



**Northern Ireland
Assembly**

**Committee for Justice
Room 345
Parliament Buildings**

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**From: Christine Darrah
Clerk to the Committee for Justice**

Date: 21 September 2021

**To: Peter McCallion
Clerk to the Committee for Finance**

Financial Reporting (Departments and Public Bodies) Bill

Dear Peter

Following the call for evidence by the Committee for Finance on the Financial Reporting (Departments and Public Bodies) Bill the Justice Committee agreed to request views/comments from the Department of Justice on any relevant provisions in the Bill and the likely implications for the Department and/or justice agencies and Non-Departmental Public Bodies.

At its meeting on 16 September 2021 the Committee noted the response from the Department of Justice and agreed to forward it to the Committee for Finance.

**Christine Darrah
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6 September 2021

Dear Christine,

DEPARTMENT OF JUSTICE: FINANCIAL REPORTING (DEPARTMENTS AND PUBLIC BODIES) BILL

The Committee has requested information on the Financial Reporting (Departments and Public Bodies) Bill, following correspondence received from the Committee for Finance.

Details

2. The Executive agreed to the Review of Financial Process (RoFP) being taken forward in December 2016. The aim of the RoFP is to put in place measures that provide increased transparency and consistency between Departmental Estimates, Accounts and Budgets.
3. Following a number of delays including the impact of Covid-19, the planned implementation date for the RoFP is now 2022-23.
4. The Department previously provided briefing to the Committee on the RoFP in September 2020.
5. The main impact of the RoFP is that Non Departmental Public Bodies (NDPBs) will in future, be included within Departmental Estimate, Accounting and Budgeting

boundaries. They are currently only included in the Departmental Budgeting boundary. This means that the Department of Justice (DoJ) Estimates and Accounts will include the expenditure of the eight DoJ Executive NDPBs, in addition to the Core Department and five Agencies that are currently included.

6. In order to include NDPBs within Estimates and Accounts, one of the steps required is the introduction of legislation, the Financial Reporting (Departments and Public Bodies) Bill. The Bill is technical in nature and a public consultation is not required. The legislation will amend the Government Resources and Accounts Act (Northern Ireland) 2001 (GRAA(NI) 2001) and will allow the Department of Finance (DoF) to issue technical directions on the way departments prepare Supply Estimates and Annual Accounts.

7. The Bill will allow Departmental Estimates and Accounts to include the spending of NDPBs and other central government bodies for which the Department has responsibility, thereby aligning with the budgetary treatment.

8. The Bill has four sections:

- 1) Estimates: inclusion of resources used by designated bodies:
- 2) Definition of “the Department”:
- 3) Commencement:
- 4) Short title:

9. Section 1 details the main content of the Bill and will give DoF the authority to direct departments on which bodies can be included within Departmental Estimates and Accounts. This section also allows for consultation with HM Treasury, to prevent bodies designated by DoF who are funded from the NI Consolidated Fund, from being jointly funded by another UK Consolidated Fund.

10. Section 2 of the Bill updates the definition of ‘the Department’ contained in the GRAA (NI) 2001, to read ‘the Department of Finance’.

11. Section 3 states that provisions of the Bill will come into force on the day after it receives Royal Assent.

12. Section 4 sets out the short title of the Act, to the Financial Reporting (Departments and Public Bodies) Act (Northern Ireland) 2021.

13. The Bill was introduced into the Assembly in June 2021 and has been referred to the Committee for Finance for its Committee Stage for examination (expected to be December 2021) before completing its passage through the Assembly which is timetabled for March 2022. A Designation of Bodies Order will also be prepared to list the bodies to be included under each department, for each financial year. DoF will consult with departments when drafting this Order, and departments will be required to advise DoF of any changes. The Order will list all public bodies, NDPBs or otherwise, that fall within the Estimates and Accounting boundaries. Public Corporations which are outside the Budgeting boundary or bodies which will continue to be misaligned, e.g. NI Water, will not be included on the list of designated bodies.

14. As NDPBs are already included within the Departmental Budgeting boundary, this new legislation will have little direct impact on the scrutiny work of the Committee, either at the opening budget setting stage, or at the in-year monitoring round stages. This is because the legislation will have no effect on the budgeting structure of the Department, or the resource and capital budgeting regimes operated by the DoF.

Departmental Progress

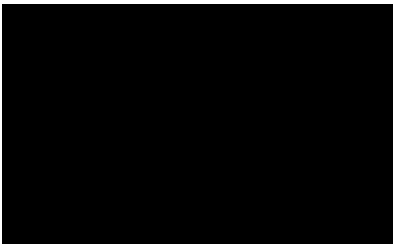
15. The Department has been working with DoF on a phased implementation plan. This has focussed on the processes for the consolidation of NDPB accounts into a new Departmental set of Accounts, and in the preparation of a new format for Departmental Estimates. It is important to say that NDPBs will continue to publish their own individual accounts on an annual basis, in parallel with the new consolidated Departmental Accounts.



16. A number of key activities have already been completed by the Department including a dry-run set of consolidated DoJ Accounts for 2018-19 which includes NDPBS. These Accounts were audited by the NI Audit Office and no significant issues were found. Dry-run Supplementary Estimates for 2020-21 have also recently been completed with no major issues. Further dry-run activities for Estimates and Accounts are ongoing during 2021-22.

17. The Department of Finance will be engaging with departments over coming weeks to reach final agreement on each Department's Estimate structure, ahead of the Finance Minister bringing the overall structure of the Estimates to the Executive for final agreement.

I trust the Committee find this response helpful.



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