



Northern Ireland

**Public Services**

Ombudsman

# Annual Report & Accounts

**For the year ended 31 March 2018**

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**NORTHERN IRELAND PUBLIC SERVICES OMBUDSMAN**  
Annual Report and Accounts  
For the year ended 31 March 2018

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

27 June 2018

## Northern Ireland Public Services Ombudsman (NIPSO)

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# Performance Report

## Performance Overview

This section of the Annual Report and Accounts aims to provide sufficient information to describe the Office of the Northern Ireland Public Services Ombudsman (NIPSO), its purpose and the key risks to the achievement of its strategic objectives. The report also summarises performance during 2017-18; our second year of operation since replacing and extending the functions and responsibilities of the previous Ombudsman Offices. This section therefore sets the context and summarises issues that are expanded upon in the Performance Analysis on pages 6 to 12. The latter reports on NIPSO's performance measures, drawing where appropriate on information from the financial statements.

### *Ombudsman's Statement*

I am pleased to present this Annual Report and Accounts for the year ended 31 March 2018, my second year in office. In April 2016 I was appointed by Royal Warrant as the first Northern Ireland Public Services Ombudsman. From that date I also took up the offices of Northern Ireland Judicial Appointments Ombudsman (NIJAO) and Northern Ireland Local Government Commissioner for Standards.

In these three statutory roles I have personal responsibility for the overall organisation, management and staffing of the Office and for its procedures in relation to finance, governance and operational matters.

### *Purpose and Activities*

As stated in the current Strategic Plan 2016-2020 NIPSO's **purpose** is **'To serve the public and improve public services by independently and impartially investigating complaints and holding to account'**. In so-doing the Office is part of the system of administrative justice in Northern Ireland, investigating complaints about failures of bodies in jurisdiction when the complainant has exhausted all available internal complaint mechanisms. When assessing a complaint for investigation, staff will consider whether the complainant has an alternative legal remedy or a right of appeal, reference or review to another part of the system.

NIPSO's values are:

- **Fairness** (Treating others fairly, justly and without bias. We will ensure that our investigation and adjudication processes are fair to all).
- **Impartiality** (Making decisions impartially and keeping an open mind in relation to our work).
- **Openness** (Taking decisions in an open and transparent manner. Information will be disclosed when it is lawful to do so. Investigation reports will be published when it is the public interest to do so. Staff will be informed of decisions that affect them as soon as practicable. Decisions will be explained fully and reasons given. Information about NIPSO performance will be published).

- **Respect** (NIPSO respects equality and the rights of others (including human rights). The views of others will be respected and we will show consideration for others).
- **Integrity** (NIPSO staff will declare and manage any interests and relationships that conflict with the Office's duties and functions. All staff manage the highest ethical and personal standards and be honest in dealings with each other and our work).

The above statement of purpose and values provides the framework for delivery of my three statutory functions and it is my aim to reflect these core values in all of our decisions, actions, policies, processes and systems.

### Strategic Aims and Objectives

NIPSO has developed and regularly reviews its strategic aims and objectives. This ensures that the objectives reflect current priorities, the external environment including the budgetary outlook and the expanding functions and remit of the Office as set out in the Public Services Ombudsman Act (NI) 2016. NIPSO's strategic objectives are as follows:

- SO1.** To provide a high quality, impartial and independent investigation service for all complaints to my office.
- SO2.** To provide a high quality, independent investigation and adjudication service for complaints about alleged breaches of the Northern Ireland Local Government Code of Conduct.
- SO3.** [When empowered by the Assembly and provided appropriate resourcing] To improve complaints handling of all public service providers.
- SO4.** To be an accountable, ethical public service organisation that seeks continuous improvement.
- SO5.** To support learning from complaints and improvement in public service delivery.

All of the Office's activities are driven by the above strategic objectives.

### Main Complaint Activities

My role as Ombudsman is to investigate complaints of 'maladministration'<sup>1</sup> about public services in Northern Ireland, and where I find maladministration to make recommendations to address this through appropriate remedies. I apply the learning gained, the evidence obtained, and the conclusions reached, to contribute to improvements in public services and public administration. In carrying out my functions as Ombudsman I am assisted by a Senior Management Team (SMT), comprising my Deputy, a team of Directors and investigation and support staff teams.

From April 2016 the listed authorities that I can investigate includes all nine Northern Ireland government departments, their statutory agencies, Local Councils, Health and Social Care bodies, registered Housing Associations, the Northern Ireland Housing Executive and a range of other public service providers. In the case of Health and Social

<sup>1</sup> The term maladministration is not defined in legislation but is generally taken to mean poor administration or the wrong application of rules. It also extends to the examination of actions and decisions taken in consequence of clinical judgement.

Care, I also investigate complaints about general and independent health care providers, the Northern Ireland Audit Office and Northern Ireland Assembly Commission.

Also from April 2016 the functions and Office of Northern Ireland Judicial Appointments Ombudsman transferred to NIPSO.

In October 2016 I obtained jurisdiction to accept complaints about all colleges and universities (not including matters of academic judgment). From April 2017, all publicly funded schools also came within my remit.

Since June 2014 I have had powers to investigate complaints about alleged breaches of the Local Government Code of Conduct ('the Code'). The 2016 Act<sup>2</sup> provides for the Ombudsman to exercise this function as the Northern Ireland Local Government Commissioner for Standards and provides explicit powers to hold an adjudication hearing in public, under rules that the Office has developed.

The 2016 Act also extended the Office's jurisdiction in a number of other respects, notably by providing the power to investigate professional judgment in social care; to consult and share information with other ombudsmen and regulators; and wider powers to share information and to publish reports in the public interest. From April 2018 I have the power to undertake Own Initiative investigations, whether or not the Office has first received a complaint. Considerable work in preparation for the acquisition of this function has been undertaken in 2017-18.

### ***Issues, Risks and Challenges***

The NIPSO Strategic Plan 2016–2020 is the framework within which the Office delivered its functions in 2017-18, within available resources. As well as existing workload and new jurisdictions coming on board, significant preparatory work was also undertaken for planned further growth. Additional increases in casework have occurred in a context where public sector expenditure is remaining under sustained downward pressure.

Following the establishment of NIPSO, a detailed corporate risk register was developed in 2016-17. This identifies the key financial, operational and reputational risks to achievement of each of the agreed NIPSO strategic objectives. It also details the measures in place, or planned, in order to best manage these risks.

During the year my SMT and I regularly reviewed the identified risks, recorded the controls currently in place to manage them and where appropriate formulated additional control measures for consideration, subject to available resources. The register was also presented to and discussed at all meetings of the NIPSO Audit and Risk Committee (ARC).

The closing NIPSO risk register as at 31 March 2018 (available on request) details the position on the Ombudsman's overall corporate risks as at that date and has also been reviewed by the ARC. The Internal Audit 'Annual Assurance Report 2017-18', has also provided a satisfactory level of assurance in relation to risk management, internal control and governance, based upon the work undertaken during the year.

<sup>2</sup> The Public Services Ombudsman Act (Northern Ireland) 2016.

During the reporting year the most significant risks facing my Office were as follows:

- (i) resource constraints in meeting the ever-expanding demands on NIPSO's services;
- (ii) the continuing absence of a functioning Assembly:
  - for budget approval and accountability purposes, and;
  - for the consideration of Ombudsman's reports and key recommendations;
- (iv) the need to maintain ongoing casework activity while developing new functions and remits.

We continue to identify emerging risks and to address the risks proactively, within available resources. For example, in 2017-18 the withdrawal by the Parliamentary and Health Services Ombudsman of the direct provision of Independent Professional Advice (IPA) in health complaints posed a significant operational risk. An alternative in-house process was developed and as a result greater numbers of IPA referrals have been turned around on average more quickly than before and at a lower administrative cost per referral. This is an example of NIPSO successfully managing a risk and related challenges.

Further information on the identification and management of the Ombudsman's risks is contained in the Governance Statement.

### ***Performance Summary***

During 2017-18, across all of NIPSO's jurisdictions there were 5,031 different contacts from members of the public – a 37% increase from the 3,678 contacts in the previous year.

#### **Performance regarding maladministration complaints.**

In addition to the 145 ongoing cases brought forward as at 1 April 2017 a total of 1,039 new or re-opened complaints of maladministration were received in 2017-18. At the end of the year there were 207 ongoing maladministration complaints.

During the reporting year the front-of-Office Advice, Support Service and Initial Screening Team (ASSIST) continued to address rising numbers of contacts (see further under the Performance Analysis section which follows) and in helping to resolve as many cases as possible at the earliest possible stage. The performance target regarding the time taken to determine whether we could investigate a complaint continued to be achieved. However, the performance target for assessing whether we should investigate was missed (by 8%).

The performance target for the time taken to investigate and issue a draft report achieved the target.

At the beginning of 2017-18 the number of legacy cases investigated under 'old' legislation (see footnote on page 8) totalled 15. At 31 March 2018 only six of these remained to be closed.

Further information on the performance summarised above is available in the Performance Analysis section of this report.



## Performance regarding complaints about alleged breaches of 'the Code'

As Northern Ireland Local Government Commissioner for Standards (the Commissioner) in 2017-18 the Office received 44 complaints that councillors had breached the Local Government Code of Conduct ('the Code'). This represents a 29% increase on the 34 complaints received in 2016-2017. This year the majority of complaints related to allegations that a councillor had failed to show respect and consideration for others (25 instances). The second most common basis of complaint related to allegations that councillors had failed to meet their obligations as a councillor (24 instances), including the requirement not to bring the position of councillor or the council into disrepute. This requirement of the Code applies at all times to councillors' conduct. A number of complaints alleged more than one breach and typically there was significant overlap within the categories of breach. It is noteworthy that the use of social media platforms featured in a significant number of the complaints.

A total of 8 investigations were concluded in 2017-18. Four cases were closed at investigation stage, with a finding of no failure to comply with the Code. One case was closed at investigation stage, by alternative action resulting in an apology. Two cases investigated were referred to the Acting Commissioner<sup>3</sup>/Commissioner for adjudication. In the first of these, following a public hearing, the Acting Commissioner found that the councillor concerned had failed to comply with the Code. The sanction applied was censure. The second adjudication case was closed by alternative action prior to a public hearing, during which the Commissioner found that the councillor concerned had failed to comply with the Code, but determined that further training was necessary for the councillor. Lastly, one investigation was discontinued after the complainant chose to withdraw the complaint. Full details of decisions are available on the Local Government Ethical Standards (LGES) section of the NIPSO website.

In addition to its work in assessing and investigating complaints, the Office's LGES directorate continued to deliver a programme of outreach activity with councils and local government representative bodies such as the Northern Ireland Local Government Association (NILGA) and National Association of Councillors (NAC). The Commissioner's Guidance for Councillors on Social Media and the Code of Conduct was published in October 2017 to address the particular issue of the use of social media.

## Financial Performance

In 2017/18 NIPSO achieved all three financial KPIs in place (see further in Performance Analysis section).

The overall Net Resource Outturn for the reporting period was 1.2% less than estimated against a target of 2%.

The Office has a total of 35 FTEs. Staff costs continue to be by far the largest area of expenditure for the Office, rising from 72% (2016-17) to 74% of expenditure in 2017-18. This was due to the increase in staffing and the associated pay bill, relative to the increases in non-staff administrative costs.

Any income in excess of the Estimate must be surrendered as Consolidated Fund Extra Receipts. In 2017-18, excess income of £9,457 was earned as a result of outwards secondments during the latter part of the financial year.

<sup>3</sup> Ian Gordon was appointed under delegated authority in 2016 as Acting Commissioner for Local Government Standards for the adjudication and sanction of Code of Conduct complaints, where the Commissioner was conflicted having been involved in the investigation of Code of Conduct complaints as the former Deputy Commissioner for Local Government Standards.

## Performance Analysis

In 2017-18 there were 5,031 contacts from members of the public with the Office. This is a 37% increase from the 3,678 contacts in the previous year.

In addition to the 145 ongoing cases brought forward as at 1 April 2017 a total of 1,039 new or re-opened maladministration complaint cases were received in 2017-18. At the end of the year there were 207 maladministration complaints ongoing.

Under the Local Government Commissioner for Standards jurisdiction a total of 44 complaints regarding the conduct of councillors under the Code were received. These are to be reported on in a separate annual report to be published in the autumn of 2018.

The following table details the key statistics on maladministration cases for 2017-18. Figures for NIJAO or LGES are not included.

Caseload	2017-18
Complaints ongoing from previous year	145
Complaints activity in year	1,039
Total complaints ongoing at year end	207

A total of 49 settlements between the complainant and the body complained of were achieved in this reporting year - a three and a half-fold increase from the 14 settlements in 2016-17.

The following table provides information on complaints activity in respect of alleged maladministration from 2011-12 to date:

Year	Maladministration Complaints Activity	Year on Year % change	Cumulative % change from 2011-12
2011/2012	640	-	-
2012/2013	742	16%	16%
2013/2014	972	31%	52%
2014/2015	830	-15%	30%
2015/2016	742	-11%	16%
2016/2017	834	12%	30%
2017/2018	1,039	25%	62%

*Note: in the above table the figures for the years 2011-12 to 2015-16 inclusive relate to the legacy organisation, the Assembly Ombudsman/Commissioner for Complaints (AOCC). Although the remit and bodies under jurisdiction have changed, there remains sufficient commonality between the business of AOCC and of NIPSO to render this seven-year comparison relevant.*

## How we measure performance

Delivering operational efficiency, effectiveness and accountability continues to be a priority, measured through key performance indicators (KPIs). The indicators focus on the time taken to complete investigations. Complementary qualitative assessments are completed through established internal procedures. The Office's KPIs are described below.

### (COMPLAINTS HANDLING)

**KPI 1** – measures how quickly we establish whether the complaint **can** be investigated by this Office. We aim to inform the complainant within **2 weeks** or less of their complaint being received. The target is **90%**.

**KPI 2** – measures how quickly we complete our assessment of whether a complaint should be investigated by this Office or is suitable for settlement. Assessment is a detailed process which involves considering the complaint and the supporting evidence from both the complainant and the body complained of. This represents case-building in the event a case proceeds to investigation. We aim to complete the assessment process and inform the complainant of the decision within **10 weeks** or less of their complaint being received. The target is **70%**.

**KPI 3** – measures how quickly we complete the **investigation** of a complaint and issue a draft report to the body involved. We aim to complete this within **50 weeks** or less of the decision being made to investigate. The target is **70%**.

### (LOCAL GOVERNMENT ETHICAL STANDARDS)

**KPI 4** – we will notify the complainant and the complained-against councillor(s) within 4 weeks of receipt of a valid complaint of the decision whether to investigate. The target is **85%**.

**KPI 5** – we will complete an investigation within 48 weeks of the date of the decision informing the complainant and the complained-against councillor(s) that the complaint would be investigated. The target is **85%**.

### (FINANCE/CORPORATE SERVICES)

**KPI 6** - we will not exceed the total Net Total Resource expenditure for the year authorised by the Northern Ireland Assembly as detailed in the 2017-18 Spring Supplementary Estimate, limiting any underspend to 2%.

**KPI 7** – in supporting the work of the Office the total cash utilised within the year will not exceed the Net Cash Requirement limit authorised by the Northern Ireland Assembly as detailed in the 2017-18 Spring Supplementary Estimate.

**KPI 8** – we will pay 98% of correctly presented supplier invoices within 10 days of receipt.

## Performance results

NIPSO met three of the five targets for investigation set for 2017-18. For legacy cases<sup>4</sup> the KPI 3 target was not met, but when combined with KPI 3 performance on NIPSO cases the KPI 3 target was exceeded (75% overall). All financial targets were met.

KPI	Target	Result for reporting period	Target Met/Partially met/Not met
1	90%	95%	Met
2	70%	62%	Not Met
3	NIPSO Cases	91%	Met
3	Legacy Cases	45%	Not met
3	Combined (70%)	75%	Met
4	85%	97%	Met
5	85%	73%	Not Met
6	Authorised Net Total Resource (NTR) not to be exceeded and underspend limited to 2%	Target met	Met
7	Authorised Net Cash Requirement (NCR) not to be exceeded	Target met	Met
8	98% of invoices	99% of invoices	Met

### Analysis of performance results

As the above table shows, achievement against the KPIs in 2017-18 was generally positive, particularly regarding the more recent complaint cases arising under the NIPSO jurisdiction.

### Links between performance and risks

Where targets were not met this must be viewed in the context of the links between KPI performance and the significant risks and uncertainties to which NIPSO is exposed. These are detailed elsewhere (see in particular in the Governance Statement). However the predominant risk factors that are of relevance to NIPSO's complaints case handling performance are:

- (i) Increasing case numbers beyond forecast, further risking the achievement of KPIs 1-3 (e.g. 25% growth in 2017-18);
- (ii) Turnover and unavailability of short term staff; and
- (iii) In the absence of the Assembly, uncertainty over future years' resources and inability to identify and mitigate future financial pressures, leading to an inability to achieve business objectives and to reputational damage.

Despite the existence of these significant strategic risks KPI 1 was met in 95% of cases - ahead of the 90% target. The average number of days taken to reach the '**can** we investigate' decision at this stage was 9.

The reported percentage performance for KPI 2 (assessment of whether a case **should** be investigated) was 62%. This was short of the 70% target. However, the average

<sup>4</sup> For the early years of NIPSO the Office has separately tracked performance on cases that were brought forward under the previous Assembly Ombudsman/Commissioner for Complaints legislation ("legacy" cases). It is expected that this distinction shall be removed from 2018-19.

number of days taken was 72: just above the 10 week target completion time. The main reason for the reduced KPI 2 performance was the 25% surge in complaints activity and staffing shortages due to long term sickness.

Following on from the 'should we investigate' decision, the KPI 3 performance target was met in 91% of NIPSO cases. Whilst performance on legacy cases (45%) served to bring the overall KPI 3 performance down to 75% this is a very creditable result against the 70% target.

We will continue to keep under review the key performance measures as the new NIPSO jurisdictions continue to expand with the extended remit for social care, schools, universities and further education colleges as well as judicial appointments.

In respect of Local Government Ethical Standards (LGES), the 2017-18 complaints caseload position is as follows:

Caseload	2017-18
Complaints ongoing from previous year	20
Written complaints received in year	44
Total complaints under investigation in year	64
Number closed at Initial Assessment Stage 'can we investigate'	15
Number closed at Assessment Stage 'should we investigate'	9
Number of Complaints closed by Alternative Action	1
Number of complaints withdrawn	1
Number determined at Investigation Stage	6
Complaints ongoing at year end	32

KPI 4 (the decision whether to investigate) was reached within the 4 week target in 31 out of the 32 cases that were considered in 2017-18 – representing a 97% achievement rate against a target of 85%.

For KPI 5 (completion of the investigation within 48 weeks of the decision informing the complainant and the councillor(s) that the complaint would be investigated), 8 out of 11 (73%) of the cases which reached that stage achieved the timescale in 2017-18, again against an 85% target. This result is attributable to key staffing changes in the LGES team during the year and it is notable that there was a significant improvement in the final quarter of 2017-18, with plans in place to review LGES processes and procedures in 2018-19.

## Financial Target Performance

All three financial targets set by NIPSO in 2017-18 were met.

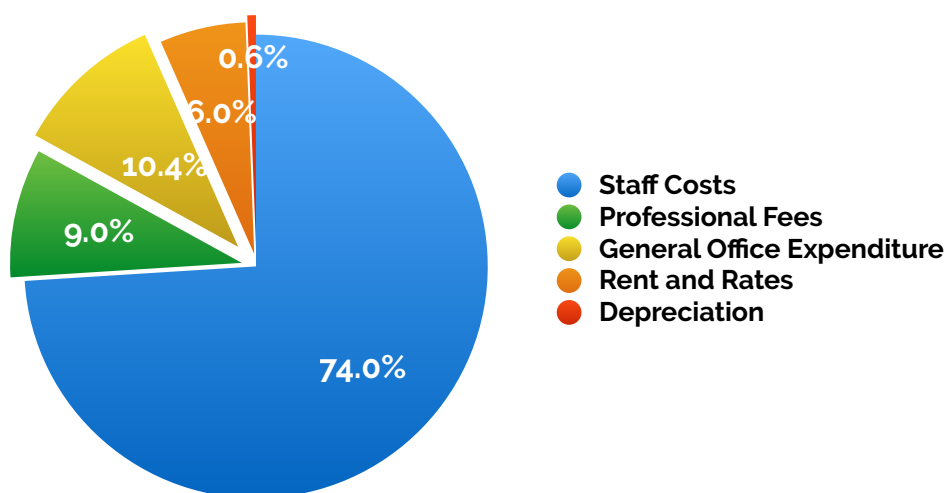
Performance against the 2017-18 Spring Supplementary Estimate is summarised in the following Table:

	Estimate	Outturn	Saving/(Excess)	Percentage saving/(excess)
	£000	£000	£000	%
Net Resource Outturn	2,407	2,378	29	1.2%
Net Operating Cost	2,538	2,498	40	1.6%
Net Cash Requirement	2,388	2,301	87	3.6%

The outturn performance referred to here (and in the table on KPI 6 and KPI 7 on page 8) is compared with the 2017-18 Spring Supplementary Estimates.

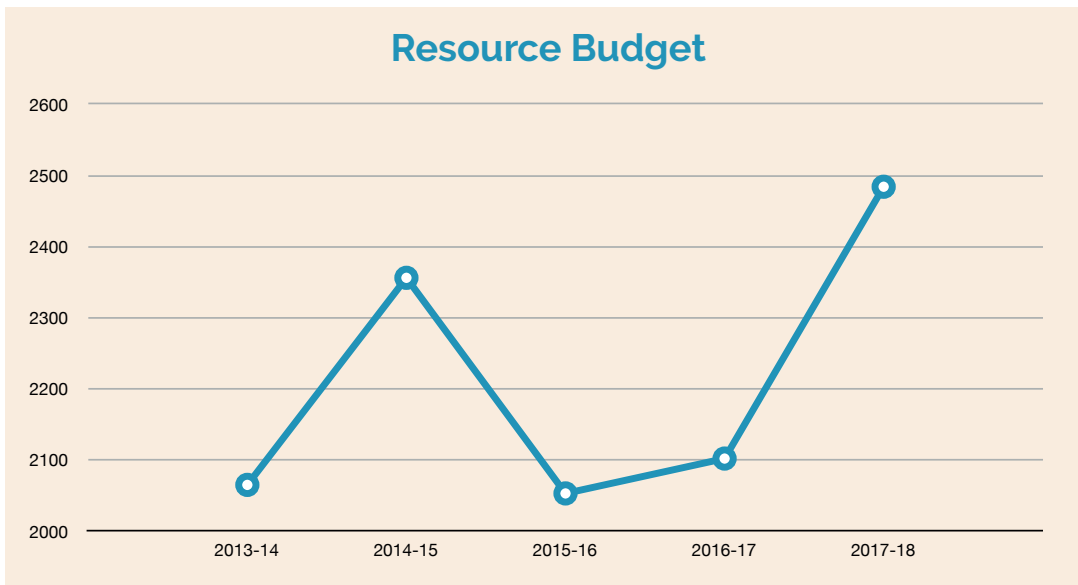
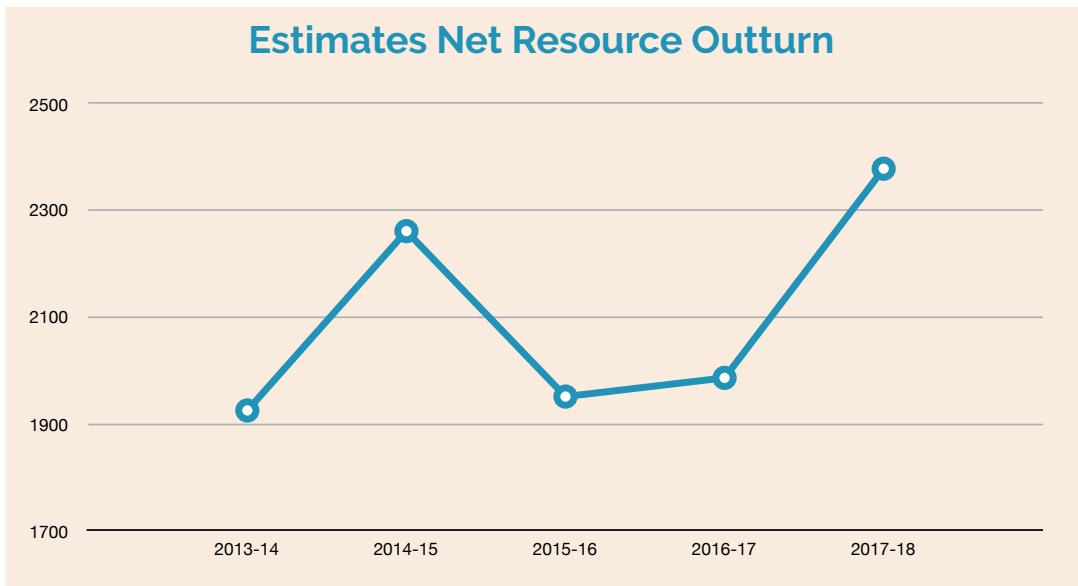
The 1.2% Net Resource Outturn saving primarily arose from a reduction in depreciation against that forecast due to a change in accounting policy in 2017-18 raising the capitalisation threshold from £99 to £1,000 (-£7,000); and legal fees being less than forecast (-£18,000) due to a number of factors outside the control of NIPSO including timing and outcome.

Illustrated below is the breakdown of resource expenditure for 2017-18.



*Note: The above expenditure percentages are based on Net Resource Requirement less notional costs, Consolidated Fund Standing Services and non-service expenditure.*

The Office's outturn in Estimate and Budget terms for the period 2013-14 to 2017-18 is set out below.



*Note: that the Resource Budget differs from the Net Resource Requirement in that the former includes the Consolidated Fund Standing Service (Ombudsman's salary) but excludes notional costs.*

**Resources required in the future**

As indicated previously in this Report, NIPSO continues to be in a significant growth phase both in terms of demand for its existing services and extensions to jurisdiction and powers. For example:

- The Ombudsman now has the power to undertake Own Initiative investigations, whether or not the Office has first received a complaint.

- She now has the power to publish reports on her investigations reports where it is in the public interest to do so. The first such report was published in February 2018.
- The Office has experienced steep increases in complaints handling activity over its first two years. In 2016-17 complaints increased by 12% with a further increase of 25% for 2017-18. The number of enquiries to the Office has almost doubled over the year.

The downward budgetary pressures (with, for instance, the opening 2018-19 budget flat lined in revenue funding terms from 2017-18, i.e. a real terms reduction) makes managing resources ever more challenging for future years.

In light of this I aim to continue to engage with the relevant stakeholders including the Department of Finance and its Supply Team to make the case for and secure additional resources. This is vital in enabling me to deliver on my ever-increasing range of responsibilities and to maintain the quality and timeliness in the delivery of services to the public at a level that they are entitled to expect, which I am mandated to do for my term of Office.

### ***Social and Environmental Matters***

In carrying out its functions NIPSO has regard fully to issues of; respect for human rights, anti-corruption, anti-bribery social responsibility and environmental protection. As illustrations of this:

- (i) I have developed, jointly with the NI Human Rights Commission and with the financial support of the International Ombudsman's Institute, a Human Rights Manual, as a result of which a human rights approach to our work is now embedded in NIPSO's business processes.
- (ii) I have reviewed in light of developing best practice and significantly updated during 2017-18, in liaison with my Audit and Risk Committee, the NIPSO Anti-Fraud (including bribery and corruption) and Whistleblowing policies.
- (iii) I have pursued a number of simple but effective initiatives aimed at reducing Office waste and respecting the environment. For example through the use of scanning and secure emails as an alternative to paper copying and printing, and through availing of all opportunities to recycle Office consumables and paper, cardboard, plastic, etc.

*Marie Anderson*

**Marie Anderson**  
**Accounting Officer**

**12th June 2018**



# Accountability Report

This Accountability Report meets the Ombudsman's key accountability requirements to the Assembly. It is analogous to the requirements in a Directors Report, as set out in chapter 5 of Part 15 of the Companies Act and Schedule 7 of SI 2008 No. 410, and in the Remuneration Report, as set out in Chapter 6 of the Companies Act 2016 and in SI 2013 No.1981. It is adapted for a public sector context. This Report is signed and dated by the Ombudsman as Accounting Officer. The report comprises three sections:

- Corporate Governance Report (below);
- Remuneration and Staff Report (from page 27); and
- Assembly Accountability and Audit Report (from page 36).

## Corporate Governance Report

### *Ombudsman's Report*

This Corporate Governance Report relates to NIPSO in respect of the reporting year to 31 March 2018. In accordance with the 2016 Act, in addition to holding three separate statutory Offices, I am the Accounting Officer for NIPSO.

As an Officer of the Northern Ireland Legislative Assembly, I am independent of Government and the bodies within my jurisdiction. There are no other entities within the accounting boundary.

As at 31 March 2018 the Office comprised the Ombudsman and thirty nine members of staff based in Belfast: a Deputy Ombudsman; three Directors of Investigations; Director of Finance and Corporate Services; Head of Communications; twenty five investigative Officers and eight administrative support staff.

### **Corporation Sole**

A corporation sole is an individual person who represents an official position which has a single, separate legal entity, an entity that can only be created by statute, enabling legal continuity with succeeding Office holders having the same powers as their predecessors.

During the reporting year the NIPSO governance framework was set within the context of the Ombudsman's role as the holder of three statutory Offices; Northern Ireland Public Services Ombudsman, Northern Ireland Judicial Appointments Ombudsman and Northern Ireland Local Government Commissioner for Standards. I have a personal jurisdiction in respect of the functions of my Office and, as a corporation sole, am solely responsible for the performance of those functions. The 2016 Act requires me to lay each year a general report on the exercise of my functions before the Northern Ireland Assembly. Further details are set out in the Governance Statement.

### **Senior Management Team (SMT)**

The 2016 Act provides for the appointment and tenure of office of the Ombudsman for a single period of seven years.

All other SMT members are employees of NIPSO.

The role of SMT is defined in Terms of Reference to set the strategic direction of the Office and to provide advice and support to the Ombudsman in the discharge of her statutory duties.

### **Members of the Senior Management Team**

The SMT members as at 31 March 2017 were:

The Ombudsman	Mrs Marie Anderson
Deputy Ombudsman	Mr Paul McFadden
Directors	Mrs Michaela McAleer, Mr John McGinnity, Mrs Claire McIlhatton and Mr Sean Martin.

### **Significant Interests**

A Register of Interests of all staff is maintained by the Office, a copy of which is available to the public on request. No significant interests were noted within the financial period under review.

### **Personal data incidents**

The Office reports on all personal data related incidents. Within its Governance framework, my Office has an explicit control system to meet our responsibilities under the Data Protection Act (DPA) 1998, the Freedom of Information Act (FOIA) 2000 and the Environmental Information Regulations (EIR) 2004. The control system has been established to ensure the appropriate handling of personal data and other information used for operational and reporting purposes through the development of appropriate strategy and policy.

There was one personal data incident formally reported to the Information Commissioner's Office during 2017-18. The Information Commissioner concluded that there was no further action required in this instance.

### **Pensions applicable**

As at 31 March 2018 all members of SMT are members of the Principal Civil Service Pension Scheme (PCSPS) (NI). This is a defined benefit scheme which is unfunded. The Office recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from the staff services by payment to the Principal Civil Service Scheme (PCSPS) (NI) of an amount calculated on an accruing basis. Liability for payment of future benefits is a charge on the Principal Civil Service Pension Scheme (PCSPS) (NI). Further information is contained within the Remuneration and Staff Report, which forms a separate part of this document.

### **Auditor's Remuneration**

The NIAO did not complete any non-audit work for the Office within the financial period under review. A notional charge of £12,000 has been recorded for the 2017-18 audit.

## Acceptance of our Recommendations

NIPSO seeks to ensure compliance with its recommendations through sharing draft reports and in dialogue with the bodies in remit. In 2017-18 all of NIPSO's recommendations were accepted by bodies in jurisdiction.

## Disclosure of relevant audit information

So far as I am aware, there is no relevant information of which the auditors are unaware. I have taken all necessary steps to make myself aware of any relevant audit information, and confirmed that the auditors are aware of that information.

## Complaints and Reviews

The Office has two separate complaints processes in place. The 'service' complaints procedure deals with complaints from any member of the public about the conduct of NIPSO staff, including delay or failure to meet the service standards of the Office. In 2017-18 there were five service complaints received and three brought forward from 2016-17. Of the three service complaints brought forward two were not upheld and one remained ongoing at 31 March 2018. Of the five service complaints received in 2017-18, one was partially upheld two were not upheld and the remaining two are ongoing at 31 March 2018.

Secondly, there is a separate internal review process for complainants who are unhappy with a decision which has been made in relation to a complaint of maladministration or in respect of LGES complaints.

A complainant may ask for a review of a decision not to accept their complaint, or issue(s) of complaint, for investigation. A request must be made in writing within 20 working days of the date the complainant receives the decision that their complaint has not been accepted for investigation. In total my Office received 48 requests for a review of a decision not to accept a complaint, or particular issue(s) of complaint, for investigation. Of the 48 requests received, 5 were upheld and the case reopened; 41 were not upheld and 2 cases remain under consideration.

A complainant cannot use this procedure if the Office has decided not to accept their complaint for investigation on jurisdictional grounds. However, on request, a review of the decision will be completed to ensure that the legislative tests have been correctly applied. In total the Office received 42 requests for a review of a decision made at the Initial Assessment stage. Of these, 4 cases were reopened.

There were a total of 12 requests for a review of my decision upon completion of an investigation. The grounds for a review are as follows:

- If the complainant considers that the decision was based on important evidence which contains facts that were not accurate, and can show this using readily available information; and
- The complainant feels they have new and relevant information that was not previously available and which affects the decision. (In this case they are required to provide an explanation of where and when they obtained the information and why it was not made available prior to the conclusion of my investigation).

Of these 12 requests, it was decided that nine cases should not be reopened. Only three cases remain under consideration as at 31 March 2018.

It should be noted that the 12 requests for a review of the Ombudsman's decision all relate to cases which were investigated as AOCC legacy cases. This is because the Ombudsman's practice has changed since April 2016. In cases accepted for investigation under the 2016 Act, my Office now provides the complainant as well as the listed authority with a copy of the draft report. This provides the complainant with an opportunity to comment on my findings, conclusions and recommendations before the final report is issued. As such, the opportunity to request a review of my final decision is no longer open to complainants.

Where a complainant remains dissatisfied with the outcome of a review, they may seek a judicial review of my decision. In the year 2017-18 there were no applications for judicial review. There is one claim for damages received which was brought outside the jurisdiction by a personal litigant.

### **Whistle Blowing**

There were no whistle blowing incidents recorded with the reporting period. The Office's whistle blowing policy was reviewed, updated and re-issued in 2017-18.

### **Data Protection and Freedom of Information Obligations**

There has been an increase in recent years in requests for access to information under the Data Protection Act (DPA) 1998, the Freedom of Information Act (FOIA) 2000 and the Environmental Information Regulations (EIR) 2004. A number of the requests for information involve 'planning' complaints, which relate to 'environmental information', these fall under the EIR. All Ombudsman investigations are conducted in private and there is a statutory bar on disclosure of 'information obtained' for the purposes of an investigation and a report in the legislation covering the Office. This bar on disclosure has been recognised and upheld by the Information Tribunal. These cases have been useful in clarifying the extent of the application of the statutory bar on disclosure of information.

During the reporting year a number of information related policies were reviewed in preparation for the new General Data Protection Regulations (GDPR) and the Data Protection Act 2018.

Given the existence of the statutory bar in the Office's legislation and the complex legal obligations that exist under DPA, FOIA and EIR, the Office continues to adhere to the Memorandum of Understanding (MOU) that was concluded between the former Ombudsman and former Information Commissioner in 2011. This MOU is currently under review.

During 2017-18 a working group was established in preparation for GDPR and the new Data Protection Act 2018 which will replace the Data Protection Act 1998. Preparations for GDPR are ongoing as at the 2017-18 year end.

## ***Statement of Accounting Officer's Responsibilities***

1. Under the Government Resources and Accounts Act (NI) 2001, the Department of Finance has directed the Ombudsman 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 Ombudsman during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs in the Office and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.
2. In preparing the accounts the Accounting Officer is required to comply with the *Government Financial Reporting Manual (FReM)*, and in particular to :
  - observe the Accounts Direction issued by the Department of Finance, 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 FReM have been followed, and disclose and explain any material departure in the accounts; and
  - prepare the accounts on the going-concern basis.
3. The Department of Finance has appointed the Ombudsman as Accounting Officer for NIPSO
4. 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 NIPSO's assets, are set out in the Accounting Officers' Memorandum, published in *Managing Public Money Northern Ireland*.

## Governance Statement

### Introduction

This governance statement covers the period 1 April 2017 to 31 March 2018 and describes NIPSO's internal control structure and resource management processes. I am a Corporation Sole holding Office under a Royal Warrant and I discharge my functions under the Public Services Ombudsman Act (Northern Ireland) 2016 ('the 2016 Act'). My role in relation to complaints about public services is to impartially and independently investigate complaints of maladministration made about Government Departments and their agencies, local Councils, health and social care, education and other public service providers. I am also responsible for the investigation of complaints of maladministration about the judicial appointments process. I report to the Northern Ireland Assembly on the performance of my Office by means of an Annual Report as required under the provisions of the 2016 Act. The application and commitment of public money allocated to support the work of my Office is reported through the Office's Annual Report and Accounts.

My remit also extends to the investigation and adjudication of complaints of alleged breaches of the Northern Ireland Local Government Code of Conduct ('the Code') as Northern Ireland Local Government Commissioner for Standards.

As Accounting Officer, I have responsibility for maintaining effective governance and a sound system of internal control that supports the achievement of Office policies, aims and objectives, whilst safeguarding the public funds and the Office's assets for which I am personally responsible, in accordance with the responsibilities assigned to me as Accounting Officer and described in *Managing Public Money Northern Ireland*.

### Governance Structure

The governance structure of my Office reflects my unique position as the statutory holder of three Offices - Northern Ireland Public Services Ombudsman, Northern Ireland Judicial Appointments Ombudsman and Northern Ireland Local Government Commissioner for Standards. This necessitates a balance between appropriate controls and oversight, whilst preserving my independence.

As Ombudsman I am solely responsible and accountable for the conduct and administration of all the work carried out by my staff and for the decisions made in relation to each complaint investigated. My decisions and those made on my behalf, through delegated authority in relation to maladministration, by my staff, can be judicially reviewed by means of application to the High Court. In respect of complaints that a councillor has breached the Code my investigation role has been delegated to my Deputy. I adjudicate and decide the sanction in any case where I find a breach of the Code. The sanction can be censure, suspension or disqualification. However, the Councillor may seek leave to appeal to the High Court regarding a decision on sanction.

### Assembly's Audit Committee

I am accountable to the Northern Ireland Assembly and have a reporting relationship to the Assembly Audit Committee. This Committee's responsibilities include: examining NIPSO's Estimate and laying it before the Assembly; considering NIPSO's Strategic Plan; examining the NIPSO Annual Report and Accounts and NIAO audit reports thereon.

## Governance Framework

As a statutory office holder I seek to comply with the spirit of the 'Corporate Governance in Central Government Departments: Code of Good Practice NI 2013' (the 2013 Code) issued by the Department of Finance. I accept the tenets of the 2013 Code as constituting best practice. However my specific role as Corporation Sole means that I cannot directly apply the 2013 Code arrangements to my Office. In particular there is no provision in the 2016 Act for the establishment of a board. As such the Office does not have a 'board' in the particular sense referred to within the 2013 Code. However, in making a proportionate and appropriate response to the guidance, I have established a Senior Management Team (SMT) which reflects the spirit of best practice which is contained in the guidance and practical application of the 2013 Code.

I have in place a governance framework document that sets out, for staff and all stakeholders: the basis on which my Office has been established; the manner in which its governance is structured and managed; and my accountability for all three statutory functions. My internal governance arrangements are also set out in a 'Memorandum of Understanding on the Governance and Accountability Arrangements of the Northern Ireland Public Services Ombudsman'<sup>5</sup> agreed in November 2016 between the Audit Committee and NIPSO.

I am satisfied that the governance arrangements for the Office comply with the spirit of the 2013 Code on an appropriate and proportionate basis, so far as it is compatible with my status as a Corporation Sole.

### **Senior Management Team (SMT)**

The SMT meets regularly to consider my plans, targets and the strategic direction of my Office using key performance and risk indicators. The SMT Operating Framework and the minutes of its meetings are available on request from the Office. The SMT members in 2017-18 are listed on page 14.

A register of interests is maintained to ensure openness and transparency and that potential conflicts of interest can be identified and addressed. Where potential conflicts exist they are recorded in the SMT and Audit and Risk Committee minutes, together with any appropriate action taken to address them. No potential conflicts of interest were noted by the SMT in 2017-18.

### **Review of the Work of the SMT**

The SMT met twelve times during the year.

<sup>5</sup> This MOU was finalised and agreed by the Assembly Audit Committee on 30 November 2016. Due to the dissolution of the Assembly in January 2017 the MOU has not as yet been formally signed by the Committee Chair and the Ombudsman

## Attendance at SMT meetings held during 2017-18

Present	12 Apr 2017	11 May 2017	15 Jun 2017	20 July 2017	16 Aug 2017	12 Sept 2017	12 Oct 2017	16 Nov 2017	14 Dec 2017	18 Jan 2018	21 Feb 2018	14 Mar 2018
<b>Marie Anderson</b>	√	√	√	√	√	√	√	√	√	√	√	√
<b>Paul McFadden</b>	√	√	√	√	√	√	√	√	√	√	√	√
<b>Michaela McAleer*</b>	√							√		√	√	√
<b>Claire McIlhatton</b>	√	√		√	√		√	√	√		√	√
<b>Sean Martin</b>	√	√	√	√	√	√	√	√	√		√	√
<b>John McGinnity</b>	√	√	√	√	√	√	√	√			√	√
<b>Jacqueline O'Brien^</b>		√	√	√	√	√						

\* On maternity leave between May – October 2017 inclusive.

^ Secondment to NIPSO ended 30 September 2017.

In addition, other Officials were in attendance at SMT meetings, as required, to contribute to the discussion of agenda item(s).

The SMT business programme for 2017-18 included:

- review, advice and assurance on the Office's strategy and business plan;
- review and evaluation of financial and activity performance against KPIs;
- review of key policy, governance and accountability areas;
- review of the progress on NIPSO implementation including new jurisdictions, Own Initiative and Public Interest reporting.
- Review the progress on preparations for the implementation of Complaints Standards Authority(CSA);
- review of annual report from the Chair of the Audit and Risk Committee on its work and effectiveness;
- review of the independent internal auditor's reports, which provide an opinion on the adequacy and effectiveness of the Office's system of internal control together with recommendations for any identified improvements;
- Implementation in 2017-18 of a quality assurance process with a view to ensuring that those coming into contact with the Office receive the best quality service possible and that all opportunities for internal organisational learning are taken;
- review and preparation for implementation of EU General Data Protection Regulation (GDPR);
- review and management of identified risks;
- development and delivery of a proactive Communications Strategy as part of NIPSO implementation; and
- The development and implementation of Human Resources policies.



## Audit and Risk Committee

The Audit and Risk Committee ('the Committee') is appointed to support me as Accounting Officer through its monitoring of the corporate governance, risk management and control systems in the Office. In 2016-17, to enhance the independence of governance arrangements, I conducted an external recruitment exercise to appoint an Independent Chair and two Independent non-executive members to the Committee, who replaced the existing Chair and two executive members.

The Committee fulfils its role by offering objective advice on issues concerning the risk, control and governance of the Office and associated assurances. The Committee provides reports through the Independent Chair to me and any matters identified in those reports are actioned and dealt with by SMT. The Committee's Terms of Reference are available on request. The Committee also conducts, on a regular basis, a review informed by the recommendations that emerge from the annual Self-Assessment process which is based on a checklist published by the Financial Management and Governance Practice Unit of the National Audit Office. This process also includes a review of the Terms of Reference of the Committee.

### Review of the Work and Effectiveness of the Audit and Risk Committee

The Committee met four times during 2017-18. Attendance at Committee meetings held during 2017-18 was as follows:

Present	27/04/2017	29/06/2017	26/10/17	25/01/2018
<b>David Best</b> (Chair)		√	√	√
<b>John Paul Irvine</b> (Independent Non-Executive Member)	√	√	√	√
<b>Ursula O'Hare</b> (Independent Non-Executive Member)	√	√	√	√

In addition, other Officials of the Office attended, as required, to assist with the discussion of certain agenda items.

Throughout the year the Committee provided effective scrutiny and support to the Office. At each meeting the Committee considered a number of standing items including:

- review of Performance;
- review of Audit, Accountability and Governance; and
- review of Risk.

In addition to providing me with assurance on the preparation and audit of the Office's Annual Report and Accounts for 2017-18, the Committee considered the findings of an audit report prepared by the Director of Internal Audit. This '*High Level Review of Financial Systems*' (assurance based audit) was an element of the 2017-18 audit programme agreed in advance by the Committee. Two further advisory-based audits were completed in early in 2018-19. The timeliness of the delivery of the 2017-18 internal audit programme was impacted by the withdrawal of the services of the Office's contracted internal audit provider during the year, and the engagement of an alternative provider (EY) under a novation agreement, signed in November 2017.

In terms of assurance, the Head of Internal Audit has issued an independent opinion on the adequacy and effectiveness of the Office's system of internal control. Based upon the work undertaken during the year, Internal Audit has provided a satisfactory level of assurance in relation to risk management, internal control and governance.

### **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 Office policies, aims and objectives, to evaluate the likelihood of those risks being realised and their impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in this Office throughout the year ended 31 March 2018; and extends to the date of approval of the Annual Report and Accounts. It accords with Department of Finance guidance.

### **Capacity to Handle Risk**

As Accounting Officer, I have well established corporate planning and management arrangements to address strategic and operational risk within the organisation.

I have a personal statutory authority to undertake investigations in my respective roles of Northern Ireland Public Services Ombudsman, Northern Ireland Judicial Appointments Ombudsman and Northern Ireland Local Government Commissioner for Standards (and in the latter case to adjudicate on the findings, having delegated the investigation itself to my deputy). I therefore have ultimate responsibility for risk management and for making all decisions, taking account of the Office's risk appetite and level of exposure. I am empowered under the legislation to delegate authority to members of my staff as is appropriate, pursuant to my legislative authority.

The SMT support me in my role by proactively assessing strategic and operational risks which have the potential to adversely affect the performance of the Office against its strategic and business plan objectives and which need to be proactively managed.

The Office has a Policy Framework within which each risk is proactively managed. This includes:

- Embedding risk management throughout the Office to ensure all forms and types of risk are identified.
- Assigning responsibility for strategic and operational risk to senior staff.
- Assigning particular responsibility for each risk to a Risk Owner.
- Testing and confirming risk management arrangements through scheduled reviews of the Corporate Risk Register by both the SMT and the Audit and Risk Committee (ARC).
- Involving Internal Audit and the ARC in the regular review of governance practice and risk management arrangements within the Office.

The Office continues to identify and review training needs through the established performance appraisal process and Personal Development Plans (PDPs) and ensures members of staff have adequate training and awareness of governance and risk management as appropriate.

The Office also regularly examines its compliance with relevant Department of Finance guidance, when issued, particularly in relation to ensuring that providers of Internal Audit services are appropriately qualified.

## The Risk and Control Framework

The Office maintains a Policy Framework for Risk Management, which encompasses both the Risk Policy Statement and Corporate Risk Register. I manage risk in a structured manner through the identification, monitoring, management and review of risks. The Risk Register is a standing item on the agenda of the SMT and the Audit and Risk Committee, reflecting the priority afforded to risk management within the Office. The register captures systematically the risks to achievement of each of the five NIPSO strategic objectives. It also details the measures in place, or planned, in order to best manage these risks within available resources.

As at the 2017-18 year end the six most significant risks facing the Office were assessed as follows:

Risk	Key actions (in place/proposed) to manage risk
1. In absence of Assembly, uncertainty over future years' resources and inability to identify and mitigate future financial pressures, leading to an inability to achieve business objectives and to reputational damage.	Meetings and correspondence with the Assembly Audit Committee (when sitting) and Department of Finance to represent in the strongest possible terms our case for appropriate funding. Regular review of NIPSO costing model to take account of new caseload information and phasing in of new/extended jurisdictions.
2. Increasing case numbers beyond forecast, further threatening achievement of KPIs. (Linked to 4 below)	NIPSO procedural manual, issued April 2017 with provision for regular updates to reflect and promote continuous process improvement, efficiency and learning. Weekly monitoring of case workflow. Early engagement with bodies in jurisdiction to stem the flow of complaints reaching NIPSO and seeking earliest possible settlement/alternative action.
3. The absence of a functioning Assembly for budget approval and accountability purposes and for the consideration of Ombudsman's reports and key recommendations.	Continuing adherence to the MOU between NIPSO and the Assembly Audit Committee on governance and accountability arrangements. Established Corporate Governance framework, incorporating SMT, internal audit, external audit and an audit & risk committee
4. Owing to turnover and unavailability of short term staff, insufficient trained and experienced staff to meet the requirement to complete casework to Office standards of timeliness and quality.	Administer recruitment process optimally to ensure that appropriate staffing levels are maintained within the Office in response to workload forecasts, within available resource constraints. Establish clear KPIs; provide all added value casework training; prepare and appraise personal performance agreements and PDPs. Develop and deliver excellent induction programs and staff retention strategies.
5. Internal impact of current and impending jurisdictional changes, including Own Initiative, Public Interest reporting and CSA on organisational development, resilience and capacity.	Provision of regular training events and constant communication with staff on the evolving implications of Own Initiative, Public Interest reporting and CSA. Ensure effective and continuous internal communication so that all staff are aware of progress across new NIPSO initiatives and the linkages between them.
6. Failure to effectively communicate key new NIPSO roles, including Public	Programme of outreach to stakeholders.

Interest reporting and learning from complaints, to main stakeholders.

Development and issue of investigation reports that clearly identify all learning opportunities and the recommended actions to avail of them. Engagement with the Assembly (when sitting), DoF, other Ombudsmen (shared service arrangements) and other relevant stakeholders and with public service providers on best methods of pooling resources and sharing best practice.

In addition to the established Policy and Framework for Risk Management, the Office has a robust system of internal control. Controls include maintaining appropriate methodologies, principles and policies for both the work of the Office and the staff conduct. All Office manuals and practice notes provide detail on a range of control issues, such as operational and financial procedures and delegated authorities. A new Code of Conduct setting out the standards expected of my staff was issued in February 2017. Also, an anti-fraud policy and response plan, and a whistle blowing policy to enable staff to report concerns over any aspect of the Office's business were both reviewed, updated and issued in September 2017. All staff must adhere to and comply with these policies and procedures.

Additional procedures developed to enhance this system of internal control(s) include:

- The SMT, which I chair, also comprises the Deputy Ombudsman, Directors of Investigations and the Director of Finance and Corporate Services. SMT meets monthly to consider, plan and review the performance and strategic direction of the Office.
- An Annual Report is prepared by the Chairman of the Audit and Risk Committee assessing the work and effectiveness of the Committee.
- Strategic and business planning processes evaluate past performance against Business Plan targets and sets forward plans and targets.
- Regular reviews by the independent internal auditors on compliance with standards defined in the Public Sector Internal Audit Standards, which provide an opinion on the adequacy and effectiveness of the Office's system of internal control, together with recommendations for any identified improvements.
- Annual review by the Audit and Risk Committee of Internal Audit plans, including risk assessment and regular meetings to receive and review reports from the Internal and External Auditors of the internal controls.
- Established key performance and risk indicators.
- Staff Appraisal linked to individual KPIs and training needs.
- Completion of individual Stewardship Statements by SMT members.

### Information Assurance

The management of information is an area of risk which I continue to carefully review. Information Management strategies and policies are embedded in the Governance Framework of the Office and are robustly assessed, monitored and reviewed to ensure that information used for investigations and for reporting purposes is protected and appropriately categorised in accordance with legal requirements including the DPA, FOIA and EIR. These Information Acts, together with the relevant statutory Codes of Practice, are the relevant legal framework applicable during the reporting period. Any member of staff who breaches established policy may be subject to disciplinary action

where that is appropriate. In addition, a breach of confidentiality by a contractor may result in termination of the contract.

During the year I have also put in place preparatory arrangements for the introduction of the EU's General Data Protection Regulation (GDPR) in May 2018 and the DPA 2018 which in combination will replace and add to the previous DPA 1998. Preparations are well advanced as at the 2017-18 year end.

### **Budget Position and Authority**

The Northern Ireland Assembly was dissolved from 26 January 2017 with an election taking place on 2 March 2017, on which date Ministers ceased to hold office. An Executive was not formed following the 2 March 2017 election. As a consequence, the Northern Ireland Budget Act 2017 was progressed through Westminster, receiving Royal Assent on 16 November 2017, followed by the Northern Ireland Budget (Anticipation and Adjustments) Act 2018 which received Royal Assent on 28th March 2018. The authorisations, appropriations and limits in these Acts provide the authority for the 2017-18 financial year and a vote on account for the early months of the 2018-19 financial year as if they were Acts of the Northern Ireland Assembly.

### **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 auditors and the SMT. The SMT has responsibility within the Office for the development and maintenance of the internal control framework, and is also responsible for responding to comments made by the external auditors in their 'Report to those charged with Governance' and other reports. I have been advised by the SMT, both individually and collectively, on the implications of the result of my review of the effectiveness of the system of internal control. The Audit and Risk Committee (ARC) offers advice and comments on the audits carried out by the Northern Ireland Audit Office and by independent Internal Auditors. I am committed to addressing any weaknesses, and to introducing any enhancements or improvements identified through these processes, in order to ensure continuous improvement in delivery of the strategic and business plan objectives of the Office.

Having given detailed consideration to the recommendations made by Internal Audit, and reviewing them against criteria described in Managing Public Money Northern Ireland, I have formed the view that no significant internal control weaknesses have been identified for the period 2017-18. All the recommendations made were to enhance established systems or procedures in order to support the achievement of best practice. Responsibility for the actions required to implement each recommendation that has been made has been assigned to an individual senior member of the Office staff, along with the expected target date for their implementation. This action plan is reviewed the SMT and reported to the Audit and Risk Committee.

As Accounting Officer, I am satisfied that:

- Strategies and policies to achieve the operational objectives of the Office are developed, implemented and reviewed;

- Appropriate strategies and policies are implemented in all aspects of the Office's operations;
- Good quality services are delivered efficiently and effectively;
- Performance is regularly and rigorously monitored and effective measures are put in place to address any poor performance identified;
- Legislation, regulations and relevant Codes of Practice are complied with;
- Information used by the Office is secure, relevant, accurate, up-to-date, timely and reliable;
- Financial statements and other information published by the Office are accurate and reliable;
- Financial resources are managed efficiently and effectively and are safeguarded;
- Human and other resources are appropriately managed and safeguarded; and
- All the Northern Ireland Audit Office and Internal Audit recommendations have been or are being addressed by my Office.

### **Significant Internal Control Weakness**

I am pleased to report that there were no significant weaknesses in the Office's system of internal controls in 2017-18 that affected the achievement of the Office's key policies, aim, and objectives.

### **Personal Data Incidents**

There was one of personal data related incident formally reported to the Information Commissioner's Office during 2017-18. The Information Commissioner concluded that there was no further action required in this instance.

# Remuneration and Staff Report

## Remuneration Report

### *Remuneration Policy*

The 2016 Act provides for appointment of the Northern Ireland Public Service Ombudsman which is a Crown appointment made on the nomination of the Northern Ireland Assembly. As the Northern Ireland Public Services Ombudsman, I am appointed for a single term of seven years. The Office holder can be removed by a resolution of the Northern Ireland Assembly supported by at least two thirds of the total number of seats in the Assembly. The 2016 Act provides for my remuneration, associated pension and national insurance contributions to be charged directly to and issued out of the Consolidated Fund for Northern Ireland, rather than out of NIPSO's Estimate. The remuneration, including associated pension and national insurance contributions, are disclosed in Note 3.1 to the Accounts on page 51. The current Northern Ireland Public Services Ombudsman is Mrs Marie Anderson, who was appointed on 1 April 2016.

### *Service Contracts*

#### **Senior Management Team**

The 2016 Act provides that the Ombudsman may appoint staff and that these staff be appointed at such remuneration and on such other terms and conditions as I shall determine. This is subject to my having regard to the desirability of keeping the terms and conditions of employment, salary and pensions broadly in line with those applying to persons employed in the Civil Service of Northern Ireland.

All appointments to SMT were made by the Northern Ireland Public Service Ombudsman on the basis of fair and open competition.

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

Ms O'Brien was appointed on a three year secondment commencing 1 October 2014 which ended on 30 September 2017.

#### **Salary and Pension entitlements**

The following sections provide details of the remuneration and pension interests of myself as Ombudsman and my senior management team.

## Remuneration of the Ombudsman (audited information)

Ombudsman	2017-2018					2016-2017				
	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	*Pension Benefits (to nearest £1000)	Total (£'000)	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	*Pension Benefits (to nearest £1000)	Total (£'000)
Mrs Marie Anderson	90-95	-	-	36,000	125-130	90-95	-	-	36,000	125-130

The Ombudsman received no benefits in kind during the period under review.

## Senior Management Remuneration (audited information)

Officials	2017-2018					2016-2017				
	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	*Pension Benefits (to nearest £1000)	Total (£'000)	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	*Pension Benefits (to nearest £1000)	Total (£'000)
Mr Paul McFadden Deputy Ombudsman (from 27 July 2016)	65-70	-	-	27,000	95-100	45-50 (65-70 FYE#)	-	-	18,000	65-70 (85-90 FYE#)
Mrs Michaela McAleer Director	50-55	-	-	21,000	75-80	50-55	-	-	5,000	55-60
Mrs Claire McIlhatton Director	30-35 (50-55 FTE^)	-	-	12,000	45-50 (65-70 FTE^)	35-40 (50-55 FTE^)	-	-	16,000	55-60 (60-65 FTE^)
Mr John McGinnity Director	50-55	-	-	1,000	55-60	50-55	-	-	10,000	60-65
Mr Sean Martin Director	45-50	-	-	19,000	65-70	45-50	-	-	20,000	65-70
Ms Jacqueline O'Brien Director (until 30 September 2017)	25-30 50-55 FYE#)	-	-	1,000	30-35 (55-60 FYE#)	50-55	-	-	18,000	70-75
Band of Highest Earner's Total Remuneration (£'000)	90-95					90-95				
Median Total Remuneration	31,170					31,446				
Ratio	2.95					2.93				

\*The value of pension benefits accrued during the year is calculated as: (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases include those due to inflation or any increase or decreases due to a transfer of pension rights.

# FYE = Full Year Equivalent

^ FTE = Full Time Equivalent



## Salary

'Salary' includes: gross salary; overtime; recruitment and retention allowances; private Office allowances and any other allowance to the extent that it is subject to UK taxation and any ex gratia payments.

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue and Customs as a taxable emolument. No Officials received benefits in kind.

## Bonus Payments

Bonuses are based on performance levels attained and may be awarded as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. There were no bonus payments made to staff in 2017-18 or 2016-17.

## Remuneration of the Audit and Risk Committee's Independent Chair and Independent Non-Executive Members.

The following non pensionable payments, based on daily rates, were paid to the Independent Chairperson and Independent Non-Executive Members.

	2017-18 £'s	2016-17 £'s
David Best (Independent Chairperson)	2,280	1,330
John Paul Irvine (Independent Non-Executive Member)	1,200	900
Ursula O'Hare (Independent Non-Executive Member)	900	900

Further information about the NIPSO Audit and Risk Committee is detailed within the Governance Statement. Of the £2,280 paid to the Independent Chairperson £760 related to payment for non-Audit and Risk Committee work in relation to a Head of Communications recruitment and selection exercise.

## Pension Benefits (audited information)

### Pension Benefits of the Ombudsman (audited information)

Officials	Accrued pension at pension age as at 31/3/18 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/18	CETV at 31/3/17	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mrs Marie Anderson Ombudsman	15-20	0-2.5	247	211	23	-

### Pension Benefits of Senior Management (audited information)

Officials	Accrued pension at pension age as at 31/3/18 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/18	CETV at 31/3/17	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mr Paul McFadden Deputy Ombudsman	0-5	0-2.5	23	9*	9	-
Mr John McGinnity Director	10-15 plus lump sum of 40-45	0-2.5 plus lump sum of 0-2.5	305	284	1	-
Ms Jacqueline O'Brien Director	20-25 plus lump sum of 70-75	0-2.5 plus lump sum of 0-2.5	459	450	1	-
Mr Sean Martin Director	0-5	0-2.5	26	13*	9	-
Mrs Claire McIlhatton Director	0-5	0-2.5	23	13*	8	-
Mrs Michaela McAleer Director	0-5	0-2.5	16	3	10	-

\*The actuarial factors used to calculate CETVs changed in 2017-18. The CETVs at 31/3/17 and 31/3/18 have both been calculated using the new factors, for consistency. The CETV at 31/3/17 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

### Northern Ireland Civil Service (NICS) Pension arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP).

The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate is 2.32%.

New entrants joining can choose between membership of alpha or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is also a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%.

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). From April 2011, pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining the partnership pension account.

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2017 was 3% and HM Treasury has announced that public service pensions will be increased accordingly from April 2018

Employee contribution rates for all members for the period covering 1 April 2018 – 31 March 2019 are as follows:

#### Scheme Year 1 April 2018 to 31 March 2019

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – Classic members or classic members who have moved to alpha	Contribution rates – All other members
From	To	From 01 April 2018 to 31 March 2019	From 01 April 2018 to 31 March 2019
£0	£15,000.99	4.6%	4.6%
£15,001.00	£21,422.99	4.6%	4.6%
£21,423.00	£51,005.99	5.45%	5.45%
£51,006.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic. 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 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee

does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Scheme Pension age is 60 for members of classic, premium, and classic plus and 65 for members of nuvos. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension schemes can be found at the website: <https://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni>.

### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real increase in CETV**

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

### **Review of Fair Pay (audited information)**

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid earner in their organisation and the median remuneration of the organisation's workforce. NIPSO's workforce, other than the Ombudsman who is a crown appointee, comprises direct recruits, staff seconded from the Northern Ireland Civil

Service (NICS) and from other public bodies. The remuneration of all staff including those seconded from outside the NICS is reflected within the calculation.

The banded remuneration of the highest-paid earner in NIPSO in the financial year 2017-18 was £90k-95k (2016-17, £90k-£95k). This was 2.95 times (2016-17, 2.93) the median remuneration of the workforce, which was £31,760 (2016-2017 £31,446) in 2017-18, no employees (2016-17, Nil) received remuneration in excess of the highest-paid earner. Remuneration ranged from £17,526 to £71,107 (2016-17 £20,287- £68,961).

Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind, as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. The calculation is based on the full-time equivalent staff as at 31 March 2018. The Office's highest paid earner is the Ombudsman, who is also the Accounting Officer. However, as noted on page 27, the remuneration of the Ombudsman is met from the Consolidated Fund.

### **Compensation for loss of Office**

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

### **Off-payroll Engagements**

The Office had no 'Off-payroll' engagements at a cost of over £58,200 per annum in place as at 31 March 2018.

### **Temporary Staff**

In 2017-18, the Office paid £20,700 (2016-17: £9,478) for temporary staff.

## Staff Report

### Staff numbers and related costs (audited information)

Staff costs comprise:

	2017-18 £000					2016-17 £000
	Permanently employed staff	Others	Ministers	Special advisers	Total	Total
Wages and salaries	1,246	19	-	-	1,265	981
Social security costs	124	1	-	-	125	100
Other pension costs	268	-	-	-	268	220
<b>Total net costs</b>	<b>1,638</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>1,658</b>	<b>1,301</b>

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit schemes but NIPSO is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2018.

For 2017-18, employers' contributions of £253,245.17 were payable in respect of NICS pensions (2016-17 £192,256.63) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of alpha from April 2015. For 2018-19, the rates will also range from 20.8% to 26.3% however the salary bands differ. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £Nil (2016-17 £Nil) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2016-17 8% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £Nil, 0.5% (2016-17 £Nil, 0.5%) of pensionable pay, were payable to the PCSPS (NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £nil. Contributions prepaid at that date were £nil.

No members of staff (2016-17: Nil) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £Nil (2016-17: £Nil).

### Average number of persons employed (audited information)

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

Objective	Permanent staff	Others	Ministers	Special advisers	2017-18	2016-17
					Number	Number
1	34	1	-	-	35	28
<b>Total</b>	<b>34</b>	<b>1</b>		-	<b>35</b>	<b>28</b>

### Reporting of Civil Service and other compensation schemes- exit packages

The NIPSO did not incur any exit package costs in the year under review (2016-17 £nil).

### Staff Numbers as at 31 March 2018 (audited information)

	Male	Female	Total
Ombudsman/Deputy Ombudsman	1	1	2
Other Senior Management Team	2	2	4
Other Staff	12	22	34
<b>Total</b>	<b>15</b>	<b>25</b>	<b>40</b>

### Absence Data

Sickness absence data for 2017-18 is as follows:

Working Days lost 2017-18	Average days lost per WTE member of staff	Absence Rate 2017-18 %
369	10.6	4.8%

The above figures are based on information available as at 31 March 2018.

# Assembly Accountability and Audit Report

## Statement of Assembly Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires the Northern Ireland Public Services Ombudsman to prepare a Statement of Assembly Supply (SOAS) and supporting notes to show resource outturn against the Supply Estimate presented to the Assembly, in respect of each request for resources.

The SoAS and related notes are subject to audit.

In line with the implementation of the Simplifying and Streamlining Accounts project the SoAS has been moved away from the core IFRS financial statements and included within the 'Accountability' section. This will ensure it retains its prominence and is positioned next to the report of the Comptroller and Auditor General to the NI Assembly.

### Summary of Resource Outturn 2017-18

		2017-18 £000 Estimate			Outturn			Net Total outturn compared with estimate: saving/ (excess)	2016-17 £000 Outturn
Request for Resources	Note	Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total		Net Total
A	SOAS1	2,407	-	2,407	2,378	-	2,378	29	1,986
Total resources	SOAS2	<b>2,407</b>	-	<b>2,407</b>	<b>2,378</b>	-	<b>2,378</b>	<b>29</b>	<b>1,986</b>
Non-operating cost AR		-	-	-	-	-	-	-	-

### Net cash requirement 2017-18

	Note	Estimate	Outturn	2017-18 £000 Net total outturn compared with estimate: saving/(excess)	2016-17 £000 Outturn
Net cash requirement	SOAS3	2,388	2,301	87	2,095

### Summary of income payable to the Consolidated Fund

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

	Note	Forecast 2017-18 £000		Outturn 2017-18 £000	
		Income	Receipts	Income	Receipts
Total	SOAS4	-	-	<b>10</b>	6

Explanations of variances between Estimate and Outturn are given in Note SOAS1 and in the Performance Report.

The notes on pages 47 to 57 form part of these accounts



## Northern Ireland Public Services Ombudsman

## SOAS1 Analysis of net resource outturn by function

2017-18 £000						Estimate			2016-17 £000	
Outturn						Net Total	Net Total compared with Estimate	Net Total outturn compared with Estimate, adjusted for virements	Prior- year outturn	
Admin	Other current	Grants	Gross resource expenditure	Accruing resources	Net Total	Net Total	Net Total compared with Estimate	Net Total outturn compared with Estimate, adjusted for virements	Prior- year outturn	
<b>Request for resources A:</b>										
Investigation and Adjudication	-	2,364	-	2,364	-	2,364	2,393	(29)	(29)	1,973
Notional charges	-	14	-	14	-	14	14	-	-	13
<b>Resource Outturn</b>	<b>-</b>	<b>2,378</b>	<b>-</b>	<b>2,378</b>	<b>-</b>	<b>2,378</b>	<b>2,407</b>	<b>(29)</b>	<b>(29)</b>	<b>1,986</b>

**Request for resources A**

The net resource outturn equalled £2,378 million, £29k less than the Estimate a variance of 1.2%.

Further explanation of the variance is given in the Performance Report.

**Request for resources A**

Investigating complaints against government departments and public and local authority bodies; support the work of other UK Public Sector Ombudsman Offices; and the establishment of an investigative and adjudication resource for local government ethical standards.

## SOAS2 Reconciliation of outturn to net operating cost

		2017-18 £000	2016-17 £000		
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn	SOAS1	2,378	2,407	(29)	1,986
Prior Period Adjustments		-	-	-	-
Non-supply income (CFERs)	SOAS4	(10)	-	(10)	-
Non-supply expenditure		130	131	(1)	129
<b>Net operating cost in Statement of Comprehensive Net Expenditure</b>		<b>2,498</b>	<b>2,538</b>	<b>(40)</b>	<b>2,115</b>

The notes on pages 47 to 57 form part of these accounts

### SOAS3 Reconciliation of net resource outturn to net cash requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with estimate: saving/(excess) £000
<b>Resource Outturn</b>	SOAS1	2,407	2,378	29
<b>Capital</b>				
Acquisition of property, plant and equipment	6	15	15	-
<b>Accruals to cash adjustments:</b>				
<i>Adjustments to remove non-cash items:</i>				
Depreciation	3.1	(21)	(14)	(7)
New provisions and adjustments to previous provisions	13	-	-	-
Other non-cash items	3.1	(14)	(14)	-
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables	11	(14)	(16)	(2)
Increase/(decrease) in payables falling due with one year	12	15	(48)	(67)
Use of provision	13	-	-	-
<b>Net cash requirement</b>		<b>2,388</b>	<b>2,301</b>	<b>87</b>

### SOAS4 Income payable to the Consolidated Fund

The NIPSO had £166.53 of other non-retainable income and receipts not classified as AR, which is payable to the Consolidated Fund. There was no forecast income or receipts recorded in NIPSO Main 2017-2018 Estimate.

#### SOAS4.1 Analysis of income payable to the Consolidated Fund

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

	Note	Forecast 2017-18 £000		Outturn 2017-18 £000	
		Income	Receipts	Income	Receipts
Operating income and receipts – excess Accruing Resources	-	-	-	10	6
Other operating income and receipts not classified as Accruing Resources	-	-	-	-	-
<b>Total income payable to the Consolidated Fund</b>	-	-	-	<b>10</b>	<b>6</b>

### SOAS5 Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

	Note	2017-18 £000	2016-17 £000
Operating income	5	(10)	-
Operating income payable to the Consolidated Fund	SOAS4	(10)	-

### SOAS6 Non-operating income – Excess Accruing Resources

NIPSO had no Non-operating income – Excess Accruing Resources for the period ending 31 March 2018 (31 March 2017- Nil)

The notes on pages 47 to 57 form part of these accounts

## Northern Ireland Public Services Ombudsman

### *Other Assembly Accountability Disclosures*

#### **i. Losses and Special Payments**

NIPSO did not incur any losses within the period under review. NIPSO did not make any special payments during the period under review.

#### **ii. Fees and Charges**

NIPSO did not issue an request for fees or charges and received no income for fees or charges during the period under review

#### **iii. Remote Contingent Liabilities**

All NIPSO contingent liabilities have been disclosed at note 14. NIPSO does not have any remote contingent liabilities.



**Marie Anderson**  
Accounting Officer

**12th June 2018**

## Northern Ireland Public Services Ombudsman

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

#### Opinion on financial statements

I certify that I have audited the financial statements of the Northern Ireland Public Services Ombudsman for the year ended 31st March 2018 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Assembly Supply, and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31st March 2018 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

#### Opinion on regularity

In my opinion, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31st March 2018 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

#### Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Northern Ireland Public Services Ombudsman in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

#### Other Information

The Accounting Officer is responsible for the other information included in the annual report. The other information comprises the information included in the

annual report, other than the financial statements, the parts of the Accountability Report described in the report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

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

### **Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001.

I am required to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

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

### **Matters on which I report by exception**

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

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

### **Report**

I have no observations to make on these financial statements.



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

*13th June 2018*

# Financial Statements

## *Statement of Comprehensive Net Expenditure for the year ended 31 March 2018*

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot be recognised as income or expenditure.

		2017-18 £000	2016-17 £000
	<b>Note</b>		
Other operating income	5	(10)	(-)
<b>Total Operating Income</b>		<b>(10)</b>	<b>(-)</b>
Staff expenditure	3	1,658	1,310
Purchase of goods and services	3.1	692	660
Depreciation and impairment charges	3.1	14	14
Provision expense	3.1	-	-
Provision not required written back	3.1	-	(11)
Consolidated fund standing services	3.1	130	129
Other operating expenditure	3.1	14	13
<b>Total Operating Expenditure</b>		<b>2,508</b>	<b>2,115</b>
<b>Net Operating Expenditure</b>	SOA2	<b>2,498</b>	<b>2,115</b>
<b>Comprehensive Net Expenditure for the year ended 31 March 2018</b>		<b>2,498</b>	<b>2,115</b>

## Northern Ireland Public Services Ombudsman

**Statement of Financial Position  
as at 31 March 2018**

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

		2018 £000	2017 £000
	Note		
<b>Non-current assets</b>			
Property, plant and equipment	6	24	19
Intangible assets	7	2	6
<b>Total non-current assets</b>		<b>26</b>	<b>25</b>
<b>Current assets</b>			
Trade and other receivables	11	75	87
Cash and cash equivalents	10	11	12
<b>Total current assets</b>		<b>86</b>	<b>99</b>
<b>Total assets</b>		<b>112</b>	<b>124</b>
<b>Current liabilities</b>			
Trade and other payables	12	(119)	(68)
<b>Total current liabilities</b>		<b>(119)</b>	<b>(68)</b>
<b>Total assets less current liabilities</b>		<b>(7)</b>	<b>56</b>
<b>Non-current liabilities</b>			
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total assets less total liabilities</b>		<b>(7)</b>	<b>56</b>
<b>Taxpayers' equity &amp; other reserves:</b>			
General fund		(17)	44
Revaluation reserve		10	12
<b>Total equity</b>		<b>(7)</b>	<b>56</b>



**Marie Anderson**  
Accounting Officer

**12th June 2018**

The notes on pages 47 to 57 form part of these accounts



## Northern Ireland Public Services Ombudsman

**Consolidated Statement of Cash Flows for year ended 31 March 2018**

The Statement of Cash Flows shows the Changes in cash and cash equivalents of the Northern Ireland Public Services Ombudsman during the reporting period. The statement shows how the NIPSO generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the NIPSO. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the NIPSO's future public service delivery.

		2017-18 £000	2016-17 £000
	<b>Note</b>		
<b>Cash flows from operating activities</b>			
Net operating cost		(2,498)	(2,115)
Adjustments for non-cash transactions	3.1	27	16
(Increase)/Decrease in trade and other receivables	11	12	12
<i>less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		-	-
<i>Increase/(Decrease) in trade and other payables</i>	12	51	15
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	12	(3)	(10)
Use of provisions	13	-	(134)
<b>Net cash outflow from operating activities</b>	<b>SOAS3</b>	<b>(2,411)</b>	<b>(2,216)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(15)	(8)
Purchase of intangible assets	7	-	-
<b>Net cash outflow from investing activities</b>	<b>SOAS3</b>	<b>(15)</b>	<b>(8)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		2,295	2,105
From the Consolidated Fund (Non-Supply)		130	129
<b>Net Financing</b>		<b>2,425</b>	<b>2,234</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>(1)</b>	<b>10</b>
Payments of amounts due to the Consolidated Fund		-	-
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>(1)</b>	<b>10</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>10</b>	<b>12</b>	<b>2</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>10</b>	<b>11</b>	<b>12</b>

The notes on pages 47 to 57 form part of these accounts

## Northern Ireland Public Services Ombudsman

### *Consolidated Statement of Changes in Taxpayers' Equity for the year ended 31 March 2018*

This statement shows the movement in the year on the different reserves held by the Northern Ireland Public Services Ombudsman, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of the Northern Ireland Public Services Ombudsman, to the extent that the total is not represented by other reserves and financing items.

	Note	General Fund	Revaluation Reserve	Taxpayer's Equity
		£000	£000	£000
<b>Balance at 31 March 2016</b>		<b>(78)</b>	<b>12</b>	<b>(66)</b>
Net Assembly Funding		2,107	-	2,107
Consolidated Fund Standing Services		129	-	129
Supply (payable)/receivable adjustment		(12)	-	(12)
CFERS payable to the Consolidated Fund		-	-	-
Comprehensive Net Expenditure for the Year		(2,115)	-	(2,115)
Auditors' Remuneration	3.1	12	-	12
Welfare Support	3.1	1	-	1
Transfers between reserves		-	-	-
<b>Balance at 31 March 2017</b>		<b>44</b>	<b>12</b>	<b>56</b>
Net Assembly Funding		2,306	-	2,306
Consolidated Fund Standing Services		130	-	130
Supply (payable)/receivable adjustment		(5)	-	(5)
CFERS payable to the Consolidated Fund		(10)	-	(10)
Comprehensive Net Expenditure for the Year		(2,498)	-	(2,498)
Auditors' Remuneration	3.1	12	-	12
Welfare Support	3.1	2	-	2
Transfers between reserves		2	(2)	-
<b>Balance at 31 March 2018</b>		<b>(17)</b>	<b>10</b>	<b>(7)</b>

The notes on pages 47 to 57 form part of these accounts

## Northern Ireland Public Services Ombudsman

### Notes to the NIPSO Annual Report and Accounts 2017-18

#### 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2017-18 Government Financial Reporting Manual (FReM) issued by the Department of Finance for Northern Ireland. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the NIPSO for the purpose of giving a true and fair view has been selected. The particular policies adopted by the NIPSO for the reportable activity are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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

##### 1.1 *Accounting convention*

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

##### 1.2 *Basis of consolidation*

These accounts do not comprise a consolidation of any other entity as there are no other entities which fall within the accounting boundary of the NIPSO.

##### 1.3 *Property, plant and equipment*

Property, plant and equipment held by the NIPSO comprise Office Equipment, Gym Equipment, Computer Equipment and Furniture and Fixtures. These assets have been stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost including any costs such as installation directly attributable to bringing them into working condition. All property, plant and equipment are restated to fair value each year if material. The minimum level of capitalisation of a tangible asset was changed on the 1 April 2017 to £1,000 previously being £99. In year adjustments removed fully depreciated assets with a historical purchase cost of between £99 and £999. Assets with a historical purchase cost of between £99 and £999 which were not fully depreciated remain on NIPSO's asset register until fully depreciated. The NBV of the assets remaining of the register, until fully depreciated, with an historic purchase cost of between £99 and £999 as at 31/03/2018 is £2,897.45.

Fair value is estimated by restating the value annually by reference to indices compiled by the Office of National Statistics (ONS).

Property, plant and equipment are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives.

Asset lives are normally in the following ranges:

- Office Equipment            2 – 18 years
- Computer Equipment      2 – 10 years
- Fixtures and Fittings      3 – 15 years

##### 1.4 *Intangible assets*

Purchased computer software and software licenses are capitalised as an intangible asset where expenditure of £99.00 or more is incurred. Except where reliable evidence of current value cannot be readily ascertained, these are restated to fair value each year if material. Software licences are amortised over the shorter of the term of the licence and their useful economic lives. Intangible asset lives are normally in the following ranges:

- Software                      3 – 10 years
- Software Licences         2 – 10 years

- 1.5 *Operating income*  
Operating income is income which relates directly to the operating activities of the NIPSO. Operating income is stated net of VAT.
- 1.6 *Leases*  
Operating lease rentals are charged to the operating cost statement on a straight line basis over the term of the lease.
- 1.7 *Value Added Tax*  
The NIPSO can recover input VAT on purchases. Amounts are stated net of VAT. No services are provided on which output VAT is chargeable.
- 1.8 *Administration and programme expenditure*  
The NIPSO is a wholly independent body. As a result, for budget purposes, income and expenditure is categorised as Programme. Following guidance provided by the Department of Finance for Resource Accounting under FReM, to provide consistency with previous years' Resource Accounts and other Northern Ireland departments, the NIPSO has been requested to continue to classify its income and expenditure in the Statement of Comprehensive Net Expenditure as Administration.
- 1.9 *Pensions*  
Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) (NI). All liability for their pension remains with their principal employer.

The PCSPS (NI) is a defined benefit scheme, which is unfunded and is non-contributory except in respect of dependants' benefits. The NIPSO 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 Principal Civil Service Pension Scheme (PCSPS) (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the Principal Civil Service Pension Scheme (PCSPS) (NI).

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

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

- 1.11 *Staff costs*  
Under IAS 19 Employee Benefits legislation, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end. The cost of untaken leave has been determined using data from leave records.
- 1.12 *Accounting estimates*  
As a result of uncertainties, some items in financial statements cannot be measured with precision but can only be estimated. There are no such material estimates with these financial statements
- 1.13 *Financial instruments*  
NIPSO does not hold any complex financial instruments. The only financial instruments in the accounts are receivables and payables (Note 11 and 12). Trade receivables are recognised initially at fair value less a provision for impairment. A provision for impairment is made when there is evidence that the NIPSO will be unable to collect an amount due in accordance with agreed terms.

#### 1.14 *Impending application of newly issued accounting standards not yet effective*

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

Accounting boundary IFRS are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2020-21, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may have changed as a result of the new Standards.

#### 1.15 *Going Concern*

The NI Assembly provides funding to departments on an annual basis to meet the Net Cash Requirement, but liabilities which will fall due in future years are taken into account in the balance sheet. In common with other government departments the future financing of NIPSO's liabilities will be met by future grants of Supply and the application of future income, both to be approved annually by the Assembly. There is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

## 2. Statement of Operating Costs by Operating Segment

NIPSO's operating segments reflect the activities undertaken to achieve the business objectives.

### Segment 1

NIPSO-Maladministration:

Responsible for the delivery of investigations relating to complaints of maladministration by Northern Ireland government departments, their agencies, public and local government bodies and the health and social care bodies; provision of an independent and effective investigative resource to support the work of other UK Public Sector Ombudsman Offices; administration; related services; and associated non-cash items.

### Segment 2

Local government ethical standards (LGES):

Responsible for the delivery of investigations relating to complaints of breaches by Councillors of the Northern Ireland Local Government Code of Conduct: administration; related services; and associated non-cash items.

Both the NIPSO's SMT and Audit and Risk Committee received financial information reported against each business area. Direct income and expenditure is attributed to each business area with overheads apportioned on the number of staff per area.

	2017-18			2016-17		
	NIPSO £000	LGES £000	Total £000	NIPSO £000	LGES £000	Total £000
<b>Gross Expenditure:</b>						
Staff Costs	1,441	217	<b>1,658</b>	1,107	203	<b>1,310</b>
Other Administration costs	532	188	<b>720</b>	418	258	<b>676</b>
Income	-	-	-	-	-	-
<b>Net Expenditure (resource outturn)</b>	<b>1,973</b>	<b>405</b>	<b>2,378</b>	<b>1,525</b>	<b>461</b>	<b>1,986</b>

\*The £188,000 (£258,000 2016-17) Other Administration costs includes £118,000 (£170,000 2016-17) for non-service expenditure which was returned to the Local Government sponsor Department (Department for Communities) for reallocation through the established funding mechanism.

### Note 2.1 Reconciliation between Operating segments and SoCNE

	2017-18			2016-17		
	NIPSO £000	LGES £000	Total £000	NIPSO £000	LGES £000	Total £000
<b>Net Expenditure (resource outturn)</b>	<b>1,973</b>	<b>405</b>	<b>2,378</b>	<b>1,525</b>	<b>461</b>	<b>1,986</b>
Non-supply Income	(10)	-	<b>(10)</b>	-	-	-
<b>Non-supply expenditure (Ombudsman's salary)</b>	<b>117</b>	<b>13</b>	<b>130</b>	<b>129</b>	<b>-</b>	<b>129</b>
	<b>2,080</b>	<b>418</b>	<b>2,498</b>	<b>1,654</b>	<b>461</b>	<b>2,115</b>

### 3. Staff costs

Staff costs:	2017-18 £000	2016-17 £000
Wages and salaries	1,265	989
Social security costs	125	101
Other pension costs	268	220
<b>Sub total</b>	<b>1,658</b>	<b>1,310</b>
Less recoveries in respect of outward secondments	-	-
<b>Net Total costs</b>	<b>1,658</b>	<b>1,310</b>
Of which:		
Charged to administration	1,658	1,310
Charged to Programme	-	-

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

#### 3.1 Other Administration Costs

	Note	2017-18 £000	2016-17 £000
Consolidated Fund Standing Services		130	129
		<b>130</b>	<b>129</b>
Rentals under operating leases		86	86
Other expenditure*		221	236
Premises expenses		69	49
Rates		52	51
Office Services		39	30
Professional services		208	192
Travel and subsistence		17	16
		<b>692</b>	<b>660</b>
Non-cash items		10	8
Depreciation	6	4	6
Amortisation	7	<b>14</b>	<b>14</b>
Provision not required written back			-11
Provision provided for in year	13	-	-11
Auditors' remuneration and expenses		12	12
Other notional charges		2	1
		<b>14</b>	<b>13</b>
<b>Total</b>		<b>850</b>	<b>805</b>

\*The £221,000 (£236,000 2016-17) other expenditure includes £118,000 (£170,000 2016-17) for non-service expenditure which was returned to the Local Government sponsor Department (Department for Communities) for reallocation through the established funding mechanism. Residual 'Other expenditure' equates to £103,000 (£66,000 2016-17).

### 4. Programme Costs

The NIPSO did not incur any programme expenditure during the period under review. Refer to Note 1.8

## 5. Income

	2017-18 £000	2016-17 £000
Request for Resources A		
Other Operating income	10	-
<b>Total</b>	<b>10</b>	<b>-</b>

## 6. Property, plant and equipment

2017-18

	Office Equipment £000	Computer Equipment £000	Fixtures & Fittings £000	Total £000
<b>Cost or valuation</b>				
At 1 April 2017	13	24	43	80
Additions	-	1	14	15
Disposals	(5)	(3)	(9)	(17)
Revaluations	-	1	-	1
<b>At 31 March 2018</b>	<b>8</b>	<b>23</b>	<b>48</b>	<b>79</b>
<b>Depreciation</b>				
At 1 April 2017	9	17	35	61
Charged in year	2	4	4	10
Disposals	(5)	(3)	(9)	(17)
Revaluations	-	1	-	1
<b>At 31 March 2018</b>	<b>6</b>	<b>19</b>	<b>30</b>	<b>55</b>
<b>Carrying amount at 31 March 2017</b>	<b>4</b>	<b>10</b>	<b>5</b>	<b>19</b>
<b>Carrying amount at 31 March 2018</b>	<b>2</b>	<b>4</b>	<b>18</b>	<b>24</b>
<b>Asset Financing:</b>				
<b>Owned</b>	<b>2</b>	<b>7</b>	<b>18</b>	<b>24</b>
<b>Carrying amount at 31 March 2018</b>	<b>2</b>	<b>7</b>	<b>18</b>	<b>24</b>

### Notes

Property, plant and equipment were revalued on the basis of indices, where material (see Note 1.3 on page 47 for details).

### Donated assets

The NIPSO did not receive any donated assets during the period under review.



2016-17

	Office Equipment £000	Computer Equipment £000	Fixtures & Fittings £000	Total £000
<b>Cost or valuation</b>				
At 1 April 2016	17	37	40	94
Additions	2	1	5	8
Disposals	(6)	(15)	(2)	(23)
Revaluations	-	1	-	1
<b>At 31 March 2017</b>	<b>13</b>	<b>24</b>	<b>43</b>	<b>80</b>
<b>Depreciation</b>				
At 1 April 2016	13	27	35	75
Charged in year	2	4	2	8
Disposals	(6)	(15)	(2)	(23)
Revaluations	-	1	-	1
<b>At 31 March 2017</b>	<b>9</b>	<b>17</b>	<b>35</b>	<b>61</b>
<b>Carrying amount at 31 March 2016</b>	<b>4</b>	<b>10</b>	<b>5</b>	<b>19</b>
<b>Carrying amount at 31 March 2017</b>	<b>4</b>	<b>7</b>	<b>8</b>	<b>19</b>
<b>Asset Financing:</b>				
<b>Owned</b>	<b>4</b>	<b>7</b>	<b>8</b>	<b>19</b>
<b>Carrying amount at 31 March 2017</b>	<b>4</b>	<b>7</b>	<b>8</b>	<b>19</b>

## 7. Intangible assets

Intangible assets comprise of software and software licences.

### 2017-18

	Software £000	Software Licences £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2017	82	5	87
Additions	-	-	-
Disposals	-	-	-
Revaluation	4	-	4
<b>At 31 March 2018</b>	<b>86</b>	<b>5</b>	<b>91</b>
<b>Amortisation</b>			
At 1 April 2017	76	5	81
Charged in year	4	-	4
Disposals	-	-	-
Revaluation	4	-	4
<b>At 31 March 2018</b>	<b>84</b>	<b>5</b>	<b>89</b>
<b>Carrying amount at 31 March 2017</b>	<b>6</b>	<b>-</b>	<b>6</b>
<b>Carrying amount at 31 March 2018</b>	<b>2</b>	<b>-</b>	<b>2</b>
<b>Asset Financing:</b>			
<b>Owned</b>	<b>2</b>	<b>-</b>	<b>2</b>
<b>Carrying amount at 31 March 2018</b>	<b>2</b>	<b>-</b>	<b>2</b>

### 2016-17

	Software £000	Software Licences £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2016	78	5	83
Additions	-	-	-
Disposals	-	-	-
Revaluation	4	-	4
<b>At 31 March 2017</b>	<b>82</b>	<b>5</b>	<b>87</b>
<b>Amortisation</b>			
At 1 April 2016	66	5	71
Charged in year	6	-	6
Disposals	-	-	-
Revaluation	4	-	4
<b>At 31 March 2017</b>	<b>76</b>	<b>5</b>	<b>81</b>
<b>Carrying amount at 31 March 2016</b>	<b>12</b>	<b>-</b>	<b>12</b>
<b>Carrying amount at 31 March 2017</b>	<b>6</b>	<b>-</b>	<b>6</b>
<b>Asset Financing:</b>			
<b>Owned</b>	<b>6</b>	<b>-</b>	<b>6</b>
<b>Carrying amount at 31 March 2017</b>	<b>6</b>	<b>-</b>	<b>6</b>

## 8. Impairments

NIPSO conducted an impairment review for the period under review and no impairments were noted.

## 9. Capital and other commitments

### 9.1 Capital commitments

NIPSO has no contracted capital commitments as at 31 March 2018 (31 March 2017 – Nil).

### 9.2 Commitments under leases

#### 9.2.1 Operating leases

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

	2017-18 £000	2016-17 £000
<b>Obligations under operating leases for the following periods comprise:</b>		
<b>Buildings:</b>		
Not later than one year	85	85
Later than one year and not later than five years	64	149
Later than five years	-	-
	<b>149</b>	<b>234</b>

## 10. Cash and cash equivalents

	2017-18 £000	2016-17 £000
Balance at 1 April	12	2
Net change in cash and cash equivalent balances	(1)	10
Balance at 31 March	<b>11</b>	<b>12</b>
The following balances at 31 March were held at:		
Commercial banks and cash in hand	11	12
Balance at 31 March	<b>11</b>	<b>12</b>

## 11. Trade receivables, financial and other assets

	2017-18 £000	2016-17 £000
<b>Amounts falling due within one year</b>		
Trade receivables	-	-
Other receivables – VAT	21	24
Salaries	5	3
Other	3	2
Prepayments and accrued income	46	58
Total amounts falling due within one year	<b>75</b>	<b>87</b>

There are no amounts falling due after more than one year.

Of the £75,000k, £4,000k included within receivables (2016–17: Nil) will be due to the Consolidated Fund once the debts are collected.

## 12. Trade payables and other current liabilities

	2017-18 £000	2016-17 £000
<b>Amounts falling due within one year</b>		
Trade payables	4	3
Accruals and deferred income	100	53
Amounts issued from the Consolidated Fund for supply but not spent at year end	5	12
Consolidated Fund extra receipts due to be paid to the Consolidated Fund		
Received	6	-
Receivable	4	-
	<u>119</u>	<u>68</u>

All payables fall due within one year.

## 13. Provisions for liabilities and charges

	Legal Claims	2017-18 £000 Total	Legal Claims	2016-17 £000 Total
Balance at 1 April	-	-	145	145
Provided in the year	-	-	-	-
Provisions not required and written back	-	-	(11)	(11)
Provision Utilised in the year	-	-	(134)	(134)
<b>Balance at 31 March</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 14. Contingent liabilities

The NIPSO has the following unquantifiable contingent liabilities:

### Legal fees

As at 31 March 2018 three legal cases were ongoing. One case concerns challenges to the then Commissioner for Complaints, one case concerns challenges to NIPSO, the other against the Northern Ireland Local Government Deputy Commissioner for Standards.

In addition, paragraph 92 of IAS 37 also applies, this states that: *'In extremely rare cases, disclosure of some or all of the information required by paragraphs 84-89 [of IAS 37] can be expected to prejudice seriously the position of the entity in a dispute with other parties on the subject matter of the provision, contingent liability or contingent asset. In such cases, an entity need not disclose the information, but shall disclose the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed.'*

As a result of the above no further disclosure is being made in respect of these ongoing legal cases since to do so would prejudice seriously the position of NIPSO in respect of the ongoing legal cases.

### Employment costs

There are a number of strategic litigation cases that have been lodged in relation to holiday pay for Northern Ireland Civil Service employees. Given the nature of these cases and stage of the proceedings it is not possible to determine the outcome or to quantify any potential financial impact

## 15. Contingent Assets

NIPSO has entered into the following unquantifiable contingent assets:

### Legal fees

As at the 31 March 2018 one legal case had been concluded which could potentially result in an inflow of economic benefit.

## 16. Related-party transactions

The Ombudsman nor any other members of the Senior Management Team, did not undertake any material transactions with the NIPSO during the reporting period.

The NIPSO has had a number of transactions with the Department of Finance (Public Spending Directorate, HRConnect, ITAssist, CPD and Properties Division) and the Department for Communities.

## 17. Third-party assets

NIPSO did not hold third party assets during the period under review.

## 18. Entities within the NIPSO boundary

The NIPSO is an independent body and as such there are no entities which fall within its boundary.

## 19. Events after the Reporting Period

A further legal challenge against the Northern Ireland Local Government Deputy Commissioner for Standards was lodged after an adjudication hearing held in May 2018.

### Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 13 June 2018.







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Ombudsman

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