



Department of
Education

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Department of Education

RESOURCE ACCOUNTS
for the year ended 31 March 2011

**Department of Education Resource Accounts
For the year ended 31 March 2011**

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

14 September 2011

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DEPARTMENT OF EDUCATION

Annual Report and Accounts for the year ended 31 March 2011

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DEPARTMENT OF EDUCATION

Annual Report and Accounts for the year ended 31 March 2011

Abbreviations and terms used

AEN	Additional Educational Needs
ALBs	Arm's Length Bodies
AMPS	Assembly Members' Pension Scheme (Northern Ireland) 2008
ARMC	Audit and Risk Management Committee
BELB	Belfast Education and Library Board
BREEAM	Building Research Establishment Environmental Assessment Method
BCP	Business Continuity Plan
C&AG	Comptroller and Auditor General
CAL	Centre for Applied Learning
CCEA	Northern Ireland Council for the Curriculum, Examinations and Assessment
CCMS	Council for Catholic Maintained Schools
CETV	Cash Equivalent Transfer Value
CFERs	Consolidated Fund Extra Receipts
CIFNI	Construction Industry Forum for Northern Ireland
CoPE	Centre of Procurement Expertise
CPI	Consumer Prices Index
CRC	Carbon Reduction Commitment
CSP	Civil Service Pensions
DEL	Department for Employment and Learning
DFP	Department of Finance and Personnel
DHSSPS	Department of Health, Social Services and Public Safety
ELB	Education and Library Board
ESA	Education and Skills Authority
ESAIT	Education and Skills Authority Implementation Team
ESD	Education for Sustainable Development
ETI	Education and Training Inspectorate
EU	European Union
EUPRP	European Union Peace and Reconciliation Programme
FoI	Freedom of Information
FReM	Government Financial Reporting Manual
GTCNI	General Teaching Council Northern Ireland
HSS	Health and Social Services
IAS	International Accounting Standard
ICT	Information, Communication and Technology
IFI	International Fund for Ireland
IFRS	International Financial Reporting Standard
InCAS	Interactive Computerised Assessment System
JNC	Joint Negotiating Council
MLA	Member of Legislative Assembly
NJC	National Joint Council
NDPB	Non-Departmental Public Body
NEELB	North-Eastern Education and Library Board

Abbreviations and terms used

NHS	National Health Service
NICS	Northern Ireland Civil service
NILGOSC	Northern Ireland Local Government Officers' Superannuation Committee
NIPSA	Northern Ireland Public Service Alliance
NISRA	Northern Ireland Statistics and Research Agency
Ofqual	Office of Qualifications and Examinations Regulation
ONS	Office of National Statistics
PAC	Public Accounts Committee
PCSPS (NI)	Principal Civil Service Pension Scheme (Northern Ireland)
PDP	Performance Development Plan
PfG	Programme for Government
PFI	Public Finance Initiative
PfY	Priorities for Youth
PMB	Programme Management Board
PPAs	Prior Period Adjustments
PPEs	Post Project Evaluations
PPP	Public Private Partnership
PSA	Public Service Agreement
PSEEP	Pre-School Education Expansion Programme
RMF	Risk Management Framework
RPA	Review of Public Administration
RPI	Retail Prices Index
SEELB	South-Eastern Education and Library Board
SELB	Southern Education and Library Board
SEN	Special Educational Needs
STEM	Science, Technology, Engineering and Maths
TSS NI	Teachers' Superannuation Scheme Northern Ireland
UK GAAP	UK Generally Accepted Accounting Practice
VAT	Value Added Tax
WELB	Western Education and Library Board
YSLF	Youth Service Liaison Forum

DEPARTMENT OF EDUCATION

ANNUAL REPORT

DIRECTORS' REPORT

1. Ministerial responsibility

During the 2010-11 financial year the Minister with responsibility for the Department of Education was Ms Caitriona Ruane MLA.

Following the Northern Ireland Assembly elections on 5 May 2011, Mr John O'Dowd MLA was nominated as Minister with responsibility for the Department of Education on 16 May 2011.

2. Senior officers

The Department is headed by the Minister for Education, supported by the Permanent Secretary, two Deputy Secretaries, executive directors and two independent non-executive directors. The composition of the senior management team during the year was as follows:

Mr Paul Sweeney	Permanent Secretary
Mr John McGrath	Deputy Secretary
Dr Robson Davison	Deputy Secretary (to 31 August 2010)
Mr Stanley Goudie	Chief Inspector, Education and Training Inspectorate (to 28 February 2011) (from 1 to 31 March 2011, this post was vacant)
Mr Gavin Boyd	Chief Executive (Designate), Education and Skills Authority (ESA)

Directors

Mrs Dorothy Angus
Mrs Catherine Daly
Mr Mark McNaughten
Ms Caroline Gillan

Mrs Katrina Godfrey
Mr Diarmuid McLean
Mrs La'Verne Montgomery
Mr Eugene Rooney
Mr Chris Stewart

Ms Linda Wilson

Directorates

Access, Inclusion and Well-Being
Finance (to 30 September 2010)
Finance (from 10 August 2010)
Procurement Modernisation
(from 21 February 2011)
Curriculum, Qualifications and Standards
Investment and Infrastructure
Education Workforce Development
Planning and Performance Management
Review of Public Administration (to 2 May
2010) and
Equality and all-Ireland including responsibility
for RPA legislation (from 3 May 2010)
Families and Communities

Non-executive directors

Dr Roger Platt

(to 31 December 2010)

Mr Kevin Steele

3. Senior official appointments

The Permanent Head of the Department of Education took up his present post on 1 February 2010 on transfer from the Department of Culture, Arts and Leisure. His appointment is for an indefinite term under the terms of the Senior Civil Service contract. The rules for termination are set out in the Northern Ireland Civil Service Pay and Conditions of Service Code.

Mr Mark McNaughten, Finance Directorate, took up his present post after an open competition. His appointment is for an indefinite term under the terms of the Senior Civil Service contract. The rules for termination are set out in the Northern Ireland Civil Service Pay and Conditions of Service Code.

Ms Caroline Gillan, Procurement Modernisation Directorate, took up her present post on transfer from the Office of the First Minister and Deputy First Minister. Her appointment is for an indefinite term under the terms of the Senior Civil Service contract. The rules for termination are set out in the Northern Ireland Civil Service Pay and Conditions of Service Code.

4. Departmental accounting boundary

These accounts have been prepared in accordance with directions given by the Department of Finance and Personnel in pursuance of the Government Resources and Accounts Act (Northern Ireland) 2001 and relate to the activities of the Department of Education, the Special Educational Needs and Disability Tribunal and the Exceptional Circumstances Body. All other associated education and health bodies are outside the accounting boundary defined within the *Government Financial Reporting Manual (FReM)*.

5. Associated bodies

The Department provides funding to a number of public and private sector bodies which are outside the Departmental Resource Accounting boundary. For resource accounts purposes, with the exception of the Special Educational Needs and Disability Tribunal and the Exceptional Circumstances Body, all other Non-Departmental Public Bodies (NDPBs) fall outside the Departmental accounting boundary and their results are not therefore consolidated with those of the Department. Financial information in respect of the individual NDPBs may be obtained from their separately published annual report and accounts.

The following list represents those bodies for which the Department had direct funding responsibility during this financial year.

Executive NDPBs

Belfast Education and Library Board
Council for Catholic Maintained Schools
General Teaching Council for Northern Ireland
Northern Ireland Council for the Curriculum, Examinations and Assessment
North Eastern Education and Library Board
Southern Education and Library Board
South Eastern Education and Library Board
Staff Commission for Education and Library Boards
Western Education and Library Board
Youth Council for Northern Ireland

Tribunals

Special Educational Needs and Disability Tribunal
Exceptional Circumstances Body

Public and Private sector bodies

Grant Maintained Integrated Schools *
Voluntary Grammar Schools *
Northern Ireland Council for Integrated Education
Comhairle na Gaelscolaíochta
Middletown Centre for Autism
Health and Social Care Board

* Note: Other schools, maintained and controlled, are funded via the Education and Library Boards.

6. Departmental reporting cycle

The Department's original Estimates for the year were included in the "*Northern Ireland Main Estimates 2010-2011*" publication. These Estimates were subject to in-year revision and revised Estimates were included in the "*Northern Ireland Spring Supplementary Estimates 2010-2011*" publication. Both these publications are available from The Stationery Office.

The Department's Estimates include provision for the Education and Library Boards; the Northern Ireland Council for the Curriculum, Examinations and Assessment; the Council for Catholic Maintained Schools; Voluntary and Grant Maintained Integrated Schools; the Youth Council for Northern Ireland and Youth Services; EU Programme for Peace and Reconciliation funding; Early Years Services; Departmental administration; miscellaneous education services and community relations.

Key non-financial targets are detailed in the Department's Public Service Agreements. Progress is monitored quarterly.

7. Payment of suppliers

The Department is committed to the prompt payment of bills for goods and services received, in accordance with the Better Payment Practice Code. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later.

During the year 95% of bills were paid within this standard. No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.

As part of the Northern Ireland Assembly's efforts to support businesses during the current economic position, DAO (DFP) 12/08 asked Accounting Officers to support a commitment to paying invoices within 10 working days. During the year the Department has paid 82% of bills within this target.

8. Pension liabilities

Treatment of pension liabilities is disclosed in accounting policy note 1.11 and in the Remuneration Report.

9. Company directorships

A member of the senior management team is a Non-Executive Director of the Northern Ireland Association for Mental Health.

There are no other company directorships or other significant interests held by senior management team members which conflict with their management responsibilities.

10. Auditor

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

The audit of the financial statements for 2010-11 resulted in a notional audit fee of £78,396 which is included in the administration costs in the statement of comprehensive net expenditure. Additionally, the Department paid £8,371 to the Northern Ireland Audit Office for the completion of work relating to the National Fraud Initiative.

11. Equality Statement

The Department in carrying out its functions has a statutory responsibility, to have due regard to the need to promote equality of opportunity:

- between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- between men and women generally;
- between persons with disability and persons without; and
- between persons with dependants and persons without.

In addition, without prejudice to the above obligation, the Department should also in carrying out its functions, have regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group.

12. Personal Data Related Incidents

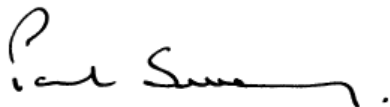
There was one instance of information loss by the Department during 2010-11.

In March 2011 a staff member had asked for personal information in relation to a grievance case to be emailed to an external email address. The information was inadvertently emailed to the wrong address. The Department contacted the person who had wrongly received the information and they confirmed that the email had been received and destroyed. The intended recipient was advised of the error and received an apology from the Department which was accepted.

The Information Commissioner will be advised of the breach. In addition, arrangements have been put in place through Data Protection Act Guidance to staff that in similar situations, involving personal or sensitive data, the information will be issued by the Department in hard copy and sent by Recorded or Special Delivery.

13. Sickness Absence

Information available from the Northern Ireland Statistics and Research Agency (NISRA) estimates that for the period April 2010 to March 2011 the Department will achieve an average of 8 days lost (2009-10: 10.5 days post validation) per full time equivalent member of staff against a target of 9.9 days. It is important to note, however, that this information has not yet been validated.



Signed: _____
Accounting Officer

Date: 7 September 2011

MANAGEMENT COMMENTARY

14. Nature, objectives and strategy of the Department

Vision: To ensure that every learner fulfils her or his full potential at each stage of development.

Mission: To work together as partners in education and youth services to ensure a high standard of education for all children and young people, that will put them at the centre of education, motivate them, build their confidence and enrich their lives, and provide the foundation for a strong and vibrant economy.

Education Priorities

The Department's Vision is supported by the Minister's five priorities for the education sector:

- Raising Standards For All;
- Closing the Performance Gap, Increasing Access and Equity;
- Developing The Education Workforce;
- Improving The Learning Environment; and
- Transforming Education Management.

Primary statutory duty: To promote the education of the people of Northern Ireland and to ensure the effective implementation of education policy. Its key functions include:

- advising ministers on the determination of education policy;
- framing legislation;
- accounting for the effectiveness of the education system;
- allocating, monitoring and accounting for resources; and
- through the Education and Training Inspectorate, evaluating and reporting on the quality of teaching and learning and teacher education.

The Department's main areas of responsibility are in Early Years provision, pre-school, primary, post-primary and special education; the youth service; the promotion of community relations within and between schools; and teacher education and salaries.

Equality

A key emphasis in the vision statement is to ensure that every learner fulfils her or his full potential. Equality of opportunity is central to everything that the Department does, not only in relation to Section 75 groups but to any children or young people affected by educational disadvantage. This is reflected throughout the policy work and in the allocation of resources.

Progress against key non-financial targets

The Programme for Government (PfG) sets out the strategic priorities and key plans of the Northern Ireland Executive for 2008-11.

The Programme's over-arching aim is to build a peaceful, fair and prosperous society in Northern Ireland, with respect for the rule of law and where everyone can enjoy a better quality of life now and in years to come. Its priorities are to pursue an innovative and productive economy and a fair society that promotes social inclusion, sustainable communities and personal health and well-being. It will do this in ways that protect and enhance the physical and natural environment and use resources as efficiently and sustainably as possible.

To support the Executive's priorities and help realise its goal of a shared and better future, a framework of twenty three Public Service Agreements (PSAs) has been developed. PSAs are a clear commitment to the public on what they can expect for their money and each agreement sets out explicitly which Minister is accountable for delivery of targets underpinning that commitment. PSAs confirm the key actions to be taken in support of the priorities, and the outcomes and targets to be achieved during the period 2008-11. Each PSA is underpinned by a Delivery Agreement. The Department of Education has lead responsibility for two PSA Delivery Agreements. These are:

- PSA 10 – Helping our children and young people achieve through education; and
- PSA 19 – Raising standards in our schools.

However, as the framework of PSAs cuts across departmental boundaries, in some cases other departments are required to contribute to the achievement of the targets and outcomes underpinning the Department of Education's PSAs.

PSA 10 – Helping our children and young people achieve through education.

Vision

- Education is important for every child's present and future. Education provision of high quality should be available to all children from their pre-school years and through compulsory school-based education into post-16 provision. This education can be through the medium of English or Irish.

- Education at all levels should promote the highest standards and ensure that all children achieve to their full potential.
- The right support should be provided at the right time particularly for children and young people with learning difficulties, a learning disability or facing barriers to learning to ensure that they realise their full potential and make the most of the learning opportunities provided.

Objectives

In line with that vision the following objectives have been set:

- Objective 1: Provide for effective early intervention through more coherent education and care provision for pre-school children;
- Objective 2: Reduce the gap in educational outcomes by addressing the needs of disadvantaged and vulnerable children and young people;
- Objective 3: Provide more effective interventions to support children and young people with Special Educational Needs (SEN) and Additional Educational Needs (AEN); and
- Objective 4: To maximise high-quality Irish-medium provision for those children whose parents wish it.

Measurement

Progress in achieving the above objectives is measured by a number of indicators. The following table summarises the position at 31 March 2011. These are the most recent results available for publication.

Summary of Performance against PSA 10

Indicator	Baseline	Target	Next Milestone	Current Position	Comment
1. Deliver new early years strategy which will bring early years care and education together in a coordinated way, to support integration of service delivery.	Consultation period extended by Minister to January 31 2011. High level of responses received. Final Strategy and implementation plan to be issued late 2011.				
2. By 2011, increase to 30% the percentage of students, with entitlement to Free School Meals, gaining a level 2 qualification including English and Maths, by the time they leave school.	2005-06 26%	2011 30%	2010-11 30%	2009-10 31%	Target achieved
3a. By 2010, bring the attainment levels of primary and post primary schools identified as having 51% or more of pupils living at a postcode within a Neighbourhood Renewal Area, up to within 5% of the Northern Ireland average at Key Stage 2.	2005-06 Gap of 18% in English, 14% in Maths	2011 Within 5%	2010-11 Gap within 5% for English and Maths	2009-10 Gap of 12.5% in English, 11.9% in Maths	While some progress has been made, target has not been achieved.
3b. By 2010, bring the attainment levels of post primary schools identified as having 51% or more pupils living at a postcode within a Neighbourhood Renewal Area, up to within 3% of the Northern Ireland average at GCSE.	2005-06 Gap of 12%	2011 Within 3%	2010-11 Gap of <3%	2009-10 Gap of 1.9%	Target achieved
4. By 2010, reduce the number of pupils achieving no GCSEs attending schools identified as having 51% or more of their pupils living at a postcode within a Neighbourhood Renewal Area, to within 1% of the Northern Ireland average.	2005-06 Gap of 5%	2011 Within 1%	2010-11 Gap of <1%	2009-10 Gap of 0.4%	Target achieved
5. By 2009, attract at least 98,000 visitors per annum to organised educational visits at National Museums.		March 2009 110,000		March 2009 123,823	Target achieved
6. By 2010-11, introduce greater consistency and better value for money in the delivery of Special Educational Needs services.	August 2009: Public Consultation document issued. Consultation period extended to 31 January 2010. Responses are currently being considered and a summary will be issued shortly. Planning was completed and delivery commenced on a capacity building programme for schools.				
7. Implementation of agreed recommendations of the Irish Medium Education Review.	The Review of Irish Medium Education made twenty four recommendations which were broadly accepted by the Minister on 13 March 2009. The Department has established a Standing Group to take forward the implementation of these recommendations and the development of policies to facilitate the continued and sustainable growth of the sector for the next decade.				

PSA 19 – Raising standards in our schools.

Vision

Our vision is to help every school here to become a good school; to raise overall educational achievement by young people; and to ensure that they are well prepared for life and work in the 21st century, enabling all to achieve their full potential and make a positive contribution to their communities.

While many young people are fortunate to have their aspirations nurtured and supported in schools with a real focus on excellence, there are still far too many pupils who are not reaching their full potential – and still too many schools where performance could be better. That is why quality and standards are at the very heart of our vision for school improvement. We want to do more to raise levels of achievement, especially in literacy and numeracy and Information, Communication and Technology (ICT).

Objectives

In line with the above vision, the following objectives have been set:

- Objective 1: To improve the overall performance of schools;
- Objective 2: To improve the fundamental skills of literacy, numeracy and ICT;
- Objective 3: To maintain a particular focus on levels of literacy and numeracy and ICT in those schools which currently have lower than expected levels of achievement and/or which draw their pupils from areas of high socio-economic disadvantage; and
- Objective 4: To ensure that mainstream pupils leave school with formal qualifications.

Measurement

Progress in achieving the above objectives is measured by a number of indicators. The following table summarises the position at 31 March 2011. These are the most recent results available for publication.

Summary of Performance against PSA 19

Indicator	Baseline	Target	Next Milestone	Current Position	Comment
1. By 2011, 68% of students to achieve a Level 2 qualification by the time they leave school.	2005-06 64%	2011 68%	2010-11 68%	2009-10 72%	Target achieved
2. By 2011, 65% of students undertaking A level examinations gaining 3+ A levels, A-C or equivalent in Year 14.	2005-06 63%	2011 65%	2010-11 65%	2009-10 65%	Target achieved.
3. By 2011, raise the participation rate of 16/17 year olds in full-time education or vocational training to 95%.	2005-06 87%	2011 95%	2010-11 95%	2009-10 86%	The measure records full time education and should be set alongside the very significant increase in the number of part-time enrolments.
4. By 2011, 55% of students gaining a Level 2 qualification, including GCSEs A*-C in English/Maths (or equivalent) by the time they leave school.	2005-06 54%	2011 55%	2010-11 55%	2009-10 59%	Target achieved
5. By 2011, 30% of students with entitlement to Free School Meals gaining GCSEs A*-C in English and Maths by the time they leave school.	2005-06 26%	2011 30%	2010-11 30%	2009-10 31%	Target achieved
6. By 2011, 90% of students gaining GCSEs A*-G in English and Maths (or equivalent) by the time they leave school.	2005-06 85%	2011 90%	2010-11 90%	2009-10 90%	Target achieved
7. By 2011, reduce percentage of year 12 pupils with no qualification at GCSE level or equivalent to 1.5%.	2005-06 3%	2011 1.5%	2010-11 1.5%	2009-10 0.7%	Target achieved.

15. Current and future development and performance

Investment in education and the development of young people have a major contribution to make to society and economic growth, providing opportunity for all and preparing young people for life and work in a rapidly changing and diverse world where skills and enterprise are at a premium. The Directorates within the Department each have a role to play in achieving these objectives.

➤ **Education and Skills Authority Implementation Team**

Background

The ESA Implementation Team (ESAIT) was formed in 2006 to support the establishment of the Education and Skills Authority (ESA). It is planned that ESA will bring together eleven organisations which administer education in Northern Ireland into one organisation. The team is led by a Chief Executive Designate and is comprised of secondees from the education sector organisations.

Convergence

In December 2009, the Education Minister announced that the implementation date of 1 January 2010 would not be achieved and put in place arrangements to ensure that important work to enable convergence of the education organisations would continue. The ESA Chief Executive Designate and Chairperson Designate were asked to lead this work.

In March 2010, the Convergence Delivery Plan was published, setting out how significant efficiency savings and cost reductions could be achieved through the creation of a range of regionalised shared services across the education sector in advance of ESA.

The Convergence Programme Management Board (PMB) was created in July 2010 to oversee the convergence process ensuring a strong co-ordinated approach to the work. PMB helps provide direction to organisations and monitor progress on delivery of convergence across the various strands. The group is chaired by the ESA Chair Designate and includes the Chairpersons of WELB, SELB, BELB, NEELB and an SEELB Commissioner. PMB has met five times this year. This has been a challenging process due to the complexities of putting in place accountability arrangements for five separate organisations with a view to operating shared services, but all ELBs have now indicated their support for the direction of travel towards convergence and have been asked, along with their Chief Executive Officers, to continue to engage in the process.

Two services are currently being used to produce exemplar models for regional delivery.

Common corporate ICT systems have been developed across the region, and existing organisations are now linked into one robust, single network covering multiple sites. Common helpdesk, intranet and internet facilities have been created. Software licensing has been centralised, delivering savings through economies of scale and common policies and standards have been agreed. This work will be further progressed through the Education ICT Programme Board.

A shadow finance and accounts system for all organisations has been created. Although ESA is not yet established, this system provides access to a range of important management information across the education sector for the 2009-10 and

2010-11 financial years that is instrumental to convergence planning. This system will provide a basis for a shared service finance system.

Development of common policies and procedures to underpin effective information governance across nine affected organisations and schools is well underway. This work facilitated the identification and sharing of best practice. It incorporates the most recent developments in the area of information governance within the Northern Ireland Civil Service, to inform the development of common policies and procedures.

Voluntary Severance Program 2010-11

In November 2010, in anticipation of severe constraints on the education budget, the Minister made funds available and outlined the strategic parameters for an accelerated cost reduction exercise to facilitate a voluntary severance programme across all education sector Arm's Length Bodies (ALBs). Each ALB was responsible for bringing forward proposals for cost reductions through voluntary severance by submitting business cases and associated documentation.

Given the very challenging timescales involved and the resource and expertise already available, ESAIT was asked to help develop, support and manage the cost reduction exercise to deliver the Department's strategic priorities to reduce management and administration costs, seek efficiencies in professional support services and protect front line services as much as possible.

The ALBs submitted in excess of 250 business cases for release of staff through voluntary severance. ESAIT assessed each individual case against a range of criteria that included value for money, mitigation of risks to ensure that, for example, management and accountability arrangements remained in place and that frontline services would not be adversely affected. Proposals which met all the required criteria were then recommended for final approval.

This process has achieved savings of around £9m through the voluntary severance of well over two hundred staff.

ESAIT will continue to contribute to the overall reform of education through supporting the development of regionalised services across the education sector. In 2011-12, the work of ESAIT will help achieve efficiencies set out in the Department of Education Budget 2011-15.

➤ Curriculum, Qualifications and Standards Directorate

Curriculum, Qualifications and Standards Directorate provides policy advice and oversees the delivery, monitoring and evaluation of the Minister's core education policies. Its policy responsibilities include raising standards; promoting school improvement; and improving pupil attainment, particularly in the core areas of literacy and numeracy. It also provides policy leadership on issues relating to: the school curriculum; the Entitlement Framework; and the arrangements for assessing and recording pupil performance and reporting to parents.

The Directorate works closely with the Department for Employment and Learning (DEL) in implementing the Executive's strategy for promoting Science, Technology, Engineering and Maths (STEM), and the joint strategy with DEL designed to improve the quality of careers education, information, advice and guidance. It also oversees the arrangements for awarding and regulating qualifications in Northern Ireland and, more recently, has been closely involved in the development of the Executive's new economic strategy.

During the 2010-11 year, the Directorate progressed work in a number of areas related to the Department's wider objectives of improving pupil attainment and tackling the achievement gap.

Achievements included:

- the implementation of the school improvement policy, *Every School a Good School*, and the first ever event hosted by the Department to recognise the achievements of those schools identified through inspection as offering outstanding or very good educational provision;
- the completion of work to develop revised assessment arrangements to support the revised curriculum and the publication of new Levels of Progression for the core cross-curricular skills of Communication, Using Mathematics and Using ICT;
- the introduction of new regulations, following Committee scrutiny and Assembly approval, governing School Development Planning;
- the publication of a new literacy and numeracy strategy: *Count, read: succeed* designed to deliver improvement in attainment levels in literacy and numeracy;
- along with the Department for Employment and Learning, the finalisation of the Executive's response to the Report from the STEM Review; and
- the completion of a programme of work to tackle educational underachievement on a cross-border basis that had been agreed by Ministers under the auspices of the North/South Ministerial Council meeting in education sector format.

The Directorate continued to provide support to the Literacy and Numeracy Taskforce which, during 2010-11, submitted its second annual report to the Education Minister in line with its terms of reference. It also provides support to an independent working group established by the Minister following the errors that occurred in the InCAS diagnostic assessment tool during autumn 2009 and continues to oversee the implementation of the recommendations from that working group.

During November and December 2010, the Directorate had to deal with an unprecedented level of requests from schools for approval for exceptional closures related to the severe winter weather. It oversaw the establishment of a working group to review the issues associated with weather-related exceptional closure and continues to support that group in finalising its report to the Department.

The Directorate is the policy sponsor for the Northern Ireland Council for the Curriculum, Examinations and Assessment (CCEA) and, during the year, had to respond to issues relating to CCEA's role as an Awarding Organisation including failures in relation to the marking of some A2 Chemistry papers. It oversaw the appointment of the Office of Qualifications and Examinations Regulation (Ofqual), the regulator of qualifications in England, to carry out an external investigation into the root causes of that failure and to make recommendations that would strengthen procedures and help avoid recurrence. It continues to monitor CCEA's progress in implementing those recommendations. During 2010-11, it also attended CCEA Council meetings in an observer capacity as part of a series of measures introduced following the identification of a breach of governance within CCEA during the 2009-10 financial year.

Finally, the Directorate played the lead role within the Department in supporting the Education Minister in the newly created Executive sub-committee on the Economy.

The Directorate's future focus will be determined by the policy priorities of the new administration but it is likely to include:

- overseeing the implementation of *Count, read: succeed* and the continuing implementation of *Every School a Good School*;
- overseeing the implementation of new, statutory assessment arrangements and ensuring the continuation of the transitional arrangements that currently remain in place;
- contributing through an updated STEM action plan to the Executive's STEM strategy and contributing more generally to the Executive's new strategy for economic growth;
- working with education sector Arm's Length Bodies to ensure further progress in implementing the Entitlement Framework and the continued implementation of the joint strategy with DEL for careers education, in preparation for 2013;
- working with DEL to develop a strategic framework for educational provision post-16 and also, where appropriate, post-14; and
- continuing to monitor CCEA progress in implementing the recommendations arising from the Ofqual investigation.

➤ **Access, Inclusion and Well-being Directorate**

Access, Inclusion and Well-being Directorate develops and maintains policies on school admissions; transfer from primary to post-primary school; school transport; support to address a range of barriers to learning (including special educational needs, newcomer pupils, Traveller children, looked after children, school age mothers and young carers); safeguarding; behaviour; and promotion of emotional well-being. The Directorate endeavours to bring a whole child/whole school approach to building resilience, supporting pupils to mitigate difficulties and addressing issues arising from learning and health or social impacts.

During 2010-11 a number of initiatives were progressed or put in place to improve the equality of access to education, to support children and young people with barriers to learning and to improve their emotional health and well being.

In July and November 2010 guidance on Transfer 2011 was issued to all schools and education and library boards. An Exceptional Circumstances Body, to which parents can apply for a direction that their child should be admitted on grounds of exceptional circumstances to a specific grant-aided post-primary school, became operational on 1 June 2010.

The analysis of responses to the proposals from the Review of Special Educational Needs and Inclusion has been completed. A capacity building programme on special educational needs (SEN) support in mainstream schools was developed with a series of conferences for school leaders and SEN managers in nursery, primary and post-primary schools. A resource file of good practice in SEN has been produced for distribution to primary and secondary schools.

The development of an autism strategy in education is well advanced and the Department has worked with the Irish medium sector to improve the provision for special educational needs in Irish medium education.

The Taskforce on Traveller Education completed its work and a report from the Chairpersons is in preparation. A contract for an independent counselling service for post primary pupils in special schools was awarded in December 2010. The statutory and voluntary sector members of the work streams of the Pupils' Emotional Health and Well-being Programme have reviewed the critical incidents' guidance and undertaken research through Queen's University on emotional health and well being practice and audit tools.

Tackling disadvantage, meeting the requirements of children and young people with additional educational needs and improving access to education will continue to be considerations within the agenda to raise standards and close the achievement gap.

Following consideration of the consultation responses on the review of special educational needs and inclusion, final policy proposals for the way forward will be presented to the Minister for consideration. It is expected that the SEN capacity building programme will continue across the school sectors with the production of a resource file on SEN in early years settings and a series of conferences and workshops to provide more in depth development for the schools workforce. Work on an autism strategy will be brought to a conclusion for consideration by the Minister taking into account the Autism Act.

A draft action plan on the education of Traveller children and young people will be developed, informed by the recommendations from the Taskforce on Traveller Education, for consideration by the Minister. The emotional health and well-being of pupils will be promoted and the Department will contribute to the inquiry into historical institutional abuse.

➤ **Education and Training Inspectorate**

Through inspection and reporting publicly to the educational stakeholders, in 2010-11, the Education and Training Inspectorate has continued to play a pivotal role in maintaining and developing the quality of provision and achievement in pre-school, school, further education, work-based learning, youth and teacher education settings.

In addition to this, it has provided up-to-date evidence-informed advice to the Department of Education, the Department for Employment and Learning and the Department of Culture, Arts and Leisure. It has undertaken inspections for the Department of Agriculture and Rural Development, the Department of Health, Social Services and Public Safety and, from time-to-time, has undertaken joint work with other agencies including the Regulation and Quality Improvement Authority and Criminal Justice Inspection, Northern Ireland.

During the 2010-11 financial year, the Education and Training Inspectorate (ETI) achieved all the key targets that were identified in the 2009-10 Annual Business Report, which is available on the website at www.etini.gov.uk.

In 2010, the Department's Internal Audit Branch conducted an evaluation of the work of the ETI. The resulting evaluation report noted: "Internal Audit considers that the quality of the service provided by the ETI complies with best practice".

In January 2011, the ETI was assessed by EMQC Ltd for the Customer Service Excellence Award which it was subsequently granted. EMQC Limited is an independent not for profit company that has specialised in the delivery of assessments against National Standards since 1993.

The ETI plans to provide a high-quality service in the 2011-12 financial year. It aims to:

- carry out inspection and evaluation activities in a manner consistent with "the principles of inspection", outlined in "The Government's Policy on Inspection of Public Services" (Office of Public Service Reform, 2003), to promote improvements in provision, standards and achievements for all learners;
- provide timely, evidence-informed advice to Departments to support policy development, including change to existing policy. In doing so, the Inspectorate will seek to promote joined-up government through sharing our knowledge, understanding and experience across the Departments and other Public Bodies; and
- work to ensure that the members of the Inspectorate are highly valued and motivated and well-placed to respond to significant changes in education, youth and/or work-based learning.

The work of the Inspectorate for the 2011-12 financial year will be determined by the Service Level Agreements negotiated with the commissioning departments. The

Business Plan 2011-12 will identify the key areas of work to be conducted by the Inspectorate.

➤ **Families and Communities Directorate**

The key focus of this Directorate is to develop relevant policies to enable the creation of a suite of good quality, coherent services and provision that complement and support formal education. This spans the range from Sure Start and other early years provision (0-4) to the availability of after-school and out-of-school services, and youth services (4-25). This range of service has a particular focus on those children who would not otherwise have a level playing field in terms of educational opportunity.

Early Years

The draft Early Years (0-6) Strategy was completed and launched for public consultation in June 2010. The Minister extended the consultation phase until 31 January 2011. The process of analysing the two thousand written responses received to the consultation is now underway.

The budget for the funding of voluntary/private sector places in the Pre-School Education Expansion Programme (PSEEP) was over £13m for 2010-11. This included additional funding to meet an increase in applications due to demographic change. In line with recommendations from the Public Accounts Committee on the PSEEP, the Department worked closely with the ELBs to introduce a two stage admissions process to maximise the uptake of places by children in their final pre-school year in 2011-12.

The budget for Sure Start and the support for the Child Care Partnerships was approximately £23m in 2010-11. These funds were used to ensure coverage of the top 20% most disadvantaged wards and Super Output Areas with Sure Start services, through support to thirty-four Sure Start partnerships, and included funding for the Sure Start Developmental Programme for 2-3 Year Olds. Sure Start is delivered in close co-operation with the Health and Social Care Board, the Health and Social Care Trusts and the Child Care Partnerships.

Over 2008-2011, the Department secured funding from the Investment Strategy for Northern Ireland to develop a pilot small grants capital programme to modernise and improve the physical infrastructure of the voluntary sector settings, to bring them up to the required standard. The capital fund for 2010-11 was £2.48m and in this final year of the scheme some forty four grants were made to playgroups and Sure Start partner settings, in both urban and rural areas. This small grants capital scheme has been very well received by the Early Year's sector.

Over the coming year, work will be taken forward to progress a range of key policy areas: the final Strategy document will be developed and published in 2011-12; a major evaluation of Sure Start will be commissioned to provide evidence on how best to develop the initiative; and the Department will continue to manage the PSEEP to ensure the best possible match between children and places.

Youth and Schools in the Community

Youth: The Department of Education has completed the pre-consultation work on Priorities for Youth (PfY) and is now in the process of drafting the new policy framework. In developing the policy and in keeping with the remit of the Youth Service Liaison Forum (YSLF), a short term stakeholder group has been established as a sub group of the YSLF. The PfY Stakeholder Group is enabling the Department to draw on the experience and involvement of the statutory and voluntary youth sector to assist in the development of the policy by providing a point of contact which can provide comment, input as necessary and contribute to the emerging thinking. It is intended to publish Priorities for Youth in Education for consultation in late 2011.

Extended Schools: A revised circular was issued highlighting the positive findings of an ETI inspection of best practice and emphasising the focus of extended schools activity in overcoming barriers to learning. Extended Schools is helping to deliver the Department's vision to ensure that every learner fulfils her or his full potential at each stage of development. The policy enables those schools that draw pupils from the most disadvantaged communities to provide a range of services to help meet the needs of pupils, families and wider communities focusing on the core purpose of improving learning and levels of educational attainment. Funding has been maintained at previous levels of approximately £10m for 2011-12.

Full Service programmes: The Department has continued to pilot Full Service programmes through BELB in North Belfast at the Belfast Boys' and Girls' Model Schools and the Council for Catholic Maintained Schools (CCMS) in West Belfast with the Full Service Community Network, which centres on the local communities of the Greater Falls and Upper Springfield. Following positive evaluations the two pilots have been maintained in 2011 at £350k for each programme. Both programmes are good examples of how schools can work with and across relevant agencies and voluntary sector organisations to maximise the support offered to families who may have a range of barriers to learning. Within both areas there are some of the most disadvantaged wards in the north of Ireland and high levels of deprivation and disadvantage present a challenging environment in which to deliver "achievement for all".

A Community Use of Schools Working Group was established in June 2009 to consider and recommend ways to increase community use of schools. The Working Group reported in March 2010 and the Department's initial response to the Working Group will be issued in 2011.

➤ Education Workforce Development Directorate

The Education Workforce Development Directorate has policy responsibility for workforce development for staff in the education sector, including youth and early years.

Responsibilities of the Education Workforce Development Directorate include:

- a focus on quality, supply and demand, and professional development of the workforce, with a particular recognition of the pre-eminent role of teachers in raising standards;
- ensuring that pay and conditions of service are appropriate to maintain an able, committed and flexible workforce that will secure high and improving standards of school education for all children in Northern Ireland;
- development of policy and legislation in relation to the Northern Ireland Teachers' Superannuation Scheme and on early retirement or other severance arrangements for teachers; and the conditions under which retired teachers may be re-employed;
- ensuring that teachers and teacher pensioners are paid accurately and on time, and that payments are made efficiently, effectively and at best value for money; and
- ensuring that ESA makes effective provision for all employment matters relating to its Employer role.

The core of the Education Workforce Development Directorate is made up of two existing policy teams, the Teacher Negotiating and Pension Policy Team and the Teacher Education Team. As both of these teams currently deal exclusively with teacher related issues, it is necessary to identify the optimum staffing capacity to deal with the school support staff, youth and early years dimensions. In April 2010 the Teachers' Pay and Pensions Team, based in Waterside House, joined the Directorate.

In 2010-11 the Directorate's key successes have been:

- the completion of the Teacher Education Review consultation;
- establishment of the Strategic Planning and Policy Development Forum (the Strategic Forum) where the recognised teaching and non-teaching Trade Unions have the opportunity to influence policy development and strategic planning before decisions are made. Employers and sectoral representatives are also members of the Strategic Forum; and
- the delivery of a fit for purpose pension system to administer the Northern Ireland Teachers' Superannuation Scheme;

In 2011-12 the Directorate's key strategic themes will be to:

- develop a Framework for qualifications and professional development for the education workforce;
- develop an Education Workforce Strategy;
- negotiate pay and conditions of service that are appropriate to maintain an able, committed and flexible workforce;

- enhance the professional skills of teachers;
- manage the Teachers' Payroll;
- develop access to data to support the Workforce Strategy; and
- have an appropriately skilled team in place to deliver on targets.

➤ **Planning and Performance Management Directorate**

The Directorate has overall responsibility for the development and maintenance of robust strategic business planning in the Department and across the Department's non-departmental public bodies and, in due course, the new Education and Skills Authority, ensuring consistency and alignment across the organisations. It co-ordinates the setting of formal performance objectives and targets in conjunction with the Department's other Directorates, and the monitoring of performance against targets. The Directorate carries oversight responsibilities for governance issues between the Department and the NDPBs, including compliance with the terms of Management Statements. It is also responsible for policy on school governance. Within the Department, it is responsible for the provision of assurance regarding the risk management, control and governance arrangements operating to ensure achievement of Departmental objectives. It is also responsible for the production of official education statistics and managing the Department's analysis and evidence strategy in support of policy work.

During 2010-11 the Directorate was responsible for putting in place the arrangements for the governance and accountability of the NDPBs in the absence of political agreement on the establishment of the Education and Skills Authority which had been due to be put in place on 1 January 2010. This involved the reconstitution of the membership of the Education and Library Boards which had been restructured to have fewer members, and ensuring at the same time that the systems for accountability and performance reporting continued to be discharged effectively in regard to the Education and Library Boards and the other Arm's Length Bodies. In discharging this role the Directorate was responsible for:

- the introduction of formal quarterly Governance and Accountability Review meetings with the Chairpersons and Chief Executives of each of the Department's Arm's Length Bodies;
- the effective communication within the Department on audit and risk management issues arising with ALBs through attendance at all meetings of audit committees of arm's length bodies;
- the introduction of Quarterly Assurance Statements for Accounting Officers of ALBs; and
- improving Risk Management with ALBs.

Key areas progressed during 2010-11 were:

- publication of the 2010 education statistical series results, including School enrolments, attendance, summary annual examination results, School Leavers Survey, Pupil Teacher Ratios and teacher numbers;
- analysis and dissemination of the Programme of International Student Assessment 2009 results for Northern Ireland;
- providing input to the assessment of education statistics by the UK Statistics Authority and their re-designation as National Statistics;
- providing support for the Governance and Accountability Reviews with the ALBs;
- co-ordinating assessments of Quarterly Assurance Statements and responses to ALBs;
- organising training sessions on governance and accountability for all members of NDPBs;
- delivering the Department's audit plan, including provision of independent assurance on the eligibility of EU Programme expenditure;
- introduction of new on-line guidance for school Boards' of Governors covering their roles and responsibilities;
- undertaking a programme of research to support the Department's objectives;
- work to align the risk registers of ALBs with the Department risk register, and assist ALBs in development of effective registers; and
- production of a savings delivery plan and managing the consultation in the context of Budget 2010.

The work of the Directorate for 2011-12 will be impacted significantly by the timescales for a political agreement on the reform of education administration. In the coming months the Directorate will be overseeing governance and accountability, performance and risk management arrangements for the exiting Arm's Length Bodies. The Directorate will also be undertaking production of the key education statistics, and delivering a comprehensive audit programme.

➤ **Investment and Infrastructure Directorate**

Investment and Infrastructure Directorate is responsible for delivery of the Department's capital investment plan. This includes: assessment of all development proposals for schools; scrutiny of all proposed major capital works projects; management of conventional major and minor capital works schemes at various stages of planning and construction; management of youth capital projects and monitoring the capital budgetary position, including capital receipts.

Schools' Major Capital Works

Thirteen major capital projects were completed in the 2010-11 financial year, with a total capital investment of £205m. These included Belfast Boys' Model School; Grosvenor Grammar School; Lisbellaw Primary School; Lisnagelvin Primary School; St Cecilia's College, Derry; St Mary's College, Derry; St Joseph's Primary School, Carryduff; St Mary's Primary School, Portglenone; St Patrick's and St Brigid's Primary School, Ballycastle; St Dominic's High School, Belfast; Assumption Grammar School, Ballynahinch; St Patrick's Grammar School, Downpatrick; and Our Lady & St Patrick's College, Knock.

In addition to projects completed, a further seventeen major capital projects are currently on site representing a capital investment of over £119m in our schools' estate.

PPP Programme

Completion of the delivery of the current Public Private Partnership (PPP) programme moved a major step closer with the entry into service of eight new schools (two primary and six post-primary) during the year. Approval was also given to proceed with the last two schools on the current programme – Lagan College and Tor Bank Special School. When these last two schools enter into service (during the next two years), the Department's PPP programme will have established a total of twenty new schools and one youth club.

Capital Review

In October 2009, the Minister announced a review of all capital schemes to ensure that they are supportive of the Department's policy framework and hence will be viable and sustainable in the long term. The review concluded in June 2010 and the findings of the review were disseminated to the school managing authorities. Work is ongoing to resolve issues that needed further clarification in relation to some of the Schemes on the Department's Investment Delivery Plan to ensure that the available resources are used to secure the best outcomes for children and maximum value for the taxpayer.

Lisanelly

The Department, supported by the Strategic Investment Board Limited, reached a significant milestone in the development of a shared educational campus at Lisanelly, Omagh with the appointment of an integrated design team in March 2010 to take forward the exemplar design. The Lisanelly site (comprising approximately one hundred and thirty nine acres) is part of a former military base at Omagh and was gifted to the Northern Ireland Executive as part of the financial settlement on Northern Ireland policing and justice. It has been confirmed that the land transferred into the Department's ownership on 15 April 2011.

During 2010-11, the Exemplar Design Team, working with the schools and the local community, completed a Stage B study setting out the options for an Education Campus. During 2011-12 the Design Team will move to develop a full business case for the campus at Lisanelly.

Minor Capital Works

The Minor Works programme covers capital works projects with a capital value less than £500k. During 2010-11, due to the reductions in the minor works funding, priority was given to those schemes which met legal obligations to provide places for children of statutory school age in respect of nursery, primary and post primary schools; and to meet obligations in respect of disability access and Health and Safety.

The Department undertook over two hundred schemes during 2010-11 at a cost of over £18m to address the backlog of over 1,000 Minor Works. The Education and Library Boards spend a similar amount in the controlled sector, bringing the total capital investment in Minor Works across the estate to around £38m in 2010-11.

Irish Medium and Integrated Sectors

In fulfilling the recommendations of the Irish Medium Review, during 2010-11 the Department had responsibility for the development of 12+ Irish Medium Schools. The programme of works over the financial year also included oversight of the £2m Accommodation Fund given to Iontaobhas na Gaelscolaíochta for the development of four Irish Medium schools.

During 2010-11 investment was made in improvements and upgrading of accommodation in existing Integrated Schools and approval of capital works in Integrated Schools not yet vested in the schools' estate. This included Drumlins Integrated Primary School, Rowandale Integrated Primary School, and Blackwater Integrated College.

Maintenance

In the context of a challenging economic climate, it is particularly important that the schools' estate is adequately maintained to ensure that it is fit for purpose. For 2010-11 the Education and Library Boards were initially allocated £19m for maintenance. A further £18.6m of resource funding was allocated during 2010-11 to be set aside for maintenance in controlled and maintained schools in that period. The age and condition of the schools estate coupled with limited budgets has resulted in an increasing backlog in maintenance across the estate, currently standing at some £300 million.

Youth and Other Capital

The Department launched a new Youth Capital scheme in 2008 from which fifty projects were approved to go ahead. In 2010-11 around £4.5m was spend on Youth Services, including projects such as the refurbishment of Londonderry YMCA and the

opening of Youthlink. Only three projects are still remaining on the programme and they are expected to proceed in the 2011-12 year.

A new programme for Youth Capital will be developed in the 2011-12 year.

Early Years

The Department has responsibility for a range of Early Years provision through voluntary playgroups which deliver the pre-school year, and through Sure Start. A pilot capital programme, valued at £2.48m in 2010-11, provided grants to modernise and improve the physical infrastructure of these settings, to bring them up to the required standard, to improve health and safety, or increase access for children with disabilities. This scheme was delivered in partnership with the four Childcare Partnerships in the Health and Social Care Board.

Estate Policy Development

The Department continued to ensure that the schools' estate complied with Government policy on environmental sustainability including air conditioning inspections, the Carbon Reduction Scheme, preparing for the transposition of the Renewable Energy Directive and the Programme for Government target to reduce greenhouse gas emissions.

The need to provide guidance and comply with Health and Safety statutory requirements resulted in the development and implementation of policies on the use of bandsaws and dust extraction and the provision of input to other areas including asbestos, legionella and oil storage. The Department also initiated a pilot sampling programme (with support from Northern Ireland Water) to check for lead in school drinking water supplies.

Capital Budget for Coming Year 2011-12

Following a difficult budget exercise the net capital position for the Department in 2011-12 is £114.7m, representing a decrease of £72m (39%). This disappointing outcome means that only a modest build programme can be delivered after meeting inescapable commitments and investing moderately in Minor Works and maintaining small but important budgets for Youth, Transport, Early Years and ICT.

➤ Procurement Modernisation Directorate

The Procurement Modernisation Directorate was formed in late February 2011 to take forward the development of a single accredited procurement service for the entire education sector. The aim is to establish the service during the financial year 2012-13, with a view to achieving CoPE (Centre of Procurement Expertise) accreditation thereafter. The initial work of the directorate mainly focused on actions relating to reviews into procurement activities in the Education and Library Boards which identified a number of governance and control deficiencies.

16. Future budget allocation

The Department's Budget Allocation for 2011-12 (compared to 2010-11), as detailed in the 2011-15 spending plans for Northern Ireland departments is as follows:

Current expenditure	2010-11	2011-12
	£m	£m
Objective A		
Schools Mainstream	1,874.0	1,852.7
Schools Infrastructure	11.3	11.4
Total Objective A	1,885.3	1,864.1
Objective B		
Youth and Community Relations	29.5	30.5
Total Objective B	29.5	30.5
Departmental Total	1,914.8	1,894.6
Investment		
Objective A		
Schools Mainstream	1.1	0.2
Schools Infrastructure	163.2	109.5
Total Objective A	164.3	109.7
Objective B		
Youth and Community Relations	5.0	5.0
Total Objective B	5.0	5.0
Total	169.3	114.7

Looking forward, the budget settlement for education is extremely constrained and a number of savings delivery plans will be implemented over the next four years. One area where savings will be delivered will be from the Department's administration budget. Every effort will be made to achieve this through natural turnover and redeployment. The Department will ensure that trade union colleagues will be fully consulted and involved in taking this matter forward.

17. Employees

A key resource available to the Department is its employees.

Staff training and development

The Department has current recognition as an Investor in People organisation and is committed to the continuation of good operational practices that are in keeping with the Investor in People Standard. The Department operates under a set of values that state that:

Fairness + Commitment + Respect + Being Partner & Customer Focused equals Being Valued, Feeling Motivated and having a pleasant environment in which to work.

To deliver against the Departmental Business Plan in 2010-11, the Departmental Board agreed the following learning & development priorities:

- Statutory Duties;
- Governance and Accountability;
- Policy and Legislative Skills;
- Programme and Project Management;
- Development Programmes – Leadership and Management/Admin Development;
- Health and Well Being;
- Performance Management;
- Diversity and Equality Training; and
- Health and Safety training.

The Performance Management process requires all staff to consider and complete a Personal Development Plan (PDP) that is in line with agreed learning and development priorities. PDPs are in turn linked to the Team/Directorate and Departmental learning and development and business plans. This process is designed to ensure that, as far as possible, learning and development undertaken throughout the year, will contribute to the achievement of the Department's business objectives.

All of the Department's generic training needs are provided by the Centre for Applied Learning (CAL) and a central budget is held to pay for CAL training. In addition, some branches have small training budgets to pay for non-generic training and conferences. Learning and development activity is not however restricted to formal courses. Development needs can be met through job shadowing, secondments, on the job training and shared learning. In addition, the Department provides assistance (under the NICS Assistance to Study policy) to staff to undertake, in their own time, formal courses leading to a recognised qualification related to their work.

Provision of information to employees

Information on matters of interest to employees is provided to them by a number of means such as the 'HR Connect Portal', the Department's intranet, the in-house magazine, issue of circulars and regular team briefings.

The Department has agreed consultation arrangements with the recognised trade union, the Northern Ireland Public Service Alliance (NIPSA), and meets formally

twice a year. In addition, trade union side is regularly consulted on matters relating to employees' terms and conditions.

Equal opportunities

The Department is an Equal Opportunity employer and fully endorses the Northern Ireland Civil Service Equal Opportunities Policy Statement. The policy is that all eligible persons shall have equal opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work. Everyone has the right to equality of opportunity and to a good and harmonious working environment in which no person feels under threat or intimidated.

The Department is fully committed to the elimination of all forms of discrimination, harassment and victimisation, not only because of the legal requirements under which it operates, but because it makes sound business sense and ensures that working relationships are based on mutual trust, respect and understanding.

The Department seeks to create a working environment where individual differences are valued and respected enabling all staff to give of their best and assisting them to respond more effectively to the needs of the people we serve.

Employment of people with disabilities

The Northern Ireland Civil Service's Equal Opportunities Policy and the Code of Practice on the Employment of People with Disabilities provide the framework used by the Department to achieve equality of opportunity for people with disabilities. The Department is committed to ensuring that consideration and the implementation of reasonable adjustments are made to ensure disabled staff can make full use of their skills and abilities.

Health and Safety

Under the Health and Safety at Work (NI) Order 1978 it is the duty of every employer "*to ensure, so far as it is reasonably practicable, the health, safety and welfare of its employees at work*". In addition, the Department is committed to taking all reasonable steps to protect any visitors to the Department against risks to their health and safety arising out of the working activities of the Department. The Department is fully committed to compliance with this Order and all other relevant legislation.

A bi-annual programme for monitoring Health and Safety compliance of each Directorate is in place, completed by trained risk assessors who identify risks and recommend control measures to business units.

The annual Health and Safety Report for 2010-11 will be prepared and presented to the Departmental Board in June 2011.

18. Risks and uncertainties

Risk management is incorporated into the corporate planning and decision-making processes of the Department. The Department's Risk Management Framework (RMF) defines the framework and describes the process for identifying and managing risks within the Department. The RMF has recently been reviewed and substantially revised in a number of areas, including:

- a clearer description of the Department's appetite for risk relative to different risk areas, i.e. financial risks, risks to health/well-being, compliance/regulatory/legal risks, operational/policy delivery risks, and reputational risks;
- further guidance on the identification, assessment, management, reporting and review of risks;
- new risk evaluation criteria and a revised risk assessment matrix;
- new arrangements for the escalation of risks;
- enhanced arrangements to manage risks relating to the Department's sponsorship of Arm's Length Bodies; and
- requirements to improve the management of fraud risks.

Further details on the Department's capacity to handle risk, the risk and control framework within which the Department operates, and a review of the effectiveness of the Department's system of internal control are provided in the Statement on Internal Control which identifies any significant internal control issues faced by the Department.

19. Relationships

The Department provides funding to a number of executive NDPBs and Public and Private Sector Bodies (detailed in paragraph 5), which have responsibility for the delivery of Educational and Youth Services. The performance of these bodies which directly influences the ability of the Department to achieve its objectives, is monitored by sponsor teams within the Department. Sponsor teams are responsible for governance and accountability issues, budgetary allocation and planning, monitoring and general financial control of income and expenditure by the bodies they sponsor.

20. Financial position

Comparison of outturn against Estimate

The Department's Net Resource Outturn for the year was £1,979m compared to a total of £2,022m authorised by the Northern Ireland Assembly. The main factors causing this variance were:

A-4 Miscellaneous Educational Services

The underspend was due to lower than expected spend across a number of budgets; the main elements of underspend were in respect of miscellaneous Pupil Support grants, reduced administration costs, and a reduced number of tribunals for the Special Educational Needs and Disability Tribunal, and fewer tribunals than expected for the Exceptional Circumstances Body.

A-6 Early Years Services

The uncertainty and lateness of the budget announcement in 2010-11, resulted in planned work being delayed, including the recruitment of staff, until late in the year. In addition, costs for training resources for the Sure Start 2-year old programme were lower than expected, as the planned recruitment of specialist support workers has been deferred until 2011-12.

A-7 Further Education and Student Support (from Department for Employment and Learning)

The lower than anticipated grant-in-aid income was due to lower than anticipated expenditure required to fund Further Education and Student Support services.

A-8 Provisions

The Spring Supplementary Estimates included £500,000 for a legal case for which the judgment is still pending.

A-10 Education and Library Boards

The underspend was due to lower than anticipated drawdown of grant-in-aid by Education and Library Boards to fund voluntary severance costs and an underspend in school budgets.

A-11 Voluntary and Grant Maintained Integrated Schools

The underspend within the Education and Library Boards' line (A10) was utilised within the Voluntary and Grant Maintained Integrated Schools' line (A11) giving rise to an overspend against estimate on this line. Virement has been sought from DFP to provide appropriate authorisation for this expenditure.

A-12 Council for the Curriculum, Examinations and Assessment (CCEA)

The Spring Supplementary Estimates included funding for voluntary severance costs for which the grant-in-aid will not be drawn down until 2011-12.

In addition there was lower than expected spend in a number of areas including:

- recruitment of staff, as CCEA is unable to offer contracts beyond 31 August 2011;

- the InCAS service agreement, due to rephasing of payments to a financial year basis as opposed to a school year basis;
- training on new examination specifications, due to savings in relation to the provision of materials and the cost of venues, and lower than expected teacher uptake due to bad weather; and
- modernisation of the software solution that supports the CCEA examination processing system, due to difficulties in recruiting specialist staff.

A-13 Council for Catholic Maintained Schools

The Spring Supplementary Estimates included funding for voluntary severance costs for which the grant-in-aid will not be drawn down until 2011-12.

B-9 Education and Library Boards

The underspend was due to lower than anticipated drawdown of grant-in-aid by Education and Library Boards to fund recurrent and capital expenditure on Youth Services.

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	2010-11 £000	2009-10 £000
Net Resource Outturn (Estimates)	1,979,313	2,026,654
<i>Adjustments to additionally include:</i>		
Prior period adjustments		
- adoption of IFRS (note 2 of the 2009-10 Resource Accounts)	-	(574)
- removal of cost of capital	-	1,178
- FReM adaptation of IAS 36	-	67
EUPRP non-budget CFER adjustment (reversal of EU CFER income)	551	-
Consolidated Fund Extra Receipts in the Statement of Comprehensive Net Expenditure	(8,156)	(2,986)
Net Operating Cost (Accounts)	1,971,708	2,024,339
<i>Adjustments to remove:</i>		
Capital grants	(4,555)	(6,125)
Voted expenditure outside the budget	(1,913,133)	(1,946,156)
Notional inter-departmental charges	(4,003)	(4,088)
<i>Adjustments to additionally include:</i>		
EUPRP non-budget CFER adjustment (reversal of EU CFER income)	(551)	-
Other Consolidated Fund Extra Receipts	8,134	2,986
Resource consumption of NDPBs	1,874,693	1,976,215
Prior period adjustments		
- adoption of IFRS (note 2 of the 2009-10 Resource Accounts)	-	574
- removal of cost of capital	-	(1,178)
- FReM adaptation of IAS 36	-	(67)
Resource Budget Outturn (Budget) *	1,932,293	2,046,500
of which		
Departmental Expenditure Limits (DEL)	1,909,118	1,835,244
Annually Managed Expenditure	23,175	211,256

* 2010-11 figures are provisional outturn; 2009-10 figures are final outturn

Going concern

The statement of financial position at 31 March 2011 shows negative taxpayers equity of £47.4m. This reflects the inclusion of liabilities falling due in future years, which are to be financed mainly by drawings from the Northern Ireland Consolidated Fund. Such drawings will be from grants of Supply approved annually by the Northern Ireland Assembly, to meet the Department of Education's Net Cash Requirement. Under the Government Resources and Accounts Act (Northern Ireland) 2001, no money may be drawn from the Fund other than required for the service of the specified year or retained in excess of that need. All unspent monies, including those derived from the Department's income, are surrenderable to the Fund.

In common with other government departments, the future financing of the Department of Education's liabilities is accordingly to be met by future grants of Supply and the application of future income, both to be approved annually by the Northern Ireland Assembly. Such approval for amounts required for 2011-12 has already been given and 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.

Contingent liabilities included for Parliamentary reporting and accountability

The Department has no contingent liabilities to report for the purpose of parliamentary reporting and accountability.

21. Environmental, social and community issues

The Northern Ireland government estate is centrally managed by the Department of Finance and Personnel (DFP).

The Department of Education contributes to central targets and has implemented waste management and recycling schemes. Key areas are:

- the use of 100% recycled paper for printing and photocopying and all waste paper segregated and recycled;
- double sided printing where equipment permits;
- a recycling scheme for IT equipment and consumables;
- recycling of aluminium cans, cardboard and plastics;
- the reuse of good quality second hand office furniture;
- the use of a mains water filtration system; and
- nightly checks of the office environment to ensure lights and office equipment are turned off.

The Department has registered, along with the rest of the NICS, for the Carbon Reduction Commitment Energy Efficiency Scheme (CRC), following a decision by the NI Executive to mandate all NICS Departments to participate. The key action for the 2010-11 year was registration for the Scheme. The CRC, a new UK-wide cap and trade Scheme, came in to force on 1 April 2010 and aims to reduce carbon emissions by delivering energy efficiencies.

The DFP led nature of both the management of the government estate and procurement means that a number of key targets are set centrally. These targets relate primarily to the government estate but this Department has a role to play in managing its particular contribution towards those targets for example, in relation to the schools' estate and the curriculum for schools.

The Department is committed to the achievement of sustainability in construction procurement. Sustainable construction is about building, engineering and refurbishment projects that promote environmental, social and economic gains now and for the future, helping to create a better quality of life today and for generations to come. *The Sustainable Construction Group*, membership of which includes representation from Centres of Procurement Expertise (CoPEs) and Government Construction Clients in Northern Ireland issues advice and guidance on this subject. The Education and Library Board CoPE and the Departments' Arm's Length Bodies are responsible for ensuring that Guidance Notes on sustainability (issued by Central Procurement Directorate) are complied with and implemented. All school projects that receive capital funding from the Department are expected to comply with the requirements detailed in these Guidance Notes. The Department also works with the school authorities that have capital schemes either in planning or at contract stage to ensure compliance with the requirements relating to the Achieving Excellence Initiative for Northern Ireland.

The Construction Industry Forum for Northern Ireland (CIFNI), the Government Construction Clients Group and the construction industry, as represented by the Construction Industry Group for Northern Ireland jointly explored how sustainability issues could be incorporated into construction contracts. A CIFNI Sustainability Task Group developed proposals to promote the economic, social and environmental elements of sustainable development through sustainable procurement in construction. Most of these proposals were incorporated in new construction contracts from December 2008. These proposals have recently been reviewed and propositions made with regard to collation of data for the deliverables.

The Building Research Establishment Environmental Assessment Method (BREEAM) is used to assess the environmental performance of both new and existing buildings. The Department's building handbooks are designed to support the achievement of a BREEAM rating of 'excellent' in new school builds. Where appropriate, renewable energy sources are employed for school heating using Biomass boilers. In addition, projects funded in the education sector with a contribution from the Central Energy Efficiency Fund (administered by DFP) complement the need for the overall Schools' Capital Programme to take account of energy efficiency/renewable technologies in school buildings. The Department is also a

participant of the CRC Energy Efficiency Scheme which supports the drive for further reductions in energy consumption.

The Department of Environment continues to implement its Biodiversity Implementation Plan that includes actions such as applying appropriate measures to strengthen coherence, resilience and connectivity of natural/wildlife areas and the production of an assessment policy to seek impact on biodiversity of all education sector activities.

The Department is also contributing to the achievement of the Priorities and Strategic Objectives identified in the Executive's Sustainable Development Strategy and records progress against targets in the Sustainable Procurement Action Plan.

The statutory revised curriculum, which is now in place in all grant aided schools, includes Education for Sustainable Development (ESD) as a key element across all Key Stages of the curriculum.

Through ESD, pupils explore issues such as environmental and climate change, biodiversity and the need to manage the human impact on the environment. The aim is to develop pupils as contributors to the environment so that they come to understand the interdependence of society, the economy and the environment; to develop respect for the needs of both present and future generations; and to act towards promoting an improved environment.

The Department's role in relation to social and community issues is shaped by a range of strategies from other areas of government. Those strategies with the most direct bearing on education are "Children and Young People in Northern Ireland 2006-2016", the "Investment Strategy for Northern Ireland 2008-2018" and the "Programme for Cohesion, Sharing and Integration" which is under development. The Department's role in relation to social and community issues is also shaped by international legislation such as the UN Convention on the Rights of the Child; the UN International Convention on the Elimination of All Forms of Racial Discrimination; and the UN Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities. In addition, an overriding priority for education is to promote equality of opportunity, so that all learners are given an equal chance to succeed.

22. Disclosure of information to auditors

As Accounting Officer I can confirm that I am not aware of any relevant audit information of which the Department's auditors are unaware. I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Department's auditors are aware of that information.

CORPORATE GOVERNANCE

23. Operation of the Departmental Board

The Departmental Board meets monthly and comprises the Permanent Secretary, as chair, the Deputy Secretary, the Chief Inspector of the Education and Training Inspectorate, Executive Directors and two independent Non-Executive Directors.

The Board leads the work of the Department by charting the overall strategic direction, and providing leadership on major operational and management issues including the following:

- leading the Department and the education and youth service by providing and communicating a system-wide strategy and vision;
- leading the implementation of that strategy and vision through:
 - setting the Department's standards and values;
 - ensuring delivery of the Department's business plan objectives;
 - the development of policy and the directing of change; and
 - the allocation and management of resource.
- monitoring the implementation of that strategy by:
 - tracking delivery progress against targets and expenditure;
 - holding the Department and its delivery partners to account for this progress;
 - safeguarding against and managing risk; and
 - maintaining internal controls.
- managing, monitoring and improving the performance of the Department, leading organisational change where it is necessary; and
- ensuring that there are robust governance arrangements with each of the Department's Arm's Length Bodies.

The five main categories of routine Board business relate to:

- financial matters and allocations;
- business planning;

- policy and strategy;
- management; and
- risk management and internal controls.

The Board is regularly serviced by reports and updates across all these areas. Minutes of the Board meetings are made available to staff.

As the role of the Board is to provide corporate governance, members do not act in a representative capacity for individual Directorates or business areas. The behaviour of individual members and the decisions of the Board must reflect the Department's corporate priorities. Board members therefore respect the principle of collective responsibility.

24. Independent Board members

During 2010-11 the Departmental Board's independent Non-Executive Directors were Dr Roger Platt (appointment ended on 31 December 2010) and Mr Kevin Steele. A competition commenced in February 2011 to recruit two new non-executive members to the Board during 2011-12.

The role of the Non-Executive Directors of the Board is to provide an independent and external perspective on the work of the Board, bring some specific expertise to its discussions and provide a constructive challenge across the Board's business.

25. Conflicts of Interest

All Board members must adhere to the rules on declaring conflicts of interest, as set out in the Department's Conflicts of Interest Guidance.

The Register of Interests of Board members is available to view on the Department's website.

26. The work of the Departmental Board's Audit and Risk Management Committee

The Department of Education Board has established an Audit and Risk Management Committee (ARMC) to support the Board in its responsibilities for issues of risk, control and governance and associated assurance. The ARMC is a sub-committee of the Departmental Board and is an independent advisory committee with no executive functions. The Terms of Reference for the ARMC is approved by the Departmental Board and is reviewed annually.

The Department regularly reviews the makeup and remit of the ARMC to ensure that it aligns with best practice guidance and properly reflects the existing governance and Board structures in the Department. The ARMC is chaired by an independent non-

executive member of the Department's Board and current membership consists of a second independent member with one vacancy in the membership. The ARMC meets quarterly and a minimum of two members will be present for the meeting to be deemed quorate.

The ARMC is regularly attended by the Department's Finance Director, Head of Internal Audit and Northern Ireland Audit Office representatives. The Department's Accounting Officer and other Departmental officials including Heads of Directorates and Teams attend meetings to assist the Committee with its discussions.

Following each meeting the Committee provides a report to the Department's Board clearly communicating the ARMC's advice and recommendations. A copy of the full agenda for each meeting is also provided to the Board. The chair of the ARMC meets separately with the Accounting Officer and produces a formal report to the Board at year end reporting on its effectiveness and outlining the key aspects of Committee work during the year.

The ARMC is supported by a professionally qualified Internal Audit service. As determined by a recent external assessment, the service conforms with the International Standards for the Professional Practice of Internal Auditing. The Head of Internal Audit and the Northern Ireland Audit Office representatives (external audit) have free and confidential access to the Chair of the Committee.

The Department has formally reviewed the degree to which it meets the requirements of the Audit Committee Handbook and has reported a substantial level of compliance. ARMC principles are kept continually under review to ensure that best practice is maintained.

The Department has disseminated Audit Committee best practice guidance to all of its Arm's Length Bodies (ALBs) and has reviewed the extent to which its ALBs are compliant with the Audit Committee Handbook. The majority of ALBs have reported full compliance or have actions planned to achieve full compliance. Where full compliance was not reported, the Department has planned a range of actions to assist ALBs to meet the spirit of the guidance, whilst taking account of the individual circumstances of those bodies concerned. The Department's proposed arrangements for the formation of an Audit Committee in the Education and Skills Authority have been founded upon the principles of the Audit Committee handbook.

27. Management of the Department's relationships with Arm's Length Bodies including NDPBs

The Department has written agreements with all Arm's Length Bodies. Mechanisms are in place for performance reporting during the year and at year-end, by the Arm's Length Bodies.

28. Other Corporate Governance arrangements

The Department also has the following Corporate Governance arrangements in place:

- Statements on Internal Control are completed annually and are discussed with the Audit and Risk Management Committee and discussed and agreed with the Departmental Board;
- the Department's policy on the identification, assessment and management of risk is outlined in its Risk Management Framework, which seeks to reduce the risk of fraud, financial loss, poor performance, complaints, disruption of service and adverse events and enable the Accounting Officer to demonstrate sound systems of risk management within the Department;
- senior managers provide the Accounting Officer annually with signed assurances regarding their areas of responsibility; and
- the Department's Board members possess a range of appropriate business skills and undertake continual professional development.

29. Developments in the Department's Corporate Governance arrangements

The Department's Corporate Governance arrangements are a vital element of the overall control framework and the arrangements are regularly reviewed. A range of enhancements were introduced during 2010-11 as a direct response to the perceived greater risk to good governance in the Department's ALBs following the failure to establish ESA in January 2010. These enhancements include:

- the introduction of Quarterly Assurance Statements for all ALBs;
- revision of the Risk Management Framework to reflect:
 - a more detailed description of the Department's risk appetite relative to different risk areas;
 - further guidance on the identification, assessment, management, reporting and review of risks;
 - new risk evaluation criteria and a revised risk assessment matrix;
 - new arrangements for the escalation of risks;
 - enhanced arrangements to manage risks relating to the Department's sponsorship of Arm's Length Bodies including sharing of risk registers, improving alignment and providing commentary to ALBs; and
 - requirements relating to the recording and management of fraud risks.

- the strengthening of the ALB governance and accountability review process by introducing quarterly meetings.
- attendance by the Department at all ALB Audit Committees with feedback arrangements in place for significant issues identified.

The information from these arrangements is then utilised for the following purposes:

- to inform the Accounting Officer's overall opinion of the risk management, control and governance arrangements when compiling the Department's Statement on Internal Control and to identify areas where further assurance is required;
- to provide the means through which management can monitor compliance and direct further improvements to enhance performance;
- to provide an effective tool by which to verify the effectiveness of management direction and control; and
- to help promote compliance with the HM Treasury Corporate Governance in Central Government Departments: Code of Good Practice.

Key elements of the Department's corporate governance arrangements have been reviewed by Internal Audit who have concluded that the arrangements are operating satisfactorily within the Department.

REMUNERATION REPORT

1. Remuneration policy

The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister approved a freeze on senior pay in respect of 2010-11 and 2011-12 pay awards, in line with the Executive's decision in Budget 2011-15 to mirror the UK Coalition Government's commitment to impose pay restraint.

The Northern Ireland Permanent Secretary Remuneration Committee helps determine pay on entry and the annual review of NICS Permanent Secretaries pay in line with the annual pay strategy as approved by the Minister of Finance and Personnel. The freeze on pay in 2010-11 and 2011-12 also applies to Permanent Secretaries.

The pay system in place for senior civil servants in the Northern Ireland Civil Service is currently under review.

2. Service contracts

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

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

Dr Roger Platt's appointment as a non-executive director ceased on 31 December 2010 and Mr Kevin Steele's appointment will cease on 30 September 2011. The Department and the non-executive directors may terminate the appointment by giving three months' notice in writing.

Further information about the work of the Civil Service Commissioners can be found at www.nicscommissioners.org.

3. Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Minister and most senior management of the Department.

Remuneration (Audited)

Minister	2010-11	2010-11	2010-11	2009-10	2009-10	2009-10
	Salary	Benefits	Benefits	Salary	Benefits	Benefits
	£	in kind	in kind	£	in kind	in kind
		(to	(to		(to	(to
		nearest	nearest		nearest	nearest
		£100)	£100)		£100)	£100)
Ms Caitriona Ruane MLA	37,801	-	-	37,801	-	-
Officials	2010-11	2010-11	2010-11	2009-10	2009-10	2009-10
	Salary	Bonus	Benefits	Salary	Bonus	Benefits
	£000	payments	in kind (to	£000	payments	in kind (to
		£000	nearest		£000	nearest
			£100)			£100)
Mr Paul Sweeney Permanent Secretary	100-105	-	-	15-20 (100-105 full year equivalent)	-	-
Mr John McGrath Deputy Secretary	90-95	-	-	90-95	-	-
Dr Robson Davison Deputy Secretary To 31 August 2010	45-50 (110-115 full year equivalent)	-	-	105-110	-	-
Mr Stanley Goudie Chief Inspector To 28 February 2011	85-90 (90-95 full year equivalent)	-	-	90-95	-	-
Mrs Dorothy Angus Director	65-70	-	-	65-70	-	-
Mrs La'Verne Montgomery Director	55-60	-	-	30-35 (55-60 full year equivalent)	-	-
Mr Mark McNaughten Director From 10 August 2010	40-45 (65-70 full year equivalent)	-	-	-	-	-
Mrs Catherine Daly Director To 30 September 2010	30-35 (60-65 full year equivalent)	-	-	60-65	-	-
Mr Eugene Rooney Director	65-70	-	-	65-70	-	-
Ms Linda Wilson Director	60-65	-	-	30-35 (60-65 full year equivalent)	-	-
Mrs Katrina Godfrey Director	55-60	-	-	55-60	-	-
Mr Diarmuid McLean Director	65-70	-	-	30-35 (65-70 full year equivalent)	-	-

Officials	2010-11	2010-11	2010-11	2009-10	2009-10	2009-10
	Salary £000	Bonus payments £000	Benefits in kind (to nearest £100)	Salary £000	Bonus payments £000	Benefits in kind (to nearest £100)
Mr Chris Stewart Director	65-70	-	-	65-70	-	-
Ms Caroline Gillan Director From 21 February 2011	5-10 (60-65 full year equivalent)	-	-	-	-	-
Mr Gavin Boyd* Chief Executive Designate, ESA	155-160	-	-	155-160	-	-
Dr Roger Platt Non-executive director To 31 December 2010	5-10 (5-10 full year equivalent)	-	-	5-10	-	-
Mr Kevin Steele Non-executive director	5-10	-	-	5-10	-	-

* Mr Boyd is also Interim Chief Executive of the Northern Ireland Council for the Curriculum, Examinations and Assessment on a non-remunerable basis.

Salary

“Salary” includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any gratia payments.

The Department of Education was under the direction and control of Ms Caitriona Ruane MLA during the financial year. Her salary and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in this resource account. These amounts do not include costs relating to the Minister’s role as MLA which are disclosed elsewhere.

Benefits in kind

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

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. There were no such bonus payments made in 2009-10 and 2010-11.

Pension Benefits (Audited)

Minister	Accrued pension at age 65 as at 31 March 2011 £000	Real increase in pension at age 65 £000	CETV at 31 March 2011 £000	CETV at 31 March 2010** £000	Real increase in CETV £000
Ms Caitriona Ruane MLA	0-5	0-2.5	34	25	10

** The actuarial factors used to calculate CETVs were changed in 2010-11. The CETVs at 31 March 2010 and 31 March 2011 have both been calculated using the new factors, for consistency. The CETV at 31 March 2010 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

Ministerial pensions

Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2008 (AMPS). The scheme is made under s48 of the Northern Ireland Act 1998. As Ministers will be Members of the Legislative Assembly they may also accrue an MLA's pension under the AMPS (details of which are not included in this report). The pension arrangements for Ministers provide benefits on a "contribution factor" basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate (1/50th or 1/40th) multiplied by the cumulative contribution factors and the relevant final salary as a Member.

Benefits for Ministers are payable at the same time as MLA's benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Ministers pay contributions of either 6% or 11.5% of their Ministerial salary, depending on the accrual rate. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose representing the balance of cost. This is currently 23.3% of the Ministerial salary.

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

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any

actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The actuarial factors used in the CETV calculation were changed during 2010, due to changes in demographic assumptions and the move from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) as the measure used to uprate Civil Service pensions. This means that the CETV in this year's report for 31 March 2010 will not be the same as the corresponding figure shown in last year's report.

The real increase in the value of the CETV

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

Pension Benefits (Audited)

Officials	Accrued pension at age 60 as at 31 March 2011 and related lump sum £000	Real increase /(decrease) in pension and related lump sum at age 60 £000	CETV at 31 March 2011 £000	CETV at 31 March 2010*** £000	Real increase /(decrease) in CETV £000	Employer contribution to partnership account (nearest £100)
Mr Paul Sweeney Permanent Secretary	35-40 plus lump sum of 115-120	0-2.5 plus lump sum of 2.5-5	780	707	4	-
Mr John McGrath Deputy Secretary	35-40 plus lump sum of 110-115	(0-2.5) plus lump sum of (0-2.5)	842	782	(2)	-
Dr Robson Davison Deputy Secretary To 31 August 2010	50-55 plus lump sum of 155-160	(0-2.5) plus lump sum of (0-2.5)	1,191	1,196	(3)	-
Mr Stanley Goudie Chief Inspector To 28 February 2011	35-40 plus lump sum of 180-185	(0-2.5) plus lump sum of 55-57.5	971	909	24	-
Mrs Dorothy Angus Director	25-30 plus lump sum of 80-85	0-2.5 plus lump sum of 0-2.5	632	587	-	-
Mrs La'Verne Montgomery Director	0-5	0-2.5	14	5	7	-
Mr Mark McNaughten Director From 10 August 2010	10-15 plus lump sum of 40-45	0-2.5 plus lump sum of 0-2.5	165	146	6	-

Officials	Accrued pension at age 60 as at 31 March 2011 and related lump sum £000	Real increase/(decrease) in pension and related lump sum at age 60 £000	CETV at 31 March 2011 £000	CETV at 31 March 2010*** £000	Real increase/(decrease) in CETV £000	Employer contribution to partnership account (nearest £100)
Mrs Catherine Daly Director To 30 September 2010	20-25 plus lump sum of 65-70	0-2.5 plus lump sum of 0-2.5	433	405	-	-
Mr Eugene Rooney Director	20-25 plus lump sum of 70-75	0-2.5 plus lump sum of 5-7.5	427	366	29	-
Ms Linda Wilson Director	25-30 plus lump sum of 75-80	0-2.5 plus lump sum of 2.5-5	541	479	19	-
Mrs Katrina Godfrey Director	15-20 plus lump sum of 50-55	0-2.5 plus lump sum of 0-2.5	227	207	2	-
Mr Diarmuid McLean Director	15-20 plus lump sum of 55-60	0-2.5 plus lump sum of 0-2.5	353	321	4	-
Mr Chris Stewart Director	15-20 plus lump sum of 55-60	0-2.5 plus lump sum of 0-2.5	281	255	3	-
Ms Caroline Gillan Director From 21 February 2011	10-15 plus lump sum of 30-35	0-2.5 plus lump sum of 0-2.5	115	113	-	-
Mr Gavin Boyd Chief Executive Designate, ESA	5-10	0-2.5	143	104	27	-
Dr Roger Platt Non-executive director To 31 December 2010	-	-	-	-	-	-
Mr Kevin Steele Non-executive director	-	-	-	-	-	-

*** The actuarial factors used to calculate CETVs were changed in 2010-11. The CETVs at 31 March 2010 and 31 March 2011 have both been calculated using the new factors, for consistency. The CETV at 31 March 2010 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 arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. From April 2011, pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to

2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality “money purchase” stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is an “earned pension” arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. Earned pension benefits are increased annually in line with increases in the CPI. For 2011, public service pensions will be increased by 3.1% with effect from 11 April.

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

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of nuvos. Further details about the CSP arrangements can be found at the website www.civilservice-pensions.gov.uk.

Cash Equivalent Transfer Values

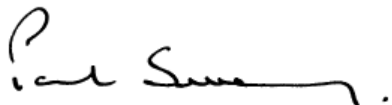
A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred

to the CSP arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 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.

The actuarial factors that are used in the CETV calculation were changed during 2010, due to changes in demographic assumptions and the move from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) as the measure used to uprate Civil Service pensions. This means that the CETV in this year's report for 31 March 2010 will not be the same as the corresponding figure shown in last year's report.

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.



Signed: _____
Accounting Officer

Date: 7 September 2011

DEPARTMENT OF EDUCATION

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act (NI) 2001, the Department of Finance and Personnel has directed the Department of Education to prepare, for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department of Education and of its net resource outturn, resources applied to objectives, changes in taxpayers' equity and cash flows for the financial year.

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

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

The Department of Finance and Personnel has appointed the Permanent Head of the Department as principal Accounting Officer of the Department of Education. In addition, the Department of Finance and Personnel has appointed an additional Accounting Officer to be accountable for those parts of the Department's accounts relating to specific requests for resources and the associated assets, liabilities and cash flows. This appointment does not detract from the Head of Department's overall responsibility as Accounting Officer for the Department's accounts.

The allocation of Accounting Officer responsibilities in the Department is as follows:

RFR A

Function Lines (A10, A12, A13 and A14):

Gavin Boyd (Chief Executive Designate of the Education and Skills Authority)

All Other Function Lines

Paul Sweeney (Permanent Secretary)

RFR B

Function Lines (B9 and B10):

Gavin Boyd (Chief Executive Designate of the Education and Skills Authority)

All Other Function Lines

Paul Sweeney (Permanent Secretary)

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

DEPARTMENT OF EDUCATION

STATEMENT ON INTERNAL CONTROL

1. Scope of responsibility

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

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

The risk management, control and governance process within the Department includes the arrangements by which the Department manages relationships with NDPBs. This Statement on Internal Control takes account of any significant control issues or failures within the Department's NDPBs.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Department of Education for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with the Department of Finance and Personnel guidance.

3. Capacity to handle risk

The Department's Board has collective responsibility for monitoring and reviewing the high level risks recorded in the Department's risk registers. The Board has procedures in place for verifying that risk management and internal control are regularly reviewed and reported on.

The Department's Risk Management Framework provides direction on the Department's underlying approach to risk management, including the roles and responsibilities of the Departmental Board, the Audit and Risk Management Committee, Directors, Heads of Teams, Internal and External Audit.

4. The risk and control framework

The Department has set out its approach to risk management in a Risk Management Framework, which also outlines the mechanisms through which potential risks to the achievement of the departmental objectives are identified and evaluated. Appropriate procedures have been carried out to ensure that risks associated with the Department's key objectives have been assessed, and determine a control strategy for each of the significant risks. Risk ownership has been allocated to the appropriate staff.

The nature of the risk; the current level of control; any further action being taken; and risk owners, are recorded in the Department's risk registers. The Department's Risk Management Framework includes guidance that helps to ensure consistent evaluation of risk.

The Department's approach to risk management is manifested in various ways as outlined below:

- the Departmental Board assumes responsibility for risk management across the Department as a whole;
- the Departmental Board adopts an open and receptive approach to discussing and addressing risks across the Department;
- senior management undertakes monitoring of key risks;
- senior management supports the Directorate/Team implementation and ongoing management of risk; and
- risk management is integrated with normal management processes and informs the annual business planning cycle so as to link risk management and internal control firmly with the Department's ability to fulfil its business objectives.

The risk appetite of the Departmental Board varies in relation to the nature of the risk. Its appetite for particular categories of risk is outlined in the Department's Risk Management Framework.

Risks are identified, evaluated and managed to ensure that the Department's exposure is within an acceptable range. The Department has established an evaluation framework to assist managers in assessing the level of risk.

The Department's Board has ultimate responsibility for ensuring an effective risk management process is in place and is regularly reviewed. The Department's Board collectively agrees the risks to be included in the Department's Corporate Risk Register and assigns ownership of each risk to Directors.

The Department has data security policies, systems and controls in place to ensure security of data. These ensure appropriate measures are taken when staff are accessing and processing personal information, to maximise the security of such data.

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

The Department's Board is responsible for setting the tone and influencing the culture of risk management within the Department including:

- determining the Department's "appetite for risk";
- determining which types of risk are acceptable and which are not;
- discussing and approving issues that significantly affect the Department's risk profile or exposure;
- continually monitoring the management of significant risks and ensuring that actions to remedy control weaknesses are implemented;
- satisfying itself that the less significant risks are being appropriately managed by senior management at Directorate/Team level; and
- reviewing annually, or more frequently, the effectiveness of the organisation's internal control processes, and ensuring the Department is compliant with corporate governance best practice including ongoing maintenance and development of risk management and review processes.

In relation to risk management, the Audit and Risk Management Committee provide a forum to discuss risk management matters and advise the Department's Board on:

- the strategic processes for risk and adequacy of risk management and internal control;
- the quality of the Corporate Risk Register and Directorate Risk Registers; and
- the outcome of internal monitoring of Corporate and Directorate Risk Registers.

The role of Directors in the risk management process includes responsibilities for:

- establishing and maintaining a sound system of internal control within his/her Directorate;
- identifying and managing the key risks within their business area and summarising these in the form of Directorate Risk Registers;

- monitoring and reporting to the Department's Board on key risks and controls in the context of regular management reports or other agreed arrangements;
- notifying the Department's Board and the Audit and Risk Management Committee when there is a significant change to the Directorate risk profile; and
- providing an annual assessment of the significant risks and controls for their Directorate in accordance with best practice corporate governance requirements.

The Heads of Team role in the risk management process includes responsibilities for:

- establishing and maintaining a sound system of internal control within their Team;
- identifying and managing the key risks within their Team on a day by day basis;
- providing supplementary assurance to Directors, as and when required, on aspects of the Team's risk management and internal control framework; and
- liaising with Directors on a regular basis to review risk exposure within the Team and identifying and capturing those risks within the Directorate risk register that are considered to be of appropriate significance.

Internal Audit carries out independent reviews of the effectiveness of risk management and control and reports the results to Directors, Heads of Teams and the Accounting Officer. Internal Audit also has a role to play in providing advice on the management of risk, especially those issues surrounding the design, implementation and operation of systems of internal control; and promoting risk and control concepts within the Department.

The risk management arrangements currently in place have been independently assessed by Internal Audit against HM Treasury guidance. This review has confirmed a high level of compliance with the guidance.

The Head of Internal Audit has provided me with a report on internal audit activity within the Department during the year and an annual assurance statement. The Internal Audit assurance reflects an aggregate of the assessment ratings of Internal Audit over a three year period from 2008-09 to 2010-11. These indicate that, overall, the system of governance, risk management and control within the Department is *satisfactory*. However, the report did highlight that there was one audit which reported an unacceptable level of internal control. This was specifically in relation to the allocation and monitoring of early years funding, which is reported as a significant internal control issue in paragraph 6.

The Department has a process in place whereby audit reports that receive a less than satisfactory assurance rating are subject to regular follow up to ensure that appropriate management action is taken in a timely manner. The ARMC also provide a scrutiny role, challenging management to ensure that systems are promptly strengthened to address the weaknesses identified in the audit.

My review of the effectiveness of the system of internal control is also informed by:

- regular performance information provided by managers with executive responsibilities;
- the subsidiary statements on internal control presented by Heads of Teams and Directors within the Department, who have responsibility for the development and maintenance of the internal control framework in their respective areas;
- the statements on internal control, and associated documentation, submitted by the Accounting Officers of the Department's NDPBs; and
- comments made by the external auditors in their management letters and other reports.

In regard to Job Evaluation Schemes in Education and Library Boards (ELBs), an accredited Job Evaluation Scheme in line with a UK agreed process was undertaken by ELBs to address a major risk, i.e. to stem the flow of the growing number of equal pay claims arising in the public sector and to ensure fairness and objectivity in the treatment of staff. A moratorium has been placed on any new evaluations and any re-evaluations within the Department's NDPBs and other funded bodies until a way forward on job evaluation has been agreed for the new Education and Skills Authority (ESA). In the absence of the establishment of the ESA this is being progressed by the ELBs through the auspices of the Joint Negotiating Council (JNC).

No approvals to undertake job evaluations were given to any of the Departments other ALBs in 2010-11. Going forward any requests for job evaluation will be considered under the new Greater London Provincial Council Job Evaluation procedures. These will be implemented once agreed through JNC and once the moratorium is lifted and will ensure a consistency of approach across the education sector.

6. Significant internal control issues

Managing the Programme of Change Process

The delay in the establishment of ESA has meant continuing difficulties and uncertainty across the education sector. There have been increasing pressures on the Department's NDPBs, particularly as they have been subject to vacancy control as part of the Review of Public Administration arrangements longer than originally intended. Many of the senior posts across the NDPBs are now filled by staff on temporary promotions.

During this period of uncertainty, and at a time when the financial situation has become much more challenging, the Department has given priority to enhancing the governance and accountability arrangements with the NDPBs.

Over the past year the Department has moved to quarterly Governance and Accountability Review meetings with all the NDPBs. The meetings have a focus on educational standards and financial and performance management. The Department has required quarterly Assurance Statements on Internal Control to be completed by the respective Accounting Officers. In recognition of the increased risks, the Department also undertook a risk register alignment exercise with all its NDPB's so that there was a shared understanding and

consistency in recording and assessing the main risks affecting the Education Sector. This has been complemented by Departmental attendance as observers at all meetings of NDPB audit committees with report back within the Department of key issues.

Following the Budget 2010 decisions by the Executive, there will need to be significant savings over the next four years. Areas for reduction have been identified in the Department's savings delivery plan. The reductions will need to be achieved where possible through increased efficiency and reduction in management and administration, to protect the front line services as far as possible. In the period before ESA is established, the opportunities to reduce costs by managing services on a shared or regional basis will need to be examined fully.

Council for Curriculum, Examinations and Assessment (CCEA)

Following the errors that occurred in 2009-10 in relation to the InCAS diagnostic assessment tool, CCEA took action to ensure that the assessments carried out in primary schools during autumn 2010 via the InCAS assessment tool performed as designed. This included addressing the relevant recommendations made by the InCAS Working Group established by the Education Minister. CCEA also took action to ensure that those recommendations are informing the procurement of a computer-based diagnostic assessment tool for Years 4-7 (the current contract comes to an end in 2012) to enable schools to continue to meet their statutory requirements in relation to diagnostic assessment.

During 2010-11 three major issues which led to wrong marks and, in some cases, wrong grades being awarded to pupils, came to light in relation to qualifications delivered by CCEA. These were as follows:

- in April 2010 it was discovered that rubric violation (i.e. non-adherence to option restrictions on question selection) by a number of candidates in a unit of A level Geography had not been dealt with correctly by examiners;
- marking issues associated with Irish-medium papers at GCSE, AS and A2 level, also in the summer 2010 examination series. These related to the accuracy and quality of translations into English of some of the examination scripts; and
- a failure in the marking system for CCEA A level Chemistry in the summer 2010 examination series.

Following the latter error, the Education Minister commissioned an external investigation by the Office of Qualifications and Examinations Regulation (Ofqual), the regulator of qualifications examinations and assessments in England and vocational qualifications in Northern Ireland. Ofqual reports on the investigation made a number of recommendations that were accepted by the Department and by CCEA. CCEA has been required to report regularly on progress and the Department has monitored developments closely. In addition, the Permanent Secretary has sought and received assurances from the CCEA interim Chief Executive that CCEA is continuing to take rigorous action to address the recommendations in the Ofqual reports.

The 2009-10 Statement on Internal Control also reported a breach of governance within CCEA which came to light during that year. In response to this, a number of measures were

put in place to ensure that Council members were reminded of their responsibilities in relation to governance and stewardship. CCEA decisions on pay and workforce issues are now scrutinised by the Department. In addition, the Department now sends an observer to meetings of the CCEA Council and the CCEA Audit and Remuneration Committee.

The breach of governance related, in part, to decisions on pay arrangements for the interim Top Management Team at CCEA. In 2010-11 and following detailed discussion with the Department, CCEA submitted a revised business case for the top management team which, in the Department's view, complied with the requirements of the public sector pay policy. The business case was submitted to DFP which stated that the honoraria payments entered into and implemented by CCEA in 2008-09 were not approved in accordance with the DFP Pay Remit Approval Process and Guidance. The subsequent irregular payments amounted to £995 (2010-11), £2,986 (2009-10) and £2,658 (2008-09). There was also irregular expenditure in respect of performance related pay amounting to £84,358 paid in 2009-10 for the 2008-09 performance year.

As a result of information disclosed by CCEA following a series of requests under the Freedom of Information (FoI) Act, the Department became aware during 2010 of the scale and nature of some expenditure on travel and hospitality incurred by CCEA in the past. The information raised concerns about the appropriateness of the level of expenditure in some areas, the basis for choosing venues and the rationale for some decisions.

In November 2010, the Permanent Secretary asked the Department's Internal Audit to undertake a review to determine if appropriate assurances could be provided in relation to regularity, propriety and value for money of such expenditure.

The report (finalised in March 2011) found that only limited assurance can be provided. CCEA accepted the findings of the report and provided assurances that action had been taken (or would be taken if not already in hand) to address weaknesses identified in the report. The target date for the implementation of the recommendations contained in the Internal Audit report is 30 June 2011. In line with normal procedure, the Internal Audit Team will conduct a follow-up review to determine the extent of progress.

It was identified that CCEA failed to obtain Departmental approval for twelve contracts that were awarded during the period September 2008 to June 2010. Two of these business cases have now been retrospectively approved and CCEA is now working closely with the Department to ensure that the necessary approvals for the remaining 10 contracts are secured and has implemented controls to ensure that full compliance is achieved in future. The total value of the 12 contracts awarded was £3,317k. Of this total value, £266k was incurred in 2010-11 which relates to business cases that have not yet been approved by the Department.

During 2010-11 CCEA Council membership fell below the legal minimum of nine members and a Chair. This followed the resignation of one member in June 2010 and the untimely death of the CCEA Chair in January 2011. It is envisaged that the process to fill the vacant positions will commence as soon as possible.

Procurement issues

In response to a suspected fraud involving the installation of heating plant in a post primary school and irregularities involving contracts for maintenance work in the South Eastern

Education and Library Board (SEELB), the Department instigated two investigations into procurement issues in the SEELB; one by the Department's Internal Audit team and the other, a Gateway Review, by a team of independent experts.

The Internal Audit investigation into the operation of Measured Term Contracts currently in place in the Board found serious weaknesses in governance and internal control, which left the systems vulnerable to fraud, error or exploitation. The Gateway Review identified a number of serious high level control deficiencies around the governance and control of procurement in the Board, including shortcomings in the way contracts are let and managed. In particular, the review noted that there was no single point of accountability and responsibility for procurement activities within the Senior Leadership Team. It also found that the Board was largely unsighted on procurement issues. The review team made nine recommendations designed to address the issues identified.

In response to the findings the Department initiated a range of measures to ensure that the issues highlighted by both investigations were addressed. These included:

- the appointment of an independent procurement expert to oversee the Board in the development of an action plan to address the recommendations contained in both investigations;
- a broader review of governance in the SEELB by the Department's Internal Audit team;
- a report on the use of Single Tender Actions by the SEELB in the last three years; and
- monthly procurement Governance and Accountability meetings between the Department and the SEELB.

An action plan was submitted to the Department by the SEELB. The independent expert scrutinised and formally reported on the action plan and is content that the plan and its implementation are adequate to address the recommendations in the investigations. The plan has been approved by the Minister and arrangements have been put in place to review its implementation at the end of 2011. The fieldwork for the review of governance has been completed and a report is due shortly. The report on single tender actions has also been provided to the Department. It details a large number of single tender actions over the three year period, only a small number of which received Accounting Officer approval. It will be a matter for the Chief Executive of the Board to satisfy himself which single tender actions should be given retrospective Accounting Officer approval, within his delegated limit. The remaining actions which cannot be justified should be declared as irregular expenditure in the Board's Statement on Internal Control for 2010-11. While the number of historic single tender actions is a matter of concern, the Department is content that the new procedures developed by the SEELB for authorising and approving single tender action are robust. The monthly procurement governance meetings have commenced and the Department will use this forum to hold the Board to account for its procurement-related activities.

In view of the problems identified around procurement in the SEELB, the Department commissioned further Gateway Reviews into procurement practices in the other Boards. The reviews found significant variation in the quality of the establishment and management of contracts. The Belfast Education and Library Board and Southern Education and Library Board do not fall far short of best practice. In both, the establishment and management of

contracts are well run and there are no major issues that need resolution. By contrast, in the Western Education and Library Board (WELB) and North Eastern Education and Library Board (NEELB), the reviews concluded that there were significant issues or risks in the establishment of contracts, which require management attention. In addition, the NEELB's management of contracts was identified as an area of major concern requiring urgent action and attention.

The Department has asked the WELB and NEELB to submit plans to address the review findings. Arrangements will be put in place to review progress on the implementation of the plans by the end of 2011. The NEELB has also been subject to a governance review carried out by the Department's Internal Audit team. This was one of the actions arising out of an independent review of the Magherafelt High School Project. Further detail on this review is set out under "Public Expenditure Approval Process" later in this statement. The report from the governance review is not available at the time of publication.

It is vital that each Board ensures that its procurement practices meet best practice. However, the reviews highlighted that in terms of improving procurement-related economies and efficiencies, these can only really be achieved through a unified approach to procurement.

The Department is prioritising the work to establish a single CoPE-accredited procurement service for the education sector. The establishment of a CoPE will be essential if we are to plan strategically for the whole sector, maximise economies of scale and ensure universal compliance with best practice.

The Department is seeking to develop proposals for a single unified CoPE by April 2012.

To facilitate this, a new unit has been established within the Department to take forward work on the design and establishment of the CoPE.

This unit is also overseeing the work arising from the investigations carried out in the SEELB and subsequent reviews in the other Boards.

Pay Remit Approval Process

In 2010-11 it was identified that a number of honoraria payments were made by schools to teaching staff and by the Department's Arms Length Bodies (ALBs) to non-teaching staff, prior to obtaining the necessary approvals (2010-11: £662k, 2009-10: £745k).

The administration of a Vacancy Control Policy across the Department's ALBs, has meant that non-teaching vacancies, excluding school-based staff, are predominantly filled through fixed term contracts or through temporary acting-up arrangements. It has been the temporary acting-up arrangements which have resulted in the honoraria payments being made.

The Department considers that these payments are contractual as they comply with NJC Terms and Conditions of Service. However DFP has not given retrospective approval for these payments as they were made without prior approval.

To ensure that future payments for temporary acting-up arrangements are authorised, an Additional Responsibility Allowance policy for non-teaching staff was approved by DFP in

March 2011. The Department is currently preparing a similar policy for teaching staff in schools.

To address specific issues identified, a pay remit seminar was held for the Department and ALBs in October 2010. The key objectives of the seminar were to provide an understanding of the principles underpinning public sector pay policy and a simplified approach to the completion of a pay remit business case.

Public Expenditure Approval Process

A key aspect of the overall financial control process for public expenditure is the effective operation of delegated limits for approval of expenditure between the Department and DFP and between the Department and its funded bodies. Compliance with this process is essential to ensure regularity of expenditure. In the previous two financial years, a number of projects were identified where retrospective approval by DFP had either not been secured or was unlikely to be secured.

To implement more effective governance and increased compliance with the approval process, the Department has carried out a number of actions, as follows:

- early in 2011, a new user-friendly finance manual was issued to all staff, which provides detailed guidance on the business case approval process;
- a number of seminars were delivered to staff across the Department, focusing on the controls and procedures to be followed to ensure full compliance with the public expenditure approval process. Further seminars are planned for ALBs;
- in March 2011, Internal Audit completed a follow-up review of the DE Approval Processes. This resulted in a satisfactory assurance rating, as the majority of the recommendations made in the October 2010 report had been implemented or are being progressed satisfactorily; and
- Directors within the Department and its funded bodies were asked to supply details of all projects undertaken since 1 July 2006 to ensure that business cases had been completed for all projects, appropriate approvals had been secured and that post project evaluations had been completed. A report was issued in December 2010, which identified a number of projects where the appropriate approvals had not been obtained. Actions are now being taken within the Department to secure retrospective approval for these projects.

In 2010-11 a further six areas were identified where the public expenditure approval process had not been fully complied with in prior years: Magherafelt Primary School and Nursery School; Magherafelt High School; Pond Park Primary School; Colin Integrated Development Fund; Recruitment of Directors to ESAIT; and Use of Commercial Insurance. Details in respect of each of these are set out below:

1. Magherafelt Primary School and Nursery School

Appropriate approval was not obtained to purchase the site of the new build Nursery and Primary schools at a total cost of £0.905m. Approval was not granted by DFP because, the site had already been purchased by the North Eastern Education and

Library Board (NEELB) in December 2009 and its area is in excess of the minimum requirements as set out in the Building Handbook. For this reason, DFP determined that had DFP approval been sought prior to purchase, it would have been refused. Whilst the site size is in excess of the minimum requirements, there are a number of specific traffic management concerns with this site, which required additional land provision within the school boundary.

After considering the site scale and additional land required, the Department has advised NEELB to immediately dispose of a small portion of the site.

2. Magherafelt High School

In November 2009, DFP approved an economic appraisal for Magherafelt High School on the basis of a Long Term Enrolment (LTE) figure of 600. However, the NEELB failed to seek formal approval from the Department prior to committing to Phase 2 of the Project. Approval for the additional Phase 2 has now been given by the Department.

As a result of the Department's concerns, a review was commissioned in November 2010, with a resulting report produced in December 2010. This report concluded that:

- there is nothing to indicate that the Department has suffered any financial loss as a consequence of how the contract has been handled to date;
- there is no suggestion that any member of staff at Board level has benefitted improperly in any way from the decision to proceed with Phase 2 without the necessary approvals being in place; and
- that any failing has been one of not appreciating the need for approval required by the Department before committing to Phase 2 of the project, rather than a deliberate attempt to set aside the formality of approval and control processes.

At the request of the Minister, the Board has produced an action plan to address the recommendations in the report. This action plan will be incorporated into the wider plan to tackle the recommendations arising from the gateway style review of procurement practices in the Board. To provide further assurance that this situation does not arise again, the Department has established quarterly meetings with the Board to monitor progress on capital schemes and has instigated a review of governance and control within the Board, to include a review of capital expenditure planning, approvals, monitoring and communication between the Board and Department. The findings of this review are not yet available.

3. Pond Park Primary School

During 2010-11, Directors within the Department and its funded bodies were asked to supply details of all projects undertaken since 1 July 2006, to ensure that business cases had been completed for all projects, appropriate approvals had been secured and that post project evaluations had been completed. As part of this exercise, it was identified that for one project – Pond Park Primary School, Lisburn – DFP approval should have been obtained as the project costs exceeded the Department's delegated

limit. The new school building was completed in August 2009 at a total cost of £5.82m.

4. Colin Integrated Development Fund

The Colin Integrated Development Fund Project was approved by DFP in 2006, which was managed by the South Eastern Education and Library Board (SEELB). The SEELB engaged consultants to advise on the monitoring and evaluation of the effectiveness of the Colin IDF Project and in particular, the extent to which it enhances the educational achievement amongst children and young people. However, no Business Case was submitted for this expenditure and DFP guidance states that as with all expenditure, that the principles of appraisal should apply to all decisions to engage consultants, with appropriate and proportionate effort. Neither the Department nor the Minister gave formal approval for this consultancy exercise, the value of which totalled £57,150 and exceeded the Board's delegated limit.

5. Recruitment of Directors to ESAIT

In 2009, ESAIT appointed external consultants to provide recruitment services to select seven directors, at a cost of approximately £49k. Further external consultancy services were engaged at an additional cost of £12k, however a business case for this additional consultancy was not prepared at the time.

As the proper business case process and approval requirements were not followed – the extension of the consultant's contract had not been appraised at the appropriate time or approved at the appropriate levels, DFP has stated that this expenditure is irregular.

6. Use of Commercial Insurance

DFP approval is required prior to entering into a contract for commercial insurance. A number of the Department's ALBs entered into contracts for commercial insurance without seeking approval from either the Department or DFP. DFP consider that the rationale for entering into these contracts appears reasonable, however as approval was not sought in advance, the associated spend is considered to be irregular (2010-11: £39k, 2009-10: £49k).

Schools' Modernisation Programme

The main objective of the Schools' Modernisation Programme was to establish modern, streamlined procurement arrangements that could efficiently and effectively deliver the required level of capital investment in the schools' estate. In the 2009-10 Statement on Internal Control, it was reported that a legal challenge had been instigated in relation to the award of three separate frameworks to procure Major Works, Professional Services and Minor Works and Maintenance.

In October 2008, the judge ruled in favour of the plaintiff and in December 2008, the major works framework was set aside by the High Court. The Department subsequently lodged an appeal against the ruling and redirected its focus to establishing a single procurement

approach to procuring major works schemes, outside the framework, in respect of the whole education sector.

The legal challenge has resulted in unexpected delays in the procurement of major works schemes (some even having to be retendered as a result), a change in the major works procurement approach and additional legal expenditure to take forward the Department's case and appeal. To date the Department has not been notified of the outcome of the appeal.

Early Years Functions

Policy responsibility for certain early years services transferred from the Department of Health, Social Services and Public Safety (DHSSPS) to the Department on 1 November 2006. In October 2006 DFP granted the Department temporary extra statutory powers to make payments in respect of early years services. This was subject to certain conditions which included seeking to secure legislative provision at the first available opportunity. It was intended that the necessary provision would be incorporated in the RPA Bill. However, the delay in establishing ESA means that this Bill has not progressed. Action needs to be taken to ensure that the Department has the appropriate legislative authority to issue these grant payments.

A recent internal audit report on Early Years Provision has identified this issue along with a number of other control problems resulting in an overall assurance rating of "unacceptable". Work is being taken forward to address the issues identified.

Assessment of Post Project Evaluations

Every NICS Department is required to complete periodic sample testing of Post Project Evaluations (PPEs) each year and report findings to their Accounting Officer and DFP by 30 June.

Within the Department, there are a number of overdue PPEs (43 projects at 31 March 2011). The Department is liaising with DFP to clear the outstanding PPEs and ensure that future PPEs are prepared and submitted on a timely basis.

The Department is also working to develop a process to ensure that key lessons learned arising from PPEs are disseminated appropriately in future.

Business Continuity Plan (BCP)

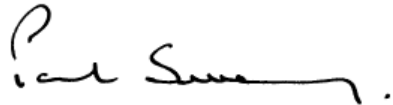
The Education Sector coped well with the severe weather conditions experienced in winter 2010, which enabled key services to continue uninterrupted. However, lessons learned from this experience are being incorporated into the updated Departmental Business Continuity Plan (BCP). A review of the BCP was instigated in August 2010, and an action plan is now in place to ensure completion of outstanding review points in 2011-12.

Teachers' Superannuation Scheme NI (TSS NI)

The Department is Scheme Manager for the TSS NI. The Statement on Internal Control contained within the TSSNI Resource Accounts for 2010-11 provides details of any matters which are relevant to the Scheme.

Overall Context

This statement identifies some important control issues and I do not take these lightly. The Department has taken substantial steps to ensure that these controls are tightened and that the risk of future occurrences is reduced. However, these issues should be set within an overall context in which the Department's overall standard of control has been improving, reflected in the overall satisfactory rating given by Internal Audit. It is important that this improvement is sustained especially given the challenges of maintaining effective controls in the education system during a period of change and uncertainty.



Signed: _____
Accounting Officer

Date: 7 September 2011

DEPARTMENT OF EDUCATION

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

I certify that I have audited the financial statements of the Department of Education for the year ended 31 March 2011 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statement of Parliamentary Supply, the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity, the Statement of Net Operating Costs by Departmental Strategic Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

Basis for Qualified Opinion on Regularity

Honoraria paid to both teaching and non-teaching staff by the Department of Education's Arms Length Bodies (ALBs) and a number of schools should have been approved in advance by the both the Department of Education and the Department of Finance and Personnel. As such approval was not sought and the Department of Education do not intend to seek retrospective approval, total expenditure of £662,127 relating to honoraria is deemed to be irregular.

Opinion on Regularity

In my opinion, except for the expenditure of £662,127 on the payment of honoraria to teaching and non-teaching staff by the Department of Education's ALBs and a number of schools, in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department of Education's affairs as at 31 March 2011 and of its net cash requirement, net resource outturn, net operating cost, cash flows, changes in taxpayers' equity and net operating costs applied to departmental strategic objectives for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Finance and Personnel directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Introduction and Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or

- the financial statements and the part of the Remuneration 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 Statement on Internal Control does not reflect compliance with Department of Finance and Personnel's guidance.

See also my report attached to these financial statements.



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

9 September 2011

DEPARTMENT OF EDUCATION

STATEMENT OF PARLIAMENTARY SUPPLY

Summary of Resource Outturn 2010-11

Request for Resources	Note	Estimate			Outturn			2010-11	2009-10
		Gross expenditure £000	Accruing Resources £000	Net total £000	Gross expenditure £000	Accruing Resources £000	Net total £000	Net total outturn compared with Estimate: saving/ (excess) £000	Net total £000
Request for Resources A	2	1,999,027	(14,979)	1,984,048	1,957,593	(14,404)	1,943,189	40,859	1,988,111
Request for Resources B	2	38,074	-	38,074	36,124	-	36,124	1,950	38,543
Total resources	3	2,037,101	(14,979)	2,022,122	1,993,717	(14,404)	1,979,313	42,809	2,026,654
Non-operating cost Accruing Resources		-	-	-	-	-	-	-	-

Net Cash Requirement 2010-11

Net cash requirement	Note	Estimate £000	Outturn £000	2010-11	2009-10
				Net total outturn compared with Estimate: saving/ (excess) £000	Outturn £000
Net cash requirement	4	2,019,988	1,975,874	44,114	2,001,209

Summary of income payable to the Consolidated Fund

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

		Forecast 2010-11		Outturn 2010-11	
	Note	Income £000	Receipts £000	Income £000	Receipts £000
Total	5	7,314	<i>7,314</i>	8,156	<i>7,557</i>

Explanations of variances between Estimate and outturn are given in note 2 and in the Management Commentary.

The notes on pages 75 to 113 form part of these accounts.

DEPARTMENT OF EDUCATION

Statement of Comprehensive Net Expenditure for the year ended 31 March 2011

		2010-11			2009-10		
	Note	Staff costs £000	Other costs £000	Income £000	Staff costs £000	Other costs (restated) £000	Income £000
Administration costs:							
Staff costs	8	16,079	-	-	17,351	-	-
Other administration costs	9	-	6,391	-	-	6,708	-
Operating income	11	-	-	(326)	-	-	(204)
Programme costs:							
Request for Resources A							
Staff costs	8	10,359	-	-	9,627	-	-
Programme costs	10	-	1,925,971	-	-	1,956,589	-
Add: EUPRP non-budget CFER adjustment	11	-	-	241	-	-	-
Less: Income from EU (DE principal)	11	-	-	-	-	-	(372)
Less: Income	11	-	-	(22,234)	-	-	(2,631)
Request for Resources B							
Programme costs	10	-	34,917	-	-	37,299	-
Add: EUPRP non-budget CFER adjustment	11	-	-	310	-	-	-
Less: Income from EU (DE principal)	11	-	-	-	-	-	(28)
Totals		26,438	1,967,279	(22,009)	26,978	2,000,596	(3,235)
Net operating cost for the year ended 31 March 2011	3			1,971,708			2,024,339
Other Comprehensive Expenditure							
Net gain on revaluation of property, plant and equipment	13			(1)			(3)
Net gain on revaluation of intangible assets	14			(32)			(18)
Total comprehensive expenditure for the year ended 31 March 2011				1,971,675			2,024,318

All income and expenditure are derived from continuing operations. The 2009-10 figures have been restated to remove cost of capital and to implement the FReM adaptation of IAS 36, *Impairment of Assets*. Details of the restatements are included at notes 1.22 and 1.23.

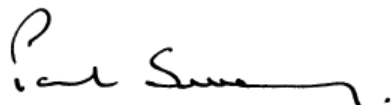
The notes on pages 75 to 113 form part of these accounts.

DEPARTMENT OF EDUCATION

**Statement of Financial Position
as at 31 March 2011**

	Note	2011 £000	2010 £000	2009 (restated) £000
Non-current assets:				
Property, plant and equipment	13	52	61	186
Intangible assets	14	775	632	599
Financial assets	15.1	1,560	1,560	1,560
Total non-current assets		2,387	2,253	2,345
Current assets:				
Trade and other receivables	17	17,045	18,132	23,251
Cash and cash equivalents	18	282	-	-
Total current assets		17,327	18,132	23,251
Total assets		19,714	20,385	25,596
Current liabilities				
Trade and other payables	20	(64,761)	(63,266)	(49,186)
Total current liabilities		(64,761)	(63,266)	(49,186)
Non-current assets less net current liabilities		(45,047)	(42,881)	(23,590)
Non-current liabilities				
Provisions	21	(2,355)	(5,118)	(2,402)
Total non-current liabilities		(2,355)	(5,118)	(2,402)
Assets less liabilities		(47,402)	(47,999)	(25,992)
Taxpayers' equity:				
General fund		(47,449)	(48,021)	(26,065)
Revaluation reserve		47	22	73
Total taxpayers' equity		(47,402)	(47,999)	(25,992)

The 2008-09 figures were restated to implement International Financial Reporting Standards. Details of the restatement were included in the 2009-10 Resource Accounts.



Signed: _____
Accounting Officer

Date: 7 September 2011

The notes on pages 75 to 113 form part of these accounts.

DEPARTMENT OF EDUCATION

Statement of Cash Flows for the year ended 31 March 2011

	Note	2010-11 £000	2009-10 (restated) £000
Cash flows from operating activities			
Net operating cost	3	(1,971,708)	(2,024,339)
Adjustments for non-cash transactions	9	4,478	7,607
Decrease in trade and other receivables	17	1,087	5,119
<i>less movements in receivables relating to items not passing through the statement of comprehensive net expenditure</i>	17	3,363	(6,409)
Increase in trade payables excluding bank overdraft	20	2,763	16,341
<i>less movements in payables relating to items not passing through the statement of comprehensive net expenditure</i>	20	(4,927)	3,776
Use of provisions	21	(3,033)	(380)
Net cash outflow from operating activities		(1,967,977)	(1,998,285)
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(1)	(38)
Purchase of intangible assets	14	(339)	(272)
Net cash outflow from investing activities		(340)	(310)
Cash flows from financing activities			
From the Consolidated Fund (supply) – current year		1,969,832	1,998,530
From the Consolidated Fund (supply) – prior year	17	2,679	9,088
Net financing		1,972,511	2,007,618
Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			
		4,194	9,023
Payments of amounts due to the Consolidated Fund		(2,644)	(6,762)
Net increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund			
	18	1,550	2,261
Cash and cash equivalents at the beginning of the period	18	(1,268)	(3,529)
Cash and cash equivalents at the end of the period	18	282	(1,268)

The 2009-10 figures have been restated to remove cost of capital and to implement the FReM adaptation of IAS 36, *Impairment of Assets*. Details of the restatements are included at notes 1.22 and 1.23.

The notes on pages 75 to 113 form part of these accounts.

DEPARTMENT OF EDUCATION

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2011

	Note	General Fund (restated) £000	Revaluation reserve (property, plant & equipment) (restated) £000	Revaluation reserve (intangible assets) £000	Total reserves (restated) £000
Balance at 1 April 2009		(26,065)	70	3	(25,992)
Net parliamentary funding – drawn down		1,998,530	-	-	1,998,530
Supply debtor – current year	17	2,679	-	-	2,679
CFERs payable to the Consolidated Fund		(2,986)	-	-	(2,986)
Comprehensive expenditure for the year		(2,024,339)	3	18	(2,024,318)
Non-cash charges – accommodation and other charges	9	4,017	-	-	4,017
Non-cash charges – auditor's remuneration and expenses	9	71	-	-	71
Transfers between reserves (FReM adaptation of IAS 36)		67	(67)	-	-
Transfers between reserves		5	(1)	(4)	-
Balance at 31 March 2010		(48,021)	5	17	(47,999)
Net parliamentary funding – drawn down		1,969,832	-	-	1,969,832
Supply debtor – current year	17	6,042	-	-	6,042
CFERs payable to the Consolidated Fund	5	(8,156)	-	-	(8,156)
EUPRP non-budget CFER adjustment (reversal of EU CEFR income)	6	551	-	-	551
Comprehensive expenditure for the year		(1,971,708)	1	32	(1,971,675)
Non-cash charges – accommodation and other charges	9	3,925	-	-	3,925
Non-cash charges – auditor's remuneration and expenses	9	78	-	-	78
Transfers between reserves		8	(3)	(5)	-
Balance at 31 March 2011		(47,449)	3	44	(47,402)

The 2009-10 figures have been restated to remove cost of capital and to implement the FReM adaptation of IAS 36, *Impairment of Assets*. Details of the restatements are included at notes 1.22 and 1.23.

Under the Reinvestment and Reform Initiative, loans are made available to the Northern Ireland Block. The loans are financed by borrowing from the National Loans Fund and

the funding is paid directly to the Northern Ireland Consolidated Fund. The associated cash, £nil (2009-10: £23,037,000.00) is deemed paid to Departments from the Northern Ireland Consolidated Fund through the normal supply process.

Revaluation reserve

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

Donated asset reserve

The Department does not have any donated assets.

The notes on pages 75 to 113 form part of these accounts.

DEPARTMENT OF EDUCATION

Statement of Operating Costs by Departmental Strategic Objectives for the year ended 31 March 2011

Aim: To educate and develop the young people of Northern Ireland to the highest possible standards.

	Note	2010-11		2009-10			
		Strategic objective 1 £000	Strategic objective 2 £000	Total £000	Strategic objective 1 (restated) £000	Strategic objective 2 (restated) £000	Total (restated) £000
Gross expenditure		1,957,593	36,124	1,993,717	1,988,966	38,608	2,027,574
Income		(22,319)	310	(22,009)	(3,207)	(28)	(3,235)
Net expenditure	22	1,935,274	36,434	1,971,708	1,985,759	38,580	2,024,339

The 2009-10 figures have been restated to remove cost of capital and to implement the FReM adaptation of IAS 36, *Impairment of Assets*. Details of the restatements are included at notes 1.22 and 1.23.

The Department of Education's total assets of £19,714,000 (2009-10: £20,385,000) are deemed to be employed exclusively for the achievement of Objective 1, on the basis of materiality.

The Department's objectives were as follows:

Objective 1

Ensuring that all young people, through participation at school, reach the highest possible standards of educational achievement, that will give them a secure foundation for lifelong learning and employment; and develop the values and attitudes appropriate to citizenship in an inclusive society.

This objective links to PSA targets 10 and 19.

Objective 2

Promoting, through the youth service, the personal and social development of children and young people, and assisting them to gain knowledge, skills and experience to reach their full potential as valued individuals; and, through community relations measures for young people, encouraging the development of mutual understanding and promoting recognition of and respect for cultural diversity.

This objective links to PSA target 10.

See note 22.

The notes on pages 75 to 113 form part of these accounts.

DEPARTMENT OF EDUCATION

ANNUAL REPORT AND ACCOUNTS 2010-11

Notes to the Departmental Resource Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2010-11 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance and Personnel. 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 Department of Education for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the Department of Education are described below. They have been applied consistently in dealing with items considered material to the accounts.

In addition to the primary statements prepared under IFRS, the *FReM* also requires the Department to prepare two additional primary statements. The *Statement of Parliamentary Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The *Statement of Operating Cost by Departmental Strategic Objectives* and supporting notes analyse the Department's income and expenditure by the objectives agreed with Ministers.

In accordance with the *FReM*, the Department is not able to accrue funding due from the Consolidated Fund in respect of Assembly Grant to match current liabilities recorded within the statement of financial position. Under International Accounting Standard (IAS) 1 (revised), *Presentation of Financial Statements*, such a closing financial position which shows a surplus of liabilities over assets requires the Accounting Officer to make an assessment of the viability of the Department as a going concern. However, no material uncertainties affecting the Department's ability to continue as a going concern have been assessed and these accounts have therefore been prepared under the going concern principle.

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 comprise a consolidation of the non-agency parts of the Department (the core department), the Special Educational Needs and Disability Tribunal and the Exceptional Circumstances Body which fall within the Departmental boundary as defined in the *FReM*. Transactions between entities included in the consolidation are eliminated.

As the results of the Core Department are not materially different from those of the Consolidated Department, the results of the Special Educational Needs and Disability

Tribunal and the Exceptional Circumstances Body have not been separately disclosed on the Statement of Comprehensive Net Expenditure, Statement of Financial Position and supporting notes.

A list of all those entities within the Departmental boundary is given at note 30.

1.3 Property, plant and equipment

Property, plant and equipment are initially recognised at cost, including directly attributable costs in bringing the asset into working condition for its intended use. Assets classified as “under construction” are recognised in the statement of financial position to the extent that money has been paid or a liability has been incurred.

At each annual reporting date, property, plant and equipment are stated at fair value, determined as follows:

- Land and Buildings

Prior to 2009-10 land and buildings were revalued on a quinquennial basis by Land and Property Services, an agency of the Department of Finance and Personnel, and revalued on the basis of the latest available indices during intervening years. For the purpose of the 2009-10 resource accounts land and buildings were revalued to nil. The land and buildings comprised a school which was originally vested in 1909 under the terms of the Leases for Schools (Ireland) Act 1881. The school closed and under the terms of the Leases for Schools (Ireland) Act 1881 the property had to be offered back to the grantor or their successors-in-title. The Department will not be entitled to any recompense.

- Other

With the exception of land and buildings and assets under construction, fair value is estimated by restating the value annually by reference to December 2010 indices compiled by the Office of National Statistics (ONS). In the prior year February 2010 indices were used. This change in the month used is a change in estimation as opposed to a change in accounting policy and does not have a material impact on the revaluation of assets.

The minimum level for capitalisation is £1,000. PCs (including laptops) and network equipment are grouped for all assets utilised in connection with the Departmental Local Area Network.

Revaluations below historic cost which are not temporary fluctuations in market value are treated as impairments in accordance with IAS 36, *Impairment of Assets*, and charged in full to the Statement of Comprehensive Net Expenditure.

Impairment reviews of property, plant and equipment are performed annually and additionally where there is an indication of impairment as defined by IAS 36.

1.4 Depreciation

Depreciation of property, plant and equipment is provided on a straight-line basis by reference to current values and to the remaining economic useful lives of assets and their estimated residual value. Freehold land is not depreciated. Assets under construction are not depreciated until they are commissioned.

Asset lives are reviewed annually and are normally within the following ranges:

Buildings	25 years
Transport equipment	4 years
Information technology	3 to 10 years
Plant and machinery	3 years

The overall useful life of the Department's buildings takes account of the fact that different components of those buildings have different useful lives. This ensures that depreciation is charged on those assets at the same rate as if separate components had been identified and depreciated at different rates.

1.5 Intangible assets

Software and associated licences are capitalised as intangible assets where expenditure of £1,000 or more is incurred on the purchase of an individual or grouped asset. Intangible assets are carried at fair value which is estimated by restating the value annually by reference to December 2010 indices compiled by the ONS. In the prior year February 2010 indices were used. This change in the month used is a change in estimation as opposed to a change in accounting policy and does not have a material impact on the revaluation of assets.

Software licences are amortised over the shorter of the term of the licence and their useful economic life. Other intangible assets are amortised over three years.

1.6 Investments

In 2004-05 the Department invested in the "Middletown Centre for Autism (Holdings) Limited", which is a company registered in Northern Ireland and limited by guarantee. The Company is a joint venture between the Department of Education in Northern Ireland and the Department of Education and Skills in the Republic of Ireland and is funded equally by each department.

The primary object of the company is to purchase, acquire and hold the property located at Middletown, Co Armagh, Northern Ireland for the purpose of supporting the promotion of excellence throughout Northern Ireland and Ireland in the development and harmonisation of education and allied services to children and young people with autistic spectrum disorders.

An Oversight Committee of four members monitors the effectiveness and management of the company. The Department of Education in Northern Ireland and the Department of

Education and Skills in the Republic of Ireland each appoint two members to the committee.

Although categorised as a joint venture in line with IAS 31, *Joint Ventures*, the company is deemed by the Department in agreement with the Department of Finance and Personnel to fall outside the Departmental boundary and has therefore been treated as an investment in the Departmental Resource Accounts. In agreement with the Department of Finance and Personnel the investment has been valued at cost within the Department's Statement of Financial Position.

1.7 Inventories

Inventories are not deemed to be material, and are expensed to the Statement of Comprehensive Net Expenditure as purchased.

1.8 Operating income

Operating income is income which relates directly to the operating activities of the Department. It principally comprises contributions from the European Union but also includes other income such as that from the sale of property, plant and equipment. It includes both operating Accruing Resources and income payable to the Consolidated Fund which in accordance with the *FReM* is treated as operating income. Operating income is stated net of Value Added Tax (VAT).

1.9 Administration and programme expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set by the Department of Finance and Personnel. Administration costs reflect the costs of running the Department. These include both administrative costs and associated operating income. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Department, as well as certain staff costs where they relate directly to service delivery.

1.10 Foreign exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction. Monetary assets and liabilities denominated in foreign currency at the reporting period date are translated at the rates ruling at that date. These translation differences are dealt with in the Statement of Comprehensive Net Expenditure.

1.11 Employee Benefits including Pensions

Under the requirements of IAS 19, *Employee Benefits*, 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 that has been earned at the year end. This cost has been calculated using untaken annual leave balances from the payroll system and untaken flexi-leave

balances from the results of a survey. It is not anticipated that the level of untaken leave will vary significantly from year to year.

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS(NI)) which are described in Note 8. The defined benefit scheme is unfunded and non-contributory except in respect of dependants' benefits. The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS(NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS(NI).

1.12 Early departure costs

DE employees

The Department meets the additional cost of benefits beyond the normal PCSPS(NI) benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS(NI) over the period between early departure and normal retirement date. The Department provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes announced in current or previous years. The Department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Department of Finance and Personnel Superannuation Vote. The amount provided is shown net of any such payments.

Teachers

The Teachers' Premature Retirement Scheme for Northern Ireland recovers compensation costs via increased employer contributions. Compensation costs fall within the remit of the scheme and are therefore not included as a cost within the Departmental Resource Accounts.

1.13 Leases

All leases are regarded as operating leases and the rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

1.14 Grants payable

In line with the *FReM*, the Department recognises grant on the basis of the underlying activity of the recipient as follows:

- The extent of the grant liability in relation to the Education and Library Boards and other Non-Departmental Public Bodies for both recurrent and capital expenditure is equal to their expenditure to the extent that the latter has been properly incurred. Expenditure in this context is when the ELBs/NDPBs make the payments which are due to be funded by the Department. This is equivalent to grant issued by the Department.

- Grant issued to Voluntary Grammar and Grant Maintained Integrated Schools in respect of recurrent funding each year reflects the totality of the schools' entitlement under the Local Management of Schools' arrangements.
- Grant issued to Voluntary and Grant Maintained Integrated Schools in respect of capital project funding is recognised based on the payments actually made plus accruals for valid grant claims in the possession of the Department.
- Other grant payments are recognised on an accruals basis where such information is available or on the basis of the extent of the grant issued or approved for payment as at 31 March each year.

1.15 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the reporting period date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently 2.2 per cent).

1.16 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, the Department discloses for Northern Ireland 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 Northern Ireland 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 Northern Ireland Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Northern Ireland Assembly.

1.17 Value Added Tax

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

1.18 Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial instrument is recognised when, and only when, the entity becomes a party to the contractual provisions of the instrument. A previously recognised financial asset is

derecognised when, and only when, either the contractual rights to the cash flows from that asset expire, or the entity transfers the asset such that the transfer qualified for derecognition. A financial liability is derecognised when, and only when, it is extinguished.

The Department has financial instruments in the form of an investment in the Middletown Centre for Autism (Holdings) Limited, trade receivables and payables and cash and cash equivalents.

In accordance with IAS 39, *Financial Instruments: Recognition and Measurement*, the investment in the Middletown Centre for Autism (Holdings) Limited is classified as “held to maturity” and trade receivables, cash and cash equivalents and trade payables are classified as “loans and receivables”. The investment held to maturity is measured at cost less any impairment. Loans and receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment.

The Department assesses at each reporting period date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired.

The Department measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

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

Impairment losses are recognised in the Statement of Comprehensive Net Expenditure and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

When a financial asset is deemed unrecoverable the amount of the asset is reduced directly and the impairment loss is recognised in the Statement of Comprehensive Net Expenditure to the extent that a provision was not previously recognised.

Financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

1.19 Third party assets

Third party assets are assets for which the Department acts as custodian or trustee but in which neither the Department nor government more generally has a direct beneficial interest. Third party assets are not public assets, and hence are not recorded in the

primary financial statements. In the interests of general disclosure and transparency, details of the Department's third party assets are provided in note 29.

1.20 Currency and rounding

The functional currency is Sterling and, except where otherwise stated, figures have been rounded to the nearest thousand pounds.

1.21 New accounting standards that have been issued but are not yet effective

Management has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. Management consider that these are unlikely to have a significant impact on the accounts in the period of initial application.

1.22 Changes in accounting policies

In line with Department of Finance and Personnel advice, prior period adjustments (PPAs) arising from the removal of the cost of capital charge and the FReM adaptation of IAS 36, *Impairment of assets*, were not included in Spring Supplementary Estimates for 2010-11, other than as a note, on the basis that the PPA numbers could have been misleading. The impact of these accounting policy changes on Supply outturn in respect of 2009-10 are shown in note 1.23.

1.23 Effect of changes in accounting policies

The removal of the cost of capital charge and the adaptation of IAS 36, *Impairment of assets*, has the following effect on resource outturn in 2009-10. The Statement of Parliamentary Supply and related notes have not been restated for this effect.

	2009-10
	£000
Net resource outturn (Statement of Parliamentary Supply)	2,026,654
Removal of cost of capital charge	1,178
Adaptation of IAS 36, <i>Impairment of assets</i>	67
Adjusted net resource outturn	2,027,899

2. Analysis of net resource outturn by section

	2010-11						2009-10		Prior-year outturn £000
	Outturn			Estimate			Net total outturn compared with Estimate	Net total	
	Admin £000	Other current £000	Grants £000	Gross resource expenditure £000	Accruing Resources £000	Net total £000	Net total £000	£000	£000
Request for Resources A									
Departmental Expenditure in DEL:									
1. Education and Library Boards – Departmental overheads	9,790	12,484	-	22,274	(365)	21,909	22,576	667	22,028
2. Non-Departmental Public Bodies – Departmental overheads	770	20	-	790	-	790	798	8	778
3. Voluntary and Grant Maintained Integrated Schools – Departmental overheads	5,566	160	-	5,726	-	5,726	5,794	68	5,763
4. Miscellaneous Educational Services	929	1,934	8,802	11,665	-	11,665	13,294	1,629	11,999
5. EU Programme for Peace and Reconciliation	-	-	-	-	-	-	-	-	5
6. Early Years Services	149	147	27,568	27,864	-	27,864	29,225	1,361	25,599
7. Further Education and Student Support (from Department for Employment and Learning)	-	-	-	-	(14,039)	(14,039)	(14,613)	(574)	-
Settlement of NICS Equal Pay claims	-	-	-	-	-	-	-	-	2,913
Annually Managed Expenditure									
8. Provisions	-	270	-	270	-	270	808	538	-
9. EU Programme for Peace and Reconciliation	-	-	1,941	1,941	-	1,941	1,941	-	-
Non-Budget:									
10. Education and Library Boards	-	-	1,525,486	1,525,486	-	1,525,486	1,561,326	35,840	1,508,404
11. Voluntary and Grant Maintained Integrated Schools	-	-	333,140	333,140	-	333,140	330,232	(2,908)	376,897
12. Council for the Curriculum, Examinations and Assessment (CCEA)	-	-	20,201	20,201	-	20,201	23,111	2,910	20,916
13. Council for Catholic Maintained Schools (CCMS)	-	-	4,091	4,091	-	4,091	4,853	762	5,238
14. Staff Commission for Education and Library Boards	-	-	362	362	-	362	446	84	385
15. Notional Charges	3,783	-	-	3,783	-	3,783	4,257	474	3,892
Integrated Development Fund	-	-	-	-	-	-	-	-	2,743
IFRS Prior Period Adjustments	-	-	-	-	-	-	-	-	551
Total	20,987	15,015	1,921,591	1,957,593	(14,404)	1,943,189	1,984,048	40,859	1,988,111

	2010-11						2009-10		
	Outturn			Estimate					
	Admin £000	Other current £000	Grants £000	Gross resource expenditure £000	Accruing Resources £000	Net total £000	Net total £000	Net total outturn compared with Estimate £000	Prior- year outturn £000
Request for Resources B									
Departmental Expenditure in DEL:									
1. Education and Library Boards – Departmental overheads	397	-	-	397	-	397	400	3	376
2. Youth Council – Departmental overheads	90	-	-	90	-	90	90	-	81
3. Youth Services	221	-	2,788	3,009	-	3,009	3,239	230	4,988
4. Voluntary Bodies and Other Services supporting Community Relations	279	-	179	458	-	458	446	(12)	1,725
5. EU Programme for Peace and Reconciliation	-	-	-	-	-	-	-	-	8
6. Settlement of NICS Equal Pay Claims	-	-	-	-	-	-	1	1	147
Annually Managed Expenditure									
7. Provisions	-	-	-	-	-	-	-	-	-
8. EU Programme for Peace and Reconciliation	-	-	2,097	2,097	-	2,097	2,097	-	-
Non-Budget:									
9. Education and Library Boards	-	-	25,483	25,483	-	25,483	26,951	1,468	26,478
10. Youth Council for Northern Ireland	-	-	4,370	4,370	-	4,370	4,602	232	4,412
11. Notional Charges	220	-	-	220	-	220	248	28	196
Integrated Development Fund	-	-	-	-	-	-	-	-	109
IFRS Prior Period Adjustments	-	-	-	-	-	-	-	-	23
Total	1,207	-	34,917	36,124	-	36,124	38,074	1,950	38,543
Resource Outturn	22,194	15,015	1,956,508	1,993,717	(14,404)	1,979,313	2,022,122	42,809	2,026,654

Prior period adjustments

In the 2009-10 Resource Accounts an adjustment was made to the Statement of Parliamentary Supply in respect of a prior period adjustment which arose as a result of implementing International Financial Reporting Standards. Details are included at note 2 of the 2009-10 Resource Accounts.

The treatment of prior period adjustments for the removal of cost of capital and to implement the FReM adaptation of IAS 36, *Impairment of Assets*, is explained in notes 1.22 and 1.23.

Explanation of variance between Estimate and outturn

Request for Resource A

Request for Resources A shows a total underspend of £40.9m (2.06%) against the Estimate for the year. A portion of the underspend arose as Spring Supplementary Estimates included cover for voluntary severance costs of NDPBs for which the grant-in-aid was not drawn down until 2011-12. The remainder of the underspend represents lower than expected grant requirements in respect of Miscellaneous Educational Services, Early Years Services, Education and Library Boards, the Council for the Curriculum, Examinations and Assessment, and the Council for Catholic Maintained Schools. The underspend is partially offset by an overspend within the Voluntary and Grant Maintained Integrated Schools' line (A11). Virement approval has been sought from DFP to provide appropriate authorisation for this expenditure.

Request for Resource B

Request for Resources B shows a total underspend of £1.9m (5.12%) against the Estimate for the year. The underspend is mainly due to lower than expected grant-in-aid drawn down by Education and Library Boards.

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

Key to Request for Resources

Request for Resource A

Ensuring that all young people, through participation at school, reach the highest possible standards of educational achievement, that will give them a secure foundation for lifelong learning and employment; and develop the values and attitudes appropriate to citizenship in an inclusive society.

Request for Resource B

Promoting, through the youth service, the personal and social development of children and young people and assisting them to gain knowledge, skills and experience to reach their full potential as valued individuals: and, through community relations measures for young people, encouraging the development of mutual understanding and promoting recognition of and respect for cultural diversity.

3. Reconciliation of outturn to net operating cost and against administration budget

3.1 Reconciliation of net resource outturn to net operating cost

				2010-11	2009-10
	Note	Outturn £000	Supply Estimate £000	Outturn compared with Estimate £000	Outturn (restated) £000
Net resource outturn (Note a)	2	1,979,313	2,022,122	42,809	2,026,654
Prior period adjustments					
- adoption of IFRS (note 2 of the 2009-10 Resource Accounts)		-	-	-	(574)
- removal of cost of capital	1.22 & 1.23	-	-	-	1,178
- FReM adaptation of IAS 36	1.22 & 1.23	-	-	-	67
EUPRP non-budget CFER adjustment (reversal of EU CFER income)	6	551	551	-	-
Non-supply income (CFERs)	5	(8,156)	(7,314)	842	(2,986)
Net operating cost (Note a)		1,971,708	2,015,359	43,651	2,024,339

Note a - Net operating cost is the total of expenditure and income appearing in the statement of comprehensive net expenditure. Net resource outturn is the total of those elements of expenditure and income that are subject to parliamentary approval and included in the Department's Supply Estimate.

Details of the prior period adjustment on the adoption of IFRS are included at note 2 of the 2009-10 Resource Accounts.

The 2009-10 figures have been restated to remove cost of capital and to implement the FReM adaptation of IAS 36, *Impairment of Assets*. Details of the restatements are included at notes 1.22 and 1.23.

3.2 Outturn against final administration budget

	Budget £000	2010-11 Outturn £000	2009-10 Outturn £000
Gross administration budget	18,316	18,191	18,726
Income allowable against the administration budget	(314)	(314)	(201)
Net outturn against final administration budget	18,002	17,877	18,525

4. Reconciliation of net resource outturn to net cash requirement

		2010-11			2009-10
			Net total outturn compared with Estimate: saving/ (excess) £000		Prior-year outturn (restated) £000
	Note	Estimate £000	Outturn £000		
Resource Outturn	2	2,022,122	1,979,313	42,809	2,026,654
Capital:					
Acquisition of property, plant and equipment	13, 14	314	306	8	310
Accruals Adjustments					
Non-cash items	9	(5,526)	(4,478)	(1,048)	(7,607)
Changes in working capital other than cash		-	(2,300)	2,300	(19,199)
Use of provision	21	3,078	3,033	45	380
Adjust for effects of prior period adjustment					
- adoption of IFRS (note 2 of the 2009-10 Resource Accounts)		-	-	-	(574)
- removal of cost of capital	1.22 & 1.23	-	-	-	1,178
- FReM adaptation of IAS 36	1.22 & 1.23	-	-	-	67
Net cash requirement		2,019,988	1,975,874	44,114	2,001,209

Details of the prior period adjustment on the adoption of IFRS are included at note 2 of the 2009-10 Resource Accounts.

The 2009-10 figures have been restated to remove cost of capital and to implement the FReM adaptation of IAS 36, *Impairment of Assets*. Details of the restatements are included at notes 1.22 and 1.23.

Explanation of variance between Estimate and net cash requirement

The Net Cash Requirement shows a total underspend of £44.1m (2.18%) against the Estimate for the year. This was mainly due to Resource Outturn being less than Estimates as noted in the explanations of variances at Note 2. However, non-cash items were less than Estimates by £1.0m due to lower than anticipated new provisions and lower than expected notional costs. This was offset by a variance of £2.3m in “changes in working capital” mainly due to a reduction in “trade and other receivables”.

5. 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 2010-11		Outturn 2010-11	
		Income £000	Receipts £000	Income £000	Receipts £000
Operating income and receipts – excess Accruing Resources		-	-	10	9
Other operating income and receipts not classified as Accruing Resources		7,314	<i>7,314</i>	8,146	<i>7,548</i>
		7,314	<i>7,314</i>	8,156	<i>7,557</i>
Non-operating income and receipts – excess Accruing Resources	7	-	-	-	-
Total income payable to the Consolidated Fund	6	7,314	<i>7,314</i>	8,156	<i>7,557</i>

6. Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

	Note	2010-11 £000	2009-10 £000
Operating income	11	22,009	3,235
Gross income		22,009	3,235
Income authorised to be Accruing Resources	2	(14,404)	(249)
Non-operating income – excess Accruing Resources	7	-	-
EUPRP non-budget CFER adjustment (reversal of EU CFER income)	11	551	-
Operating income payable to the Consolidated Fund	5	8,156	2,986

7. Non-operating income – Excess Accruing Resources

There were no non-operating excess accruing resources in 2009-10 and 2010-11.

8. Staff numbers and related costs

Staff costs comprise:

	2010-11				2009-10
	Total £000	Permanently employed staff £000	Others £000	Ministers £000	Total £000
Wages and salaries	21,292	18,147	3,108	37	22,219
Social security costs	1,402	1,397	-	5	1,466
Other pension costs	3,744	3,735	-	9	3,375
Sub total	26,438	23,279	3,108	51	27,060
Less: recoveries in respect of outward secondments	-	-	-	-	(82)
Total net costs*	26,438	23,279	3,108	51	26,978

These costs are shown in the Statement of Comprehensive Net Expenditure as:

Administration costs	16,079	14,365	1,663	51	17,351
Programme costs	10,359	8,914	1,445	-	9,627
Total net costs	26,438	23,279	3,108	51	26,978

Analysis by Objective

Objective 1	25,660	22,501	3,108	51	26,141
Objective 2	778	778	-	-	837
Total net costs	26,438	23,279	3,108	51	26,978

* No staff costs have been charged to capital. Permanently employed staff includes the cost of the Department's Special Adviser, who is paid in the pay band £57,300-£82,531.

The Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) is an unfunded multi-employer defined benefit scheme, but the Department of Education 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 2007 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2010-11, employers' contributions of £3,742,293.86 were payable to the PCSPS(NI) (2009-10: £3,373,031.94) at one of four rates in the range of 18 to 25 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2011-12, the rates will be in the range 18 to 25 per cent. The contribution rates are set to meet the cost of the benefits accruing during 2010-11 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 £1,831.51 (2009-10: £2,045.51) were

paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £133.12 (2009-10: £151.95), 0.8 per cent of pensionable pay, were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the reporting period date were £nil (2009-10: £nil). Contributions prepaid at that date were £nil (2009-10: £nil).

One individual (2009-10: Two) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £2,753.67 (2009-10: £2,172.34).

Average number of persons employed

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

Departmental Strategic Objective	2010-11				2009-10	
	Total Number	Permanently employed staff Number	Others Number	Ministers Number	Special advisers Number	Total Number
1	621	562	57	1	1	714
2	32	32	-	-	-	31
Total	653	594	57	1	1	745

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

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	nil (2009-10: nil)	1 (2009-10: nil)	1 (2009-10: nil)
£10,000 - £25,000	nil (2009-10: nil)	1 (2009-10: 1)	1 (2009-10: 1)
£25,000 - £50,000	nil (2009-10: nil)	1 (2009-10: 1)	1 (2009-10: 1)
£50,000 - £100,000	nil (2009-10: nil)	2 (2009-10: 2)	2 (2009-10: 2)
Total number of exit packages by type	nil (2009-10: nil)	5 (2009-10: 4)	5 (2009-10: 4)
Total resource cost for 2010-11	nil	£188,138.00	£188,138.00
Total resource cost for 2009-10	nil	£170,013.00	£170,013.00

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the year of departure. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

9. Other administration costs

		2010-11		2009-10
	Note	£000	£000	(restated) £000
Rentals under operating leases			97	71
Other expenditure				
Travel and subsistence			109	131
Other staff related costs			146	179
Accommodation costs			32	29
Office services			605	753
Contracted out services			764	673
Other expenses			205	387
Non-cash items (Note a)				
Depreciation		19		25
Amortisation		185		261
Permanent diminution in non-current asset values		1		143
Reversal of previous revaluation losses		-		(6)
Notional charges				
- auditor's remuneration and expenses		78		71
- accommodation		1,948		2,111
- others		1,926		1,855
Provision provided for in-year	21	288		210
Provisions not required written back	21	(12)	4,433	(185)
Total			6,391	6,708

During the year the Department paid £8,371 to the Northern Ireland Audit Office for the completion of non-audit work relating to the National Fraud Initiative.

Note a - the total of non-cash transactions included in the reconciliation of resources to net cash requirement in note 4.

	2010-11	2009-10
	£000	(restated) £000
Other administration costs – non-cash items (as above)	4,433	4,485
Notional Minister’s salary (included in staff costs Note 8)	51	51
Programme costs – non-cash items (Note 10)	(6)	3,071
Total non-cash transactions (Note 4)	4,478	7,607

The 2009-10 figures have been restated to remove cost of capital and to implement the FReM adaptation of IAS 36, *Impairment of Assets*. Details of the restatements are included at notes 1.22 and 1.23.

10. Programme costs

	Note	£000	2010-11 £000	£000	2009-10 £000
Grants			1,952,415		1,985,900
EU grants			-		61
Write off of EU debtors			4,038		-
Rentals under operating leases			117		141
Other expenditure					
Travel and subsistence			340		365
Other staff related costs			201		875
Accommodation costs			63		135
Office services			1,695		1,224
Contracted out services			647		426
Other expenses			1,378		1,690
Non-cash items (Note 9a)					
Provisions provided for in-year	21	-		3,071	
Provisions not required written back	21	(6)	(6)	-	3,071
Total			1,960,888		1,993,888

11. Income

	RfRA £000	RfRB £000	2010-11 Total £000	2009-10 Total £000
Administration income:				
Contribution from IFI	224	-	224	204
Other income	102	-	102	-
	326	-	326	204
Programme income:				
Further Education and Student Support (from Department for Employment and Learning)	14,039	-	14,039	-
Contribution from European Union – DE acting as principal for EU	-	-	-	400
EUPRP non-budget CFER adjustment (reversal of EU CFER income)	(241)	(310)	(551)	-
Sale of land and buildings (NDPBs)	8,134	-	8,134	2,025
Other income	61	-	61	606
	21,993	(310)	21,683	3,031
Total operating income	22,319	(310)	22,009	3,235

12. Analysis of net operating cost by spending body

	2010-11	2009-10
	Estimate	Outturn
	£000	£000
Spending body:		Outturn
		(restated)
		£000
Core department	78,065	72,326
Further Education and Student Support (from Department for Employment and Learning) (Note a)	(14,613)	(14,039)
Non-Departmental Public Bodies		
- Education and Library Boards	1,588,277	1,550,969
- Council for the Curriculum, Examinations and Assessment (CCEA)	23,111	20,201
- Council for Catholic Maintained Schools (CCMS)	4,853	4,091
- Youth Council for Northern Ireland	4,602	4,370
- Staff Commission for Education and Library Boards	446	362
Non-executive Non-Departmental Public Bodies		
- Special Educational Needs and Disability Tribunal	186	142
- Exceptional Circumstances Body	200	146
Voluntary and Grant Maintained Integrated Schools	330,232	333,140
Net operating cost	2,015,359	1,971,708
		2,024,339

Note a - In previous years the Further Education and Student Support was paid directly by the Department for Employment and Learning to the Education and Library Boards. From 2010-11 sponsor departments are required to pay all grant-in-aid to co-funded NDPBs. The Department of Education is the sponsor department for the Education and Library Boards (ELBs) and pays all the grant-in-aid to the ELBs. Any element of the grant in aid that was due to be funded by the Department for Employment and Learning (DEL) is reimbursed by DEL to the Department of Education as grant-in-aid income.

The 2009-10 figures have been restated to remove cost of capital and to implement the FReM adaptation of IAS 36, *Impairment of Assets*. Details of the restatements are included at notes 1.22 and 1.23.

The Exceptional Circumstances Body was created on 1 March 2010 and commenced business on 1 June 2010.

13. Property, plant and equipment

	Transport equipment £000	Information technology £000	Plant and machinery £000	Total £000
Cost or valuation				
At 1 April 2010	14	103	101	218
Additions	-	1	8	9
Disposals	-	(14)	(15)	(29)
Revaluations	-	2	-	2
At 31 March 2011	14	92	94	200
Depreciation				
At 1 April 2010	14	77	66	157
Charged in year	-	11	8	19
Disposals	-	(14)	(15)	(29)
Revaluations	-	1	-	1
At 31 March 2011	14	75	59	148
Net book value at 31 March 2011	-	17	35	52
Net book value at 31 March 2010	-	26	35	61
Asset financing				
Owned	-	17	35	52
Net book value at 31 March 2011	-	17	35	52

Note a – Property, plant and equipment were revalued on the basis of December 2010 indices.

	Land £000	Buildings £000	Transport equipment £000	Information technology £000	Plant and machinery £000	Asset under construction £000	Total £000
Cost or valuation							
At 1 April 2009	90	73	14	109	66	366	718
IFRS adjustment – IAS 38 Intangible Assets	-	-	-	-	-	(366)	(366)
Restated balance at 1 April 2009	90	73	14	109	66	-	352
Additions	-	-	-	5	33	-	38
Disposals	-	-	-	(5)	(12)	-	(17)
Reclassification	-	-	-	(13)	13	-	-
Reclassification to intangible assets	-	-	-	(2)	-	-	(2)
Revaluations	(90)	(73)	-	9	1	-	(153)
At 31 March 2010	-	-	14	103	101	-	218
Depreciation							
At 1 April 2009	-	17	14	74	61	-	166
Charged in year	-	3	-	18	4	-	25
Disposals	-	-	-	(5)	(12)	-	(17)
Reclassification	-	-	-	(13)	13	-	-
Reclassification to intangible assets	-	-	-	(2)	-	-	(2)
Revaluations	-	(20)	-	5	-	-	(15)
At 31 March 2010	-	-	14	77	66	-	157
Net book value at 31 March 2010	-	-	-	26	35	-	61
Net book value at 31 March 2009 (as restated)	90	56	-	35	5	-	186
Asset financing							
Owned	-	-	-	26	35	-	61
Net book value at 31 March 2010	-	-	-	26	35	-	61

The 2008-09 figures were restated to implement International Financial Reporting Standards. Under UK GAAP externally developed software was classified as property,

plant and equipment however under IAS 38, *Intangible Assets*, externally developed software is classified as an intangible asset.

Prior to 2009-10 land and buildings were revalued on a quinquennial basis by Land and Property Services, an agency of the Department of Finance and Personnel, and revalued on the basis of the latest available indices during intervening years. For the purpose of the 2009-10 resource accounts land and buildings were revalued to nil. The land and buildings comprised a school which was originally vested in 1909 under the terms of the Leases for Schools (Ireland) Act 1881. The school closed and under the terms of the Leases for Schools (Ireland) Act 1881 the property had to be offered back to the grantor or their successors-in-title. The Department will not be entitled to any recompense.

14. Intangible assets

Intangible assets comprise externally developed software and purchased software licences for the Department.

	Information technology £000	Purchased software licences £000	Total £000
Cost or valuation			
At 1 April 2010	838	523	1,361
Additions	291	6	297
Disposals	(77)	(450)	(527)
Impairments	(1)	-	(1)
Revaluations	44	-	44
At 31 March 2011	1,095	79	1,174
Amortisation			
At 1 April 2010	208	521	729
Charged in year	182	3	185
Disposals	(77)	(450)	(527)
Revaluations	12	-	12
At 31 March 2011	325	74	399
Net book value at 31 March 2011	770	5	775
Net book value at 31 March 2010	630	2	632

	Information technology £000	Purchased software licences £000	Total £000
Cost or valuation			
At 1 April 2009	-	991	991
IFRS adjustment – IAS 38 Intangible Assets	366	-	366
Restated balance at 1 April 2009	366	991	1,357
Additions	272	-	272
Disposals	(281)	(17)	(298)
Reclassified from purchased software licences	454	(454)	-
Reclassified from property, plant and equipment	-	2	2
Revaluations	27	1	28
At 31 March 2010	838	523	1,361
Amortisation			
At 1 April 2009	-	758	758
Charged in year	123	138	261
Disposals	(281)	(17)	(298)
Reclassified from purchased software licences	361	(361)	-
Reclassified from property, plant and equipment	-	2	2
Revaluations	5	1	6
At 31 March 2010	208	521	729
Net book value at 31 March 2010	630	2	632
Net book value at 31 March 2009 (as restated)	366	233	599

The 2008-09 figures were restated to implement International Financial Reporting Standards. Under UK GAAP externally developed software was classified as property, plant and equipment however under IAS 38, *Intangible Assets*, externally developed software is classified as an intangible asset.

15. Financial Instruments

International Financial Reporting Standard 29 (IFRS 29), *Financial Instruments: Disclosures*, requires disclosure that enables evaluation of the significance of financial instruments for the Department's financial position and performance, the nature and extent of risks arising from financial instruments to which the Department is exposed during the period and at the reporting date, and how the Department manages those risks. As a result of the non-trading nature of its activities and the way in which Government Departments are financed, the Department of Education is not exposed to the degree of financial risk faced by business entities.

Classification of financial instruments

The Department's investments are measured at historical cost, less any impairment while all other financial instruments are measured at amortised cost. The Department's financial assets include investments (note 15.1) which are classified as held to maturity, trade and other receivables (note 17) and cash and cash equivalents (note 18) which are classified as loans and receivables. The Department's financial liabilities are classified as loans and receivables and comprise payables and accruals, excluding tax liabilities (note 20). The carrying value of these financial assets and liabilities, as disclosed in the notes to the accounts, approximates to fair value because of their short maturities.

The following table shows the net gains/losses recognised through the Statement of Comprehensive Net Expenditure by measurement category:

	From interest £000	From subsequent measurement			Net (gain)/loss	
		At fair value £000	Currency translation £000	Impairment /(reversal of impairment) £000	2010-11 £000	2009-10 £000
Loans and receivables	-	-	-	(38)	(38)	38
Financial liabilities measured at amortised cost	-	-	-	-	-	-
Total	-	-	-	(38)	(38)	38

The Department recognises the components of net gain/loss through the Statement Comprehensive Net Expenditure.

The net currency translation losses on financial assets classified as loans and receivables are attributable to monies due from the European Union (EU) in respect of grant payments.

Risk management

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

Credit risk

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

Liquidity risk

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

Currency risk

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

The Department receives reimbursement of certain grant payments from the EU. Transactions with the EU are denominated in euro and therefore exposed to currency risk. The revenue due from the EU is recognised as a receivable when it is initially paid to grant recipients. However, only when the Department submits claims to the EU is the relevant portion of the receivable subject to exchange rate risk.

The Department does not have the authority to manage currency risk through hedging.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

All of the Department's financial assets and liabilities carry nil or fixed rates of interest. The Department is therefore not exposed to any interest rate risk.

15.1 Investments in other public sector bodies

	Middletown Centre for Autism (Holdings) Limited £000
At 1 April 2009, 31 March 2010 and 31 March 2011	1,560

In the year to 31 March 2005 the Department invested in the "Middletown Centre for Autism (Holdings) Limited" as a joint venture with the Department of Education and Skills in the Republic of Ireland. Both parties fund the company equally.

Although categorised as a joint venture in line with IAS 31, the company is deemed by the Department, in agreement with the Department of Finance and Personnel, to fall outside the departmental boundary and therefore has been treated as an investment in the Departmental Resource Accounts. In agreement with the Department of Finance and Personnel the investment has been valued at cost within the Department's Statement of Financial Position.

The Department's share of the net assets and results of the above body for the year ended 30 June 2010 are summarised below.

	Middletown Centre for Autism (Holdings) Limited £000
Net assets at 30 June 2009	2
Turnover	29
Surplus for the year	-
<hr/>	
Net assets at 30 June 2010	3
Turnover	28
Surplus for the year	-

16 Impairments

	2010-11 £000	2009-10 (restated) £000
Charged to statement of comprehensive net expenditure	1	143
Charged to revaluation reserve	-	-
	<hr/> 1	<hr/> 143

The 2009-10 figures have been restated to implement the FReM adaptation of IAS 36, *Impairment of Assets*. Details of the restatement are included at notes 1.22 and 1.23.

17 Trade receivables and other current assets

	2010-11 £000	2009-10 £000	2008-09 £000
Amounts falling due within one year:			
VAT	140	139	232
Trade receivables	260	432	710
Other receivables	137	776	609
Prepayments and accrued income	1,374	424	169
Accrued income relating to EU funding	9,092	13,682	12,443
	<hr/> 11,003	<hr/> 15,453	<hr/> 14,163
Amounts due from the Consolidated Fund in respect of Supply	6,042	2,679	9,088
	<hr/> 17,045	<hr/> 18,132	<hr/> 23,251

Included within trade receivables is £3,548,936.53 (2009–10: £3,501,319.36; 2008-09: £3,129,447.54) that will be due to the Consolidated Fund once the debts are collected.

There were no amounts falling due after more than one year at 31 March 2011, 31 March 2010 or 31 March 2009.

The following table shows the impairment of trade receivables through the bad debt provision account at the reporting period date:

	2010-11	2009-10
	£000	£000
At 1 April 2010	130	117
Impairment losses recognised on trade receivables	-	38
Reversal of impairment losses recognised on trade receivables	(38)	-
Amounts written off as uncollectible	(3)	(25)
At 31 March 2011	89	130

In determining the recoverability of a trade receivable, the Department considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

No interest is charged on the trade receivables. The Department has provided for trade receivables over six months old where there have been no cash receipts in the six months prior to the year end because historical experience is such that trade receivables that are past due beyond six months are generally not recoverable.

The following table shows the ageing of receivables past due but not impaired; no provision has been made as there has not been a significant change in credit quality and the Department believes that the amounts are still fully recoverable:

	2010-11	2009-10*	2008-09*
	£000	(restated)	(restated)
		£000	£000
Neither past due nor impaired trade receivables			
Less than 1 month	64	3	165
1 to 3 months	20	44	123
3 to 6 months	36	21	50
Past due but not impaired trade receivables	140	364	372
Impaired trade receivables	89	130	117
Gross carrying value	349	562	827
Less: impairment	(89)	(130)	(117)
Net carrying value	260	432	710

* The figures for 2008-09 and 2009-10 have been restated as VAT and accrued income relating to EU funding were previously included within the trade receivables totals but have been separately disclosed in 2010-11.

17.1 Intra-government balances

	Amounts falling due within one year		
	2010-11 £000	2009-10 £000	2008-09 £000
Balances with other central government bodies	7,416	4,001	9,936
Balances with Voluntary and Grant Maintained Integrated Schools	-	41	-
Sub total: intra-government balances	7,416	4,042	9,936
Balances with bodies external to government	9,629	14,090	13,315
Total receivables at 31 March	17,045	18,132	23,251

18 Cash and cash equivalents

	2010-11 £000	2009-10 £000
At 1 April 2010	(1,268)	(3,529)
Net change in cash and cash equivalents	1,550	2,261
At 31 March 2011	282	(1,268)
The following balances at 31 March were held at:		
Commercial banks and cash in hand	282	(1,268)
At 31 March 2011	282	(1,268)
The balance comprises:		
Cash at bank	282	-
Bank overdraft	-	(1,268)
	282	(1,268)

19 Reconciliation of net cash requirements to increase in cash

	Note	2010-11 £000	2009-10 £000
Net cash requirement	4	(1,975,874)	(2,001,209)
From Consolidated Fund (supply) - current year		1,969,832	1,998,530
From Consolidated Fund (supply) - prior year		2,679	9,088
Amounts due to the Consolidated Fund - received in a prior year and paid over		(1,411)	(5,559)
Amounts due to the Consolidated Fund - received and not paid over	20	6,324	1,411
Increase in cash		1,550	2,261

20 Trade payables and other current liabilities

	2010-11	2009-10	2008-09 (restated)
	£000	£000	£000
Amounts falling due within one year:			
Bank overdraft (Note 18)	-	1,268	3,529
Other taxation and social security	16,811	16,502	16,161
Trade payables	21,710	23,342	16,361
Other payables	11,670	11,413	381
Accruals and deferred income	4,697	5,829	4,066
	54,888	57,086	36,969
Consolidated Fund extra receipts due to be paid to the Consolidated Fund			
received from EU	1	-	2,281
receivable from EU	2,396	2,947	534
received from other sources	6,323	1,411	3,278
receivable from other sources	1,153	554	2,595
	9,873	4,912	8,688
	64,761	63,266	49,186

The 2008-09 figures were restated to implement International Financial Reporting Standards. Details of the restatement were included at note 2 of the 2009-10 Resource Accounts.

There were no amounts falling due after more than one year at 31 March 2011, 31 March 2010 or 31 March 2009.

20.1 Intra-government balances

	Amounts falling due within one year		
	2010-11	2009-10	2008-09 (restated)
	£000	£000	£000
Balances with other central government bodies	41,108	33,609	25,470
Balances with Voluntary and Grant Maintained Integrated Schools	17,607	19,563	16,304
Balances with local authorities	1	-	-
Balances with NHS and HSS Trusts	-	-	2
Sub total: intra-government balances	58,716	53,172	41,776
Balances with bodies external to government	6,045	10,094	7,410
Total payables at 31 March	64,761	63,266	49,186

Balances with Voluntary and Grant Maintained Integrated schools have been separately disclosed, as these organisations are classified as public sector bodies for budgeting purposes.

21 Provisions for liabilities and charges

	Equal pay claims £000	Early departure costs £000	Legal claims £000	Other £000	Total £000
At 1 April 2010	3,060	152	1,901	5	5,118
Provided in the year	-	188	100	-	288
Provisions not required written back	-	(3)	(10)	(5)	(18)
Provisions utilised in the year	(2,919)	(85)	(29)	-	(3,033)
At 31 March 2011	141	252	1,962	-	2,355

	Equal pay claims £000	Early departure costs £000	Legal claims £000	Other £000	Total £000
At 1 April 2009	-	56	2,341	5	2,402
Provided in the year	3,060	173	37	11	3,281
Provisions not required written back	-	-	(185)	-	(185)
Provisions utilised in the year	-	(77)	(292)	(11)	(380)
At 31 March 2010	3,060	152	1,901	5	5,118

All provisions are current liabilities due within one year. A discount rate has not been applied to any of the provisions as the time value of money is not significant.

21.1 Equal pay claims

This provision represents the Department's expected share of the remaining settlement payment to be made to staff at Administrative Assistant, Administrative Officer, Executive Officer II and analogous grades in the NICS as the result of an agreement with NIPSA in respect of Equal Pay.

As over 13,000 staff were affected, each with their own personal circumstances, implementation of the settlement was a major administrative exercise and will take several months to fully complete. The exact amount to be paid will depend on a number of factors, including the number of staff still to agree to the settlement and the amount that Her Majesty's Revenue and Customs calculate is due from departments to discharge taxation obligations.

21.2 Early departure costs

The Department is required to meet the costs of paying the pensions of employees who retire early, from the date of their retirement until they reach normal pensionable age, and must provide in full for the cost of meeting pensions resulting from such early retirement schemes. The Department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Department of Finance and Personnel Superannuation Vote.

21.3 Legal claims

Provision has been made for various legal claims against the Department. The provision reflects all known claims where legal advice indicates that it is more than 50% probable that the claim will be successful and the amount of the claim can be reliably estimated.

Legal claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in note 26.

21.4 Other

Eligible teachers in Northern Ireland are entitled to have their General Teaching Council Northern Ireland (GTCNI) annual fee reimbursed in full up to 31 March 2011. The majority of the fees are deducted or reimbursed at source from the teacher payroll system early in the financial year. Teachers who are outside this process must pay their fee to the GTCNI and claim their reimbursement from the Department. No provision is, therefore, required for future years.

22 Notes to the Statement of Net Operating Costs by Departmental Strategic Objectives

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

	Objective 1 £000	Objective 2 £000	2010-11 Total £000	Objective 1 (restated) £000	Objective 2 (restated) £000	2009-10 Total (restated) £000
Programme grants and other current expenditure	1,925,971	34,917	1,960,888	1,956,589	37,299	1,993,888
Staff costs	25,660	778	26,438	26,141	837	26,978
Other administration costs	5,962	429	6,391	6,236	472	6,708
Income	(22,319)	310	(22,009)	(3,207)	(28)	(3,235)
Net operating costs	1,935,274	36,434	1,971,708	1,985,759	38,580	2,024,339

The 2009-10 figures have been restated to remove cost of capital and to implement the FReM adaptation of IAS 36, *Impairment of Assets*. Details of the restatements are included at notes 1.22 and 1.23.

The Department of Education's total assets are deemed to be employed exclusively for the achievement of Objective 1, on the basis of materiality.

Staff costs and other administration costs are apportioned between the two objectives based on the respective percentages of Departmental personnel employed working on each objective.

23 Capital commitments

	2011 £000	2010 £000
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Intangible assets	131	428

24 Commitments under leases

24.1 Operating leases

Total future minimum lease payments under operating leases are given in the table below:

	2011 £000	2010 £000
Obligations under operating leases at 31 March comprise:		
Buildings		
Not later than one year	16	62
	16	62
Other		
Not later than one year	79	81
Later than one year and not later than five years	20	9
	99	90

24.2 Finance leases

The Department does not have any finance leases.

25 Other financial commitments

The Department has entered into non-cancellable contracts (which are not leases or PFI contracts or service concession arrangements), for the provision of security, facilities management, evaluation and other services.

The payments to which the Department is committed at 31 March are as follows.

	2011 £000	2010 £000
Not later than one year	3,276	794
Later than one year and not later than five years	4,280	4,794
Later than five years	88	-
	7,644	5,588

25.1 Financial Guarantees, Indemnities and Letters of Comfort

The Department has not entered into any quantifiable guarantees, indemnities or provided letters of comfort.

The Department has no contingent liabilities to report for the purpose of Northern Ireland Assembly reporting and accountability.

26 Contingent liabilities disclosed under IAS 37

26.1 Contingent liabilities

The following contingent liabilities at 31 March 2011 have not been included in the financial statements:

Nature	Number of cases	Value £000
Comhairle na Gaelscolaíochta (CnaG) – Membership of NILGOSC Pension Scheme	1	62
St Macnissi's College – Membership of NILGOSC Pension Scheme	1	Unable to quantify
Health and safety claim	1	Unable to quantify
Judicial review	1	25
Legal challenge	1	500

26.2 Contingent assets

The following contingent assets at 31 March 2011 have not been included in the financial statements:

Nature	Number of cases	Value £000
Probable recoupment of monies from school trustees following closure	12	8,795

27 Losses and special payments

27.1 Losses statement

	2010-11 £000	2009-10 £000
Write offs (9 cases; 2009-10: 3cases)	4,040	28
Fruitless payments (3 cases; 2009-10: no cases)	145	-
Total of 12 cases (2009-10: 3cases)	4,185	28
Details of cases over £250,000		
Write off of EU debtors (1 case; 2009-10: no cases)	4,038	-

No other individual cases exceeded £250,000.

27.2 Special Payments

	2010-11 £000	2009-10 £000
Ex gratia payments (7 cases; 2009-10: 4 cases)	1	30
Extra statutory payments (103 cases; 2009-10: 1 case)	92	22
Total of 110 cases (2009-10: 5cases)	93	52

No individual case exceeded £250,000.

27.3 Other notes

Details of any losses and special payments made by the Education and Library Boards, the Northern Ireland Council for the Curriculum, Examinations and Assessment, the Youth Council for Northern Ireland, the Council for Catholic Maintained Schools, the General Teaching Council for Northern Ireland and the Staff Commission for Education and Library Boards will be reported in the accounts of those bodies.

28 Related-party transactions

The following list represents those bodies for which the Department had direct funding responsibility during this financial year. These bodies are regarded as related parties with which the Department has had material transactions during the year.

Executive NDPBs

Belfast Education and Library Board
Council for Catholic Maintained Schools
General Teaching Council for Northern Ireland
Northern Ireland Council for the Curriculum, Examinations and Assessment
North Eastern Education and Library Board
Southern Education and Library Board
South Eastern Education and Library Board
Staff Commission for Education and Library Boards
Western Education and Library Board
Youth Council for Northern Ireland

Tribunals

Special Educational Needs and Disability Tribunal
Exceptional Circumstances Body

Public and private sector bodies

Grant Maintained Integrated Schools*
Voluntary Grammar Schools*

Northern Ireland Council for Integrated Education
 Comhairle na Gaelscolaíochta
 Middletown Centre for Autism
 Health and Social Care Board

* Note: Other schools, maintained and controlled, are funded via the Education and Library Boards.

The Department of Education has had a small number of transactions with other Government Departments and other Central Government bodies. Most of these transactions have been with the Department of Finance and Personnel.

No minister, board member, key manager or other related parties has undertaken any material transactions with the Department during the year.

A member of the senior management team is an Education and Library Board representative on the Together 4 All Board of Directors.

29 Third-party assets

The Department administers the Endowment and Miscellaneous Trust Funds on behalf of a number of Royal Schools. These are not departmental assets and are not included in the accounts. The assets held at the reporting period date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances and listed securities. They are set out in the table immediately below.

	31 March 2010 £000	Gross inflows (Note a) £000	Gross outflows (Note a) £000	31 March 2011 £000
Monetary assets such as bank balances	2	23	(23)	2
Listed securities	557			579

Note a – The inflow and outflow figures do not equal the change in the value of listed securities over the year, because movements caused by revaluation to 31 March prices are not reflected in the inflows and outflows figures.

The Department also holds legal title to a number of Turbary rights (the right to extract peat) and associated land which is held in Trust.

These assets are not included within the Departmental accounts on the grounds that the legal basis of the trusts involved ensures that the Department cannot obtain economic benefit from these assets.

30 Entities within the departmental boundary

The entities within the boundary during 2010–11 were as follows:

Supply-financed agencies:	None
Non-executive NDPBs:	Special Educational Needs and Disability Tribunal Exceptional Circumstances Body
Other entities:	None

31 Events after the reporting period

As noted in the Annual Report (page 23) ownership of land, in respect of former military sites in Omagh (known as Lisanelly and St. Lucia), was transferred from the Ministry of Defence to the Department of Education on 15 April 2011. This land was “gifted” under the Hillsborough Agreement 2010. Prior to the transfer the land was valued at £10m on the assumption that the Defence Estates would be responsible for de-contamination costs. However, it has been clarified that the Department of Education will be responsible for the de-contamination costs which were estimated in March 2011 to be in the region of £3 - 4.5m. Land and Property Services have been requested to provide a revised valuation as at 15 April 2011.

32 Date authorised for issue

The Accounting Officer authorised these financial statements for issue on 9 September 2011.

33 Premature retirement compensation

The Teachers’ Premature Retirement Scheme for Northern Ireland recovers compensation costs via increased employer contributions. Compensation costs fall within the remit of the scheme and are therefore not included as a cost within the Departmental Resource Accounts.

The Department is responsible as compensating authority for Voluntary Grammar Schools, Grant Maintained Schools and a number of smaller bodies.

The number of compensating cases, for which the Department is compensating authority, for the current year and in total broken down by employer group are:

Total number of teachers retiring on grounds of premature retirement in the year to 31 March 2011

	Efficient discharge	Redundancy
Voluntary Grammar Schools	-	-
Other Grant Maintained Schools	-	-
Other Bodies	-	-
Total	-	-

Total number of teachers retired on grounds of premature retirement as at 31 March 2011

	Efficient discharge	Redundancy
Voluntary Grammar Schools	156	640
Other Grant Maintained Schools	6	18
Other Bodies	27	81
Total	189	739

The Combined Financial Statements of the Teachers' Pension Scheme for Northern Ireland and the Teachers' Premature Retirement Scheme for Northern Ireland provide complete information on premature retirement compensation. The statements are available on request from the Department of Education, Rathgael House, 43 Balloo Road, Rathgill, Bangor BT19 7PR.

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

DEPARTMENT OF EDUCATION RESOURCE ACCOUNTS 2010-11

During my audit of the 2010-11 resource accounts of the Department of Education (the Department) it came to my attention that the Department's Arms Length Bodies (ALB) and a number of schools had paid honoraria to both teaching and non-teaching staff of £662,127 in 2010-11 (£745,459 in 2009-10). Payments of this nature must obtain the approval of both the Department and the Department of Finance and Personnel (DFP) before being undertaken. As no such approval was obtained from both Departments these payments are irregular and I have therefore qualified my regularity opinion on the Department's accounts in this respect.

Background

(i) Honoraria paid to non-teaching staff

As disclosed in the Department's Statement on Internal Control, the administration of a vacancy control policy across its ALBs has meant that in a large number of cases non-teaching vacancies have been filled by arranging for staff to act up to a higher staff grade or take on additional responsibilities. During 2010-11, 151 staff employed by the ALBs were paid an additional £392,605 (2009-10: 158 staff paid £375,425) under these arrangements. The payments were considered to be necessary as the ALB staff conditions of service require that consideration is given to making discretionary payments when officers are performing additional duties to their substantive post. However these payments should have been approved in advance by both Departments and as they were not they are irregular.

(ii) Honoraria paid to teaching staff

Honoraria have also been paid to teachers to remunerate them for performing additional duties outside their normal contractual roles and responsibilities. In 2010-11 honoraria were paid to teachers totalling £269,522 (2009-10: £370,034) under these arrangements. As for the payments made to non-teaching staff, approval from both Departments should have been obtained before the payments were made. As this was not sought in advance of the payments being made and retrospective approval is not being sought by the Department, these payments are irregular.

Why the irregular payments were not prevented

I asked the Department why it had not identified at an earlier stage that the ALBs and a number of schools were making these payments to both teaching and non-teaching staff and that approvals were required from both Departments. The Department has informed me that since 2006, all of the relevant guidance on the application of public sector pay policy was issued to the ALBs. This has also been supplemented over the past three years with dedicated seminars for ALB staff. Unfortunately however this guidance was not adhered to and it was not possible for the Department to discover this as honoraria payments were not separately identified within the annual pay remits.

When the Department was informed that payments were being made in one ALB, in the absence of the proper approvals, an exercise was undertaken to determine the situation in the rest of the ALBs and schools and to develop an appropriate solution. The Department has now amended the non-teaching pay remit templates to include a requirement for all ALBs to separately identify honoraria payments and these will be signed by the Chief Executives to confirm that all of the payments have received the appropriate approvals. In addition the pay remit template for teachers, which is compiled by the Department, now separately identifies honoraria payments. From 1 September 2011 all such payments and the reason for the payments must now be signed off by the school Principal, Chair of the Board of Governors and the relevant employing authority (the Department in the case of Voluntary Grammar and Grant Maintained Integrated schools) before formally being submitted to the Department for prior approval.

Future payments

The Department has now developed a policy to oversee the administration of payments to non teaching staff in each of its ALBs. The 'Policy for DE Arms Length Bodies on Staff Temporarily Undertaking Acting-Up Appointments or Additional Duties and Responsibilities' received DFP approval on 4 March 2011. The policy extends delegated authority to ALBs for the award of Acting-Up Appointments and Responsibility Allowances for payments to individuals for up to 12 months.

In relation to teaching staff, the Department has developed a similar policy to oversee the payment of honoraria to teachers, which was approved by DFP on 26 July 2011. The Department has advised that the new policy will be implemented from September 2011, to coincide with the start of the new school year.

I will examine any payments made under both of the new policies closely in my 2011-12 audit to ensure that they comply with the new agreed rules.

Conclusion

I have qualified my opinion on regularity due to irregular expenditure by the Department of Education's ALBs of £662,127 on honoraria paid to teaching and non-teaching staff. I welcome the disclosure of this matter in the Accounting Officer's Statement on Internal Control and the action which is ongoing to ensure that robust and effective arrangements are put in place to guarantee that such a situation does not recur. Nonetheless, it is important going forward to ensure that those responsible for the operation of pay policy do not enter into pay commitments or implement pay awards without the required approvals.



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