due within one year)</b>	<b>16, 17</b>	(4,797)	(3,342)
<b>Net current liabilities</b>		<b>(2,352)</b>	<b>(2,692)</b>
<b>Total assets less current liabilities</b>		<b>139,114</b>	<b>133,885</b>
Provisions for liabilities and charges	<b>18</b>	(3,409)	(3,000)
		<b>135,705</b>	<b>130,885</b>
<b>Taxpayers' equity</b>			
General Fund	<b>19</b>	93,700	94,891
Revaluation reserve	<b>20a</b>	42,004	35,993
Donated asset reserve	<b>20b</b>	1	1
		<b>135,705</b>	<b>130,885</b>

Signed: 

Carol Devon

Accounting Officer

Date: 24 June 2008

The notes on pages 42 to 63 form part of these accounts

**Cash Flow Statement****for the year ended 31 March 2008**

		<b>2007-08</b>	<b>2006-07</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Note</b>		
Net cash outflow from operating activities	<b>21a</b>	(33,325)	(23,457)
Capital expenditure and financial investment	<b>21b, c</b>	(1,817)	(62)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		-	-
Payments of amounts due to the Consolidated Fund		-	(315)
Financing	<b>21d</b>	33,000	24,013
<b>(Decrease)/increase in cash in the period</b>	<b>21e</b>	<b>(2,142)</b>	<b>179</b>

The notes on pages 42 to 63 form part of these accounts.

## Statement of Operating Costs by Aim and Objectives

for the year ended 31 March 2008

	2007-08			2006-07		
	£'000			£'000		
	Gross	Income	Net	Gross	Income	Net
Aim:						
Objective 1	41,121	140	40,981	33,920	154	33,766
<b>Net operating costs</b>	<b>41,121</b>	<b>140</b>	<b>40,981</b>	<b>33,920</b>	<b>154</b>	<b>33,766</b>

The Assembly's objectives were as follows:

- Objective 1 Remunerating and supporting the Members of the Assembly in discharging their duties in their constituencies, in the Assembly and elsewhere, the costs of general administration including staff costs, general expenses and equipment, accommodation, other services and associated non-cash items.

See Note 22

## The Northern Ireland Assembly – Accounts 2007-2008

### Notes to the Assembly's resource accounts

#### 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2007-2008 Government Financial Reporting Manual (FReM) issued by DFP. The accounting policies adopted by the Northern Ireland Assembly 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 Northern Ireland Assembly 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 consolidated *Statement of Operating Cost by Aim and Objectives* and supporting notes analyse the Assembly's income and expenditure by objectives.

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

##### 1.1 Accounting convention

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

##### 1.2 Going Concern

The Northern Ireland Assembly was restored on 8 May 2007. The financial statements for 2007-2008 have been prepared on the going concern basis.

##### 1.3 Tangible fixed assets

The Department of Finance and Personnel holds legal title to Parliament Buildings. However, under the accounting requirements of FRS5 'Reporting the substance of transactions' the Northern Ireland Assembly is the beneficial owner of Parliament Buildings and as such recognises the property as an asset on its balance sheet. The building has been stated at current replacement cost using a professional valuation. This exercise is to be repeated every five years with appropriate interim valuations to be used in the intervening years.

Other fixed assets are capitalised at their cost of acquisition and installation and are revalued annually by reference to appropriate indices compiled by the Office for National Statistics. The threshold for capitalisation as a fixed asset is £500 for IT equipment and £1,000 for all other assets.

Assets are pooled where there are a large number of a certain type of asset, which, if treated singly, would fall below the capitalisation threshold, but which, if aggregated,



have a value exceeding £1,000. The threshold for capitalisation of these assets is £250. Assets which have been pooled include computer hardware, office equipment and office furniture. Depreciation on the value of these assets is charged to the operating account.

#### 1.4 Heritage assets

Heritage assets are those that “are intended to be preserved in trust for future generations because of their cultural, environmental and historical associations”. Heritage assets generally display the following characteristics:

- their value is unlikely to be fully reflected in a financial value derived from price;
- there are severe restrictions on disposal;
- they may require significant maintenance expenditure so that they can continue to be enjoyed by future generations;
- they are often irreplaceable, and their value may increase over time even if their physical condition deteriorates; and
- their life is measured in hundreds of years.

In accordance with FReM, non-operational heritage assets are not capitalised. Operational heritage assets are valued and incorporated within the fixed asset register as at 1.2 above.

#### 1.5 Donated assets

These are assets donated by third parties, either by gift of the assets or funds to buy the asset. Donated tangible fixed assets are capitalised at their current value on receipt, and this value is credited to the donated asset reserve, which is included in the general reserves fund. Subsequent revaluations are also taken to this reserve. Each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the operating cost statement.

#### 1.6 Depreciation

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. No depreciation is provided on freehold land and items for collections since they have unlimited or very long estimated useful lives. The principal asset lives used for depreciation purposes are:

	Life (years)
Buildings	50
Information technology	4
Office equipment	5
Furniture & fittings	between 5 and 10

#### 1.7 Operating income

Operating income is income that relates directly to the operating activities of the Northern Ireland Assembly. It comprises:

- sale of souvenir stock;
- public telephone calls;

- stationery - recovery of cost;
- postage - recovery of cost; and
- recoupment of salary costs of staff seconded to other public sector bodies during suspension.

This includes both accruing resources of the Vote and income to the Consolidated Fund that DFP has agreed should be treated as operating income.

### **1.8 Administration and programme expenditure**

The operating cost statement is analysed between administration and programme costs. For the Northern Ireland Assembly all costs incurred are programme costs, incorporating payments of allowances and other disbursements by the Assembly.

### **1.9 Capital charge**

A charge, reflecting the cost of capital utilised by the Northern Ireland Assembly, is included in the operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities, except donated assets, cash balances within the Civil Service pool at the Northern Bank and the amount due to the Consolidated Fund where the charge is nil.

### **1.10 Foreign exchange**

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

### **1.11 Pensions**

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme NI (PCSPS (NI)). This defined benefit scheme is unfunded and is non-contributory except in respect of dependants' benefits. The Assembly 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).

Pension benefits for the Members are provided through the Assembly Members' Pension Scheme. This scheme is a statutory scheme, which provides benefits on a "final salary" basis at a normal retirement age of 65 (or age 60, if reckonable service is more than 20 years, with a sliding scale from 60 to 65). Members pay contributions of 6% of pensionable salary, including Office Holder's salary. All pensions increase in line with the Retail Price Index once in payment.

### **1.12 Early departure costs**

The Northern Ireland Assembly is required to meet the additional cost of benefits beyond the normal PCSPS (NI) benefits in respect of employees who retire early. The Assembly provides in full for this cost when the early retirement programme has been announced and is binding on the Assembly. The Assembly may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Paymaster General's account at the Bank of England for the credit of the Civil Superannuation Vote. The amount provided is shown net of any such payments.

As confirmed with the Assembly Personnel Office, no liability exists for the year ended 31 March 2008

### **1.13 Provisions**

The Northern Ireland Assembly 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 normally discounted using the Treasury discount rate of 3.5% in real terms. However, the discount rate used for the provision for pension costs was 3.1% p.a. reflecting the real yields experienced in the bond markets (see Note 18).

### **1.14 Contingent liabilities**

In addition to contingent liabilities disclosed in accordance with FRS12, the Assembly discloses for parliamentary reporting and accountability purposes certain contingent liabilities where the likelihood of a transfer of economic benefit is remote. These comprise:

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

Where the time value of money is material, contingent liabilities which are required to be disclosed under FRS12 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by FRS 12 are stated at the amounts reported to the Assembly.

### **1.15 Value added tax**

In the Northern Ireland Assembly output tax generally does not apply and input tax is recovered on a monthly basis from DFP. Where input tax is recoverable, the amounts are stated net of vat.

### **1.16 Leases**

Where substantially all risks and rewards of ownership of a leased asset are borne by the Assembly, the asset is recorded as a tangible fixed asset and a debt is recorded to the lesser for the minimum lease payments discounted by the interest rate implicit in the leases. 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 leases.

## 2 Analysis of net resource outturn by section

	<b>Outturn</b>						<b>2007-08</b>	<b>2006-07</b>	<b>Prior Year Outturn</b>
	<b>Admin</b>	<b>Other Current</b>	<b>Grants</b>	<b>Gross resource expenditure</b>	<b>ARs</b>	<b>Net Total</b>	<b>£000</b>	<b>£000</b>	
							<b>Estimate</b>		
							<b>Net total outturn compared with Estimate</b>		
<b>Request for Resources 1</b>							<b>Net Total</b>		
NI Assembly	-	41,121	-	41,121	(74)	41,047	44,656	3,609	33,800
<b>Resource Outturn</b>	<b>-</b>	<b>41,121</b>	<b>-</b>	<b>41,121</b>	<b>(74)</b>	<b>41,047</b>	<b>44,656</b>	<b>3,609</b>	<b>33,800</b>

The net resource underspend of £3.6 million represents 8.1% of the Spring Supplementary Estimate of £44.656 million. The underspend arose from underspends on Assembly Secretariat administrative expenditure, on Members' allowances and travel costs and on staff salaries. There was a minor non-cash underspend arising from a lower than anticipated movement on provisions for Members' pension costs.

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

### Key to Request for Resources and Sections

**Request for resources 1** – Remunerating and supporting Members of the Assembly in discharging their duties in the constituencies, in the Assembly and elsewhere, the costs of general administration including staff costs, general expenses and equipment, accommodation, other services and associated non-cash items.

### 3 Reconciliation of outturn to net operating cost and against Administration Budget

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

			2007-08 £'000	2006-07 £'000
	Note	Outturn	Supply Estimate	Outturn Compared With Estimate
				Outturn
Net Resource Outturn	2	41,047	44,656	3,609
Non-supply income (CFERs)	5	(66)	(10)	56
Non-supply Expenditure		-	-	-
<b>Net operating cost</b>		<b>40,981</b>	<b>44,646</b>	<b>3,665</b>
				<b>33,800</b>
				<b>(34)</b>
				<b>-</b>
				<b>33,766</b>

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

The Northern Ireland Assembly is independent from the Northern Ireland Executive for funding purposes and receives programme funding only.

### 4 Reconciliation of resources to cash requirement

	Note	Estimate £'000	Outturn £'000	Net Total outturn compared with Estimate: savings/(excess) £'000
Resource Outturn	2	44,656	41,047	3,609
Capital:				
Acquisition of fixed assets	14	2,222	1,817	405
Investments		-	-	-
Non-operating accruing resources				
Proceeds of FA disposals				
Accruals adjustments:				
Non-cash items	10	(8,284)	(8,012)	(272)
Changes in working capital other than cash		-	341	(341)
Changes in creditors falling due after more than one year	17	-	-	-
Use of provisions	18	-	-	-
Excess cash receipts surrenderable to the Consolidated Fund	5	-	-	-
<b>Net Cash Requirement</b>		<b>38,594</b>	<b>35,193</b>	<b>3,401</b>

## 5 Analysis of income payable to the Consolidated Fund

In addition to accruing resources, the following income relates to the Assembly and is payable to the Consolidation Fund (*cash receipts being shown in italics*).

	Note	Forecast 2007-08		Outturn 2007-08	
		Income	Receipts	Income	Receipts
Operating income and receipts - excess AR		-	-	23	-
Operating income & receipts not classified as AR		10	<i>10</i>	43	<i>51</i>
	<b>6</b>	<b>10</b>	<b><i>10</i></b>	<b>66</b>	<b><i>51</i></b>
Non operating income and receipts - excess ARs	7	-	-	-	-
Other non-operating income and receipts not classified as AR	8	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund		-	-	-	-
Excess cash surrenderable to the Consolidated Fund	4	-	-	-	-
<b>Total income payable to the Consolidated Fund</b>		<b>10</b>	<b><i>10</i></b>	<b>66</b>	<b><i>51</i></b>

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

	Note	2007-08	2006-07
		£'000	£'000
Operating income	12	140	154
Adjustments for transactions between RfRS		-	-
Gross Income		140	154
Income authorised to be Accruing Resources		(74)	(120)
<b>Operating Income payable to the Consolidated Fund</b>	<b>5</b>	<b>66</b>	<b>34</b>

## 7 Non-operating income – Excess AR

The Northern Ireland Assembly had no non-operating income – excess AR.

## 8 Non-operating income not classified as AR

The Northern Ireland Assembly had no non-operating income not classified as AR.

## 9 Staff numbers and related costs

Staff costs comprise:

					2007-08	2006-07
					£'000	£'000
	Total	Permanently employed staff	Members	Agency, temporary and contract staff	Special Advisors	Total
Wages and salaries	14,294	7,617	5,122	1,555	-	10,056
Social security costs	1,060	572	488	-	-	783
Other pension costs	2,418	1,294	1,124	-	-	1,745
<b>Sub Total</b>	<b>17,772</b>	<b>9,483</b>	<b>6,734</b>	<b>1,555</b>	-	<b>12,584</b>
Less recoveries in respect of outward secondments	(90)	(90)	-	-	-	(145)
<b>Total net costs *</b>	<b>17,682</b>	<b>9,393</b>	<b>6,734</b>	<b>1,555</b>	-	<b>12,439</b>

\* Of the total, £0 has been charged to capital.

The Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)) is an unfunded multi-employer defined benefit scheme but the Assembly is unable to identify its share of underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007.

For 2007-2008, contributions of £1,294,414 were paid to the PCSPS (NI) (2006-2007; £1,118,529) at one of four rates in the range 16.5 to 23.5 per cent (2006-2007; 16.5 to 23.5 per cent) of pensionable pay based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The salary band and contribution rates were revised for 2006-2007 and will remain unchanged until 2009-2010. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £1,148 (2006-2007; £0) were paid to an appointed stakeholder pension provider. Employer contributions are age-related and range from 3 to 12.5 per cent (2006-2007; 3 to 12.5 per cent) of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £122 (2006-2007; £0), 0.8 per cent 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 paid due to partnership pension providers at the balance sheet date were nil. Contributions prepaid at that date were nil.

No persons (2006-2007; 0 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0 (2006-2007; £0).

Pension benefits for the Members are provided through the Assembly Members' Pension Scheme. This scheme is a statutory scheme, which provides benefits on a "final salary" basis

at a normal retirement age of 65 (or age 60, if reckonable service is more than 20 years, with a sliding scale from 60 to 65). Members pay contributions of 6% of pensionable salary, including Office Holder's salary. All pensions increase in line with the Retail Price Index once in payment. There is a separate scheme statement for the Assembly Members' Pension Scheme. The rules of the Assembly Members' Pension Scheme require the employer to meet the balance of the cost of providing the benefits as recommended by the actuary from time to time. There is currently a liability of £3,300,000, and this is provided for in the accounts in line with FReM and FRS 17. The rate used to discount scheme liabilities is 3.1%. A full actuarial valuation was carried out at 31 March 2008.

For 2007-2008, contributions of £1,124,379 (2006-2007; £626,697) were paid to the Assembly Members' Pension Scheme. Contributions were at a rate of 22.6% (2006-2007; 22.6%) of pensionable pay, as determined by the Government Actuary and advised by the Treasury.

*Average number of persons employed*

The average number of whole-time equivalent persons employed during the year was as follows.

Objective	2007-08					2006-07
	Total	Permanent staff	Members	Agency, temporary and contract staff	Special Advisers	Number
1	460	284	108	68	-	385
<b>Total</b>	<b>460</b>	<b>284</b>	<b>108</b>	<b>68</b>	<b>-</b>	<b>385</b>

During 2007-2008, an average of 1 member of staff (2006-2007: 35) was out-posted to other public sector employers.

The Northern Ireland Assembly does employ any staff exclusively for capital projects.



## 10 Programme Costs

		2007-08 £'000	2006-07 £'000
	Note		
<b>Payments to Members</b>			
Office Cost Allowance		6,896	4,927
Members' winding-up costs		245	553
Other Members' costs		586	810
Party Allowance		733	935
<b>Other Costs</b>			
Premises		1,018	915
Office running costs		975	660
Contracted services		2,569	2,038
Repairs & maintenance		1,337	641
Staff travel, subsistence and training		313	181
Miscellaneous expenses		665	411
Rentals under operating leases		0	5
<b>Total cash items</b>		<b>15,337</b>	<b>12,076</b>
<b>Non-cash items</b>			
Depreciation	14	2,874	2,560
Permanent diminution of fixed assets	14	53	6
Cost of capital charge		4,637	4,484
Miscellaneous notional charges		4	3
Auditor's remuneration and expenses (notional)		35	35
Unwinding of discount on provisions	18	0	56
Provisions: provided in year	18	409	2,116
<b>Total non-cash items</b>		<b>8,012</b>	<b>9,260</b>
<b>Total</b>		<b>23,349</b>	<b>21,336</b>

An amount of £4,055 (2006-2007; £0) is included in Premises costs. This relates to the cost of accommodation used by the Speaker. It has been customary for accommodation on the Stormont Estate to be made available to the Speaker to assist the Speaker with the better performance of his or her duties. The cost of £4,055 comprises the rental costs associated with the provision of accommodation in close proximity to the Stormont Estate pending the refurbishment of existing accommodation within the grounds of the Estate.

## 11 Programme Expenditure

All costs incurred by the Northern Ireland Assembly are programme costs, incorporating payments of allowances and other disbursements by the Assembly (see note 1.8).

**12 Income**

	<b>2007-08</b>	<b>2006-07</b>
	<b>£'000</b>	<b>£'000</b>
	<b>RfR 1</b>	<b>Total</b>
Recoupment of salaries	90	145
Other Income	50	9
<b>Total</b>	<b>140</b>	<b>154</b>

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

	<b>2007-08</b>	<b>2006-07</b>
	<b>£'000</b>	<b>£'000</b>
	<b>Estimate</b>	<b>Outturn</b>
<b>Spending body:</b>		
NI Assembly	44,646	33,766
<b>Net Operating Cost</b>	<b>44,646</b>	<b>33,766</b>

**14 Tangible fixed assets**

	<b>Land &amp; buildings £'000</b>	<b>Information technology £'000</b>	<b>Office equipment £'000</b>	<b>Furniture &amp; fittings £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>					
At 1 April 2007	136,078	885	1,040	1,997	140,000
Additions	-	1,139	202	476	1,817
Disposals	-	-	-	-	0
Revaluations	3,507	(28)	15	63	3,557
<b>At 31 March 2008</b>	<b>139,585</b>	<b>1,996</b>	<b>1,257</b>	<b>2,536</b>	<b>145,374</b>
<b>Depreciation</b>					
At 1 April 2007	0	843	1,040	1,540	3,423
Charged in year	2,432	228	23	191	2,874
Revaluation	(2,432)	-	-	-	(2,432)
Indexation	-	(2)	-	45	43
Disposals	-	-	-	-	-
<b>At 31 March 2008</b>	<b>0</b>	<b>1,069</b>	<b>1,063</b>	<b>1,776</b>	<b>3,908</b>
<b>Net book value</b>					
<b>At 31 March 2008</b>	<b>139,585</b>	<b>927</b>	<b>194</b>	<b>760</b>	<b>141,466</b>
<b>At 31 March 2007</b>	<b>136,078</b>	<b>42</b>	<b>0</b>	<b>457</b>	<b>136,577</b>
<b>Asset financing</b>					
Owned	139,585	927	194	760	141,466
Financed leased	-	-	-	-	-
On-balance sheet PFI contracts	-	-	-	-	-
<b>At 31 March 2008</b>	<b>139,585</b>	<b>927</b>	<b>194</b>	<b>760</b>	<b>141,466</b>

Parliament Buildings, Ormiston House and land were re-valued by Lands and Property Services (using indices) as at 31 March 2008. Other tangible fixed assets are valued using indices reflecting the year-end position obtained from the Office for National Statistics. Ormiston House is carried in the Assembly's Balance Sheet at its Existing Use Value of £3,000,000. As the property is presently unoccupied, Lands and Property Services also provided an Open Market Valuation for Ormiston House of £10,000,000. It is not considered appropriate, at this time, to adopt the open market value for Ormiston House as a decision on its future use or disposal has not yet been taken.

Donated assets with a net book value of £1,000 are included under Furniture & fittings.

**15 Debtors****15(a) Analysis by type**

	<b>2007-08</b>	<b>2006-07</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year:</b>		
Value Added Tax	516	143
Prepayments and accrued income	45	48
Sundry debtors	89	58
Amounts due from the Consolidated Fund in respect of supply	1,795	-
	<b>2,445</b>	<b>249</b>
<b>Amounts falling due after more than one year:</b>	<b>0</b>	<b>0</b>

Included within sundry debtors is £46,929 (2006-2007; £31,755) that will be due to the Consolidated Fund once the debts have been collected.

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

	<b>Amounts falling due within one year £'000</b>	<b>Amounts falling due within one year £'000</b>
	<b>2007-08</b>	<b>2006-07</b>
Balances with other central government bodies	2,358	183
Subtotal: intra-governmental balances	2,358	183
Balances with bodies external to government	87	66
<b>Total debtors at 31 March 2008</b>	<b>2,445</b>	<b>249</b>

**16 Cash at bank and in hand**

	<b>2007-08</b>	<b>2006-07</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 April	401	222
Net change in cash balances	(2,142)	179
<b>Balance at 31 March 2008</b>	<b>(1,741)</b>	<b>401</b>
The balances at 31 March were held at Commercial banks and cash in hand	<b>(1,741)</b>	<b>401</b>

**17 Creditors****17(a) Analysis by type**

	<b>2007-08</b>	<b>2006-07</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year:</b>		
Overdraft	1,741	-
Other taxation and social security	295	126
Other creditors	312	43
Accruals and deferred income	2,349	2,741
Amounts issued from the Consolidated Fund for supply but not spent at year end	-	398
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:		
Received	53	2
Receivable	47	32
	<b>4,797</b>	<b>3,342</b>
<b>Amounts falling due after more than one year:</b>	<b>0</b>	<b>0</b>

Accruals and deferred income relate to both Member's Office Costs Allowances and the Assembly Secretariat.

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

	Amounts falling due within one year £'000 2007-08	Amounts falling due within one year £'000 2006-07
Balances with other central government bodies	415	1,852
Subtotal: intra-governmental balances	415	1,852
Balances with bodies external to government	4,382	1,490
<b>Total creditors at 31 March 2008</b>	<b>4,797</b>	<b>3,342</b>

**18 Provisions for liabilities and charges**

	Pension costs £'000	Litigation costs £,000	Total £'000
Balance at 1 April 2007	3,000	0	3,000
Provided in the year	3,800	109	3,909
Arising due to changes in the discount factor	(3,500)	-	(3,500)
Provision not required written back	-	-	-
Provision utilised in the year	-	-	-
Unwinding of discount	-	-	-
<b>Balance at 31 March 2008</b>	<b>3,300</b>	<b>109</b>	<b>3,409</b>

**18.1 Pension Costs**

Pension benefits for Assembly Members are provided through the Assembly Members' Pension Scheme. This scheme is a statutory scheme, which provides benefits on a "final salary" basis at a normal retirement age of 65 (or age 60, if reckonable service is more than 20 years, with a sliding scale from 60 to 65). The rules of the Scheme require the employer to meet the balance of the cost of providing the benefits as recommended by the actuary from time to time. There is a liability of £3.3 million and, in accordance with FReM and FRS 17, this has been provided for in the 2007-2008 financial year. The value of £3.3 million was estimated by the Government Actuary's Department and represents the excess of the Scheme's liabilities over its assets at the Balance Sheet date. The Actuary used a discount factor of 3.1% to establish the present value of the future obligation. This rate was advised by the Financial Reporting Advisory Board for use in the UK public sector, reflecting the real yields experienced in the bond markets.

**18.2 Litigation Costs**

The Northern Ireland Assembly Commission is currently engaged in litigation in respect of a number of claims relating to personnel management issues. External counsel has been instructed by the Acting Director of Legal Services in those cases where it is considered necessary. Although no admission of liability has been made in any case, provision has been made in the accounts for 2007-2008 in respect of potential litigation costs. As these costs are

likely to be disbursed in the 2008-2009 financial year, they have not been discounted using HM Treasury's discount rate of 3.5%.

## 19 General Fund

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

	2007-08 £'000	2006-07 £'000
Balance at 1 April 2007	94,891	100,520
Net Parliamentary funding:		
Draw Down	33,000	24,000
Deemed Supply	398	-
Year end adjustment		
Supply Debtor (Creditor) - current year	1,795	(398)
Net Transfer from Operating Activities		
Net Operating Cost	(40,981)	(33,766)
CFERS repayable to Consolidated Fund	(66)	(34)
Non Cash Charges		
Cost of Capital	4,637	4,484
Auditors' Remuneration	35	35
Other non-cash charges	4	2
Transfer from Revaluation Reserve	(13)	48
<b>Balance at 31 March 2008</b>	<b>93,700</b>	<b>94,891</b>

## 20 Reserves

### 20(a) Revaluation Reserve

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

	2007-08 £'000	2006-07 £'000
Balance at 1 April 2007	35,993	24,071
Arising on revaluation during the year	5,998	11,970
Transferred from/(to) general fund in respect of realised element of revaluation reserve	13	(48)
<b>Balance at 31 March 2008</b>	<b>42,004</b>	<b>35,993</b>

The figure for transfer from General Fund is a net figure representing a debit of £25,786 in

respect of this year's realisation and a credit of £39,149 to align the reserve with the true level of indexation on current furniture assets. The amount arising on revaluation is a net amount. As well as the upward revaluation due to indexation, it also includes a reduction of £27,497 relating to a 2005-2006 downward revaluation which is now considered permanent.

## 20(b) Donated Asset Reserve

The donated asset reserve reflects the net book value of assets donated to the Assembly

	2007-08 £'000	2006-07 £'000
Balance at 1 April	1	2
Additions during the year	-	-
Revaluations	-	-
Release to Operating Cost Statement	-	1
<b>Balance at 31 March 2008</b>	<b>1</b>	<b>1</b>

## 21 Notes to the Cash Flow Statement

### 21(a) Reconciliation of operating cost to operating cash flows

		2007-08 £'000	2006-07 £'000
	<b>Note</b>		
<b>Net operating cost</b>	<b>13</b>	(40,981)	(33,766)
Adjustments for non-cash transactions	<b>10</b>	8,012	9,260
(Increase)/Decrease in Debtors		(2,196)	17
less movements in debtors relating to items not passing through the OCS		1,795	(13)
Increase/(Decrease) in Creditors		(287)	1,162
less movements in creditors relating to items not passing through the OCS		332	(117)
Use of provisions	<b>18</b>	-	-
<b>Net cash outflow from operating activities</b>		<b>(33,325)</b>	<b>(23,457)</b>

### 21(b) Analysis of capital expenditure and financial investment

		2007-08 £'000	2006-07 £'000
	<b>Note</b>		
Tangible fixed asset additions	<b>14</b>	1,817	62
<b>Net cash outflow from investing activities</b>		<b>1,817</b>	<b>62</b>



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

	Capital Expenditure £'000	Loans, etc £'000	Accruing Resources £'000	Net Total £'000
Request for Resources 1	1,817	-	-	1,817
<b>Total 2007-08</b>	<b>1,817</b>	<b>-</b>	<b>-</b>	<b>1,817</b>
<b>Total 2006-07</b>	<b>62</b>	<b>-</b>	<b>-</b>	<b>62</b>

**21(d) Analysis of financing**

	2007-08 £'000	2006-07 £'000
Note		
From the Consolidated Fund (Supply) - current year	33,000	24,000
From the Consolidated Fund (Supply) - prior year	-	13
<b>Net financing</b>	<b>33,000</b>	<b>24,013</b>

**21(e) Reconciliation of Net Cash Requirement to increase/(decrease) in cash**

	2007-08 £'000	2006-07 £'000
Note		
Net cash requirement	35,193	23,602
From the Consolidated Fund (Supply) - current year	(33,000)	(24,000)
From the Consolidated Fund (Supply) - prior year	-	(13)
Amounts due to the Consolidated Fund received in a prior year and paid over	-	234
Amounts due to the Consolidated Fund received and not paid over	(51)	(2)
Adjustment in respect of Supply balances	-	-
<b>(Increase)/Decrease in cash</b>	<b>2,142</b>	<b>(179)</b>

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

The Northern Ireland Assembly is independent from the Executive for funding purposes and receives programme funding only.

**Programme grants and other current expenditures have been allocated as follows:**

	<b>2007-08</b>	<b>2006-07</b>
	<b>£'000</b>	<b>£'000</b>
Objective 1	40,981	33,766

## Capital employed by NI Assembly by Aim and Objectives at 31 March 2008

	<b>2007-08</b>	<b>2006-07</b>
	<b>£'000</b>	<b>£'000</b>
Objective 1	135,705	130,885

## 23 Capital commitments

Capital expenditure authorised at 31 March 2008 was as follows:

	<b>2007-08</b>	<b>2006-07</b>
	<b>£'000</b>	<b>£'000</b>
Authorised and committed	1,640	93
Authorised but not committed	-	1,080
<b>As at 31 March 2008</b>	<b>1,640</b>	<b>1,173</b>

## 24 Commitments under leases

There were no such commitments at 31 March 2008.

## 25 Commitments under PFI contracts

There were no such commitments at 31 March 2008

## 26. Other financial commitments

The Assembly has entered into non-cancellable contracts (which are not leases or PFI contracts), for a wide range of services and maintenance. The payments to which the Assembly is committed during 2007-2008, analysed by the period during which the commitment expires, are as follows.

	2007-08 £'000	2006-07 £'000
Expiry within 1 year	1,385	296
Expiry within 2-5 years	749	5,977
Expiry thereafter	-	-
	<b>2,134</b>	<b>6,273</b>

## 27 Financial instruments

The Northern Ireland Assembly, because of the largely non-trading nature of its activities and the way Government departments are financed, is not exposed to the degree of financial risk faced by business entities. The Assembly has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by the day-to-day operational activities and are not held to change the risks faced in undertaking its activities.

### *Liquidity risk*

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

### *Interest rate risk*

The Assembly's financial assets and liabilities carry nil or fixed rates of interest and it is therefore not exposed to significant interest rate risk.

### *Foreign currency risk*

The Assembly's exposure to foreign currency risk is not significant. There is no foreign currency income, and foreign currency expenditure is less than 2% of total expenditure.

### *Fair values*

Set out below is a comparison by category of book values and fair values of the Assembly's financial assets and liabilities as at 31 March 2008.

	<b>Book value</b>	<b>Fair value</b>	<b>Basis of fair valuation</b>
	<b>£'000</b>	<b>£'000</b>	
<b>Primary financial instruments</b>			
Financial assets:			
Cash at bank	(1,741)	(1,741)	
Financial liabilities:			
Provisions	3,409	3,409	(a)

#### Note

- (a) Fair value is not significantly different from book value since, in the calculation of book value, the expected cash flows have been discounted by the real yields experienced in the bond markets (currently 3.1%), to establish the present value of the future obligation.

### 28 Contingent liabilities disclosed under FRS12

The Northern Ireland Assembly Commission is considering taking forward an equal pay audit in line with the Equality Commission for Northern Ireland's *Code of Practice on Equal Pay 2003* in respect of directly recruited staff. This equal pay audit is likely to be influenced by the outcome of litigation disclosed in Note 18.2. In advance of the outcome of this litigation (and other equal pay developments in the wider Northern Ireland public sector), it is not possible to accurately estimate the value of any potential liability that might arise.

### 29 Contingent liabilities not required to be disclosed under FRS12 but included for parliamentary reporting and accountability purposes

There were no contingent liabilities at 31 March 2008.

### 30 Losses and special payments

During 2007-2008 two amounts were written off in respect of bad debts. These were £841, which related to a salary debtor wrongly calculated in 2006-2007 and £170 which related to an overpayment of a supplier.

### 31 Related-party transactions

The Northern Ireland Assembly is independent from the Executive for funding purposes. It has a number of transactions with the Executive and with other Government departments and public bodies. Most of these transactions have been with the Department of Finance and Personnel.

Related party transactions during the financial year with DFP relate to the utilisation of their call-off contracts, for example, for the provision of security and the Dial Network. None of the post-holders within the Assembly holds any post within DFP.

None of the Members, key managerial staff or other related parties has undertaken any material transactions with the Northern Ireland Assembly during the year.

### **32 Entities within the Assembly boundary**

The Northern Ireland Assembly does not currently support any agencies, non-departmental bodies (NDPBs) or trading funds.







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