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The Sports Council  
for Northern Ireland

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Annual Report and Accounts  
For the year ended 31 March 2015



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Annual Report and Accounts  
For the year ended 31 March 2015**

*Laid before the Northern Ireland Assembly  
under Article 7(2)(c) and 8 of the Recreation and Youth Service  
(Northern Ireland) Order 1986 by the Department for Communities  
(formerly Department of Culture, Arts and Leisure)*

*on*

*21 August 2019*

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## **Chairman's Foreword**

I am pleased to introduce the 2014-15 Annual Report for the Sports Council for Northern Ireland (hereafter referred to as "Sports Council"). This Annual Report is testament not only to the progress achieved by Sports Council and its staff, but to the strength of the partnerships which have been built over the years. The achievements highlighted in this document tell the story of what these partnerships are accomplishing.



Championing the value of sport and demonstrating that 'Sport Matters' is a key focus for Sports Council. Sport often demonstrates its contribution to other areas of Northern Ireland life, such as health, social and economic development, education, community development and addressing social disadvantage. While these benefits are extremely valued, we also get passionate about sport because of the enjoyment and sense of achievement that participation can bring to anyone, regardless of age, income, background or level of ability. In short, sport is a real positive force.

2014 was a truly exceptional year for sport in Northern Ireland sport with our local athletes excelling on an international stage from our major winner Rory McIlroy, our World Champion boxer Carl Frampton, Winter Paralympic gold medallist Kelly Gallagher, IPC European Championship gold medallists Michael McKillop and Jason Smyth, to our outstanding Team NI at the Glasgow Commonwealth Games.

2015 was an exciting year for sport, with the Irish Open at Royal County Down in May, the Giro Gran Fondo cycle race in June, and our athletes training hard to be at the top of their game for Rio in 2016. Northern Ireland sport had an opportunity to flourish yet again.

Internally the organisation faced a number of challenges in relation to performance, governance and leadership; decisions taken by the Board during this 2014-15 period materialised as considerable risk in consequent years and will result in a separate Northern Ireland Audit Office report to be published later in 2019. The Board is committed to learning from findings of this report and to implementing its recommendations.

I would like to pay tribute to the Board who have given their time and considerable expertise so readily on behalf of sport in this region. I also wish to thank the staff at Sports Council whose commitment, dedication and considerable ability led to the achievement of our goals in 2014-15.

A handwritten signature in black ink that reads "George Lucas." The signature is written in a cursive, flowing style.

**George Lucas**  
**Chair**  
**Sports Council for Northern Ireland**

## **Chief Executive's Introduction**

Sport has always been a major driving force in the communities here in Northern Ireland. Sport provides a solid platform on which to develop strong, cohesive communities, and nurture home grown athletes who bring pride to the entire community.



Sport provides us all with inspirational and invaluable moments; a great example of this was the success of the Northern Ireland Commonwealth Games Boxing Squad. The 11 boxers showed incredible commitment; training day in, day out, and demonstrating their immense skill at major competition level, producing our best Commonwealth Games medal haul since 1986 in Edinburgh.

In our vital role of developing more participants and more winners, we recognise the wider contribution which sport brings to building Northern Ireland society, to the promotion of equality and to tackling poverty and social exclusion. We also recognise our social responsibility to enable everyone who calls Northern Ireland home to enjoy, engage and excel at sport.

Sports Council recognises our responsibility to deliver sport within a robust framework of governance, value for money and public accountability. There are some key learnings during this year which the organisation continues to work to address so that we are seen as a trusted and effective leader and we are committed to continuous improvements and organisational growth.

We are also grateful to all those organisations and individuals who have worked in partnership with Sports Council to further the development of sport in this region. Acknowledgement to all those involved in the ongoing delivery of sport in this region - coaches, athletes, participants, officials, administrators, volunteers, and teachers. Together we are making a difference and everyone should be commended for their commitment and dedication to making sport an integral part of this region's culture.

A handwritten signature in blue ink, which appears to read 'Antoinette McKeown'. The signature is fluid and cursive, with a long horizontal line extending to the right.

**Antoinette McKeown**  
**Chief Executive**  
**Sports Council for Northern Ireland**

## **Annual Report – Directors’ Report**

### **Statutory Background**

The Sports Council for Northern Ireland (hereafter referred to as “Sports Council”) is an executive non-departmental public body sponsored by the Department for Communities (formerly the Department for Culture, Arts and Leisure, and hereafter referred to as “the Department”). It was established on 31 December 1973 under the provisions of the Recreation and Youth Service (Northern Ireland) Order 1973 with its main objective being the furtherance of sport and physical recreation. Its principal functions are as provided by Article 3 of the Recreation and Youth Service (Northern Ireland) Order 1986:

- On matters relating to sport and physical recreation, to advise the Department and other government departments, Education Authority, District Councils and other bodies interested in sport and physical recreation;
- To encourage the provision of facilities for and participation in sport and physical recreation; and
- To assist, subject to Paragraph (4) of the article:
  - In the provision of administrative services, equipment, coaching and instruction;
  - In the organising or supporting of, or participating in, international or other events, by bodies providing facilities for sport or physical recreation or organising such activities; and
  - Bodies providing supportive services in connection with sport and physical recreation.

Article 5 of the 1986 Order as amended by the Financial Provisions (NI) Order 1991 provides that the Department may, subject to such conditions as the Department thinks fit, make grants towards the expenses of Sports Council.

These financial statements have been prepared on an accruals basis and show a true and fair view of the state of affairs of Sports Council’s activities at the year end and of its net expenditure, changes in taxpayers’ equity and cash flows for the financial year. They have also been prepared in accordance with Article 7 of the Order and in a form directed by the Department with the approval of the Department of Finance (formerly the Department of Finance and Personnel).

### **Organisation Structure**

#### ***Chief Executive***

The Chief Executive, Antoinette McKeown, is the Accounting Officer and heads Sports Council and is supported by three executive directors heading each of the departments within the organisation. Further information on the Chief Executive is contained within the Annual Governance Statement.

During 2014-15, a fourth director was appointed, on a twelve month fixed term contract, to facilitate a transformation programme aimed at modernising Sports Council, and assist with the delivery of the new Corporate Vision, Mission and Objectives.

## ***The Board***

The Board of Sports Council consists of a Chair and Vice-Chair and other persons appointed by the Minister, after a selection and recruitment process that is carried out by the Department.

The following new members were appointed from 1 April 2014, for a four year term:

Mr. I McAvoy (Vice-Chair)  
Ms. A Bingham  
Mr. R Bullick  
Mr. E Lynch  
Mr. G Wilson

The following persons served as members during the financial year 2014-15:

### **Sports Council Board Membership**

Mr. B Henning (Chair)  
Mr. I McAvoy (Vice Chair)  
Ms. A Bingham  
Mr. R Bullick  
Mr. B McAuley – resigned September 2014  
Mr. G Campbell  
Mr. P Cummings  
Mr. J D’Arcy  
Mr. B Delaney  
Mr. E Lynch  
Ms. R Mallon  
Mr. S McCullough  
Mr. D O’Connor  
Mr. J O’Neill  
Mr. G Wilson

## **Board Directorships or Other Interests**

Note 22 details any interests held by Sports Council Board Members. The Register of Interests can be seen at <http://www.sportni.net/about-us/register-of-interests>.

## **Audit**

### ***External Audit***

Sports Council Accounts are required to be audited by the Comptroller and Auditor General. Once completed the Department is responsible for laying the audited accounts before the Northern Ireland Assembly. The Northern Ireland Audit Office, the office of the Comptroller and Auditor General, also completed work associated with the National Fraud Initiative in 2014-15.

So far as I, the Accounting Officer of Sports Council, am aware there is no relevant audit information of which the Sports Council’s auditors are unaware. Given issues relating to corporate memory, 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 Sports Council’s auditors are aware of



that information. The audit fee for the work performed by the staff of the Comptroller and Auditor General during the reporting period, and which relates solely to the audit of these Financial Statements, was a £30,000 notional cost (2013-14: £25,000 notional cost). During the financial year Sports Council paid £1,232 (2013-14: NIL) to the Northern Ireland Audit Office for work associated with the National Fraud Initiative (NFI) 2014-15 exercise.

The Comptroller and Auditor General has attached a report to these accounts on pages 66 to 70 outlining governance issues within Sports Council. He will also publish a separate report on these matters in 2019. The Chief Executive, as Accounting Officer, will lead on addressing any issues arising from this report.

### ***Internal Audit and the Audit and Risk Management Committee***

Sports Council outsources its internal audit function. During 2014-15, Deloitte were appointed by the Audit and Risk Management Committee to carry out the audit plan which it had approved. The internal auditor attended two meetings of the Audit and Risk Management Committee during 2014-15. During the year the following were the members of the Committee:

Mr. G Campbell - Chair  
Mr. P Cummings - Vice Chair  
Ms. R Mallon  
Mr. J D'Arcy

### **Funding**

Sports Council is primarily funded by Grant in Aid from the Department. The level of funding is agreed with the Department as part of an annual Funding Agreement. Grant in Aid funds are accounted for in Sports Council for Northern Ireland Exchequer Account (hereafter referred to as Exchequer Account).

### **Lottery Distributor**

The Minister for the Department for Digital, Culture, Media and Sport (DCMS) (formerly the Department for Culture, Media and Sport) appointed Sports Council as a Lottery distributor since 1994. Lottery funds are accounted for separately in Sports Council for Northern Ireland Lottery Distribution Account (hereafter referred to as Lottery Account).

### **Equality of Opportunity**

Sports Council is committed to the development of positive policies to promote equal opportunity in employment based on practices which are non-discriminatory as between people of differing abilities, religion, political view, nationality, race, colour or sex, including sexual orientation. An equal opportunities policy has been in place since March 2004 and was last reviewed in July 2016.

### **Employees with a Disability**

Sports Council ensures that people with a disability are given opportunities for suitable employment and that they are not discriminated against on the grounds of disability for recruitment, training or promotion purposes.

## **Employee Consultation**

On matters of policy and procedure which affect the employees of Sports Council, the Sports Council normally consults with the recognised trade union of which staff are members. This trade union is also a member of the Whitley Council which negotiates the terms and conditions of members with the Department of Finance.

## **Sickness Absence Data**

Sports Council had an average of 10.1 days absence per full time equivalent person in 2014-15 (6.9 days: 2013-14). This mainly was due to there being an increase in long-term sickness absence in 2014-15. This is being managed in line with the Absence Management Policy.

## **Personal Data Related Incidents**

There were no personal data related incidents during the year.

## **Payment Policy**

Sports Council is committed to the prompt payment of bills for goods and services and aims to process bills within 10 days of receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later. During 2014-15, Sports Council paid 93% (2013-14: 92%) of invoices within 10 working days and 100% (2013-14: 100%) of invoices within 30 days.

## **Political and Charitable Donations**

Sports Council made no such donations during the year.

## **Pension Fund**

All assets, liabilities and operating costs of Sports Council's pension scheme are recorded in the Exchequer Account. The market value of Sports Council's share of the NILGOSC pension scheme's assets (excl. AVCs) at 31 March 2015 was £20.497m (2013-14: £16.258m). Sports Council's share of the scheme liabilities was £25.838m (2013-14: £19.940m). Sports Council's share of the scheme recorded net pension liabilities at 31 March 2015 was £5.341m (2013-14: £3.682m). For further details on pension liabilities and how they are treated in the financial accounts see note 1.12.

## **Consolidated Accounts**

From 1 July 2014, Sports Council assumed full responsibility over the Sports Institute Northern Ireland. These accounts reflect business activities undertaken at the Sports Institute Northern Ireland for the nine month period 1 July 2014 – 31 March 2015. Prior years' accounts reflect the 50/50 joint venture status of the Sports Institute Northern Ireland, with 50% of the Sports Institute Northern Ireland financial results consolidated in Sports Council accounts.

## **Budget Reductions**

The current economic environment brought with it a level of uncertainty in respect to budgets. Sports Council through its budgeting process has made savings in future financial years, due to reduced funding from the Department.

## **HM Treasury Guidance**

On the whole, Sports Council has complied with the cost allocation and charging requirements set out in HM Treasury guidance, the exception being in relation to commercial activities at Tollymore National Outdoor Centre (TNOC). See page 31 of the Annual Governance Statement.



**Antoinette McKeown**  
**Accounting Officer**  
**Sports Council for Northern Ireland**

**Date: 19 June 2019**

## Annual Report – Strategic Report

### Principal Risks and Uncertainties

The nature of Sports Council activities creates an interdependency between funding sources. While Lottery receipts at this time are less vulnerable than Exchequer budgets they can be subject to fluctuation. Sports Council carried out a significant review of budgets in 2011-12 for the financial years 2011-2015 based on indicative funding forecasts from the Department of Culture, Arts and Leisure and also developed and agreed a Savings Delivery Plan. A Corporate Plan was also developed and the cost of key programmes and activities forecasted to ensure that there were adequate funds available over the planning period.

Decisions taken by Sports Council during the 2014-15 year resulted in risks materialising in subsequent years that had a significant impact on the reputation and operation of the organisation. These risks, as set out below, are detailed in the Annual Governance Statement, with the actions taken to mitigate their impact on Sports Council:

- Absence of Chief Executive;
- Review undertaken by the Department’s Head of Internal Audit;
- Interim Executive Leadership Team Report and Transformation Programme;
- Board resignations;
- Delay in the publication of Annual Report and Accounts; and
- Commercial Activities in Tollymore National Outdoor Centre.

### Financial Results

The results of Sports Council are set out in detail on page 38. The total comprehensive net expenditure for the year was £14,065,979 (2013-14: £15,339,785 restated). The reserves at the year-end showed a deficit of £1,777,533 (2013-14: deficit of £1,464,985 restated).

### Review of Activities and Key Performance Indicators (KPIs)

Sports Council had six Strategic Priorities which were measured using 13 KPIs.

Ratings for the 13 output targets are broken down by Strategic Priority in Table 1 below. In summary, for 2014-15 the table shows that:

- **11 KPIs (85%)** were achieved (Green); and
- **2 (15%)** were not achieved (1 Amber, 1 Red).

Strategic Priority (No of KPIs)	GREEN	AMBER	RED
1. Active People (5)	5	0	0
2. Successful Athletes (2)	2	0	0
3. Quality Facilities (2)	1	0	1
4. Enabled Partners (1)	0	1	0
5. A Competent Sporting Workforce (2)	2	0	0
6. A Trusted and Effective Leader (1)	1	0	0
	<b>11</b>	<b>1</b>	<b>1</b>

The following case studies provide an overview of the type of projects supported and the benefits which were derived from the investments made during 2014-15:

## **1. Active People**

These KPIs relate to Active Communities and Active Awards programmes which are fully funded by the National Lottery. As such, they are detailed in the Lottery Account for 2014-15.

## **2. Successful Athletes**

### Athlete Investment Programme and Business Case Investments

In 2014-15, 37 athletes from 14 Athlete Investment Programme-supported organisations won 58 medals at senior and age group events. These events included Commonwealth, European and World level competitions.

At the Commonwealth Games 15 athletes competing in bowls, boxing and judo won a total of 12 medals. Paddy Barnes and Michael Conlon each won gold in boxing. In 2014-15 through its business case investment, Sports Council also invested in the NI Commonwealth Games Council contributing to the employment of an Executive Manager and preparation and travel costs associated with competing at the 2014 Commonwealth Games.

In golf, Stephanie Meadow was third in both the US Open and European Masters in her debut year as a professional. Judo player Lisa Kearney won gold in the Oceania Open and bronze in a Grand Prix event (Samsun).

In disability sport, Johnny Young won silver for Great Britain in the European Canoe Sprint Championships; Niall McVeigh won silver and gold medals in the European para-Badminton Singles and Men's Doubles Championships respectively. Kelly Gallagher won gold in the IPC Europa Cup and James McSorley was part of the Great Britain team that won the European under 22 Wheelchair Basketball Championships.

Representing Ireland, Jason Smyth and Michael McKillop each won 2 gold medals in the IPC European Athletics Championships. Sports Council also provided funding to Paralympics Ireland in support of a Performance Assistant post to improve support structures for athletes preparing for the 2016 Paralympic games.

At underage level, Jordan Mitchell, Patrick Huston and Craig McCreery were part of the Great Britain team that won gold at the World Junior Field Archery Championships. Chloe Watson won a gold medal at the U25 WIBC Junior Championships.

In terms of 2016 Olympic qualification, 28 local athletes qualified for the Rio Games, compared with twenty in London 2012 and eight at the Games in Beijing (2008) and Athens (2004).

## **3. Quality Facilities**

These KPIs relate to a Lottery Funded Programme. One of these KPIs is rated as Red. A £17.5m investment into sports facilities was delayed as a result of a reconsideration of the investment strategy by the Board. The business case for this investment was updated and approved by the Sports Council Board in April 2015 and applications for the investment opened in June 2015.

## **4. Enabled Partners**

### Governance and Management Audits

The purpose of Sports Council Governance and Management Audits is to provide an assurance to Sports Council that funded organisations are ‘fit for purpose’ to receive public money. Sports Council recognises an organisation as being fit for purpose if it is operating constitutionally, is financially viable and, where appropriate, can demonstrate transparent policies and practices.

The core emphasis of the Governance and Management Audit is to assess corporate governance against best practice principles. In addition, the operations of the organisation are assessed under financial management, human resources management and compliance with other applicable business areas.

The initial tranche of the Governance and Management Audits was completed in May 2011. At this stage, 63% of those organisations audited had achieved satisfactory assurance or above. The Governance and Management Audit process has heightened the awareness of governance issues and the need to ensure good governance within a number of Sports Council’s funded organisations.

The success of the Governance and Management Audit work, in conjunction with the work of the Performance Governance Team and Performance Focus investment, was demonstrated by 97% of funded organisations (32 of 33 organisations audited) achieving satisfactory assurance or above at the end of the 2014-15 year.

The KPI reported against, by this area, had an Amber rating. The Investment Assurance Team had responsibility for completing Governance and Management Audits during 2014-15. This team was required to complete a number of post-project evaluations for the Department during the year, however they were unable to complete the Governance and Management Audits scheduled for Quarter 4 and to verify whether the one outstanding audited organisation had achieved satisfactory assurance or above.

### Safeguarding

During 2014-15, Sports Council worked in collaboration with NSPCC’s Child Protection in Sport Unit to deliver an effective safeguarding advisory service to the sports sector. Key outputs for the year included:

- i. 29 governing bodies of sport supported to attain a ‘satisfactory level’ of assurance following a safeguarding audit;
- ii. Online safeguarding training resource for the sports sector developed and launched; and
- iii. 350+ safeguarding queries addressed.

## **5. A Competent Sporting Workforce**

### Tollymore National Outdoor Centre

The hills, forests, rivers, lakes and coastline of Northern Ireland are tremendous resources for a range of sport and physical recreation opportunities that can contribute to improved physical and mental health and well-being.

In order to promote, develop and optimise these opportunities, Sports Council runs Tollymore National Outdoor Centre (TNOC) near Bryansford, Co Down. The centre delivers a range of skills and leadership courses in outdoor adventure sports including kayaking, open canoeing, hill walking, rock climbing and mountain biking. During 2014-15, TNOC provided leadership training and assessment courses to more than 220 individuals at a range of levels.

Independent research undertaken in 2012 by “Adventure Activity Associates” highlighted that the training provided to these leaders through TNOC has a ‘cascade effect’ by providing participants with the necessary skills to introduce, lead and coach others in these activities. Their research highlighted that 98% of respondents instruct or lead adventure activities more than five times a year; that 50% do so more than five times per month; and that these individuals are likely to introduce over 22,000 people to outdoor activities following their training.

One of the growth areas in leadership training has been Mountain Leader training. Thirty one individuals completed training or assessment in 2014-15 which involves navigation, steep ground and group management skills. These leaders are involved in the provision of opportunities for young people involved in the Duke of Edinburgh / Presidents award, uniformed organisations, schools, youth groups and some are also employed by commercial and charitable sector activity providers.

Another growth area has been in the new touring awards that have been developed by the British Canoe Union and were offered for the first time by TNOC this year. Eight people completed training in this new award and highlighted that this is an ideal award to maximise participation on the many inland waters and unique canoe trails which were developed by Outdoor Recreation Northern Ireland.

## **6. A Trusted and Effective Leader**

In 2014-15, Sports Council invested in and supported its staff to continually improve efficiency, innovation and impact. This included the deployment of its resources and assets as effectively as possible to enable it to maximise its contribution to the development of a quality sporting system in Northern Ireland. This meant concentrating on a range of investments and interventions that supported the organisation to deliver on the six strategic priorities identified within its Corporate Plan 2012-2015.

### Review of Sport Matters

In 2009 the Executive endorsed Sport Matters: The Northern Ireland Strategy for Sport and Physical Recreation 2009-2019 [hereafter Sport Matters]. During 2014-15, the Department, in collaboration with Sports Council, completed a Five Year Review to ensure that Sport Matters remains relevant through to 2019. The Review process was inclusive of all key stakeholders, Executive departments, and local authorities, sports governing bodies and representative groups from the voluntary and community sectors. The identification of the successes of Sport Matters was encouraging and the recommendations for the period through to 2019 present significant challenges for all stakeholders as they seek to consolidate and build upon the success of the Strategy in future years. The findings of the Review clearly demonstrate the benefits of Sport Matters over the last number of years and its role in helping to unify communities across Northern Ireland, through its promotion of equality, its contribution to tackling poverty and social exclusion and its role within health, education and the economy.

## **Sustainability/Environmental Matters**

Sports Council is committed to practices and procedures that minimise its’ impact on the environment and has continued to make good progress in becoming a more sustainable organisation while still focusing on “making sport happen.” For example, Sports Council procurement policy seeks to implement Procurement Guidance Note 01/13 in integrating social considerations into contracts where appropriate.

Sports Council strategy encourages its staff to ensure that:

- Energy usage is more efficient.
- Business travel where possible continues to be reduced through greater use of Video/Teleconferencing.
- Waste Management is controlled through the practice of reduce, reuse, repair and recycle.
- Biodiversity remains an element in planning for sports facilities and developments.

### **Significant Changes in Non-Current Assets**

The movement on non-current assets is set out in notes 11 and 12 to the financial statements. The carrying value of assets increased from £5,430,222 to £5,481,583. This movement has been due to the integration of the Sports Institute Northern Ireland, as well as operational additions, revaluations, depreciation and amortisation charges for the year.

Sports Council accounts contain a pension liability of £5.341m (2013-14: £3.682m). See note 4 for further details.

Refer to note 1.22, for details of a prior year adjustment to the Tollymore National Outdoor Centre valuation.

### **Retained Funds at the Year End**

The SoCNE reserve showed a surplus of £3,387,358 (2013-14 restated: surplus £2,175,484) for the year.

### **Going Concern**

The Accounts of Sports Council are produced on the going concern basis. Through the annual budgeting cycle Sports Council considers potential decreases in funding from the Department and the impact that these may have on its services. Sports Council is not aware of any reason to adopt a different basis.

### **Events After the Reporting Period**

See note 25 for further details on events after the reporting period.



**Antoinette McKeown**  
**Accounting Officer**  
**Sports Council for Northern Ireland**

**Date: 19 June 2019**



## **Remuneration Report**

The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister implemented a reform of arrangements for senior civil service pay and set a Pay Strategy for 2012 and 2013. The new remuneration arrangements and Pay Strategy have been developed following an assessment of the recommendations made by the Senior Salaries Review Body, the work emerging from the NICS comprehensive pay and grading review and to reflect the agenda set out in the NICS People Strategy. The new arrangements are based on a system of shorter pay scales containing a number of pay points from minima to maxima.

Within Sports Council, the Chief Executive is normally employed on terms analogous to Senior Civil Service Grade 5, however, the Department agreed that special salary scales should be applied to this position. All directors are employed analogous to Grade 7. Following the implementation of the agreed new special salary scales for the Chief Executive, the 2014-15 pay remit for the Chief Executive has been approved by the Remuneration Committee and has been submitted to the Department for approval.

As part of the annual pay award, all staff with acceptable performance received a base pay uplift. There is also a 'Special Bonus Scheme' in place which rewards exceptional performers with a non-consolidated bonus. The non-consolidated bonuses are payable to a proportion of staff as part of the annual pay award. No bonus payments for performance were made during 2014-15.

Since the amalgamation of the Sports Institute Northern Ireland (SINI), Sports Council has been collating an additional pay remit for former SINI staff. It is anticipated that the pay remits will be combined in future years, once pay remits are no longer backlogged. Pay remits for 2014-15 for all staff have been approved by the Department.

The Remuneration Committee was set up on 24 June 2013 and Terms of Reference were agreed at its first meeting on 6 August 2013. The Remuneration Committee is responsible for approving the Chief Executive's salary and assessing performance. Membership was made up of the following Board Members:

### **Remuneration Committee**

Mr. B Henning (Chair)

Mr. J D'Arcy (Vice Chair)

Mr. G Campbell

Mr. D O'Connor

Due to the absence of the Chief Executive in March 2015, the Committee did not fulfil its functions as outlined within its Terms of Reference. Therefore the committee did not meet in 2014-15 and the Chief Executive was not appraised. Senior civil servants who occupied the position on an interim basis were appraised by their Departmental line manager.

All other senior staff positions above Deputy Principal follow the NICS pay and grading spine policy. The Chief Executive assesses all Directors' performance.

### **Service Contracts**

Sports Council staff appointments are made in accordance with the Sport Council Recruitment and Selection Policy and Procedures, which requires appointment to be on merit on the basis of fair and open competition.

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended. The notice period or compensation for early termination (other than for misconduct) of a contract is 3 months for the Chief Executive and Directors. Policy relating to notice periods and termination payments is contained in the Sports Council Staff Handbook and individual Terms and Conditions of Employment.

**Audited Remuneration and Pension Entitlements – Senior Staff**

The following section provides detail of the remuneration and pension interests of the Chief Executive and Directors of Sports Council.

<i>Employee</i>	2014-15					2013-14				
	Salary £000	Bonus £'000	Benefits in kind (to nearest £100)	Pension Benefits (to nearest £1,000)*	Total £'000	Salary £'000	Bonus £'000	Benefits in kind (to nearest £100)	Pension Benefits (to nearest £1,000)*	Total £'000
Antoinette McKeown Chief Executive***	80-85	-	200	22	105-110	45-50 (80-85 full year equivalent)	-	100	13	60-65
Nick Harkness Director of Participation (from 2 September 2013)	65-70	-	200	(28)	35-40	35-40 (65-70 full year equivalent)	-	200	47	125- 130
Acting Chief Executive (until 1 September 2013)						40-45 (80-85 full year equivalent)				
Shaun Ogle Director of Performance	65-70	-	200	12	75-80	65-70	-	200	12	75-80
Andrew Sloan Director of Sport Management Services **	65-70	-	200	14	80-85	65-70	-	200	14	75-80
John News Acting Director of Participation (until 31 August 2013)	-	-	-	-	-	20-25 (55-60 full year equivalent)	-	200	11	60-65
Emma Bohill Transformation Facilitator (from 1 October 2014)	20-25 (45-50 full year equivalent)	-	-	12	35-40	-	-	-	-	-
Salary Range	4 - 85					4 - 85				
Band of Highest Paid Director's Total Remuneration	80 - 85					80 - 85				
Median Total Remuneration	28,167					29,640				
Ratio	2.93					2.8				

Salary costs include salary arrears from previous financial years.

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

\*\* The Director of Sport Management Services fulfilled the role of Accounting Officer from 13 March 2015 to 14 July 2015.

\*\*\*The Chief Executive returned to work in July 2017. Please refer to the Annual Governance Statement for further details.

### *Median Remuneration*

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The median remuneration of the staff is the total remuneration of the staff member(s) lying in the middle of the linear distribution of the total staff, excluding the highest paid director. This is based on annualised, full-time equivalent (FTE) remuneration as at the reporting period date.

Total remuneration includes salary, performance pay and bonuses. It does not include employer pension contributions and the cash equivalent transfer value of pensions. Total remuneration is calculated on an annualised basis to remove any fluctuations caused by employee turnover, which do not reflect changes in pay policy.

The FTE measurement of staff is specified to ensure a level of comparability that would otherwise be distorted, if a member of staff represented a whole unit, irrespective of the hours worked.

The ratio is calculated as follows:

Midpoint in highest paid director's pay band  
Median remuneration of the Sports Council's staff

### *Board Members' Emoluments*

The Chair received honorarium totalling £10,000 (2013-14: £10,000). The Chair's honorarium is partially recharged to the Lottery Account £4,200 (2013-14: £4,200). The Vice-Chair received £3,500.

No emoluments were paid to other Sports Council members in respect of Lottery activities. Sports Council does not pay any pension contributions on behalf of the Chair or Vice-Chair.

All Board Members are recompensed for their vouched expenses incurred in carrying out their duties.

### *Salary*

'Salary' includes gross salary; overtime; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any gratia payments. This report is based on payments made by Sports Council before any deduction of recharges to the Lottery Account.

### *Benefits in kind*

There is currently a PAYE Settlement Agreement in place which covers the payment of tax and NIC in respect of all luncheon vouchers paid to staff.

### *Bonuses (Audited Information)*

No bonus payments for performance were made in 2014-15 (2013-14: NIL).

*Core Exit Packages (Audited Information)*

Sports Council processed no exit packages in 2014-15 (2013-14: NIL).

*Sports Council Pensions*

Sports Council participates in the Northern Ireland Local Government Officers' Superannuation Committee Scheme (NILGOSC) and made contributions for 140 employees, of which, 7 were employed for part of the year. All assets, liabilities and operating costs relating to the pension scheme are processed through the Exchequer Account. A recharge is made to the Lottery Account for any pension costs incurred on its behalf. During the year 16 staff were recharged to Lottery Account.

The pension scheme is administered by NILGOSC. The benefits paid under the Scheme are based on length of membership and salary. NILGOSC maintain a fund to provide for the payment of current and prospective benefits to members of the Scheme. In order to ensure that this objective is achieved, the Committee must determine a suitable investment strategy, which provides both a high return on investments and an acceptable level of risk.

Employee contribution rates are based on pensionable pay. For 2014-15 the rates were as follows:

<b>Band</b>	<b>Range</b>	<b>Contribution Rate</b>
1	£0 - £14,000	5.5%
2	£14,001 - £16,500	5.8%
3	£16,501 - £21,300	5.9%
4	£21,301 - £35,600	6.5%
5	£35,601 - £47,700	6.8%
6	£47,701 - £89,400	7.2%
7	>£89,400	7.5%

The employer contribution rate for 2014-15 was 20%.

For any membership accrued before 1 April 2009 benefits will accrue at a rate of 1/80th of the employee's final year pensionable pay and an automatic tax free lump sum of three times their pension. For all membership accrued from 1 April 2009 benefits accrue at a rate of 1/60th of final pensionable pay for each year of service but with no automatic lump sum (members can choose to give up some of their pension to provide a lump sum). Additional Voluntary Contributions (AVC) can be paid through the NILGOSC in-house AVC provider, Prudential.

Further details about the NILGOSC pension scheme can be found at the website [www.nilgosc.org.uk](http://www.nilgosc.org.uk) and note 4 to the accounts.

**Audited Information**

Employee	Accrued pension at pension age as at 31/3/15 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/15	CETV at 31/3/14	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Antoinette McKeown Chief Executive	0-5 plus NIL lump sum	0-2.5 plus NIL lump sum	26	9	16
Nick Harkness Director of Participation	25-30 plus 60-65 lump sum	(2.5-5) plus (2.5-5) lump sum	461	464	(8)
Shaun Ogle Director of Performance	25-30 plus 55-60 lump sum	0-2.5 plus (0-2.5) lump sum	481	451	25
Andrew Sloan Director of Sports Management Services	15-20 plus 25-30 lump sum	0-2.5 plus (0-2.5) lump sum	234	214	17
Emma Bohill Transformation Facilitator (from 1 October 2014)	0-5 plus NIL lump sum	0-5 plus NIL lump sum	8	2	3
John News Acting Director of Participation (ended 30 August 2013)	-	-	-	167	-

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

*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.



**Antoinette McKeown**  
**Accounting Officer**  
**Sports Council for Northern Ireland**

**Date: 19 June 2019**

## **Statement of the Council's and Accounting Officer's Responsibilities**

Under the Recreation & Youth Service (Northern Ireland) Order 1986 and Accounts Direction given by the Department for Communities Sports Council for Northern Ireland (Sports Council) is required to prepare a statement of accounts for each financial year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Sports Council's activities at the year-end and of its net expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Department for Communities (formerly Department for Culture, Arts and Leisure) including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgments 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 Accounting Officer for the Department for Communities (formerly Department for Culture, Arts and Leisure) has designated the Chief Executive of Sports Council as the Accounting Officer for Sports Council. 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 Sports Council's assets, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, which is issued by the Department of Finance (formerly Department of Finance and Personnel) and published in Managing Public Money Northern Ireland.



## **Annual Governance Statement**

### **Purpose of the Governance Statement**

Sports Council is required to include a Governance Statement with its annual accounts. The purpose of the Governance Statement is to explain what arrangements Sports Council has in place to identify, evaluate and manage the risks to the achievement of objectives. Sports Council's Annual Governance Statement is informed by the corporate risk register, bi-annual and annual assurance statements to the Department, management reports and findings from third party reviews.

### **Scope of Responsibility**

As Accounting Officer of Sports Council, I am personally responsible for safeguarding the public funds for which I have charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of Sports Council.

As Accounting Officer, I exercise the following responsibilities:

- establish, in agreement with the Department, corporate and business plans in support of the Department's wider strategic aims and current Programme for Government objectives;
- inform the Department of Sports Council's progress in helping to achieve the Department's policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensure timely forecasts and monitoring information on performance and finance are provided to the Board and the Department;
- advise the Board on the discharge of its responsibilities as set out in the Management Statement and Financial Memorandum, the Recreation and Youth Service (Northern Ireland) Order 1986 and in any other relevant instructions and guidance that may be issued by the Department of Finance or the Department;
- ensure that all relevant financial and non-financial information is provided to the Board in a timely fashion to ensure informed decisions are made and legislative and best practice requirements are complied with;
- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensure an effective system of programme, project and contract management;
- ensure that all public funds made available to Sports Council including any income or other receipts, are used for the purpose intended, expended in compliance with governing requirements and are used economically, efficiently and effectively;
- ensure compliance with all governing directions issued by the Department; and
- ensure the existence of proper accounting records.

### **The Purpose of the Governance Framework**

The governance framework comprises the systems, processes, culture and values, by which Sports Council is directed and controlled and the activities through which it accounts to and engages with the public and other stakeholders. It enables Sports Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and value for money services and facilities.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, and 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 Sports Council's 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.

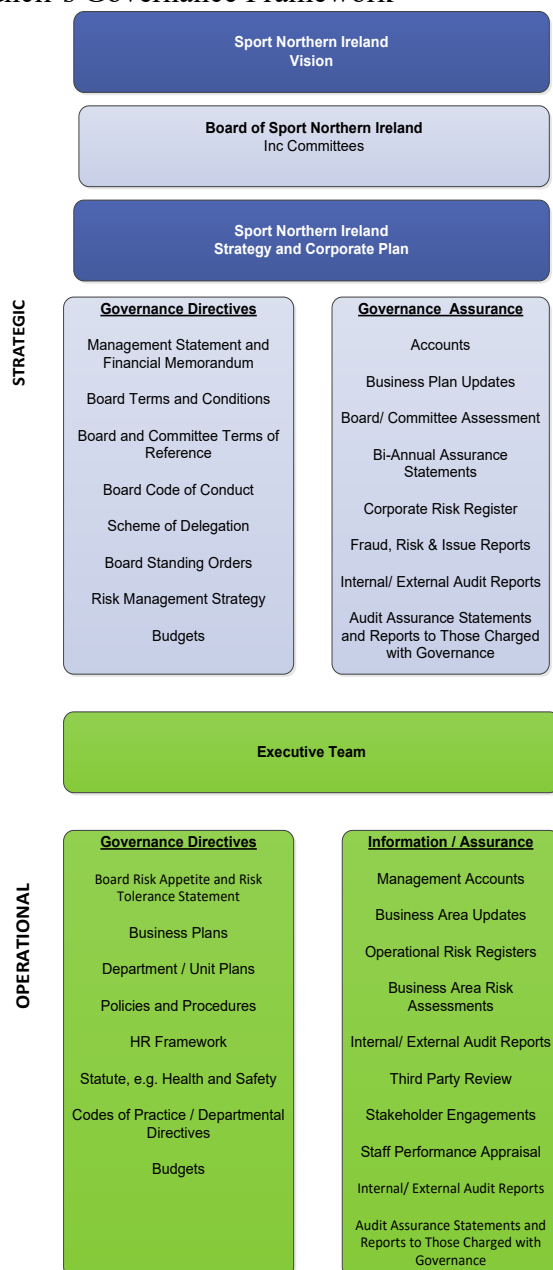
The governance framework outlined below was put in place for the year ended 31 March 2015 and has remained so until the date of approval of the annual report and accounts.

### **Sports Council's Governance Framework**

As an Arm's Length Body of the Department for Communities, Sports Council is publicly accountable to the Department and its Minister for its performance and the use of its resources.

The Sports Council's Governance Framework is predicated on the provisions laid out within 'Corporate Governance in Central Government Departments 2013' as detailed below in figure 1.

**Fig 1** The Sports Council’s Governance Framework



The key elements of the systems and processes that comprise Sports Council’s governance arrangements are:

### 1. Sports Council’s Vision, Purpose and Intended Outcomes

In delivering on its strategic objectives, Sports Council produces a five-year corporate plan and an annual business plan. The Corporate Plan is a forward looking document linking the operational activities of the Sports Council to its strategy.

During 2014-15, Sports Council delivered the final year of its Corporate Plan 2012-2015. This plan focused on providing leadership and supporting partners, investing National Lottery and Exchequer funding where it is needed and ensuring the implementation of Sport Matters: The Northern Ireland Strategy for Sport and Physical Recreation, 2009-2019. Sports Council drafted a new Corporate Plan for the period 2015-2020.

This Plan has been developed based on evidence from international SPLISS benchmarking study<sup>2</sup> and also feedback received from a range of stakeholders/partners. Driving this plan is our vision which is “Northern Ireland: renowned as a place where people enjoy, engage, and excel in sport”.

This vision is supported by our mission ‘to lead world class sports development at all levels producing more participants and more winners’. Sports Council will seek to realise this vision through interventions that will create Sporting Communities, identify and support effective Sporting Clubs and resource and celebrate Sporting Winners.

The plan is based on projections that Sports Council would have resources of £100.3m for the period 2015 to 2020. In administering these resources, Sports Council will focus on the changes needed across Northern Ireland to provide people and athletes with the conditions they require to participate, perform and succeed in sport.

## 2. Board

In 2014-15 Sports Council was headed by a Board of fifteen Members. Five of these were newly appointed during 2014-15.

The Board is the ultimate place for decision-making on new policy, strategy, governance, budgets and performance. Our arrangements are all covered by a Scheme of Delegation, Terms of Reference and Board Standing Orders.

The principal role of the Board is the stewardship of all public resources entrusted to Sports Council to aid the realisation of the policies and priorities of the Minister for Communities and the Northern Ireland Executive.

Sports Council’s Board met on 8 occasions during 2014-15 to discuss and consult on key strategic matters. These included strategic planning, budgeting, stewardship reporting, risk management and governance, advising on and overseeing on key policies such as Governing Body recognition and performance review.

During 2014-15, the Board also oversaw the development of a new Corporate Plan for 2015-2020 wherein it outlines the vision of the Board as ‘Northern Ireland; renowned as a place where people enjoy, engage and excel in sport.’ This vision is supported by 3 core strategic objectives which focus on increasing and supporting people in adopting sporting lifestyles, enhancing sporting structures and the sporting environment and aiding success by athletes at the highest level.

An overview of Board attendance over the year is provided below:

Members	Apr-14	Jun-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
<b>B Henning (Chair)</b>	✓	✓	✓	✓	✓	✓	✓	A
<b>I McAvoy</b>	✓	✓	✓	✓	✓	✓	✓	A
<b>A Bingham</b>	✓	✓	✓	A	✓	✓	A	✓
<b>R Bullick</b>	✓	✓	✓	✓	✓	✓	✓	✓
<b>G Campbell</b>	A	✓	✓	A	A	✓	✓	✓

<sup>2</sup> The Sport Policy Factors Leading to International Sporting Success (SPLISS) study allowed for an assessment of the sports development system in Northern Ireland against the SPLISS Model. The study found that Northern Ireland’s sport development system is in its infancy and considerable investment is necessary to bring our system up to a standard comparable with other countries.

<b>P Cummings</b>	✓	✓	✓	A	A	✓	✓	✓
<b>J D'Arcy</b>	✓	✓	✓	A	A	A	✓	A
<b>B Delaney</b>	✓	✓	✓	✓	✓	✓	A	✓
<b>E Lynch</b>	✓	✓	✓	✓	✓	A	✓	✓
<b>R Mallon</b>	✓	✓	✓	✓	✓	✓	✓	✓
<b>B McAuley*</b>	✓	✓	✓					
<b>S McCullough</b>	✓	A	✓	A	✓	✓	✓	✓
<b>D O'Connor</b>	A	✓	✓	✓	✓	✓	✓	✓
<b>J O'Neill</b>	✓	A	✓	A	✓	✓	✓	A
<b>G Wilson</b>	A	✓	✓	A	✓	✓	✓	✓

Key: A – absent; ✓ - present; \* Resigned from the Board on September 2014

### Board Skills

The Department makes all appointments to the Board of Sports Council. An evaluation of Board skills was undertaken in November 2015 by the Governance Manager, supported by the Chair for the period 2014-15. The purpose of this review was to understand and formally document the skills and experience of the current Board enabling Sports Council to assess future training and development needs and also to assist the Chair in articulating requirements in the event of future public appointments. The review demonstrated a rich mix of skills and experience across the five Board members. The review acknowledged that Board effectiveness could be enhanced via supplementation with members with particular skills and experience in financial management, accountancy and Information Systems. The Board of Sports Council was also underrepresented by females. However, a review of Board skills and leadership undertaken at the same time by the Interim Executive Leadership Team, did not concur with the findings of the above review and raised concerns in respect of Board skills and knowledge, leadership and objectivity.

A new appointments process has since resulted in five new appointees, including three female appointees, to the Board of Sports Council which helped to address skills and experience gaps.

Supporting the review of Members' skills and competencies is the self-evaluation which the Chair of the Board undertakes each year. This evaluation uses the National Audit Office checklist seeks to benchmark performance against current best practice, to identify opportunities for improvement and to provide an indication of compliance with Corporate Governance in central government departments: Code of good practice NI 2013 (DAO 06/13). Based on this evaluation and assurance work undertaken by Internal Audit, the Sports Council met the requirements of DAO 06/13.

The Board assessment was undertaken by the Chair of Sports Council in March 2015. The Chair reported that with the exception of articulating its appetite for risk, an area where work had already commenced, that the Board of Sports Council meets all required standards. Subsequent to this review, in the 2015-16 reporting period, a range of reports written by the Interim Executive Leadership Team, appointed by the Department, found a range of concerns in respect of the Board. These related to leadership, skills, knowledge and understanding of public sector accounting, decision-making on human resources and the Nolan principles for public life.

The oversight provided by the Board is predicated on the receipt of timely and accurate forecasts and monitoring information. The effectiveness review undertaken by the Board in 2015 acknowledged that executive reports to the Board are appropriately detailed enabling informed decisions making.

Supporting the Board are both the Audit and Risk Management Committee and Remuneration Committee.

Audit and Risk Management Committee

The Audit and Risk Management Committee (formerly the Audit Committee) support the Board and Accounting Officer by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report. Throughout the 2014-15 year the Committee consisted of four members who were appointed by the Chair of the Board. The Committee met four times during the year.

Attendance details are provided in the table below.

Member	April 2014	May 2014	October 2014	February 2015
<b>G Campbell (Chair)</b>	A	A	✓	✓
<b>P Cummings</b>	✓	✓	✓	A
<b>J D'Arcy</b>	A	✓	A	✓
<b>R Mallon</b>	✓	✓	A	✓

Key: A – absent; ✓ - present;

The work of the Audit and Risk Management Committee during 2014-15 was informed through review and consideration of a range of assurances on governance, risk and control which included:

- Comprehensive updates from internal audit;
- Review of key risks and associated mitigation measures;
- Chief Executive's Bi-Annual assurance statements;
- Fraud and irregularity updates;
- Updates on new guidance and directives issued by the Department of Finance and their application;
- Direct award approvals; and
- Gifts and hospitality approvals.

In discharging its responsibilities to the Board, the Committee:

- Considered business performance data and advised the Board accordingly;
- Considered Lottery Account and Exchequer Account and supported the Board with its stewardship responsibilities;
- Considered the planning and timetable for accounts including the Northern Ireland Audit Office Audit strategies and advised the Board;
- Considered the financial position of Sports Council including the National Lottery Distribution Fund and advised the Board; and
- Considered and informed the Annual Governance Statement and advised the Board accordingly.

The Committee Chair undertook an effectiveness review on 1 March 2015. The purpose of this review was to assess the effectiveness of Sports Council's Audit and Risk Management Committee against the National Audit Office assessment checklist. The self-assessment checklist was designed by the National Audit Office to assist Audit Committees in central government to evaluate how well they apply good practice. The criteria is derived largely from the Audit Committee Handbook published by HM Treasury.

The review found that the Committee was operating in accordance with best practice although it did highlight the opportunity to better formalise appointments to the Audit and Risk Management Committee; this has been addressed during 2015-16. An external review of Sports Council's Audit and Risk Management Committee was undertaken in 2017-18. The review team concluded that Sport Council's Internal Audit Service 'Generally Conforms' with the requirements of the Public Sector Internal Audit Standards and Code of Ethics.

In March 2015, and subsequent years, a number of risks materialised which were subject to departmental and other independent reports. These risks had not been identified or considered by the Audit and Risk Management Committee.

In August 2015, post the Board resignations and to reflect the evolving nature of its work, the newly-constituted committee became known as the Audit and Risk Assurance Committee.

#### Remuneration Committee

The Remuneration Committee is appointed by the Chair of the Board and consists of four members. It supports the Board providing assurances on the appraisal of the Chief Executive.

Due to the absence of the Chief Executive in March 2015, the Committee did not fulfil its functions as outlined within its Terms of Reference. Therefore the committee did not meet in 2014-15 and the Chief Executive was not appraised. Senior civil servants who occupied the position on an interim basis were appraised by the Departmental line manager.

### **3. Audit**

#### Internal Audit

The role of internal audit is to provide independent, objective assurance and consulting services designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The internal audit function was outsourced to Deloitte during 2014-15.

#### External Audit

The Northern Ireland Audit Office is the appointed external auditor of the financial statements of Sports Council. Their function is to audit, certify and report on the financial statements to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of regularity, the accounting policies, significant accounting estimates and identifying any material inconsistencies in the Annual Report with the audited financial statements.

There has been a delay in the publication of Sports Council's, financial statements which has meant that the Northern Ireland Audit Office has been unable to complete its audit until later in 2019. The delay has applied to the 2014-15; 2015-16; 2016-17 and 2017-18 financial statements. The expected timetable for these financial statements was the end of 2015, 2016, 2017 and 2018 respectively.

The delay in the finalisation of the accounts has been attributable to several factors:-

- Governance issues within Sports Council from March 2015 to July 2017 (Northern Ireland Audit Office is to prepare a separate report on these matters);
- A lack of expertise, in Sports Council at various times over the period, on the preparation of financial statements to recognised public sector standards;

- Difficulty in retaining corporate knowledge and memory on issues with regards the 2014-15 financial statements in particular; and,
- Northern Ireland Audit Office giving priority to other audits as Sports Council failed to meet the audit timetable.

#### **4. Risk Management**

##### Governance Matters

##### ***Absence of Chief Executive***

The Chief Executive of Sports Council was suspended in March 2015. From 15 July 2015, Arthur Scott, a senior civil servant, was designated by the Department as Interim Chief Executive and Interim Accounting Officer. Maggie Smith (senior civil servant), was appointed by the Department, as Interim Chief Executive and Interim Accounting Officer of Sports Council from 1 May 2016.

Following the dismissal of the Chief Executive, an appeal was initiated immediately and subsequently a discrimination case was lodged in the Fair Employment Tribunal in respect of unfair dismissal and discrimination on the grounds on gender and religion.

The independent appeal panel established to hear the Chief Executive's appeal against dismissal reported on its findings in June 2017, overturned the Board's decision and dismissed all charges against the Chief Executive. The Appeal report findings concluded that the body of evidence, tested on the balance of probabilities did not support the upholding of the allegations and that the Chief Executive's suspension was inappropriate and her dismissal unfair. Wider Appeal Report findings identified significant concerns, with some similar to those outlined in the range of Interim Executive Leadership Team reports of March 2016 (see below). The Chief Executive was reinstated on the 31 July 2017.

The discrimination case was subsequently settled in advance of the Tribunal hearing. A payment of £25,000 was made to the appellant in December 2018, based on her proposal for this settlement amount in April 2018.

##### ***Review undertaken by Department's Head of Internal Audit***

In May 2015 the Department's internal auditor met with a number of Sports Council staff in response to whistleblowing allegations regarding governance and management processes in the organisation. The subsequent scoping exercise report referenced concerns in respect of leadership and management; the culture within Sports Council; sexism and gender bias; and application of human resources policies.

##### ***Interim Executive Leadership Team Report and Transformation Programme***

In June 2015 an Interim Executive Leadership Team (IELT) led by a senior civil servant from the Department was set up to address recommendations made by the Head of Internal Audit. The IELT produced 11 review reports and a composite report which set out a range of governance issues within Sports Council relating to organisational culture; HR capability, policies and recruitment practices; performance management; leadership and management; and, Board operating framework, conduct and induction.

Following completion of its work, 116 detailed recommendations were made which were carried forward under a Transformation Programme.

At the invitation of the Minister for Culture, Arts and Leisure, the Sports Council Board developed an Implementation Plan for the IELT recommendations. In this plan, the Board committed to the Transformation Programme covering 6 subordinate projects relating to Board



Leadership, Executive Leadership and Management, Strengthening the HR function, Internal Communication, Culture Change and Governance and Accountability.

The Implementation Plan was signed off in April 2016 and the Transformation Programme was led by the Interim Chair as Senior Reporting Officer. The delivery was subject to an independent review in October 2017. The review concluded providing a delivery confidence assessment of amber/green and made 6 key recommendations which are currently being progressed.

### ***Board Resignations***

In July 2015, nine members of the Board tendered their resignations. This prompted the co-option of three senior civil servants to support the Board. This arrangement ended in May 2017.

On 31 March 2016, following Ministerial review of the range of IELT reports, both the Chair and Vice-Chair resigned.

The Minister for Communities (formerly the Minister for Culture, Arts and Leisure) appointed Mr. B Delaney and Dr. C O'Mullan to the position of Interim Chair and Interim-Vice Chair respectively. They remained in post until the new Chair and Vice Chair were appointed on 1 February 2017. Mr. G Lucas and Mr. J Colville currently hold these positions respectively.

### ***Delay in the Publication of the Annual Report and Accounts***

The publication of Sports Council's financial statements has been delayed by a lack of expertise on accounts preparation to recognised public sector standards. As a result the 2014-15, 2015-16, 2016-17 and 2017-18 financial statements are in a position of backlog. Sports Council will undertake a review of the reasons why this backlog has occurred to ensure that for future financial statements it has the appropriate expertise to deliver financial statements which are both high quality and timely.

The Comptroller and Auditor General (C&AG) has attached a report to these accounts on pages 66 to 70 outlining governance issues within Sports Council. He will publish a separate report on these matters in 2019. The Chief Executive and Executive Team, with oversight from the Board, will lead on addressing any issues arising from this report.

### **Risk Appetite**

A key constituent of effective risk management is the understanding and articulation by the Board of its risk appetite. During 2014-15, the Board did not set a risk appetite however progressed this in the subsequent 2015-16 year.

The core risks for Sports Council in 2014-15 were around the requisite funding to deliver on strategic objectives, the integration of the Sports Institute Northern Ireland, delivery of capital projects, fraud and information governance. However towards the end of the reporting period decisions taken by the Board created significant strategic risk to the organisation and dominated over subsequent years.

During 2015-16 and future years, risks materialising as set out above, will dominate in terms of strategic risk to Sports Council.

### **Managing Risk**

One of the Board's key accountabilities is to provide leadership of the organisation within a framework of prudent and effective controls which enable risk to be assessed and managed. Effective risk management is critical to the achievement of our strategic objectives. The Board

has overall accountability for ensuring that risk is effectively managed across the organisation and, on behalf of the Board, the Audit and Risk Management Committee reviews the effectiveness of the organisation's risk management framework.

The Board, through the Audit and Risk Management Committee, conducted a review of the effectiveness of the systems of risk management and internal control within Sports Council. This was undertaken by Deloitte as part of the internal audit plan and a satisfactory opinion provided the Board with assurance that an adequate and effective system of governance, risk management and control exists. However subsequent reviews undertaken in 2015-16 found significant issues in respect of poor governance, risk management and lack of internal checks and balances in respect of decision-making on critical issues.

#### Commercial Activities

In May 2015, concerns were raised by the Northern Ireland Audit Office (NIAO) in respect of the pricing of commercial activities at the Tollymore National Outdoor Centre (TNOC), in particular the need to apply full cost recovery as required by Managing Public Money Northern Ireland (MPMNI).

Sports Council has worked with the Department and the Department of Finance to obtain compliance with the principles in MPMNI. A full Green Book appraisal of TNOC was prepared by external consultants in September 2016 to ensure TNOC is fully compliant with Managing Public Money NI. The business case received conditional approval in November 2016. The conditions were have now been met by Sports Council and was formally signed off in February 2017.

#### Alleged/Suspected Fraud

During the course of 2014-15, five cases of alleged/suspected fraud were notified to Sports Council in relation to Exchequer-funded projects. These were dealt with under the Fraud Response Plan, investigated and no evidence was found to substantiate the allegations.

### **5. Measuring Service Quality**

Sports Council strives to provide a service which improves participation and sporting performance in a value for money manner. To this end Sports Council monitors business areas and associated performance indicators ensuring opportunities are fully exploited and strategic objectives met. This necessitates the establishment of corporate and operational Key Performance Indicators, baseline performance data, budgeting, resource allocation and the alignment of strategic objectives with relevant Sport Matters and Public Service Agreement Targets.

### **6. Management Statement and Financial Memorandum**

The business operations of Sports Council are governed by a Management Statement and Financial Memorandum (MSFM). The Management Statement and Financial Memorandum defines the relationship between the Department and Sports Council, and articulates the financial and administrative framework within which Sports Council operates. This document was revised by the Department in May 2014 and again September 2016 to reflect the change of the name of the Department and is currently subject to internal Departmental review.

### **7. Delegated Decisions**

Sports Council's Scheme of Delegation has been developed with oversight from the Department. It covers financial and non-financial responsibilities and provides direction as to where decisions can be taken by Sports Council's Chief Executive and where the Board should retain decision-making control.

## **8. Policies and Procedures**

Sports Council has a suite of policies and procedures in place which govern all operational activities within the organisation. These were subject to review during 2014-15 and subsequent years to comply with best practice.

## **9. Organisational Structure**

The organisational structure, systems and skills make-up of Sports Council are designed to maximise output delivery, improve responsiveness and ensure resources are tailored and matched to meet the needs of Sports Council stakeholders.

## **10. Financial Resources**

The financial needs associated with the delivery of Sports Council's strategic objectives are based on detailed forecasting and investment evaluation and planning. Financial requirements are translated into detailed financial budgets and performance is regularly assessed and evaluated through the preparation of management accounts, which are reported to the Board bi-monthly.

Sports Council has financial controls and systems in place. These comprise of skilled staff, policies and procedures, governing directives, in particular 'Managing Public Money Northern Ireland', duty segregation, management oversight, reconciliations and independent audit. These controls are effective. However, the absence of a highly experienced member of the finance team during the period, coupled with the amalgamation of the the Sports Institute Northern Ireland, diluted the quality of these controls which subsequently delayed the completion of the accounts for 2014-15 and subsequent years.

## **11. Value for Money**

Sports Council applies value for money principles in its practices. This is carried out at the top level via the investment policy that intentionally covers value for money within the production of business cases for funding. Sports Council also includes value for money during tendering exercises for the procurement of goods/services. The Department has a service level agreement in place with Central Procurement Division, regarding the use of their services during procurement / construction exercises. Sports Council falls within the remit of this service level agreement and has implemented it. In addition, Sports Council applies the government policy of achieving excellence in construction.

Sports Council recognises that during the 2014-15 year and subsequent years, it incurred significant expenditure which could not be deemed to reflect good value for public money. The Northern Ireland Audit Office has indicated its intention to provide a separate report on this matter later in 2019.

## **12. Sports Council's Assurance Framework**

### Quality of Data

The Board receive information in a timely fashion. A review by CIPFA in 2015 found that executive update reports to the Board are impressively detailed, enabling informed decision making by the Board. The associated report has been approved by the Board who concur with the findings. Further to this review, the Board will in future be seeking more focussed reporting on key projects as part of its assurance requirements.

The Board have also undertaken an assurance mapping exercise which they will employ through the Executive Team to plan and co-ordinate the various sources of assurance available

to it to best affect.

Sports Council recognises that additional work and investment is required to bring the organisation's information systems up to date to enhance management information informing strategic decision-making.

### Audit

Although only appointed in November 2014, Sports Council's internal auditor was able to conduct a full annual programme of review by the 31 March 2015. In doing so they determined two areas providing limited assurance; procurement and the use of the Government Funding Database, these were not considered significant enough to affect the overall evaluation and as a result Internal Audit provided an overall satisfactory assurance.

In addition to its opinion of the financial statements, the Northern Ireland Audit Office issued its final 'Report to Those Charged with Governance' for 2013-14 in October 2014. Within this report there are a total of five recommendations of which two are considered priority one areas. The priority areas identified relate to procurement.

Sport Council's internal auditor also highlighted weaknesses in aspects of procurement. These pertained to historic awards which formed part of the work and subsequent conclusions of the aforementioned Northern Ireland Audit Office report. Testing by internal audit on the application of current procurement controls provided assurances that requisite enhancements had been made and were operating appropriately.

### **13. Ministerial Directions**

There were no Ministerial Directions received during the year that would have impacted on risk or controls within Sports Council.

### **14. Control of the Sports Institute Northern Ireland**

Up until 30 June 2014, Sports Council held a long term interest in the Sports Institute Northern Ireland which it controlled jointly with the University of Ulster. On 1 July 2014, Sports Council assumed full control over the Sports Institute Northern Ireland. This has presented a number of challenges in regards to the merging of structures, systems, staff and accounts but has provided the opportunity to enhance the flexibility and control over the contribution made by Sports Council to stakeholder needs and the wider Government objectives.

### **15. Emerging Issues**

#### Ongoing budget cuts

Sports Council recognises that it is providing public services in an era of austerity, where public funding is decreasing and every penny counts in terms of making a strategic impact. Managing to deliver with less money and resources means that ensuring value for money is critical.

#### Addressing Bureaucracy

Sports Council takes seriously its stewardship responsibilities but recognises that controls carry a cost and disproportionate controls have the potential to adversely influence outcomes.

To this end, how Sports Council administers its finances has been reviewed and revisions made that will seek to strike the right balance between output and deliverables, whilst ensuring that the requirements of "Managing Public Money NI" are fulfilled. This approach to grant administration is consistent with current thinking and proposals offered by the NI Executive as published within its report 'Addressing Bureaucracy' and the 2014 Concordat between the voluntary and community sector and the NI government.

Managing Risk:

Internally the organisation faced a number of challenges in relation to performance, governance and leadership; decisions taken by the Board during this 2014-15 period materialised as considerable risk in consequent years and will result in a separate Northern Ireland Audit Office report to be published later in 2019. The Board is committed to learning from findings of this report and to implementing its recommendations.

**16. The Year Ahead**

Sports Council will take steps to address the above matters to further enhance governance arrangements, continually improve how we manage risk and build on our achievements to date.

**17. Conclusion**

Given the issues noted in section 4 under ‘Governance Matters’ from 2014-15 onwards, this statement has been signed by both the Accounting Officer and the Chair of Sports Council Board.



**Antoinette McKeown**  
**Accounting Officer**  
**Sports Council for Northern Ireland**

**Date: 19 June 2019**



**George Lucas**  
**Chair**  
**Sports Council for Northern Ireland**

**Date: 19 June 2019**

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

### **Opinion on financial statements**

I certify that have audited the financial statements of the Sports Council for Northern Ireland for the year ended 31 March 2015 under the Recreation and Youth Service (Northern Ireland) Order 1986. The financial statements comprise: the Statement of Comprehensive Net Expenditure, Financial Position, Cash Flow, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Annual Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of Sports Council for Northern Ireland's affairs as at 31 March 2015 and of the Sports Council for Northern Ireland's net expenditure for the year then ended; and
- have been properly prepared in accordance with the Recreation and Youth Service (Northern Ireland) Order 1986 and the Department of Culture, Arts and Leisure<sup>3</sup> issued thereunder.

### **Opinion on regularity**

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

### **Basis of opinions**

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

### **Other Information**

The Board and the Accounting Officer are responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Remuneration Report described in the report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

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<sup>3</sup> The Department of Culture, Arts and Leisure became part of the Department for Communities in May 2016

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

### **Opinion on other matters**

In my opinion:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with the Department of Culture, Arts and Leisure directions made under the Recreation and Youth Service (Northern Ireland) Order 1986; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

My responsibility is to audit, certify and report on the financial statements in accordance with the Recreation and Youth Service (Northern Ireland) Order.

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

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

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

**Matters on which I report by exception**

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

- adequate accounting records have not been kept; or
- the financial statements and the parts of the 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 Governance Statement does not reflect compliance with the Department of Finance's guidance.

**Report**

My report on these financial statements can be found on pages 66 to 70.



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

*11 July 2019*



## Statement of Comprehensive Net Expenditure For the year ended 31 March 2015

	Notes	2015 £	Restated 2014 SCNI £	Restated 2014 GROUP £
<b>Expenditure</b>				
Staff Costs	3	(5,981,205)	(4,686,539)	(5,436,711)
Depreciation and Amortisation	11&12	(529,503)	(452,155)	(548,104)
Grants	5	(6,262,952)	(9,169,638)	(9,169,638)
Other Operating Costs	5	(2,068,879)	(2,269,326)	(2,590,783)
Notional Costs	6	(30,000)	(25,000)	(25,000)
<b>Total Expenditure</b>		<b>(14,872,539)</b>	<b>(16,602,658)</b>	<b>(17,770,236)</b>
<b>Income</b>				
Grant from Other Activities	7	-	13,560	1,168,808
Other Income	8	1,951,297	1,227,931	1,227,931
<b>Total Income</b>		<b>1,951,297</b>	<b>1,241,491</b>	<b>2,396,739</b>
<b>Net Expenditure</b>		<b>(12,921,242)</b>	<b>(15,361,167)</b>	<b>(15,373,497)</b>
Interest (Payable)/Receivable	9	-	397	2,897
<b>Net Expenditure After Interest</b>		<b>(12,921,242)</b>	<b>(15,360,770)</b>	<b>(15,370,600)</b>
Corporation Tax	10	(140)	(79)	(79)
<b>Net Expenditure After Tax</b>		<b>(12,921,382)</b>	<b>(15,360,849)</b>	<b>(15,370,679)</b>
Notional Costs	6	30,000	25,000	25,000
<b>Net Expenditure After Excluding Notional Costs</b>		<b>(12,891,382)</b>	<b>(15,335,849)</b>	<b>(15,345,679)</b>
<b><u>Other Comprehensive Net Expenditure</u></b>				
<b>Items that will not be reclassified to net operating costs:</b>				
Net Gain/(Loss) on Revaluation of Property, Plant and Equipment		151,086	(38,510)	(38,510)
Net Gain/(Loss) on Revaluation of Intangibles		1,317	(13,596)	(13,596)
Actuarial (Loss)/Gain	4	(1,327,000)	143,000	58,000
<b>Total Comprehensive Net Expenditure for the year ended 31 March 2015</b>		<b>(14,065,979)</b>	<b>(15,244,955)</b>	<b>(15,339,785)</b>

*All amounts above relate to continuing activities.*

The notes on pages 42 to 65 form part of these accounts.

## Statement of Financial Position as at 31 March 2015

	Notes	2015	Restated 2014 SCNI	Restated 2014 GROUP	Restated 2013 SCNI	Restated 2013 GROUP
		£	£	£	£	£
<b>Non-Current Assets</b>						
Property, plant and equipment	11	5,347,546	5,060,236	5,281,054	5,344,005	5,531,714
Intangible assets	12	134,037	141,905	149,168	185,109	225,254
<b>Total non-current assets</b>		<b>5,481,583</b>	<b>5,202,141</b>	<b>5,430,222</b>	<b>5,529,114</b>	<b>5,756,968</b>
<b>Current Assets</b>						
Inventories	13	18	26	26	24	24
Trade and other receivables	14	605,669	400,958	423,565	395,997	403,183
Cash and cash equivalents	15	343,506	426,869	426,944	985,821	1,057,245
<b>Total current assets</b>		<b>949,193</b>	<b>827,853</b>	<b>850,535</b>	<b>1,381,842</b>	<b>1,460,452</b>
<b>Total assets</b>		<b>6,430,776</b>	<b>6,029,994</b>	<b>6,280,757</b>	<b>6,910,956</b>	<b>7,217,420</b>
<b>Current Liabilities</b>						
Trade and other payables	16	(672,368)	(627,352)	(860,904)	(504,534)	(810,998)
Bank Overdraft	15	-	-	(17,211)	-	-
Grant Commitments	16	(2,147,821)	(3,139,007)	(3,139,007)	(2,356,822)	(2,356,822)
<b>Total Current Liabilities</b>		<b>(2,820,189)</b>	<b>(3,766,359)</b>	<b>(4,017,122)</b>	<b>(2,861,356)</b>	<b>(3,167,820)</b>
<b>Non-current assets less net current liabilities</b>		<b>3,610,587</b>	<b>2,263,635</b>	<b>2,263,635</b>	<b>4,049,600</b>	<b>4,049,600</b>
<b>Non-current Liabilities</b>						
Provisions	17a	(47,120)	(47,120)	(47,120)	(47,120)	(47,120)
Pension Liability	17b	(5,341,000)	(3,588,000)	(3,681,500)	(3,473,000)	(3,473,000)
<b>Total Non-current Liabilities</b>		<b>(5,388,120)</b>	<b>(3,635,120)</b>	<b>(3,728,620)</b>	<b>(3,520,120)</b>	<b>(3,520,120)</b>
<b>Assets Less Liabilities</b>		<b>(1,777,533)</b>	<b>(1,371,485)</b>	<b>(1,464,985)</b>	<b>529,480</b>	<b>529,480</b>
<b>Taxpayers' equity</b>						
SoCNE Reserve		3,387,358	2,181,171	2,175,484	3,891,540	3,887,183
Pension Reserve		(5,341,000)	(3,588,000)	(3,681,500)	(3,473,000)	(3,473,000)
Revaluation Reserve		176,109	35,344	41,031	110,940	115,297
<b>Total Taxpayers' equity</b>		<b>(1,777,533)</b>	<b>(1,371,485)</b>	<b>(1,464,985)</b>	<b>529,480</b>	<b>529,480</b>

The financial statements on pages 38 to 41 were approved by the Board on 19 June 2019 and are signed on its behalf by:

**Antoinette McKeown**  
Accounting Officer  
Sports Council for Northern Ireland

**Date: 19 June 2019**

The notes on pages 42 to 65 form part of these accounts.

## Statement of Cash Flows For the Year Ended 31 March 2015

	Notes	2015 SCNI £	Restated 2014 SCNI £	Restated 2014 GROUP £
<b>Cash Flow From Operating Activities</b>				
Net operating costs		(12,921,242)	(15,361,167)	(15,370,997)
Adjustments for non-cash transactions; Integration of Sports Institute				
	1	(270,309)	-	-
Depreciation and Amortisation	11&12	529,503	452,155	548,104
Permanent Diminution	5	(103,931)	(148,825)	(148,825)
Loss on Disposal of Assets	5	41,595	-	221
Notional Cost - Audit Fee	6	30,000	25,000	25,000
Decrease/(Increase) in Inventories	13	8	(2)	(2)
(Increase)/Decrease in Trade and Other Receivables	14	(204,711)	(4,961)	(20,382)
Increase/(Decrease) in Trade and Other Payables	16	(946,170)	905,003	832,091
Increase in Pension Fund Payable Less Actuarial Losses	4	242,000	258,000	266,500
<b>Net Cash Outflow From Operating Activities</b>		<b>(13,603,257)</b>	<b>(13,874,797)</b>	<b>(13,868,290)</b>
<b>Cash Flows From Investing Activities</b>				
Interest Received		-	397	397
Tax Paid	10	(140)	(79)	(79)
Transfer of Assets and Deferred Creditor of Sports Institute		28,750	-	-
Purchase of Property, Plant and Equipment	11	(125,586)	(5,306)	(95,288)
Purchase of Intangible Assets	12	(43,061)	(23,157)	(28,242)
<b>Net Cash Outflow From Investing Activities</b>		<b>(140,037)</b>	<b>(28,145)</b>	<b>(123,212)</b>
<b>Cash Flows From Financing Activities</b>				
Grants from Department for Communities		13,659,931	13,343,990	13,343,990
<b>Net Financing</b>		<b>13,659,931</b>	<b>13,343,990</b>	<b>13,343,990</b>
<b>Net Decrease in Cash and Cash Equivalents in the Period</b>		<b>(83,363)</b>	<b>(558,952)</b>	<b>(647,512)</b>
<b>Cash and Cash Equivalents at the Beginning of the Period</b>	15	426,869	985,821	1,057,245
<b>Cash and Cash Equivalents at the End of the Period</b>	15	<b>343,506</b>	<b>426,869</b>	<b>409,733</b>

The notes on pages 42 to 65 form part of these accounts.

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2015

	SoCNE Reserve £	Pension Reserve £	Revaluation Reserve £	Total Reserves £	Group Reserves £
<b>Balance at 31 March 2013</b>	<b>3,959,324</b>	<b>(3,473,000)</b>	<b>307,632</b>	<b>793,956</b>	<b>793,956</b>
Changes in Accounting Treatment	(67,784)	-	(196,692)	(264,476)	(264,476)
<b>Balance at 1 April 2013</b>	<b>3,891,540</b>	<b>(3,473,000)</b>	<b>110,940</b>	<b>529,480</b>	<b>529,480</b>
<b>Changes in Equity for 2013-14</b>					
Net Gain on Revaluation of Non-Current Assets	-	-	(52,106)	(52,106)	(52,106)
Transfer Between Reserves	23,490	-	(23,490)	-	1,330
Actuarial Gain	-	143,000	-	143,000	58,000
Comprehensive Expenditure For the Year	(15,077,849)	(258,000)	-	(15,335,849)	(15,345,679)
Grant in Aid from the Department	13,343,990	-	-	13,343,990	13,343,990
<b>Balance at 31 March 2014</b>	<b>2,181,171</b>	<b>(3,588,000)</b>	<b>35,344</b>	<b>(1,371,485)</b>	<b>(1,464,985)</b>
<b>Changes in Equity for 2014-15</b>					
Comprehensive Expenditure For the Year	(12,477,978)	(426,000)	12,596	(12,891,382)	
Net Loss on Revaluation of Non-Current Assets	-	-	152,403	152,403	
Actuarial Loss	-	(1,327,000)	-	(1,327,000)	
Grant in Aid from the Department	13,659,931	-	-	13,659,931	
Release of Revaluation Reserve	24,234	-	(24,234)	-	
<b>Balance at 31 March 2015</b>	<b>3,387,358</b>	<b>(5,341,000)</b>	<b>176,109</b>	<b>(1,777,533)</b>	

The notes on pages 42 to 65 form part of these accounts.

## **Notes to the Accounts**

### **For the year ended 31 March 2015**

#### **1. Statement of Accounting Policies**

The financial statements have been prepared in accordance with the requirements of the 2014-2015 Government Financial Reporting Manual (FReM) issued by the Department of Finance. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Sports Council, for the purpose of giving a true and fair view has been selected. The particular policies adopted by Sports Council are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

Prior to 1 July 2014, the financial statements included the results of the Sports Institute Northern Ireland, which was treated as a Joint Venture in which Sports Council held a long term interest and which was jointly controlled by Sports Council and the University of Ulster under a contractual agreement. It was a registered company limited by guarantee. The results of the joint venture were accounted for using the gross equity method of accounting.

From 1 July 2014 the Sports Institute Northern Ireland was 100% integrated within Sports Council, with all assets and liabilities transferring to Sports Council. This was the result of the Sports Institute Northern Ireland being no longer wholly funded by Lottery Account but Exchequer Account and no longer requiring to be a separate legal entity. The long term aim resulting in efficiencies. The limited company was later dissolved.

There was no cash consideration provided. The assets and liabilities were transferred at fair value based on the audited financial statements produced by the Sports Institute Northern Ireland at 30 June 2014. Non-current assets had been indexed and were valued at £425,559. Current assets of £138,068 were relatively liquid being mainly cash held in the bank. Current liabilities of £564,627 related to trade payables of £110,318 and the balance a deferred creditor in relation to Lottery funding. The non-current liability of £184,000 related to the pension and had an actuary valuation carried out at 30 June 2014. No goodwill will be recognised in the financial statements relating to the acquisition of the Sports Institute Northern Ireland. A bargain purchase gain of £270,309 has been realised and is shown under Other Income. This was calculated on the basis of the deferred creditor no longer being recognised as a liability £454,309 and reserves of £184,000 being transferred.

The services provided by Sports Institute Northern Ireland will continue to be provided, using the same assets, by Sports Council and the integration treated under IFRS3 acquisition accounting. All Sports Institute Northern Ireland members of staff were transferred to Sports Council (under a TUPE agreement).

##### *1.1 Accounting Convention*

These financial statements have been prepared in accordance with the historical cost convention modified to account for the revaluation of property, plant and equipment.

*1.2 Pending application of newly issued accounting standards not yet effective*

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

*1.3 Income*

Grant-in-aid from the Department is used to finance activities and expenditure which support the statutory, and other, objectives of the entity are treated as financing, and credited to the SoCNE Reserve, because they are regarded as contributions from a controlling party.

Other income sources are accounted for on a receivable basis and matched to the expenditure that it finances. This income is taken to the net expenditure account for the year to which it relates.

Fees or charges for services provided by Sports Council are determined in accordance with the Treasury's "Fees and Charges Guide".

A service level agreement operates between Exchequer Account and Lottery Account. This comprises of recharges for administrative costs and salaries incurred by Sports Council from which the Lottery Account has benefited directly.

*1.4 Capital and Revenue Grants Payable*

Grants awarded to organisations and individuals are charged to the Statement of Comprehensive Net Expenditure in the year to which they relate. Any amounts of unpaid grant at 31 March are included as liabilities in the Statement of Financial Position.

*1.5 Research and Development*

Research and Development costs are written off as incurred and not carried forward as an asset.

*1.6 Property, Plant and Equipment and Intangible Assets*

Sports Council applied a capitalisation limit of £1,000 to individual items. Items below the £1,000 threshold were charged directly to the Statement of Comprehensive Net Expenditure.

*1.7 Depreciation and Amortisation*

Depreciation/amortisation has been provided using the straight line method so as to write off each asset over its estimated useful life. Depreciation/amortisation is charged from the month acquired/coming into use, to the month in which it is disposed.

Assets are depreciated over their useful lives as follows: -

Buildings	10-25 Years
Computer Equipment	2-10 Years
Furniture and Fittings	2-20 Years
Specialist Sports Equipment	7-10 Years
Motor Vehicles	4-10 Years
Intangible Assets – Computer Equipment	2-10 Years

### *1.8 Impairment of Non-Current Assets*

An impairment review is carried out annually, any loss in value which exceeds the credit in the revaluation reserve is then charged to the Statement of Comprehensive Net Expenditure.

### *1.9 Revaluation of Non-Current Assets*

Non-current assets included in the Statement of Financial Position are annually reviewed to ensure that they are stated at fair value. This is carried out through applying indices. Increases in valuations are credited to the Revaluation Reserve. Downward movements are accounted through the revaluation reserve to the extent that there is a credit in that reserve that relates to the revalued asset.

Tollymore National Outdoor Centre was valued by Land and Property Services at 31 March 2011. See note 1.22 for details of a restatement of this valuation.

### *1.10 Operating leases*

Rentals payable under operating leases are written off in the Statement of Comprehensive Net Expenditure in the year. The amount charged in the year and amount of the payments to which the entity is committed is disclosed in note 19 to the accounts.

### *1.11 Notional Costs*

The auditor's remuneration is included as a notional cost. Full details of these costs are given in note 6.

### *1.12 Pension Costs/Employee Benefits*

Sports Council staff belong to the Northern Ireland Local Government Officers' Superannuation Committee Scheme (NILGOSC).

The pension costs are assessed in accordance with the advice of independent qualified actuaries using the market led approach. The latest actuarial valuations of the scheme were at 31 March 2013.

Pension scheme liabilities are measured using the projected unit credit method.

A building block approach is used to determine the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each class is set out within the notes. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2014.

The increase in the present value of the liabilities of Sports Council's defined benefit scheme arising from employee service in the period is charged to the Statement of Comprehensive Net Expenditure. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance costs. Actuarial gains and losses are recognised in the Statement of Changes in Taxpayer's Equity.

In accordance with IAS 19, Sports Council accrues for untaken employee annual and flexi leave.

### *1.13 Value Added Tax*

Sports Council is registered for VAT. Sports Council does not reclaim VAT on purchases.

### *1.14 Trade Receivables*

Trade receivables mainly arise from regular users of services at House of Sport and Tollymore National Outdoor Centre. Bad debt provision is assessed annually.

### *1.15 Trade Payables*

Trade payables represent liabilities for goods and services provided to Sports Council prior to the end of the reporting period, which are unpaid. Purchase orders are not included as trade payables.

### *1.16 Inventories*

Inventory is stated at the lower of cost and net realisable value. Inventory of stationery is not included in the Statement of Financial Position since it is incidental and deemed not to be material to the accounts.

### *1.17 Financial Instruments*

Sports Council has adopted IAS 39. There has been no impact on the net assets of the organisation as a result of this.

### *1.18 Loans and Receivables*

Receivables, Cash and Cash Equivalents are classified as 'loans and receivables', in accordance with IAS 39, and are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less any impairment.

Receivables do not carry any interest and are recognised at their recoverable amount, which equates to their fair value.

Cash held in the bank is a liquid resource. The carrying value of the asset approximates to fair value.

Cash equivalents are short term, highly liquid investments that are readily convertible to cash and are subject to a low risk of changes in value.

Payables and Grant Commitments are classified as 'loans and receivables', in accordance with IAS 39, and are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method.

Payables are not interest bearing and are stated at their nominal value, which equates to their fair value.

Grant commitments are stated as per the value of the award made to the applicant, which equates to fair value.



### *1.19 Provisions*

Sports Council provides for legal or constructive obligations as a result of a past event, which are of uncertain timing or amount at the Statement of Financial Position date, on the basis of the best estimate of the expenditure required to settle the obligation.

### *1.20 Contingent Liabilities*

Contingent Liabilities are disclosed in accordance with IAS 37. In addition to the contingent liabilities disclosed in accordance with IAS 37, Sports Council discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefits is remote, but which have been reported to the 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 Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

### *1.21 Estimation Techniques Used and Key Judgements*

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Sports Council's accounting policies. Sports Council continually evaluates estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

#### *Depreciation of property, plant and equipment, and amortisation of intangible assets.*

Depreciation and amortisation is provided in the accounts so as to write-down the respective assets to their residual values over their expected useful lives and as such the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are shown in note 1.8.

#### *Going Concern*

These accounts have been prepared on a going concern basis. This was formally considered by the Board at its Board meeting on 19 June 2019. Sports Council is not aware of any reason to adopt a different basis.

### *1.22 Prior Year Restatement*

In prior year financial statements (2011 to date) the TNOC building has been valued by the professional valuer on the basis of: the remaining useful life of the building should be equated to the economic life of the physical entity on the assumption that the property to be valued would continue to be held by the client for the foreseeable future having regard to the prospect and viability of the continuance of that occupation, on the basis that the significant risks and rewards associated with occupation during the lease term had transferred to the lessee (Sports Council), that the lease permitted the lessee to erect permanent buildings on the site of the leased land and on the reasonable assumption that the lease term would be extended either by agreement with the lessor or by invoking protection under the Business Tenancies (NI) Order 1996.

The professional valuer was not requested to value the leased land upon which the building was constructed as the land was held on a 25 year operating lease from DARD/Forestry NI. It was recognised that the term of the lease is less than the economic life of the asset and on that basis Sports Council requested that the professional valuer revalue the TNOG building again (excluding the land held on the 25 year operating lease) on the assumption that the life of the building and its useful life to Sports Council should be restricted to the term of the operating lease.

The impact of this change is as follows:

**Statement of Comprehensive Net Expenditure**

	<b>2015</b>	<b>2014</b>	<b>2014</b>
	£	SCNI £	GROUP £
<b>Total Comprehensive Net Expenditure</b>			
Previously Reported Total Comprehensive Expenditure	(13,898,773)	(15,003,525)	(15,098,355)
Effect of Changes in Accounting Treatment	(167,206)	(241,430)	(241,430)
Restated Net Expenditure	<u>(14,065,979)</u>	<u>(15,244,955)</u>	<u>(15,339,785)</u>

	<b>2015</b>	<b>2014</b>	<b>2014</b>
	£	SCNI £	GROUP £
<b>Depreciation and Amortisation Made In Year</b>			
Previously Reported Depreciation and Amortisation In Year	(551,604)	(465,457)	(561,406)
Effect of Changes in Accounting Treatment	22,101	13,302	13,302
Restated Depreciation and Amortisation In Year	<u>(529,503)</u>	<u>(452,155)</u>	<u>(548,104)</u>

	<b>2015</b>	<b>2014</b>	<b>2014</b>
	£	SCNI £	GROUP £
<b>Other Operating Costs Incurred In Year</b>			
Previously Reported Other Operating Costs Incurred In Year	(2,171,435)	(2,439,136)	(2,760,593)
Effect of Changes in Accounting Treatment	102,556	169,810	169,810
Restated Other Operating Costs Incurred In Year	<u>(2,068,879)</u>	<u>(2,269,326)</u>	<u>(2,590,783)</u>

	<b>2015</b>	<b>2014</b>	<b>2014</b>
	£	SCNI £	GROUP £
<b>Net (Loss)/Gain on Revaluation of Property, Plant and Equipment</b>			
Previously Reported Net Gain on Revaluation of Property, Plant and Equipment Incurred In Year	442,949	386,032	386,032
Effect of Changes in Accounting Treatment	(291,863)	(424,542)	(424,542)
Restated Net Gain/(Loss) on Revaluation of Property, Plant and Equipment Incurred In Year	<u>151,086</u>	<u>(38,510)</u>	<u>(38,510)</u>

**Statement of Financial Position**

	2015	2014	2014
Assets Less Liabilities		SCNI	GROUP
	£	£	£
Previously Reported Assets Less Liabilities	(1,104,421)	(865,580)	(959,080)
Effect of Changes in Accounting Treatment	(673,112)	(505,905)	(505,905)
<b>Restated Assets Less Liabilities</b>	<b>(1,777,533)</b>	<b>(1,371,485)</b>	<b>(1,464,985)</b>

**Statement of Cash Flows**

	2015	2014	2014
Net Income/(Expenditure)		SCNI	GROUP
	£	£	£
Previously Reported Net Expenditure	(13,045,899)	(15,544,279)	(15,554,109)
Effect of Changes in Accounting Treatment	124,657	183,112	183,112
<b>Restated Net Income/(Expenditure)</b>	<b>(12,921,242)</b>	<b>(15,361,167)</b>	<b>(15,370,997)</b>

	2015	2014	2014
Increase/(Decrease) in Depreciation and Amortisation		SCNI	GROUP
	£	£	£
Previously Reported Depreciation and Amortisation Charge	(551,604)	(465,457)	(561,406)
Effect of Changes in Accounting Treatment	22,101	13,302	13,302
<b>Restated Depreciation and Amortisation</b>	<b>(529,503)</b>	<b>(452,155)</b>	<b>(548,104)</b>

	2015	2014	2014
Increase/(Decrease) Permanent Diminution		SCNI	GROUP
	£	£	£
Previously Reported Permanent Diminution	1,375	(20,986)	(20,986)
Effect of Changes in Accounting Treatment	102,556	169,810	169,810
<b>Restated Permanent Diminution</b>	<b>103,931</b>	<b>148,824</b>	<b>148,824</b>

**Statement of Changes in Taxpayers' Equity**

	2014	2014
SoCNE Reserve	SCNI	GROUP
	£	£
Previously Reported Balance at 31 March 2013	3,959,324	3,954,967
Effect of Changes in Accounting Treatment	(67,784)	(67,784)
<b>Restated Balance at 1 April 2013</b>	<b>3,891,540</b>	<b>3,887,183</b>

	2014	2014
Revaluation Reserve	SCNI	GROUP
	£	£
Previously Reported Balance at 31 March 2013	307,632	311,989
Effect of Changes in Accounting Treatment	(196,692)	(196,692)
<b>Restated Balance at 1 April 2013</b>	<b>110,940</b>	<b>115,297</b>

## 2. Segmental Reporting

In line with IFRS 8, Sports Council does not have any segmental data to disclose. The Board of Sports Council review the financial performance on a bi-monthly basis, based on similar information contained within the Statement of Comprehensive Net Expenditure of the financial statements.

## 3. Staff Numbers and Related Costs

Staff costs comprise:

	2015 SCNI £	2015 SCNI £	2015 Total £	2014 SCNI £	2014 Group £
	Permanent	Others			
Wages and Salaries	4,442,928	-	4,442,928	3,367,746	3,955,711
Social Security Costs	297,832	-	297,832	221,033	263,740
Pension Costs	856,028	-	856,028	637,371	756,871
Agency Costs	-	142,417	142,417	202,389	202,389
Other Pension Costs	242,000	-	242,000	258,000	258,000
<b>Total Staff Costs</b>	<b>5,838,788</b>	<b>142,417</b>	<b>5,981,205</b>	<b>4,686,539</b>	<b>5,436,711</b>
Staff costs recharged to third parties	(751,757)	-	(751,757)	(534,244)	(534,244)
<b>Total Staff Costs less Recharges</b>	<b>5,087,031</b>	<b>142,417</b>	<b>5,229,448</b>	<b>4,152,295</b>	<b>4,902,467</b>

All staff costs were incurred by Exchequer Account and a proportion recharged to the Lottery Account.

Under terms and conditions of service, staff are entitled to an issue of luncheon vouchers to the approximate value of 70p per day. The entitlement for full time staff is 55 vouchers per quarter issued quarterly in advance. Part time staff are entitled to luncheon vouchers on a pro rata basis to the full time equivalent. Luncheon vouchers are accounted for through the Exchequer Account and no costs recharged to Lottery Account.

There were no compensation or exit packages during the year.

There were no off-payroll engagements during the year.

### Average number of persons employed

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

	2015 SCNI Permanent	2015 SCNI Others	2015 Total	2014 SCNI	2014 Group
Directly Employed	109	13	122	103	136
Other	-	4	4	6	6
Total	109	17	126	109	142

The average number of whole-time equivalent persons employed during the year working on the Lottery Account was as follows:

	2014-15 Permanently Employed Staff	2014-15 Others	Total	2013-14 Total
<b>Lottery Account</b>				
Directly employed	16	-	16	12
Agency staff	-	-	-	-
<b>Total</b>	<b>16</b>	<b>-</b>	<b>16</b>	<b>12</b>

The gender of persons employed at 31 March was as follows:

	Male Directors	Male Employees	Female Directors	Female Employees
<b>2014-15</b>				
Payroll	4	69	2	73
Board*	-	-	-	-
Agency	-	3	-	-
<b>Total</b>	<b>4</b>	<b>72</b>	<b>2</b>	<b>73</b>
	Male Directors	Male Employees	Female Directors	Female Employees
<b>2013-14</b>				
Payroll	4	71	1	71
Board*	-	-	-	-
Agency	-	2	-	1
<b>Total</b>	<b>4</b>	<b>73</b>	<b>1</b>	<b>72</b>

\*Board Members are employed by the Department. The Chair and Vice Chair are the only Members to receive honorarium from Sports Council.

#### 4. Pension Scheme

Sports Council participates in the Northern Ireland Local Government Officers' Superannuation Committee Scheme (the NILGOSC scheme). The NILGOSC scheme is part of the Local Government Pension Scheme (LGPS) and is a multi-employer, funded defined benefit scheme. The fund is invested in suitable investments, managed by the Committee. For 2014-15 the contribution rates were 20% employers' and ranging between 5.5% and 7.5% employees' (2013-14: 20% employers' and ranging between 5.5% and 7.5% employees').

The IAS 19 Accounting Results Schedule at 31 March 2015 presented the figures for Sports Council with Sports Institute Northern Ireland figures integrated.

The latest actuarial valuation of Sports Council took place as at 31 March 2015. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the Fund for IAS19 purposes were:

#### Principal Financial Assumptions (% per annum)

	2015 %	2014 %	2013 %
Discount rate	3.2	4.3	4.5
Rate of increase to pensions in payment	1.8	2.4	2.8
Rate of increase to deferred pensions	1.8	2.4	2.8
Rate of increase in salaries	3.3	3.9	5.2

## Mortality Assumptions

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements.

<b>Post retirement mortality (retirement in normal health)</b>	<b>31 March 2015</b>	<b>31 March 2014</b>
<b>Males</b>		
Year of Birth base table	Standard SAPS Normal Health All Amounts (S1NMA)	Standard SAPS Normal Health All Amounts (S1NMA)
Rating to above base table (years)	0	0
Scaling to above base table rates	110%	110%
Improvements to base table rates	CMI 2012 with a long term rate of improvement of 1.5% p.a.	CMI 2012 with a long term rate of improvement of 1.5% p.a.
Future lifetime from age 65 (aged 65 at accounting date)	22.2	22.1
Future lifetime from age 65 (aged 45 at accounting date)	24.4	24.3
<b>Females</b>		
Year of Birth base table	Standard SAPS Normal Health All Amounts (S1NFA)	Standard SAPS Normal Health All Amounts (S1NFA)
Rating to above base table (years)	0	0
Scaling to above base table rates	110%	110%
Improvements to base table rates	CMI 2012 with a long term rate of improvement of 1.5%p.a.	CMI 2012 with a long term rate of improvement of 1.5%p.a.
Future lifetime from age 65 (aged 65 at accounting date)	24.7	24.6
Future lifetime from age 65 (aged 45 at accounting date)	27.0	26.9
<b>Commutation</b>	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2009 service) is 75% of the permitted maximum	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2009 service) is 75% of the permitted maximum

## Asset Allocation

The approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the table below. The assets allocated to the Employer in the Fund are notional and the assets are assumed to be invested in line with the investments of the fund set out below for the purposes of calculating the return to be applied to those notional assets. The Fund is large and largely liquid and as a consequence there will be no significant restriction on realising assets if the situation arises.

The Administering Authority does not invest in property or assets related to itself. It is possible, however, that assets may be invested in shares relating to some of the private sector employers participating in the Fund if it forms part of their balanced investment strategy.

	Value at 31 March 2015 (%)			Value at 31 March 2014 (%)
	Quoted	Unquoted	Total	Total
Equities	73.0	-	73.0	74.2
Property	-	12.6	12.6	11.2
Government	5.7	-	5.7	5.9
Corporate Bonds	6.5	-	6.5	6.1
Cash	2.0	-	2.0	2.6
Other	0.2	-	0.2	-
Total	87.4	12.6	100.0	100.0

The actuary used a number of financial assumptions during the year, which resulted in the following amounts shown in the Statement of Financial Position:

Amount Shown in Statement of Financial Position	Value at 31 March 2015 £'000	Value at 31 March 2014 £'000		Value at 31 March 2013 £'000	
	SCNI Assets	SCNI Assets	Group Assets	SCNI Assets	Group Assets
Fair Value of Assets	20,497	15,173	16,258	14,595	15,471
Present Value of Defined Benefit Obligation	25,838	18,761	19,940	18,068	18,944
Funded Status (Deficit)	(5,341)	(3,588)	(3,682)	(3,473)	(3,473)
Impact of Minimum Funding Requirement/Asset Ceiling	-	-	-	-	-
Asset/(Liability) recognised on the Statement of Financial Position	(5,341)	(3,588)	(3,682)	(3,473)	(3,473)

The split of the defined obligation at the last valuation date between the various categories of members was as follows:

	SCNI
Active Members	52%
Deferred Pensioners	16%
Pensioners	32%

The amounts recognised in the Statement of Comprehensive Net Expenditure are as follows:

Amount Charged to Net Expenditure Account	Period Ending 31-Mar-15 £'000s	Period Ending 31-Mar-14 £'000s	
	SCNI	SCNI	GROUP
Current Service Cost	936	767	887
Past Service Cost	-	-	-
Interest on net defined benefit liability/(asset)	142	142	142
<b>Total Operating Charge</b>	<b>1,078</b>	<b>909</b>	<b>1029</b>
Expected return on scheme assets	-	-	(43)
Interest on scheme liabilities	-	-	40

<b>Net Interest Income</b>	-	-	<b>(3)</b>
Return on plan assets (in excess of)/Below that recognised in net interest	(1,561)	604	580
Actuarial (gains)/losses due to change in financial assumptions	2,980	(588)	(627)
Actuarial (gains)/losses due to change in demographic assumptions	-	(564)	(590)
Actuarial (gains)/losses due to liability experience	(92)	405	578
<b>Total Amount Recognised in Other Comprehensive Expenditure (Gain)/Loss</b>	<b>1,327</b>	<b>(143)</b>	<b>(58)</b>

The amounts recognised in the Statement of Financial Position are as follows:

Amount Charged to Statement of Financial Position	Period Ending 31-Mar-15	Period Ending 31-Mar-14	
	£'000s	£'000s	
	SCNI	SCNI	GROUP
<b>Opening defined benefit obligation</b>	<b>18,761</b>	<b>18,068</b>	<b>18,944</b>
Current service cost	936	767	887
Interest expense on scheme liabilities	884	810	850
Actuarial (gain)/loss	2,888	(747)	(638)
Contributions by scheme participants	281	220	257
Benefits paid	(370)	(357)	(360)
Net increase in liabilities from disposals/acquisitions	2,458	-	-
<b>Closing defined benefit obligation</b>	<b>25,838</b>	<b>18,761</b>	<b>19,940</b>

<b>Opening fair value of assets</b>	<b>15,173</b>	<b>14,595</b>	<b>15,471</b>
Expected return on scheme assets	742	668	711
Contributions by employer	836	651	760
Contributions by scheme participants	281	220	257
Actuarial gain/(loss)	1,561	(604)	(580)
Benefits paid	(370)	(357)	(360)
Net increase in assets from disposals/acquisitions	2,274	-	-
<b>Closing fair value of assets</b>	<b>20,497</b>	<b>15,173</b>	<b>16,258</b>

<b>Net Pension Liability</b>	<b>(5,341)</b>	<b>(3,588)</b>	<b>(3,682)</b>
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Contributions to the defined benefit pension scheme for the year ended 31 March 2016 are expected to be £836k.



## 5. Other Expenditure

	<b>2015</b>	<b>Restated</b>	<b>Restated</b>
	<b>SCNI</b>	<b>2014</b>	<b>2014</b>
	<b>£</b>	<b>SCNI</b>	<b>Group</b>
		<b>£</b>	<b>£</b>
Professional Fees/Consultancy Fees	360,283	229,399	260,381
Special Payments	32,000	-	-
Committees, Receptions & Publicity	311,716	783,782	802,340
Sports Development	280,065	205,045	205,045
Repairs & Renewals	256,643	276,121	291,681
Rent & Rates	211,723	165,161	326,905
Travel & Subsistence	197,559	154,409	172,956
Heat & Light	100,466	106,378	106,378
Telephones & Postage	91,721	70,234	79,924
Caretaking & Cleaning	66,147	59,990	63,039
Information Services, Journals & Subscriptions	61,326	75,534	75,534
Insurance	47,033	44,833	66,750
Training	43,404	93,433	127,165
Loss on Disposal	41,595	-	221
Publications, Printing & Stationery and IT Consumables	40,132	107,398	109,900
Recruitment	8,694	15,271	16,267
Sundry Expenses	6,526	3,447	3,447
Promotions & Sponsorships	5,638	22,000	22,000
Coaches	4,498	2,875	2,875
Fees and Bank Charges	2,432	2,841	3,050
Photography	1,977	-	-
Auditors Remuneration*	1,232	-	3,750
Permanent Diminution	(103,931)	(148,825)	(148,825)
<b>Total Other Operating Costs</b>	<b>2,068,879</b>	<b>2,269,326</b>	<b>2,590,783</b>
<b>Total Grants</b>	<b>6,262,952</b>	<b>9,169,638</b>	<b>9,169,638</b>
<b>Total Costs</b>	<b>8,331,831</b>	<b>11,438,964</b>	<b>11,760,421</b>

\*During the financial year Sports Council paid £1,232 (2013-14: NIL) to the NIAO for work associated with the National Fraud Initiative (NFI) 2014-15 exercise.

## 6. Notional Costs

Auditor's remuneration remains a notional charge disclosed in the financial statements.

	<b>2015</b>	<b>2014</b>	<b>2014</b>
	<b>SCNI</b>	<b>SCNI</b>	<b>Group</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Notional Auditor's Remuneration	30,000	25,000	25,000
Total Notional Costs	<u>30,000</u>	<u>25,000</u>	<u>25,000</u>

## 7. Grant from Other Activities

	<b>2015</b>	<b>2014</b>	<b>2014</b>
	<b>SCNI</b>	<b>SCNI</b>	<b>Group</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Grant – Other Sources	-	13,560	1,168,808

## 8. Other Income

	<b>Note</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
		<b>SCNI</b>	<b>SCNI</b>	<b>Group</b>
		<b>£</b>	<b>£</b>	<b>£</b>
Sports Development		100,162	62,466	62,466
Tollymore Mountain Centre		241,644	328,964	328,964
Services to Partners		233,128	136,801	136,801
Service to Lottery Activities		1,106,054	699,700	699,700
Integration of Sports Institute	1	270,309	-	-
Total Other Income		<u>1,951,297</u>	<u>1,227,931</u>	<u>1,227,931</u>

## 9. Interest Receivable

	<b>2015</b>	<b>2014</b>	<b>2014</b>
	<b>SCNI</b>	<b>SCNI</b>	<b>Group</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Interest Received	-	397	2,897

## 10. Corporation Tax

	<b>2015</b>	<b>2014</b>	<b>2014</b>
	<b>SCNI</b>	<b>SCNI</b>	<b>Group</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Corporation Tax Current Year	140	79	79

## 11. Property, Plant and Equipment

### 2014-15

	<b>Buildings</b>	<b>Leasehold</b>	<b>Specialist</b>	<b>Furniture</b>	<b>Motor</b>	<b>Information</b>	<b>Total</b>
	<b>£</b>	<b>Improvements</b>	<b>Sports</b>	<b>&amp; Fittings</b>	<b>Vehicles</b>	<b>Technology</b>	<b>£</b>
		<b>£</b>	<b>Equipment</b>	<b>£</b>	<b>£</b>	<b>£</b>	
			<b>£</b>				
<b>Cost or Valuation</b>							
At 1 April 2014	5,309,189	-	177,406	151,700	82,131	998,714	6,719,140
Additions	28,084	-	57,428	1,914	25,398	12,762	125,586
Disposals	-	-	(151,539)	(29,707)	-	(91,324)	(272,570)
Impairment	-	-	47	(353)	(169)	2,411	1,936
Reclassifications/Assets Acquired*	-	87,263	748,187	45,273	-	168,083	1,048,806
Revaluation	276,312	12,155	2,777	736	-	7,115	299,095
<b>At 31st March 2015</b>	<b>5,613,585</b>	<b>99,418</b>	<b>834,306</b>	<b>169,563</b>	<b>107,360</b>	<b>1,097,761</b>	<b>7,921,993</b>
<b>Depreciation</b>							
At 1 April 2014	714,275	-	108,900	74,983	60,695	700,051	1,658,904
Charge In Year	250,418	5,452	79,325	11,099	212	128,432	474,938
Disposals	-	-	(146,781)	(9,378)	-	(85,022)	(241,181)
Impairment	-	-	41	(493)	(51)	1,288	785
Reclassifications/Assets Acquired*	-	14,643	457,775	23,483	-	139,647	635,548
Revaluation	36,980	2,080	1,601	362	-	4,430	45,453
<b>At 31st March 2015</b>	<b>1,001,673</b>	<b>22,175</b>	<b>500,861</b>	<b>100,056</b>	<b>60,856</b>	<b>888,826</b>	<b>2,574,447</b>
<b>Carrying value at 31 March 2015</b>	<b>4,611,912</b>	<b>77,243</b>	<b>333,445</b>	<b>69,507</b>	<b>46,504</b>	<b>208,935</b>	<b>5,347,546</b>
<b>Carrying value at 31 March 2014 (Restated)</b>	<b>4,594,914</b>	<b>-</b>	<b>68,506</b>	<b>76,717</b>	<b>21,436</b>	<b>298,663</b>	<b>5,060,236</b>
<b>Asset Financing:</b>							
Short Leasehold	4,611,912	77,243	-	-	-	-	4,689,155
Owned	-	-	333,445	69,507	46,504	208,935	658,391
<b>Carrying value at 31 March 2015</b>	<b>4,611,912</b>	<b>77,243</b>	<b>333,445</b>	<b>69,507</b>	<b>46,504</b>	<b>208,935</b>	<b>5,347,546</b>

\* Reclassifications/Assets Acquired relates to assets previously belonging to Sports Institute Northern Ireland being integrated 100% with the Sports Council accounts.

Sports Council for Northern Ireland Exchequer Account 2014-15

<b>2013-14</b>	<b>Buildings (Restated)** £</b>	<b>Specialist Sports Equip £</b>	<b>Furniture &amp; Fittings £</b>	<b>Motor Vehicles £</b>	<b>Information Technology £</b>	<b>Total £</b>	<b>Total Group £</b>
<b>Cost or Valuation</b>							
At 1 April 2013	5,119,642	200,364	166,579	91,829	1,078,324	6,656,738	7,089,543
Additions	-	-	-	-	5,306	5,306	95,288
Revaluation	189,547	(22,958)	(14,879)	(9,698)	(84,916)	57,096	58,890
Disposals	-	-	-	-	-	-	(2,349)
<b>At 31st March 2014</b>	<b>5,309,189</b>	<b>177,406</b>	<b>151,700</b>	<b>82,131</b>	<b>998,714</b>	<b>6,719,140</b>	<b>7,241,372</b>
<b>Depreciation</b>							
At 1 April 2013	459,183	102,151	73,182	69,106	609,111	1,312,733	1,557,829
Charge In Year	238,091	18,296	9,567	900	134,570	401,424	459,406
Revaluation	17,001	(11,547)	(7,766)	(9,311)	(43,630)	(55,253)	(54,789)
Disposals	-	-	-	-	-	-	(2,128)
<b>At 31st March 2014</b>	<b>714,275</b>	<b>108,900</b>	<b>74,983</b>	<b>60,695</b>	<b>700,051</b>	<b>1,658,904</b>	<b>1,960,318</b>
<b>Carrying value at 31 March 2014</b>	<b>4,594,914</b>	<b>68,506</b>	<b>76,717</b>	<b>21,436</b>	<b>298,663</b>	<b>5,060,236</b>	<b>5,281,054</b>
<b>Carrying value at 31 March 2013</b>	<b>4,660,459</b>	<b>98,213</b>	<b>93,397</b>	<b>22,723</b>	<b>469,213</b>	<b>5,344,005</b>	<b>5,531,714</b>
<b>Asset Financing:</b>							
Short Leasehold	4,594,914	-	-	-	-	4,594,914	4,594,914
Owned	-	68,506	76,717	21,436	298,663	465,322	686,140
<b>Carrying value at 31 March 2014</b>	<b>4,594,914</b>	<b>68,506</b>	<b>76,717</b>	<b>21,436</b>	<b>298,663</b>	<b>5,060,236</b>	<b>5,281,054</b>

\*\* Figures have been restated due to an error in valuation of Tollymore National Outdoor Centre valuation (see note 1.22).

Tollymore National Outdoor Centre buildings were valued by the Land and Property Services on 31 March 2011 at depreciated replacement cost of £5,385,978 (excluding the Mountain Bike Track of £87,900). The valuer has the qualification FRICS Diploma in Estate Management. Refer to note 1.22 regarding a prior year adjustment to the Tollymore National Outdoor Centre.

All other buildings, property, plant and equipment were valued at 31 March 2015 through application of indices as published by the Office for National Statistics.

The leases entered into in respect of the land at Tollymore National Outdoor Centre and Altnadue Quarry have been expensed to the Statement of Comprehensive Net Expenditure (see Note 19).

## 12. Intangible Assets

	<b>2015</b>	<b>2014</b>	<b>2014</b>
	<b>SCNI</b>	<b>SCNI</b>	<b>Group</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost or Valuation</b>			
At 1 April	680,453	695,039	763,000
Additions	43,061	23,157	28,242
Disposals	(120,998)	-	-
Impairment	428	-	-
Reclassifications/Assets Acquired*	149,792	-	-
Revaluation	3,656	(37,743)	(37,743)
<b>At 31 March</b>	<b>756,392</b>	<b>680,453</b>	<b>753,499</b>
<b>Amortisation</b>			
At 1 April	538,548	509,930	537,746
Charge for the Year	54,565	50,731	88,698
Disposals	(110,792)	-	-
Impairment	205	-	-
Reclassifications/Assets Acquired*	137,490	-	-
Revaluation	2,339	(22,113)	(22,113)
<b>At 31 March</b>	<b>622,355</b>	<b>538,548</b>	<b>604,331</b>
<b>Net Book Value At 31 March</b>	<b>134,037</b>	<b>141,905</b>	<b>149,168</b>
Net Book Value At 1 April	141,905	185,109	225,254
<b>Asset Financing:</b>			
Owned	134,037	141,905	149,168
<b>Carrying Amount at 31 March</b>	<b>134,037</b>	<b>141,905</b>	<b>149,168</b>

\*Reclassifications/Assets Acquired relates to assets previously belonging to Sports Institute Northern Ireland being integrated 100% with the Sports Council accounts.

Intangible compromise purchased software and licenses.

### 13. Inventory of Luncheon Vouchers

	2015 SCNI £	2014 SCNI £	2014 Group £
Balance 1 April	26	24	24
Receipts	12,930	12,890	12,890
Issued to Staff	(12,938)	(12,888)	(12,888)
Balance 31 March	18	26	26

### 14. Trade and Other Receivables

#### (a). Analysis by Type

	2015 SCNI £	2014 SCNI £	2014 Group £
<b>Amounts falling due within one year:</b>			
Trade Receivables	54,594	125,046	125,143
Other Receivables	67,885	62,649	85,159
Amount Owed by Lottery Account	330,087	169,422	169,422
Amount Owed to SINI	125,600	-	-
Grant Claw back	27,503	43,841	43,841
Total	605,669	400,958	423,565

#### (b). Intra-Government Balances

	2015 SCNI £	2014 SCNI £	2014 Group £
Balances with central government	29,724	2,615	2,615
Balances with local authorities	6,101	6,725	6,725
Balances with other government organisations	480,833	258,768	258,768
Balances with bodies external to government	89,011	132,850	155,457
Total Trade and Other Receivables	605,669	400,958	423,565

### 15. Cash and Cash Equivalents

#### Cash at Bank and in Hand

	2015 SCNI £	2014 SCNI £	2014 Group £
Bank	343,244	426,663	409,452
Petty Cash	262	206	281
Total Cash at Bank and in Hand	343,506	426,869	409,733

During 2013-14 there was a bank overdraft of £17,211 which is shown under current liabilities in the Statement of Financial Position.

	2015 SCNI £	2014 SCNI £	2014 Group £
<b>Petty Cash Movement</b>			
Petty Cash – 1 April	206	449	449
Net Movement in Petty Cash	56	(243)	(168)
Petty Cash – 31 March	262	206	281

Sports Council for Northern Ireland Exchequer Account 2014-15

<b>Cash at Bank Movement</b>	<b>2015 SCNI £</b>	<b>2014 SCNI £</b>	<b>2014 Group £</b>
Balance at 1 April	426,663	985,372	1,056,796
Net Change in Cash and Cash Equivalent Balances	(83,419)	(558,709)	(647,344)
Balance at 31 March	343,244	426,663	409,452

The cash and cash equivalent balances are denominated in Sterling. For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following balances at the 31 March:

	<b>2015 SCNI £</b>	<b>2014 SCNI £</b>	<b>2014 Group £</b>
Commercial Banks and Cash in Hand	343,506	426,869	409,733

## 16. Trade payables and other current liabilities

<b>(a). Analysis by Type</b>	<b>2015 SCNI £</b>	<b>2014 SCNI £</b>	<b>2014 Group £</b>
Trade Payables	241,657	-	81,890
VAT	8,700	24,195	24,195
Other Tax and Social Security	140	79	79
Other Payables	421,871	603,078	754,740
Total Trade and Other Payables	672,368	627,352	860,904
Grant Commitments	2,147,821	3,139,007	3,139,007
Total Current Liabilities	2,820,189	3,766,359	3,999,911

During 2013-14 there was a bank overdraft of £17,211 which is also shown under current liabilities in the Statement of Financial Position and brings the total for that year to £4,017,122.

<b>(b). Intra-Government Balances</b>	<b>2015 SCNI £</b>	<b>2014 SCNI £</b>	<b>2014 Group £</b>
Balances with central government	10,015	24,274	24,274
Balances with local authorities	376,174	570,896	570,896
Balances with other government organisations	57,012	106,383	267,116
Balances with bodies external to government	2,376,988	3,064,806	3,137,625
Total Trade and Other Payables	2,820,189	3,766,359	3,999,911

## 17. Non-Current Liabilities

<b>(a). Provisions</b>	<b>2015 SCNI £</b>	<b>2014 SCNI £</b>	<b>2014 Group £</b>
Balance at 1 April	47,120	47,120	47,120
Provided in Year	-	-	-
Balance at 31 March	47,120	47,120	47,120
 Analysis of expected timing of discounted flows	 <b>2015 SCNI £</b>	 <b>2014 SCNI £</b>	 <b>2014 Group £</b>
Not later than one year	-	-	-
Later than one year and not later than five years	47,120	47,120	47,120
Later than five years	-	-	-
Balance at 31 March 2015	47,120	47,120	47,120

The provision relates to legal costs that Sports Council may have to pay to a third party.

<b>(b). Pension</b>	<b>Note</b>	<b>2015 SCNI £</b>	<b>2014 SCNI £</b>	<b>2014 Group £</b>
Pension Liability	4	5,341,000	3,588,000	3,681,500

## 18. Explanation of Reserves

### *SoCNE Reserve*

This is the balance of recurrent grants provided by the Department through grant in aid, net of expenditure in year funded by the Department.

### *Pension Reserve*

This is the balance required by Sports Council to meet the current pension deficit on its share of the NILGOSC pension scheme.

### *Revaluation Reserve*

This is the balance arising on the revaluation of property, plant and equipment and intangible assets.

## 19. Commitments Under Leases

At 31 March Sports Council had annual commitments under operating leases as set out below:

	<b>2015</b>		<b>2014</b>	
	<b>Land &amp; Buildings £</b>	<b>Other £</b>	<b>Land &amp; Buildings £</b>	<b>Other £</b>
<b>Obligations under operating leases for the following periods comprise:</b>				
Not later than one year	2,350	-	2,350	-
Later than one year and not later than five years	9,400	-	9,400	-
Later than five years	32,443	-	34,793	-
	44,193	-	46,543	-



The land which Tollymore National Outdoor Centre resides on is subject to rent reviews every five years.

The House of Sport rental agreement with the Department is leased on a rolling agreement, cancellable with 6 months prior notice. There are no specific rent reviews contained within the lease. A general review of rental values for government properties was undertaken in 2008, which increased the rent from £36,000 to £90,000 per annum.

## 20. Other Financial Commitments

Amounts contracted but not provided in the financial statements total NIL (2013-14: NIL).

## 21. Contingent Liabilities

The Sports Council has no contingent liabilities at 31 March 2015 (2013-14: NIL).

## 22. Related Party Transactions

Several members of Sports Council and key management staff (Executive Team) are involved in sports organisations in Northern Ireland either directly or indirectly as a result of a family relationship, a close friendship or business relationship. They do not take part in discussions and decisions to make grant awards to those organisations with which they have a declared interest.

A list of awards made to the organisations concerned together with details of those who declared an interest is detailed below. All the transactions relating to these organisations were conducted at arm's length by Sports Council.

The following transactions are considered to be disclosable Related Party Transactions in respect of Council Members and Senior Staff (Executive Team).

<b>Executive Team Staff Member</b>	<b>Grantee</b>	<b>Commitments to Grantee/Supplier Payment £</b>	<b>Relationship of Staff Member to Grantee</b>
Antoinette McKeown	St Joseph's GAC (Glenavy)	2,265	Subscribing Member – Former
Nick Harkness	Golfing Union of Ireland	40,500	Person Connected – Subscribing Member – Current
	Odyssey	448	Company Secretary
	Queen's University	2,740	Student
John News	Cycling Ireland	23,933	Subscribing Member – Current
Shaun Ogle	Cycling Ireland	23,933	Subscribing Member – Current
Andrew Sloan	Queen's University	2,740	Former part-time lecturer

<b>Council Member</b>	<b>Grantee</b>	<b>Commitments to Grantee/Supplier Payment £</b>	<b>Relationship of Staff Member to Grantee</b>
Paul Cummings	NI Archery Society	35,500	Subscribing Member – Former Performance Manager – Former
Roisin Mallon	Athletics NI	47,500	Person Connected – Subscribing Member – Current
	Mountaineering Ireland	28,024	Subscribing Member – Current
Daniel O'Connor	Basketball NI	3,500	Honorary Member – Current
Andrea Bingham	Lisa Kearney	11,000	NI Judo Federation – Board Member – Current
	Eoin Fleming	3,630	NI Judo Federation – Board Member – Current
	Caoimhin Thompson	3,700	NI Judo Federation – Board Member – Current
	NI Judo Federation	38,500	NI Judo Federation – Board Member – Current
Ian McAvoy	Disability Sport Northern Ireland	221,250	Director – Former

**Other related parties include:**

Sports Council is a Non-Departmental Public Body sponsored by the Department for Communities, which is regarded as a related party.

During the year Sports Council has had various transactions with the Department and with other entities for which the Department for Communities is regarded as the parent Department. None of the Council Members, key managerial staff or other related parties has undertaken any material transactions with Sports Council during the year.

Up to 30 June 2014, Sports Council owned 50% of the Sports Institute Northern Ireland via a joint venture with the University of Ulster. From 1 July 2014 the Sports Institute Northern Ireland integrated 100% with Sports Council. The Sports Institute Northern Ireland and University of Ulster were both regarded as related parties to 30 June 2014. Sports Council Board Members who resided as Directors on the Board of Sports Institute Northern Ireland were as follows:

- Shane McCullough;
- Gerard Campbell; and
- Paul Cummings – appointed 24 July 2013.

Sports Council employed the following staff who held positions at the Sports Institute Northern Ireland to 30 June 2014:

- Shaun Ogle (Executive Director); and
- Ian Weir (Business Manager).

A percentage of these employees time was recharged to the Sports Institute Northern Ireland through a service level agreement.

Under the terms of the integration of the Sports Institute Northern Ireland, all members of staff were transferred to Sports Council (under a TUPE agreement) from 1 July 2014. Up to 30 June 2014, 40 members of staff at Sports Council were employed by Sports Institute Northern Ireland.

Sports Council operates a Lottery Account in which awards are distributed. A number of recharges are made to the Lottery Account.

As a matter of policy and procedure, Sports Council maintains a publicly available register of interests on its website [www.sportni.net](http://www.sportni.net) where Board Members and staff declare any direct interest in grant applications made to Sports Council or any commercial relationships of Sports Council. In addition, Exchequer grants were paid during the year to a number of organisations in which Board Members declared an interest. Having declared an interest Board Members are required to leave the meeting while the relevant application is discussed and a decision is made.

### **23. Losses and Special Payments**

There were no losses during the year which required disclosure in the accounts (2013-14: NIL). However, Sports Council has accrued a special payment of £32,000 (inclusive of legal fees) which was made during 2018-19, relating to a Fair Employment settlement for the Chief Executive. Further information on this case can be found in the Annual Governance Statement.

There were no bad debts written off or provisions made during the year (2013-14: NIL).

### **24. Financial Instruments**

IAS 39 requires disclosure of the role which financial instruments have had during the period in creating or changing the risks Sports Council faces in undertaking its role.

Sports Council does not use financial instruments to manage financial risks associated with its underlying business activities and the financing of those activities, nor does it undertake any trading activity in financial instruments.

### **25. Events After the Reporting Period**

#### Voluntary Exit Scheme

Since 31 March 2015, applications for the Voluntary Exit Scheme were received from staff interested in availing of the Scheme. This resulted in an obligation arising on Sports Council since the balance sheet date. In 2015-16, nine members of staff left under the scheme at a cost of £196,803. Sports Council prepared a business case which was approved by the Department and the Department of Finance for £258,000.

A further sixteen departures were agreed under the second phase of VES in 2016-17 at a cost of £827,784. A further fifteen leavers were agreed in 2017-18. While staff exit is subject to careful management and planning, this does impact the organisation not only in terms of reassigning tasks but also the loss of knowledge and experience built up over many years.

The Executive Team with oversight and concurrence of the Board will be leading on future exit initiatives. The total liability is a non-adjusting event and consequently the 2014-15 accounts have not been adjusted.

For detail on absence of Chief Executive, Interim Executive Leadership Team Report and Transformation Programme, Board Resignations, and the delay of publication of annual report and accounts refer to the Annual Governance Statement.

#### Change in Name of Sponsoring Department

Following the amalgamation of the former Department of Culture, Arts and Leisure (DCAL), Department for Social Development (DSD) and some of the functions of other departments, the new Department for Communities (DfC), effective from 9 May 2016, became Sports Council's Sponsoring Department.

#### Casement Park

On 30 April 2015, concerns were raised with the CAL Committee regarding safety at the proposed Casement Park. The matter has received media attention and was the subject to an inquiry by the CAL Committee and an independent review led by the Department of Finance. The review made a number of recommendations to relevant stakeholders involved. Responsibility for Casement Park has subsequently been transferred to the Department.

## **26. Sports Institute Northern Ireland**

The Sports Institute Northern Ireland was a 50/50 joint venture between Sports Council and the University of Ulster. The company is limited by guarantee and the liability of the members is limited to £1 per member.

The core purpose of the Sports Institute Northern Ireland is 'to create an environment that nurtures and leads High Performance athletes and coaches through the provision of facilities, services and expertise.'

The Sports Institute Northern Ireland's accounting year end is the same as Sports Council's and there are no material differences in accounting policies. For the 2014-15 year, the Sports Institute Northern Ireland obtained the majority of its funding via a Sports Council Exchequer grant to 30 June 2014. At the period-end, 30 June 2014, there was a deficit of £6,222 for the period (before actuarial losses), and net liabilities of £184,000.

On 1 July 2014, Sports Institute Northern Ireland's activities were integrated with Sports Council and all assets and liabilities of Sports Institute Northern Ireland were transferred to Sports Council. The services provided by Sports Institute Northern Ireland will continue to be provided, using the same assets, by Sports Council and the integration treated as a machinery of government transfer. All Sports Institute Northern Ireland members of staff were transferred to Sports Council (under a TUPE agreement).

## **27. Date for Authorisation for Issue**

The Accounting Officer authorised the issue of these financial statements on 11 July 2019.

## **Appendix A: Report by the Comptroller and Auditor General Sport NI Annual Report and Accounts 2014-15**

Due to the delay in certifying a number of Sport NI Accounts (2014-15, 2015-16, 2016-17 and 2017-18) the circumstances surrounding the delay, as set out in this report, are appropriate to all four accounting periods.

### **Governance Issues**

#### **Chief Executive's suspension, dismissal and subsequent re-instatement**

In September 2013 Antoinette McKeown took up post as Chief Executive Officer of the Sports Council for Northern Ireland (Sport NI). In this role she was responsible for implementing the strategic vision, policy and direction of Sport NI and for ensuring that the organisation met the agreed objectives and targets in the Corporate and Business plans. The Chief Executive Officer was also responsible for advising the Board on the discharge of its responsibilities and ensuring the Board was kept fully informed on the condition of the organisation, its performance, including the systems of internal control, and all important factors influencing it as part of supporting good governance.

The Department of Culture, Arts and Leisure (DCAL) appointed the Chief Executive Officer as Accounting Officer for Sport NI on 9 September 2013.

On the 10 March 2015 the Sport NI Board suspended the Chief Executive Officer from her position to conduct an open and unhindered investigation into leadership issues. The Leadership Investigation concluded and was presented to the Board at its 16 June 2015 meeting. On the 22 June 2015 the Board informed the Chief Executive Officer that they were moving to disciplinary action. The disciplinary case concluded on 22 November 2016, some 518 days later, with the dismissal of the Chief Executive Officer, subject to appeal. The Chief Executive Officer appealed the decision of the disciplinary panel and her appeal was upheld. The Board confirmed this decision on 14 June 2017 and the Chief Executive Officer returned to work on 31 July.

## **The appointment of the Interim Executive leadership Team (IEL Team)**

In May 2015 whistle-blowing allegations were received by DCAL. These allegations referenced the view that there were other individuals in Sport NI, who had similar concerns, but felt unable to raise these within the organisation.

The DCAL Permanent Secretary issued a letter to all Sport NI staff providing direct contact details for the DCAL Head of Internal Audit should staff have issues of concerns which they felt unable to raise within Sport NI. As a result of this letter ten more staff came forward to raise issues which resulted in DCAL asking its Head of Internal Audit to complete a Scoping Exercise into Sport NI's management and governance issues.

The DCAL Internal Audit report (1 July 2015) made a number of recommendations for DCAL to take forward, regarding concerns raised by Sport NI staff. On 8 July the DCAL Minister set up an Interim Executive Leadership Team (IEL Team) to investigate concerns raised by Sport NI staff. The IEL Team, led by a senior civil servant (designated interim Chief Executive Officer and Accounting Officer) and two staff, were seconded from DCAL, to manage the executive functions within Sport NI.

A key aim for the IEL Team was to develop an action plan to address the recommendations made in DCAL's 1 July 2015 Internal Audit report.

## **Board resignations and the appointment of interim members**

In accordance with the Recreation and Youth Service (Northern Ireland) Order 1986, the Department with responsibility for Sport, appoints the members of the Sport NI Board, including a Chair and Vice Chair. At 1 July 2015 the Sport NI Board comprised 12 members in addition to the Chair and Vice Chair, 14 in total. On 6 July 2015 nine Board members resigned.

At the August 2015 Sport NI Board meeting three senior civil servants were co-opted to support the Board in an advisory capacity. On 29 September 2015 DCAL launched an open public appointments competition to recruit Sport NI Board members. On 1 January 2016, five new members joined the Board. In February 2016 a co-opted advisor stepped down from the Board.

The Chair and Vice Chair of Sport NI resigned on the 31 March 2016. DCAL appointed an interim Chair and interim Vice Chair from the existing Board members, with immediate effect. From 9 May 2016 responsibility for sport transferred from DCAL to the Department for Communities (DfC). In June 2016 a second advisor stepped down from the Board. At the 17 August 2016 Board meeting the third co-opted member stepped down from the Board but remained on the Audit, Risk Assurance Committee. On 8 September 2016 DfC launched an open public appointments competition to recruit additional Sport NI Board members. Appointments to the Board were made with effect from 1 February 2017, including a Chair and Vice Chair.

### **Account Completion Issues**

It is my view that the unique circumstances outlined in this report meant an inevitable delay in completion of the Sport NI 2014-15 and 2015-16 financial statements. Given the strengthening of the Sport NI Board and the return of the Chief Executive on 31 July 2017, NIAO anticipated that the completion of Sport NI financial statements (as required for both Exchequer and Lottery funds) would begin to return to a normal footing later in 2017. This did not occur and in 2018 the financial statements for 2014-15, 2015-16 and 2016-17 were all in a backlog position. It is extremely unusual for a body audited by NIAO to have so many years' financial statements in backlog.

In February 2015 NIAO commenced interim audit work on Sport NI's financial statements for 2014-15. This work was suspended as the draft statements and the supporting audit file were of poor quality. Although further drafts of the financial statements were provided in August 2015 and April 2016, financial statements which were of an acceptable quality to enable the audit to proceed were not submitted until July 2016. The 2014-15 audit was carried out in parallel with the audit of the 2015-16 financial statements which were submitted by Sport NI on August 2016.

An issue arose during the audit of the 2015-16 financial statements which also impacted upon the 2014-15 statements. NIAO raised the matter with Sport NI in January 2017 and in October 2017 updated financial statements for 2014-15 and 2015-16 were provided by Sport NI (in addition to a number of versions provided in 2016).

On 13 November 2017 NIAO provided Sport NI with a number of extensive lists setting out how the information provided by Sport NI needed to be progressed to allow for the completion of outstanding audits of the financial statements, which now included 2016-17 as well as the 2014-15 and 2015-16 financial statements. My staff met with the Chair of the Audit and Risk Assurance Committee on the same day to outline our concerns that Sport NI was still unable to finalise the financial statements.

Following regular meetings and discussions with NIAO, further drafts of the 2014-15, 2015-16 and 2016-17 financial statements were provided on 18 June 2018. NIAO's review found that the statements were not to the required standards.

Normally I will only complete the audit of financial statements when an audited body has ensured compliance with guidance such as the Department of Finance's Financial Reporting Manual and Managing Public Money NI. However, Sport NI had failed to do so in relation to its 2014-15, 2015-16 and 2016-17 financial statements. Preparing financial statements to an acceptable standard and on a timely basis is a key governance requirement as these provide accountability for the funds made available to Sport NI by the Department.

NIAO became increasingly concerned at the time taken by Sport NI to complete its backlog financial statements and was not assured that the issue was being resolved by Sport NI. The delay was attributable to three factors:

- The governance issues with Sport NI from March 2015 to July 2017;
- A lack of expertise in Sport NI at various times over this period on the preparation of financial statements to recognised public sector standards; and
- Difficulty in retaining corporate knowledge on issues with regards to the 2014-15 financial statements in particular.

As a consequence of Sport NI failing to meet the routine audit timetables, NIAO had to give priority to completion of other audits which were not in backlog.



In February 2019 NIAO indicated to Sport NI that it was closing the audits of the 2014-15 and 2015-16 financial statements. NIAO requested signed copies of the financial statements and advised that it would respond to any outstanding issues in the audit certificate and report. Following certification of the 2014-15 and 2015-16 financial statements, NIAO will bring the 2016-17 and 2017-18 audits to a close on a similar basis.

### **Further Report**

It is my intention, in accordance with Article 8 of the Audit (Northern Ireland) Order 1987, to publish a report covering, in more detail, the governance issues outlined above, including giving third parties the opportunity to comment on my findings.

A handwritten signature in black ink that reads "K J Donnelly". The signature is written in a cursive style with a long, sweeping underline.

**K J Donnelly**

**Comptroller and Auditor General**

**11 July 2019**

**Contact us;**

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