



ANNUAL REPORT
& ACCOUNTS
2017-2018

Annual Report & Accounts
For the year ended 31 March 2018

Laid before the Northern Ireland Assembly
under the Agriculture (Northern Ireland) Order 2004
by the Department of Agriculture, Environment and Rural Affairs
on
12 April 2019



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1. Foreword from the Chair

I am delighted to introduce the Annual Report and Accounts for the Agri-Food and Biosciences Institute (AFBI) for 2017/18. I am pleased to report that this has been another successful year for AFBI, both financially and scientifically. External non Grant-In-Aid income exceeded £23m, which is our most successful year to date, and a testament to the hard work and commitment shown by our staff. It is also a recognition of the excellence of the science undertaken as we continue to attract new customers and partners in our scientific programmes.

During the year we developed our new and ambitious AFBI Corporate Plan which sets the strategic direction of AFBI over the period 2018 to 2022 and is focussed on the delivery of 3 strategic outcomes in relation to:

- How our science will deliver for society, economy and the environment;
- How we will enhance our status as a trusted partner and provider of choice; and
- How we plan to invest in our people and infrastructure.

A key part of our corporate strategy is the development of links with other research

organisations and I am very pleased that we have made good progress on developing a new strategic alliance with Queen's University Belfast. The overall aim of this alliance will be to create a globally competitive research and education partnership.

The last year has seen a number of changes in the AFBI Board. I am pleased to welcome Roberta Brownlee and Kate Burns onto the Board and the appointment of Colin Coffey as Deputy Chair. I would also like to take this opportunity to thank Professor Bill McKelvey, for his significant contribution, dedication and support during his time in office as Deputy Chair.

The Chief Executive Dr Sinclair Mayne announced his intention to retire in early 2018. I would like to take this opportunity to thank Dr Mayne for his work as Chief Executive and the significant progress which the organisation made under his leadership. I also want to take this opportunity to thank him for his many years of service to AFBI and its predecessor, as a research leader and as a Director of the Agricultural Research Institute of Northern Ireland, which became part of AFBI in 2006.



I am also pleased to announce that Dr Stanley McDowell, who was the Director of Veterinary Sciences Division until August 2018, following a recent recruitment exercise accepted the offer of the AFBI Board and became our new Chief Executive and Accounting Officer from September 2018. I and the rest of the Board look forward to working with Dr McDowell as he leads AFBI forward into its next phase of development.

Colm McKenna
Chair

2. Chief Executive's Review



As Chief Executive, I am pleased to present the Annual Report and Accounts for AFBI for the 2017/18 financial year.

Overall, the Institute has had another very successful year as we seek to deliver AFBI's overall vision of 'Advancing the local and global agri-food sectors through scientific excellence'. We continue to build on our excellent working relationships as a trusted partner with our sponsoring Department, the Department of Agriculture, Environment and Rural Affairs (DAERA) and with our many stakeholders and partners. The science that AFBI delivers plays a crucial role in strengthening the evidence base for policy development, meeting the Department's broad range of statutory-driven analytical requirements and emergency response needs whilst supporting the competitiveness of the local agri-food sector.

The Institute has delivered a very high standard of world leading statutory and diagnostic testing and research and development programmes whilst increasing non Grant-In-Aid (GIA) income. This success could not be achieved without the commitment of our workforce and I wish to take this opportunity to thank all our staff

for their continued hard work, loyalty and commitment to AFBI during the year.

Financial Performance

In 2017/18 AFBI delivered a record level of non GIA income of £23m, achieving a 37.1% growth in external income (excluding royalty income) on 2016/17. This level of non GIA income reflects unprecedented success in a very competitive external funding environment and an increase in royalty income, the latter largely due to favourable changes in exchange rates. AFBI does however recognise that there will be a significant challenge to sustaining such growth.

During 2017/18, AFBI secured a number of significant contracts including an INTERREG VA project, which AFBI is leading, and several further INTERREG VA projects in which AFBI is participating. AFBI also secured three projects funded by the Agri-Food Quest Competence Centre, two projects funded under the Centre for Advanced Sustainable Energy initiative and six projects approved under the ROI Department of Agriculture, Food and the Marine (DAFM) Competitive Research Call 2015. Externally funded projects, such

as these, are synergistic and complementary to our DAERA funded Evidence and Innovation projects and add substantially to the overall scientific capacity, capability and international quality of the scientific work that we undertake.

Key Highlights

In February and March 2018, as part of AFBI's ongoing Peer Review programme to ensure excellence in science delivery, the work of Veterinary Sciences Division (VSD), Agricultural and Food Economics Branch (AFEB) and Fisheries and Aquatic Ecosystems Branch (FAEB) was reviewed by panels of external scientific experts from across the UK and Ireland. In relation to VSD, six of the eight work streams were assessed by the Panel to be 'internationally competitive, making a significant contribution to the field and nationally leading'. Similarly for FAEB, the scientific programme was considered to be 'internationally competitive, making a significant contribution to the field and nationally leading'. The Review Panel for AFEB concluded that the work undertaken was 'nationally leading and made a valuable contribution to the international field of knowledge.'



The FAEB team were extremely successful in securing competitive funding for a number of projects. Under the EU's INTERREG VA Programme, €6.28m investment was secured for the ground-breaking 'COMPASS' environmental project that will both protect and increase our understanding of oceanic life. This will create a state-of-the-art network of buoys to effectively track, model and monitor aquatic life and oceanographic processes in the Irish Sea on a cross-border basis.

Agriculture Branch staff have secured €1m investment for a strategically important international project - 'Super G'. This is a major EU Horizon 2020 funded project and AFBI scientists will deliver this project in collaboration with scientists and industry from across Europe. Agriculture Branch staff continue to develop a number of projects as part of AFBI's membership of the UK Centre of Innovation and Excellence in Livestock (CIEL), with a significant level of capital investment in new technology and equipment on the livestock research platform at Hillsborough.

A particular highlight of the year was AFBI's delivery of the EU Exceptional Adjustment Aid (EAA)

Soil Sampling Scheme which is the UK's largest soil sampling and analysis project to date. In total 20,000 fields across Northern Ireland were sampled over the winter of 2017/18 with results from the analysis provided to farmers, along with advice from the DAERA College of Agriculture Food and Rural Enterprise (CAFRE) advisers. AFEB led on the publication of an important report 'FAPRI UK Brexit Report: Impacts of Alternative Post Brexit Trade Agreements on UK Agriculture: Sector Analyses Using the FAPRI-UK Model', which has been widely used by DEFRA, the devolved administrations and stakeholders to inform position papers on Brexit.

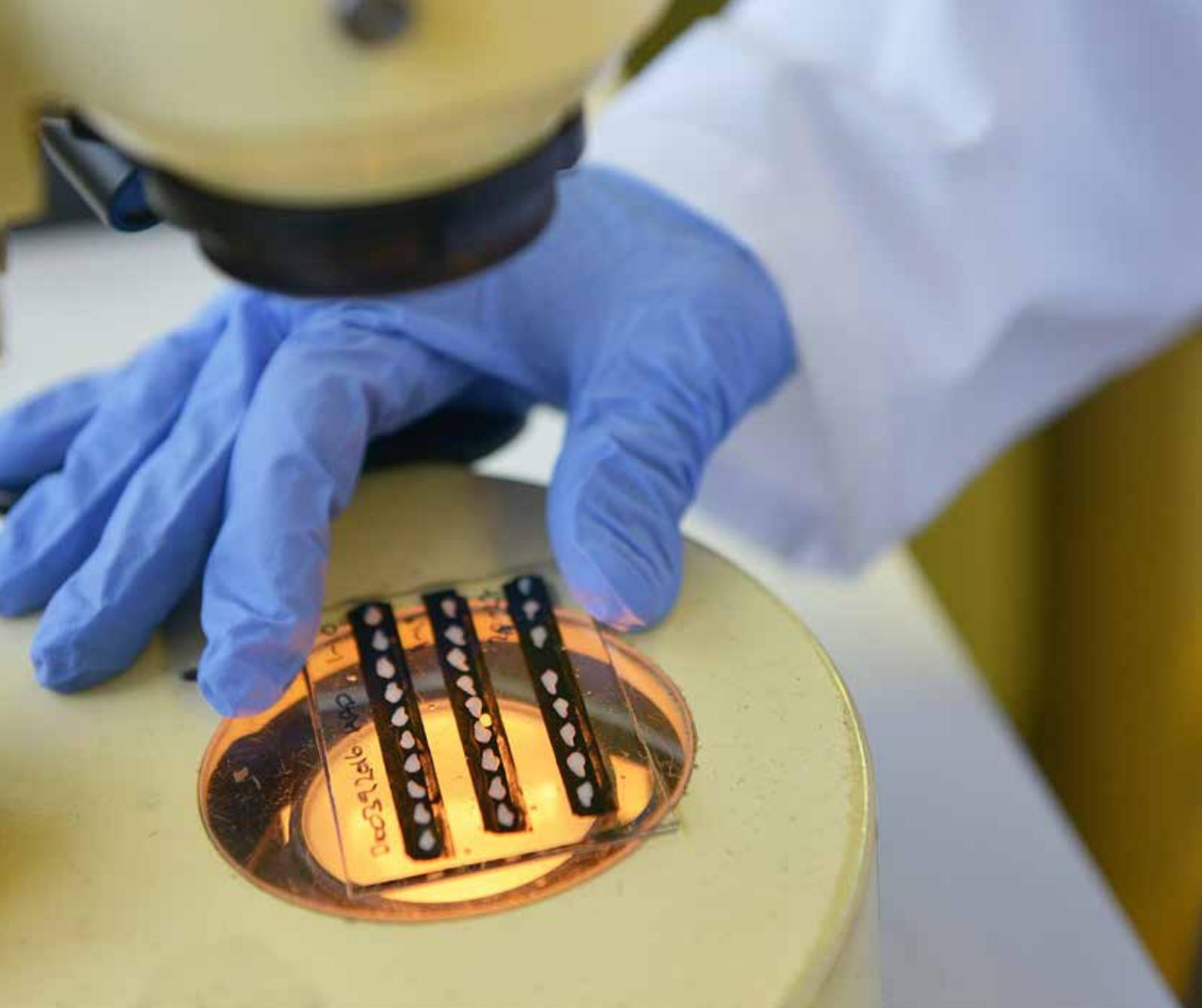
Throughout the year, the Executive Management Team have continued to meet with a wide range of stakeholders to hear their views on how AFBI can best support the local agri-food industry. AFBI need to communicate research results clearly to the industry and this has been achieved through conferences, workshops, open days, discussion fora, outreach activities and on farm events.

One of the flagship events of the year was the hosting of our second AFBI Science Outlook

conference for stakeholders in March 2018. The presentations by AFBI staff and a number of our key stakeholders demonstrated that AFBI science is making a major contribution to solving some of the global challenges facing the local agri-food sector. The Conference also provided the opportunity to launch the second in the series of "AFBI Research Impacts" booklets, which showcases some of the areas where AFBI science has made a real impact over the last number of years.

Other major highlights of the year included a very successful 'More From Grass' event held at AFBI Loughgall, and a series of Dairy Roadshows held on three farms across Northern Ireland, with both events attended by over 1,000 farmers and industry representatives. The AFBI grass breeding programme at Loughgall continues to lead on the development of new varieties for the UK and Ireland, with three new varieties added to recommended lists in 2018.

Developing strategic partnerships The growth in the diversity and complexity of scientific knowledge and technologies means that strategic partnerships with other research organisations



and universities are becoming increasingly important. Work to explore opportunities for developing closer working arrangements between AFBI and Queen's University Belfast was intensified during 2017/18. It is clear that there are opportunities to work together to create truly world class centres of expertise and knowledge to support the development and expansion of the local agri-food and biosciences sector over the next decade.

Staffing

The quality, dedication and expertise of staff has been pivotal to AFBI's success to date and underpin our future success. Promoting a culture of excellence, commitment, and

responsibility within a supportive and stimulating environment is fundamental to delivering AFBI's objectives. AFBI's continued success is entirely dependent on attracting and retaining the best scientists and supporting staff in an increasingly competitive environment.

I am pleased to report that good progress was made during the year on filling key staff positions across both Science Divisions and Finance and Corporate Affairs Division. Dr Elizabeth Magowan was appointed Director of Sustainable Agri-Food Sciences Division with effect from 2 May 2017 and Mrs Josephine Kelly took up post as Director of Finance and Corporate Affairs Division on 7 August 2017. In addition, a number

of other posts have been filled to strengthen finance, administration, communications and governance activities throughout AFBI.

AFBI is fully committed to ensuring that staff and customers are treated fairly and with dignity and respect. This year the Institute developed AFBI's Disability Action plan which sets out the actions we propose to take for the five year period 2017 to 2021. This is AFBI's second disability action plan and we remain committed to implementing effectively the disability duties set out under Section 49A of the Disability Discrimination Act (DDA) 1995 and the Disability Action Plan. During the year, the Institute has conducted a review of the online Equality and Diversity training and



rolled out a new training package to all employees. Training includes information about disability, equality legislation and bullying and harassment. In addition, AFBI has completed actions in line with Equality Scheme commitments, such as the submission of Annual Monitoring Reports.

AFBI was unsuccessful in achieving the operational objective of an average of 7.5 working days lost per staff member through sickness, with 10.6 (4.8%) working days lost per staff member. Whilst this is lower than NICS performance, it is higher than last year and further steps have been taken to improve our management of absence, in line with current protocols. As part of this, AFBI have rolled out mandatory absence management training for all staff and introduced measures to address issues related to long term absence.

Development of the AFBI estate

Substantial progress has been made during the year on the development of the AFBI estate. DAERA have established the project management and governance structures for the Animal Health Sciences

Building project on the Veterinary Sciences Division (VSD) site and have worked closely with AFBI in refining requirements and developing the tender specification for the next stage of the project.

The Nutrient Management Centre (NMC) build on the AFBI-Hillsborough site was completed during the year, with farm slurry and anaerobic digestate separation equipment installed and commissioned. The NMC is located beside the existing anaerobic digestion (AD) plant and its primary function is to facilitate more effective nutrient management of farm slurries and digestate.

A masterplan for the AFBI Hillsborough Farmed Estate was also developed by the Department of Finance Central Procurement Directorate (CPD) Construction Division in conjunction with AFBI.

DAERA Review of AFBI

All UK public bodies are subject to periodic review to ensure they remain efficient, effective and accountable. In 2017/18, DAERA took forward a review of AFBI based on the Cabinet Office's Tailored Review approach. The review has involved significant

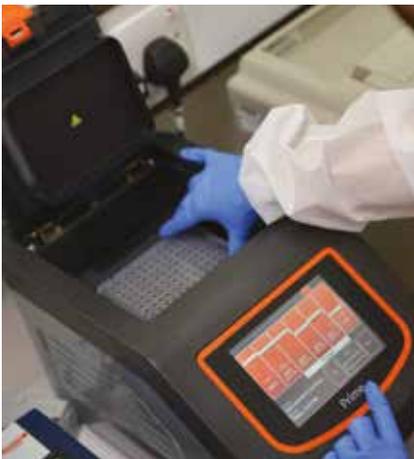
input from AFBI and its stakeholders, with the Review Team reporting in September 2018.

Given AFBI's key role in science provision to the Department, we are working closely with the Department on the implementation of the Review findings and other associated workstreams.

The Future

AFBI operates in an increasingly uncertain and competitive environment. Uncertainty over future public funding and the growth in the diversity and complexity of scientific knowledge and technologies means that AFBI has to constantly innovate, explore opportunities to form new partnerships/alliances and re-evaluate our structures and delivery approaches.

In order to deal with the major global challenges of increased food demand, climate change and pressure on land use, fundamental changes in global food production are required with sustainable intensification or producing more from less being just one example of this new approach. Whilst there are undoubtedly opportunities for the local agri-food sector to respond by producing healthy,





versatile and safe food whilst at the same time ensuring that environmental and sustainability goals are met, this will require increased investment in science to generate new knowledge, drive innovation and improve competitiveness relative to our major competitors. AFBI is ideally placed to support government and industry in this context.

During 2017/18 AFBI developed a new Corporate Plan which outlines AFBI's ambitions for the period 2018 to 2022. It sets out the 3 strategic outcomes AFBI aims to deliver for society, the economy and the environment as well as industry and our customers in an ever more efficient and effective manner. The plan demonstrates

the unique multi-disciplinary strength of AFBI and how AFBI will work with partners from science, government, industry and farmers to deliver a positive impact. These achievements will be underpinned by attracting and developing excellent staff, coupled with significant investment in physical infrastructure. Implementation of the strategy, starting in 2018/19, will ensure that AFBI continues to lead in the delivery of scientific innovation and evidence to improve the economic and environmental performance and sustainability of the agri-food and marine sectors.

I would like to conclude by recognising the work of Dr Sinclair Mayne who retired as

Chief Executive in August 2018. His contribution to the science and agricultural sector has been immense.

I look forward to working with the Board and staff in AFBI during 2018/19.

Dr Stanley McDowell,
BVM&S, MSc, DLSTHM, PhD,
MRCVS

Chief Executive and Accounting
Officer

Date: 27 March 2019

3. Performance Report

3.1 Introduction

The Agri-Food & Biosciences Institute presents its Annual Report and Accounts for the financial year ended 31 March 2018. The accounts have been prepared under the accounts direction given by the Department of Agriculture, Environment and Rural Affairs (DAERA) with the approval of the Department of Finance (DoF) and in accordance with the Agriculture (Northern Ireland) Order 2004. The following overview section provides insight into the work of AFBI, setting out the organisations Vision, Mission and Strategic Outcomes. It then sets out the key risks facing the Institute and an analysis of AFBI's performance against the KPI's for 2017/18.

3.2 Overview

The Agri-Food and Biosciences Institute (AFBI) is Northern Ireland's largest provider of agri-food science. It provides vital and unrivalled support to an industry which is a key economic driver within Northern Ireland. As a Non-Departmental Public Body (NDPB) established under the Agriculture (Northern Ireland) Order 2004, AFBI contributes to the achievement of the Northern Ireland Executive's strategic goals

by successfully delivering an assigned programme of statutory, diagnostic and surveillance testing, research and development and emergency response for DAERA.

AFBI science underpins DAERA policy by providing specialist advice across a wide range of agri-food and biosciences disciplines. Other Government Departments and agencies also depend on AFBI's scientific services to fulfil their responsibilities. Furthermore, AFBI also delivers a portfolio of scientific work to a wide range of local, national and international customers. To ensure impact, AFBI collaborates closely with DAERA's advisory service (College of Agriculture, Food and Rural Enterprise (CAFRE)) and industry levy bodies in transferring the benefits of science and technology to the local agri-food industry.

In order to best serve Northern Ireland, AFBI is heavily engaged with the international research community in providing scientific solutions to common global challenges such as disease control, climate change and food security. AFBI is involved in many international networks of research and knowledge exchange. Indeed our success as a leading international agri-food science provider has been built on the

globally and locally recognised expertise of AFBI staff leading on several key areas of excellent translational research and diagnostics for the industry, and in providing a scientific evidence base for government policy development.

AFBI's strategic outcomes are aimed at ensuring the effective and efficient delivery of services to existing customers and continuing the implementation of the optimal organisational structures, systems and processes, to ensure that AFBI is ideally positioned to address the anticipated challenges over coming years. The provision of world class, locally relevant, science to all our customers will continue to depend on development of leading edge knowledge, expertise, skills and technologies and maintenance of AFBI's position as an influential, internationally relevant, centre for innovation in agri-food and biosciences. AFBI's Vision, Mission and Strategic Outcomes are set out overleaf and are underpinned by AFBI's values and associated behaviours.



Figure 1- AFBI Vision, Mission and draft Strategic Outcomes



AFBI has an important role in assisting DAERA to achieve its strategic outcomes which are:

- sustainable agri-food, fisheries, forestry and industrial sectors;
- a clean, healthy environment, benefitting people, nature and the economy;
- a thriving rural economy, contributing to prosperity and wellbeing; and
- a well led, high performing organisation focused on outcomes.

STRATEGIC PARTNERSHIPS & COLLABORATION

AFBI recognises the need for formal strategic alliances with local universities to develop enhanced interdisciplinary science programmes. Alliances between a research institute and an academic university have been shown to greatly enhance the capacity and capability of both parties and have resulted in highly competitive organisations. In order to harness this opportunity AFBI aim to create globally competitive alliances in Northern Ireland to support solutions to the complex problem of delivering safe, nutritious, sustainable, authentic food supplies to the world's growing population against a backdrop of climate change. Development of these alliances will enable AFBI to reconnect the research and innovation pipeline from basic discovery science through to applied and translational research. As an important step towards this delivery approach, in 2017/18 AFBI laid the foundations for the establishment of a strategic alliance with Queens University Belfast during 2018/19.

AFBI has continued to develop collaborative working arrangements with European

and international universities, other research organisations and commercial partners. Simultaneously, we have also continued to collaborate with local universities, AgriSearch, CAFRE, Invest NI and industry in the design and delivery of research projects of importance to the local agri-food sector. Considerable resources have been invested by the Institute in preparing high quality applications to the European Union (EU) through the Horizon 2020 (H2020) programme and other EU sources such as INTERREG, in order to increase external income and add value to both the Department and local industry's R&D expenditure in AFBI.

AFBI continues to initiate and build collaborations across the USA and Canada, strengthening relationships with both government and private sector bodies. The AFBI-led Transatlantic Scientific Forum on Agri-food Research is now an established annual event on both sides of the Atlantic. This provides a cost effective platform for knowledge sharing, consideration of mutual regional priorities and agreeing specific topics for international collaborations.

FUNDING

In line with other NDPBs, AFBI's funding allocations in respect of resource, capital and depreciation from DAERA are determined through the NI Executive's budget process and reviewed through the in-year monitoring process. AFBI supplements its departmental funding with receipts generated in the course of its operating activities and these receipts form part of the Institute's budget.

RELATIONSHIP WITH DAERA

AFBI's main point of contact to DAERA is via AFBI Sponsor Branch (ASB). Regular meetings are held with Sponsor Branch where matters relating to corporate governance, performance measurement, budgets, financing and accountability matters are discussed. A wider delivery partner relationship, underpinned by a memorandum of understanding, also exists between AFBI's science delivery branches and the policy branches in DAERA who specify DAERA's required work programme.

AFBI's responses to DAERA quarterly monitoring rounds and comprehensive spending reviews are all routed through ASB.

RELATIONSHIPS WITH OTHER GOVERNMENT DEPARTMENTS AND AGENCIES

During 2017/18 AFBI had a service level agreement (SLA) to provide services to the Food Standards Agency (FSA NI). It also carried out a significant body of work for the Centre for Environment, Fisheries & Aquaculture Science (CEFAS), Department of Agriculture, Food and the Marine, Republic of Ireland (DAFM) and the Department for Environment, Food and Rural Affairs (DEFRA) and its agencies and NDPBs.

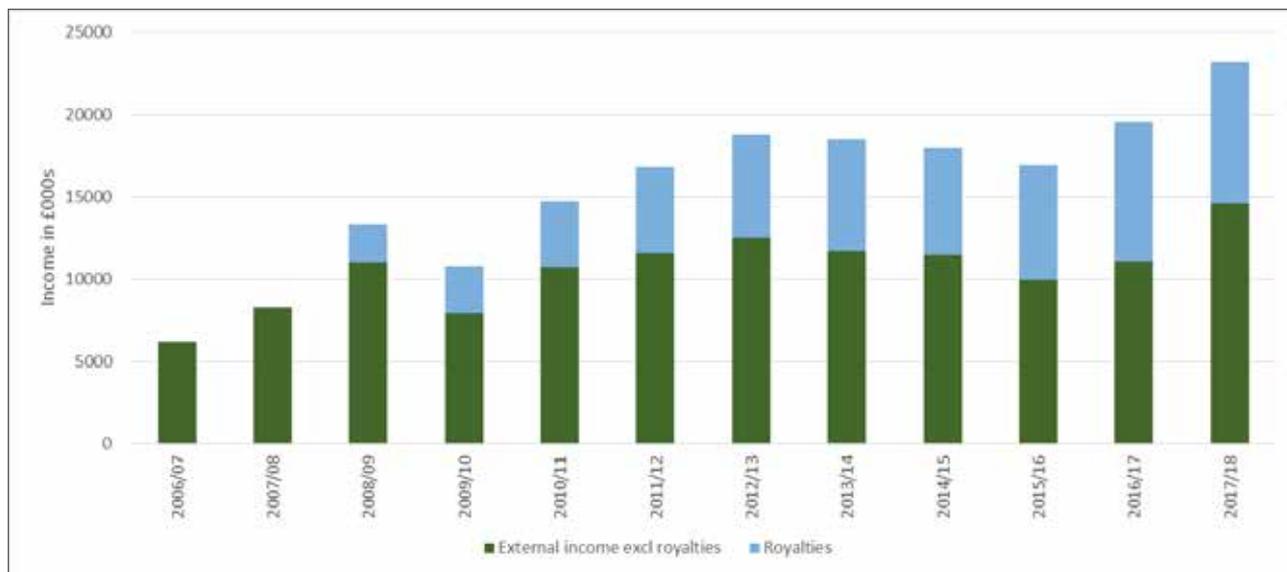
PERFORMANCE IN 2017/18

NON GRANT-IN-AID INCOME

As an NDPB, AFBI has the opportunity to compete for external income to supplement Grant-In-Aid (GIA). Since



Figure 2 – Non Grant-In-Aid Revenue and Royalties



its establishment, AFBI has vigorously pursued all relevant opportunities to grow external income.

In terms of the trend illustrated, AFBI has grown external income from £6.2m in 2006/07 to its highest ever level of over £23m in 2017/18. This has been achieved through significant success in securing INTERREG, Horizon 2020 and other competitive funding projects. This is testament to the sterling efforts of AFBI staff.

R&D funding from the European Union (EU) through the Horizon 2020 (H2020) programme and other EU sources such as INTERREG is very important to AFBI’s ongoing operations. In 2017/18, 4 INTERREG projects commenced representing just over £8m of income and capital funding over 5 years and 2 Horizon 2020 applications were approved for funding totalling

approximately €900k. The DAERA-funded Northern Ireland Contact Point for agri-food will continue to assist AFBI, and other local research providers and industry in developing Horizon 2020 applications. AFBI’s EU-funded R&D will also support DAERA’s commitments to the Northern Ireland Executive for drawdown of European funding.

The success of this work can be seen from the income received from EU Grants in 2017/18. The EU Grant income rose from £940k in 2016/17 to £4.418m in 2017/18. (Note 4 to the Accounts).

ROYALTIES

AFBI receives royalty income from the sale of vaccine products in various countries worldwide. The income received per annum over the last number of year’s averages approximately £7m per annum. The amount received depends on the volume of vaccines sold and is also impacted by exchange rate fluctuations. The products sold

are protected by a patent which has been registered in certain countries (the patented territories) but not registered in others where it is also sold (unpatented territories). The royalty income AFBI receives in respect of unpatented territories is currently subject to a discussion regarding the interpretation of the licence agreement. The outcome of these discussions may impact future royalty income streams.

KEY RISKS TO THE ACHIEVEMENT OF AFBI'S BUSINESS OBJECTIVES

AFBI has a well embedded risk management and internal control framework in place with direct involvement of the Executive Management Team through the Risk Review Group. AFBI’s Risk Management Strategy and Operational Procedures clearly set out AFBI’s Risk Appetite and the roles, responsibilities and procedures for Risk Management within AFBI.



Risk Management is a standing agenda item for AFBI Board and Audit & Risk Assurance Committee (ARAC) meetings and AFBI's Risk Register is reviewed by both on a quarterly basis. AFBI's internal and external auditors attend ARAC meetings and therefore provide a further layer of external scrutiny and challenge. During 2017/18, there were two new risks added to AFBI's Corporate Risk Register (CRR).

RISKS ADDED IN YEAR

Given the significance of the change in data protection legislation, the risk of AFBI failing to take appropriate steps to ensure compliance with General Data Protection Regulations (GDPR),

now Data Protection Act 2018, was added in November 2017.

The risk of AFBI failing to comply with relevant Health and Safety at Work legislation was added to the CRR in January 2018 following a review of Health and Safety within AFBI.

INTEGRATION BETWEEN PERFORMANCE AND RISK MANAGEMENT

Managing risks to the achievement of AFBI objectives is intrinsically linked to the business planning and performance management process. AFBI has therefore continued to work to ensure greater integration of AFBI's Risk Management processes and Business Planning

to ensure that when managers and staff are setting objectives they are simultaneously identifying the key risks and the impact of uncertainty to the achievement of those objectives.

In terms of the key risks to the achievement of AFBI's objectives, nine risks are currently identified on the Corporate Risk Register. These are summarised overleaf and in addition to the existing controls in place to manage these risks, a number of additional actions have been put in place by AFBI to manage the risks down to the specified target level and progress is subject to oversight by the ARAC and Board.



Figure 3- AFBI Corporate Risks



EFFICIENCY

In response to a number of recommendations from the Public Accounts Committee (PAC) and Northern Ireland Audit Office (NIAO) reports, additional ongoing arrangements to monitor and benchmark scientific testing and corporate costs have been established including the provision of an annual Unit Costing and Benchmarking report to DAERA, membership of CIPFA's benchmarking groups and internal arrangements to benchmark costs longitudinally. This focus on efficiency is being embedded as 'business as usual' within AFBI and will underpin the development of an Efficiency Plan for AFBI in 2018/19.

FUTURE FUNDING

The outcome of each Comprehensive Spending Review

determines the amount of funding available to AFBI in the future. In view of the continuing severe pressures on public finances, further pressure on government funding is anticipated. AFBI continues to face price increases and is actively seeking to improve its overall procurement to mitigate against these cost pressures and reduce its cost base. The impact of these factors requires AFBI to realise increased income from other commercial sources and to increase the efficiency of its operations.

AFBI is committed to widening its funding base and increasing the level of non Grant-In-Aid revenue generated year on year. Particular focus is being placed on increasing collaborations with the local agri-food sector and on winning funding through international collaborations, particularly in the

EU, where the Horizon 2020 Programme will fund European research and innovation between 2014 and 2020.

However, the United Kingdom (UK) exit from the European Union (EU), following the outcome of the UK referendum may potentially have a direct impact on access to EU collaborations and funding going forward. This risk to sustainability is recognised within AFBI's Corporate Risk Register. The impact of this will only become clear when UK national government policy on potential continued access to the EU Science programmes becomes apparent.

AFBI continues to develop international business with the support of Invest NI, UK Trade and Investment and the Northern Ireland Bureau in Washington DC.





3.3 Performance Analysis

AFBI recognises that good business planning is at the heart of strong governance, effective management and financial viability and requires understanding and ownership of all staff across AFBI. In 2017/18, AFBI updated guidance on business planning to ensure that the AFBI goals are effectively cascaded down

through the organisation and are translated into objectives at a Divisional, Branch and Individual Level.

This was also aimed at assisting in the development of a strong staff performance management culture within AFBI, where everyone understands where they fit in helping to achieve AFBI's objectives to ensure that there are

clearer links from the Corporate Plan and Objectives through the Divisional and Branch plans to Individual Performance Plans.

It is a structured and cyclical process and throughout takes cognisance of AFBI's Vision, Mission and Values as illustrated in Figure 4 below.

Figure 4 - AFBI Business Planning and Performance Management Process



AFBI recognises that good plans need in turn to be supported by effective monitoring and reporting of performance at each level of the organisation and feed into the Personal Performance Agreements (PPAs) for all AFBI Staff.

Figure 5 – AFBI Strategic Planning



To measure progress towards the achievement of the corporate objectives, AFBI developed 15 KPIs for 2017/18. Outturn performance against these were monitored and reported to the Executive Management Team (EMT), the Board and DAERA on a quarterly basis. The table below summarises AFBI's outturn performance against its 2017/18 business plan KPIs. This outturn performance has been validated by AFBI's Internal Audit providers.





Figure 6 – Business Plan Target Outcomes 2017/18

BUSINESS PLAN TARGET	OUTCOME	ANALYSIS OF KPIS NOT ACHIEVED
KPI 1 - Six Identified Integrated Research Programmes established and launched by 1 November 2017.	Not Achieved	Following further consideration of AFBI’s scientific activity in the context of major global challenges for the agri-food sector, three programmes have been agreed and are included in the Corporate Plan. The three programmes are: Sustainable Livestock Systems; Ecosystems and the Environment; and Societal Impact. However, the programmes were not launched within the timeframe specified.
KPI 2 - 95% of tests delivered within agreed timescales and quality standards, Evidence & Innovation project completion (90% completed on time and within budget) and commissioning branches recording 85% satisfaction with AWP and E&I delivery.	Not Achieved	<p>Tests: AFBI’s performance has exceeded the testing element of the KPI with (435,892 of 439,349) 99.2% of tests delivered within agreed timescales and quality standards.</p> <p>Satisfaction with Delivery: AFBI have not yet received information from DAERA on the DAERA led mid and end of year reviews of the Assigned Work Programme.</p> <p>E&I Project Completion: The KPI in relation to E&I projects was not achieved. 40% (4 of 10) E&I Projects were completed on time and within budget. Five of the 10 projects were classed as non-compliant as they were more than 10% under budget. If these projects were considered compliant, since the science was delivered as expected, then the KPI of 90% would have been achieved.</p> <p>The Change Request process (CRF), used to identify non-compliant projects, was not fully developed in 2015/16 and this prevented early notification of the underspend on these projects. The CRF process is now fully embedded and working effectively.</p>
KPI 3 - AFBI will establish mechanisms to identify baselines and measure impact of AFBI Science on the economic and environmental performance of the local Agri-food sector.	Not Achieved	EMT and Heads of Branch have met and discussed mechanisms and baselines to measure impact. A number of useful suggestions are under consideration. This work will follow through into the 2018/19 Business plan under KPI’s 1 and 5.
KPI 4 - Establish programme linked stakeholder fora by September 2017.	Not Achieved	The establishment of stakeholder fora was expected to flow from the establishment of the advisory board and programme structure. Due to delays in both these aspects this KPI was not achieved This work has been carried forward into the 2018/19 Business Plan under KPI 2.

BUSINESS PLAN TARGET	OUTCOME	ANALYSIS OF KPIS NOT ACHIEVED
KPI 5 - Establish Industry advisory group and implement horizon scanning process by 1 November 2017.	Not Achieved	The Horizon Scanning Group was established in June 2017 and meets regularly. Good progress has been made with regular update reports to EMT and the Board via the Science Strategy Sub Committee. The establishment of the Industry Advisory Group was delayed pending appointment of a new Head of Corporate Communications which was not realised until 1 March 2018 but work to establish this group has now been prioritised and will be undertaken as part of KPI 2 in 2018/19.
KPI 6 – Emergency Response Capability (ERC) requirements agreed with customers, contingency plans reviewed, updated and tested in-year.	Achieved	
KPI 7 - Develop and publish/ implement a marketing and communications strategy by 31 March 2018.	Not Achieved	This is a key task now being taken forward by the Head of Corporate Communications who took up post on 1 March 2018 and this will follow through into the 2018/19 Business plan under KPI 11.
KPI 8 - Publish staff involvement and recognition in international committees and networks of excellence.	Achieved	
KPI 9 - Maintain AFBI's international standing by publishing a minimum of 90 peer reviewed scientific papers in journals within the top 25% for their subject area.	Not Achieved	117 peer reviewed scientific publications have been published with 62 within the top 25% for their subject area. Whilst the total number of papers published increased from previous years, the KPI failed due to the number published in the top 25% of journals in terms of quality. A key reason for this was that many of the papers published in 2017/18 were submitted or were in advanced stages of preparation in 2016/17 when the additional aspect of the KPI in relation to the top 25% for their subject area was not in place.
KPI 10 - Increase non GIA income by 40% from 2016/17.	Not Achieved	External income (excluding royalty income) in respect of 2017/18 was £14.6m. The actual outturn in 2016/17 was £10.6m. This was an extremely stretched and challenging target and it is highly commendable that an increase of 37.1% was achieved.



BUSINESS PLAN TARGET	OUTCOME	ANALYSIS OF KPIS NOT ACHIEVED
KPI 11 - Deliver year 1 of 3 year rolling Directed Research Fund plan.	Achieved	
KPI 12 - Three year Learning & Development Strategy for the period 2018/19 to 2020/21 in place by March 2018.	Achieved	
KPI 13 – Achieve combined industrial and non-industrial absenteeism of 7.5 working days or less per Whole Time Equivalent (WTE).	Not Achieved	HR continued to robustly monitor absence and apply attendance management procedures. This has been heavily influenced by a number of long term sickness absences. However, the absence figures provided by NISRA shows working days lost to 31 March 2018 as 10.6 per WTE.
KPI 14 – Business Case for new Finance (ERP) system developed and approved by 31 March 2018.	Not Achieved	DoF Business Consultancy Service (BCS) produced a draft report on AFBI’s information systems which was considered by EMT. This report will be used as a basis for further review, which will subsequently lead to a business case for new business management information systems for AFBI. We are also working on data cleansing and streamlining of budgeting and costing processes which will be fundamental to the successful completion of any IT implementation. This has been included as a KPI in the draft 2018/19 Business Plan and will be a key priority for 2018/19.
KPI 15 - In conjunction with DAERA we will take forward the project for replacement of the main building at VSD, the development of new livestock research facilities at Hillsborough and the replacement of the RV Corystes.	Achieved	

FINANCIAL PERFORMANCE FOR THE YEAR

AFBI's Statement of Comprehensive Net Expenditure shows a net expenditure for the year of £35,715k (2016/17: £34,029k).

Income at £23,213k in 2017/18 is up 21.4% against 2016/17. Royalty income increased in 2017/18 by 1.8%. Core income from analytical, diagnostic work and research contracts increased by 1.3% in 2017/18 to £7,894k and grants from the EU and other funders increased by 216% to £5,700k in 2017/18.

Costs were up overall by £5,830k in 2017/18 to £57,788k, an increase of 11.2%. Staff costs increased by 9.3% to £26,355k

in 2017/18. This was mainly due to an increase in agency staff costs of £1,396k as agency staff numbers increased by 76 to 99. The overall cost increases have arisen due to a rise in the number of research projects undertaken which is also reflected by an increase in income derived from these projects.

LONG-TERM EXPENDITURE TRENDS

Although expenditure is expected to go up in coming years due to AFBI's lead partner role in a number of EU Interreg funded projects, there are no expectations that the long term expenditure trend will be significantly different in the context of external income generated.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

There have been no significant events since the end of the financial year which would affect the results for the year or the assets and liabilities at the year end.

On 21 June 2018 AFBI announced the appointment of Dr Stanley McDowell as the new Chief Executive of the Institute. Dr McDowell served as Director of AFBI's Veterinary Sciences Division since February 2013 and assumed the role of Chief Executive from 3 September 2018, following the retirement of Dr Sinclair Mayne.





CORPORATE SOCIAL RESPONSIBILITY

HUMAN RIGHTS

AFBI is committed to respecting human rights. We aim to ensure that the services we provide and the activities that we undertake have a positive impact on society. AFBI complies with Section 75 statutory equality obligations and all aspects of its Equality Agenda in the delivery of policy and delivery of services.

ANTI BRIBERY AND CORRUPTION

AFBI's Counter Fraud Strategy and Fraud Response Plan sets out how AFBI complies with the Bribery Act 2010 and DAO (DoF) 09/11 Bribery Act 2010 which clarifies how the Bribery Act 2010 applies to public servants in Northern Ireland. The Standards of Conduct of all staff are set out within the NICS HR Handbook Section 6.01 (Standards of Conduct), which indicates that all staff should conduct themselves with honesty and impartiality at all times. Hence it is not acceptable for any staff member to receive any benefit that may be perceived as having the potential to compromise personal judgement on work related issues.

SUSTAINABILITY

Sustainability continued to be a cross cutting theme of the NI Executive's draft Programme for Government Outcomes Framework 2016-21. DAERA was the lead department within the NI Sustainable Development Implementation Plan for the strategic objective – Promote Sustainable Land Management. AFBI assisted DAERA in the

achievement of this objective through conducting underpinning research and provision of specialist advice on production of biomass and renewable energy, nutrient management, bioremediation of farm and municipal effluents and greenhouse gas production by livestock and soils.

AFBI ESTATE

In all its land-based operations, AFBI ensures it maintains its farmland in good agricultural and environmental condition. A significant proportion of the buildings on the AFBI occupied estate are energy and carbon inefficient; prime examples being buildings at the AFBI Newforge and Stormont sites which were constructed in the late 1960s/1970s. A carbon management energy efficiency survey of the Newforge site undertaken in 2009 by the Carbon Trust concluded the existing buildings at the site present challenges and barriers in terms of upgrading them to reduce carbon emissions. The current construction of the buildings would require costly refurbishment and enhancement, with lengthy pay back periods. It is therefore recognised under the DAERA Estate Framework 2013 that modernisation and reorganisation of the AFBI estate is required to allow AFBI to make use of property assets more effectively and efficiently. Thereby the AFBI Estate Strategy is being taken forward with a view to providing the Institute with an efficient fit-for-purpose and rationalised estate.

During 2017 work commenced on the VSD Main Building Project (Animal Health Sciences Building) with a Project Board and governance arrangements being

set in place. The expected delivery date for the project is the 2022/23 financial year with the new build housing scientific laboratories to at least Containment Level 2 with associated administrative functions. The provision of new post-mortem and incineration facilities are also included as part of the project. The VSD-Stormont Main Building project remains the highest priority project within the overall AFBI estate strategy given the pressing issues with the current main building and associated facilities.

Future plans for the AFBI Estate include consideration of a joint approach to AFBI and CAFRE's farmed facilities, to ensure there is no duplication of investment in DAERA's farming platforms. During 2017 the AFBI-CAFRE Beef Facilities Working Group produced an outline business case for development of modern, flexible and future-proofed beef production facilities at AFBI and CAFRE to better facilitate the research, educational and knowledge technology transfer functions undertaken by both organisations. The business case was submitted to DAERA for review. A draft outline business case for replacement of the AFBI Research Vessel was re-submitted to DAERA during 2017/18 for further review has now been approved by the Department of Finance (DoF). Expert procurement advice is being sought as this project moves into the procurement phase.

Future plans for the AFBI-Loughgall estate were also drafted by AFBI during 2017/18, the aim being, in the future, to reduce the overall footprint occupied by AFBI's functions in order to ensure the most efficient and effective use of the site.

Sustainable technologies will be considered as part of any new estate developments in order to ensure energy efficient facilities are in place which are capable of delivering reduced whole life costs.

ENERGY USAGE AND CARBON REDUCTION

During 2017/18 AFBI has continued to ensure the Institute remains compliant with the Carbon Reduction Commitment Energy Efficiency Scheme (CRCEES). Energy usage across all six AFBI sites leased from DAERA is measured on an annual basis and reported as part of CRCEES. Efforts continue to be made to reduce energy consumption in order to achieve efficiency savings and reduce the carbon footprint.

ENVIRONMENT AND RENEWABLE ENERGY CENTRE (EREC), AFBI HILLSBOROUGH

In the agriculture, agri-food and waste water treatment sectors, the need to reduce greenhouse gas emissions, reduce dependence on fossil fuels and improve environmental discharge compliance are of growing importance. As such, activities at the AFBI Hillsborough Environment and Renewable Energy Centre (EREC) have been on-going with a strong focus on research, knowledge transfer, proof of concept and new research project bidding. The EREC delivers heat and electricity to the Hillsborough site from biomass and solar sources with the main sources of biomass being a varied supply of locally produced and indigenous biomass supplies. Heat generated from a 320kW biomass boiler, a 120kW experimental biomass boiler, an anaerobic digestion combined

heat and power (AD CHP) plant and a dedicated AD gas boiler is delivered around the site through a 1.4km district heating system.

The majority of the biomass is derived from plantations of short rotation coppice (SRC) willow grown at AFBI Hillsborough and other AFBI research sites. The SRC willow is fertilised by farmyard waste water. The irrigation protocol is environmentally controlled by a programmable logic controller taking account of ambient conditions (environmentally sound and sustainable solution for waste water recycling). This research has led to similar projects being instigated within the waste water treatment and agri-food sectors where drivers to invest in sustainable waste water management include the EU Waste Framework Directive (WFD) and customer pressure (low carbon footprint for marketable food products). These include projects to investigate the use of SRC willow to manage diffuse agricultural run-off, manage landfill leachates and improve water quality within catchments as a result of point source irrigation.

An on-site anaerobic digester, supplied with animal manures and silage, produces biogas which generates about 70kW of electricity and 110kW of heat through a combined heat and power (CHP) generator. About 12kW of electricity is also supplied by an array of photovoltaic cells.

WASTE

Under current legislation AFBI must incinerate certain types of waste, i.e. Transmissible Spongiform Encephalopathies (TSE) waste. This waste is

transported to mainland GB by licensed contractors where incineration takes place. Other clinical waste which can be autoclaved is treated mainly on-site. Where autoclave facilities are at full capacity, AFBI uses a licensed off-site heat treatment facility.

Recycling measures remain in place for paper, cardboard, plastics, glass, metal, wood, toner cartridges, batteries, waste engine oils and vehicles which are surplus to requirements.

SOCIAL

While AFBI does not have a dedicated policy, the principles of corporate and social responsibility are embedded within its key activities for example through commitment to equality, sustainable development, environmental protection etc.

Signed



Dr Stanley McDowell,
BVM&S, MSc, DLSHTM, PhD,
MRCVS
Chief Executive and Accounting
Officer

Date: 27 March 2019



3.4 Scientific Review - 2017/18

Sustainable Agri-Food Sciences Division

The Sustainable Agri-Food Sciences Division (SAFSD) operates across seven Branches: Agri-Environment; Grassland and Plant Science; Agriculture; Fisheries and Aquatic Ecosystems; Food Research; Agricultural and Food Economics and Statistical Services. In combination, these branches provide a portfolio of scientific and socio-economic expertise across the agri-food chain from the growing environment, through to plant and animal production systems, aquatic ecosystems, food quality and processing and ultimately the competitiveness and profitability of the agri-food sector.

This integrated approach enables the Division to address the important challenge of sustainable intensification of food production both locally and globally.

The key functions of SAFSD are to:

- Undertake basic, strategic and applied multi-disciplinary research to drive improved industry competitiveness and encourage innovation for DAERA and other government departments and agencies, industry and commercial organisations, and bodies representing the agri-food industry.
- Provide evidence-based scientific advice to government policy makers, regulators and industry, on agriculture, food, fishing and environmental issues.
- Provide a wide range of statutory, regulatory and commercial analytical services such as chemical analyses of food and animal feed and certification and monitoring of pasture, horticultural and agricultural crops and the wider environment. This also includes maintaining specific scientific preparedness for emergency responses in these areas.

SAFSD has a wide range of customers representing government, non-governmental organisations (NGOs) and industry. The Department of Agriculture, Environment and Rural Affairs (DAERA) is the main customer and the majority of the Department's Evidence and Innovation research programme (£8.78m) is delivered by SAFSD. SAFSD also delivers significant programmes of work for DAERA in the areas of fisheries stock assessments and plant health protection. The Division also carries out work for other government departments and agencies such as the Food Standards Agency (FSA), Department of Agriculture, Food and the Marine (DAFM) in Ireland, Department for Environment, Food & Rural Affairs (Defra) in England and Wales, as well as for bodies such as AgriSearch, Agricultural and Horticultural Development Board (AHDB), the European Union and a wide range of private customers from the agri-food industry. In 2017/18 the Division generated £10m of income from these sources. In combination, this funding significantly enhanced the DAERA





work programme and delivered a broad spectrum of new findings from research and development work as well as protection and knowledge from statutory testing activities.

DIVISIONAL PUBLICATIONS

Peer recognition is essential for AFBI's scientific reputation. Staff across the Division published 82 scientific publications in refereed scientific journals during the year with 51% of these being in the top 25% of journal rankings in the respective work areas. SAFSD staff co-authored two papers which featured in the high impact journal PLOS ONE. These included a paper on 'Plant and soil nutrient stoichiometry along primary ecological successions: is there any link?' and a paper from an EU wide team on 'Finishing pigs that are divergent in feed efficiency show small differences in intestinal functionality and structure.'

In SAFSD, non-peer reviewed articles and activities are also important as key channels of knowledge exchange and ways to 'share the science'. During 2017/18 the Division produced 212 knowledge exchange articles such as press releases and short papers as well as 117 scientific abstracts and papers presented at conferences around the world. Some key publications included 'the FAPRI UK Brexit Report: Impacts of Alternative Post-Brexit Trade Agreements on UK Agriculture: Sector Analyses using the FAPRI-UK Model'. The paper was subsequently used by government in Westminster and the devolved administrations as well as a large number of stakeholders to inform position papers when making representation in the Brexit

debate. Another major report from AFBI advised the International Council for Exploration of the Seas (ICES) of sustainable fishing stocks for the Irish Sea. As a result fishing quotas for 2018 were increased by 15% for Nephrops, 376% for Cod, 70% for Herring, 23% for Haddock and 63% for Plaice. This result will be assessed annually but is deemed sustainable into the future for the Irish Sea due to the modern science adopted by AFBI Fisheries scientists.

A major success for the Division was the successful completion of the EAA soil sampling and analysis scheme, which was led by Agri-Environment branch. The scale and complexity of the scheme was unique in the UK and approximately 20,000 fields across Northern Ireland were soil sampled over the winter months. The results of soil analysis together with advice on nutrient and lime usage was fed back to all farmers involved to enable them to manage their soil systems and achieve optimum grass performance.

Lastly three new grass varieties (Callan, Galgorm and Bannfoot) were introduced to recommended lists during the year, furthering the success of the AFBI grass breeding programme. The Division also supervised and supported the work of 36 post graduate students who contributed significant value to the work programme.

EVENTS

Throughout the year, the Division has engaged actively with stakeholders and academic colleagues from across Europe, the US and further afield. Locally, three major stakeholder events

were organised. An event focusing on making 'More from Grass' was held at AFBI Loughgall where over 600 farmers and industry representatives learnt about AFBI's recent research findings in the areas of soil and grass utilisation as well as gaining an understanding about the best varieties for their farming system. The dairy team within AFBI Hillsborough also organised three highly successful dairy farm walks on farms in Banbridge, Enniskillen and Newtownstewart. Again over 600 farmers and industry representatives attended to hear recent research results on dairy cow nutrition and how farmers in the AFBI-Agrisearch GrassCheck programme performed during the 2017 growing season. To launch the publication of the FAPRI UK Brexit report noted above, the team held an industry seminar where key players from Northern Ireland Agri-Food industry praised the report as the first robust analysis of trade deal scenarios for NI and the UK as a whole.

Other key events included a 'Sheep Conference' organised in conjunction with the Ulster Farmers Union and Livestock and Meat Commission and SAFSD once again hosted a 'Schools Open Day' where GCSE and A Level students visited the livestock and renewable energy research programmes at AFBI Hillsborough.

INTERNATIONAL ACTIVITY

A number of SAFSD staff attended the Fall Forum in Madison (US) to discuss advances and opportunities for collaboration in the areas of livestock feed efficiency, antimicrobial use and digitisation of agriculture. Dr Donnacha Doody completed a Fulbright scholarship at Penn



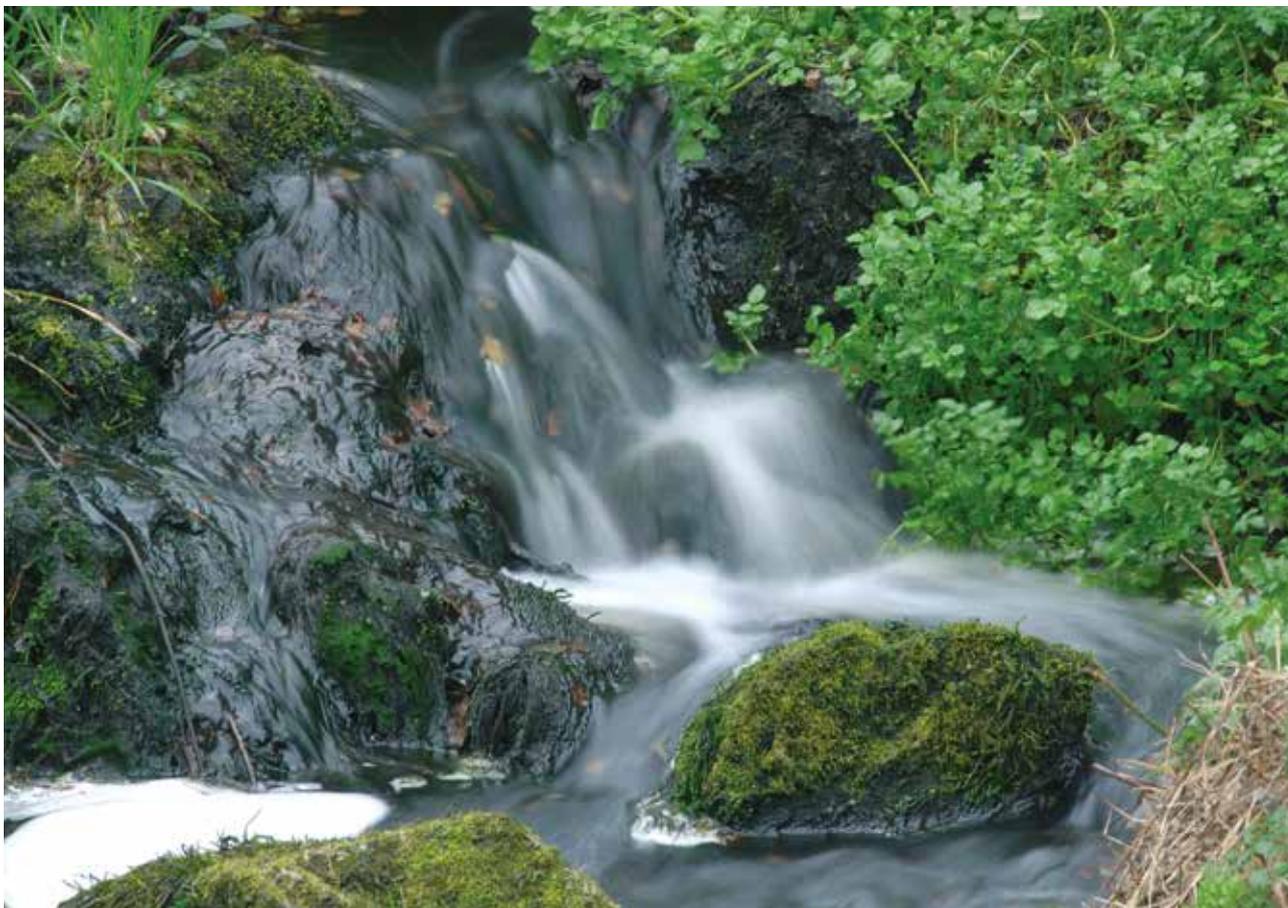
State University, with a focus on Phosphorus budgeting and management on dairy farms. Staff in Fisheries and Aquatic Ecosystems Branch continue to play key roles in the various committees of ICES, with Mr Pieter-Jan Schon the UK member on the ICES Advisory Committee as well as chairing the Benchmark Workshop on Pelagic Stocks (WKPELA 2018) and Mr Denis Ensing completed a term as chair of the ICES Workshop on potential Climate Change Impacts on Atlantic Salmon stock dynamics (WKCCISAL). Dr Donnacha Doodly also attended the Global 'Phosphorus Research Co-Ordination network' and Dr Dario Fornara was invited by the LEAP partnership to join the Technical

Advisors Group on Soil Carbon Stock Changes.

INVESTMENT AND FUNDING

During the year a significant level of funding awarded from the Centre of Innovation and Excellence in Livestock (CIEL) was invested in new technology and equipment on the livestock farm platform at AFBI Hillsborough. Key equipment purchased included in field precision feeders and IT infrastructure to develop a precision grazing platform for dairy production. The business case for a replacement ship, costing £16.9m was submitted to DAERA and plans for major investments at AFBI Hillsborough were agreed. Furthermore the joint AFBI/CAFRE

business case for replacement beef facilities on the AFBI and CAFRE farms was submitted for DAERA consideration. Scientists across the Division, often in cross branch collaborations, made 93 applications for funding with 54 of these applications being successful representing £10.7m of income going forward. Within this portfolio, approximately €1m of funding was secured for two strategically important international projects - 'Super G' and 'GAIN'. These are both major H2020 funded projects and AFBI scientists will deliver these projects in collaboration with scientists and industry from across Europe. Furthermore, AFBI scientists successfully co-lead a large Agri-Food Quest Competence Centre project –



Food Futures. A second major Interreg project led by AFBI was also awarded bringing the total involvement of AFBI in current Interreg projects to in excess of €18m.

STAFF ACHIEVEMENTS

In addition to the activities above, a number of staff were recognised by external peers for their excellence and contribution to science. Professor John Davis was installed as President of the British Agricultural Economics Society at the Society's Annual Conference in Warwick University; Myles Patton was invited to speak at numerous conferences and meetings on the FAPRI UK Brexit report; Linda Farmer was invited to speak on factors driving meat quality at the United Nations Economic Commission for Europe

(UNECE) meeting in Dublin; Colin Fleming was invited to present at the NI Plant Health Directorate Conference; Gary Lyons was invited to speak about his work at the Anaerobic Digestion and Bioresources Association Conference; Archie Murchie was invited to provide his expert opinion on the risk of New Zealand Flatworm to the DG Environment committee in Brussels; Ziping Wu was invited by the Chief Medical Officer, Chief Veterinary Officer and President of Development Research Centre (IDRC-DRDI) to provide advice and opinion on reducing use of antimicrobials in animals.

During 2017/18 a peer review exercise of Agricultural and Food Economics Branch (AFEB) and Fisheries and Aquatic Ecosystems Branch (FAEB) was completed.

The work in AFEB was found to be competitive at the national level and considered to make a valuable contribution to the international field of knowledge. The work in FAEB was found to be nationally leading, internationally competitive and made a significant contribution to this area of science. This exercise completed the peer review of all activities in SAFSD and recommendations from all the reviews will be advanced during 2018/19 and beyond.

Overall, the Division has established a reputation for delivering high quality, policy and industry relevant work which has impact locally, nationally and internationally. The Division has been highly active to ensure that this science is delivered to end users to ensure its impact is realised.

Veterinary Sciences Division

Veterinary Sciences Division (VSD) undertakes an integrated programme of work in relation to animal health and welfare, and the protection of public health by ensuring the safety of food of animal origin. The Division currently comprises four scientific branches: Bacteriology; Chemical and Immunodiagnostic Sciences; Disease Surveillance and Investigation; and Virology.

The major work themes of the Division are animal disease surveillance, statutory disease and food safety testing, emergency response and contingency planning, research and development, commercial services and the provision of expert advice. An important feature of the work of the Division is the interdependency and linkage between these work themes. For example, VSD's overall emergency response capability is substantially dependent on the scientific capacity that resides within the statutory and animal disease surveillance work areas. Participation in DAERA-funded R&D programmes and a range

of internationally competitive R&D projects is also essential to ensuring the continued development of scientific capability and the application of scientific advances.

DAERA remains the primary customer for the work of the Division and VSD delivers the majority of the Department's scientific testing (non-R&D) requirements. The Division also undertakes work for a wide range of other public sector and commercial customers including the FSA and DAFM. In 2017/18, the Division generated in excess of £4m of non Grant-In-Aid income which contributed significantly to maintaining and enhancing the overall scientific capability and capacity of the Division.

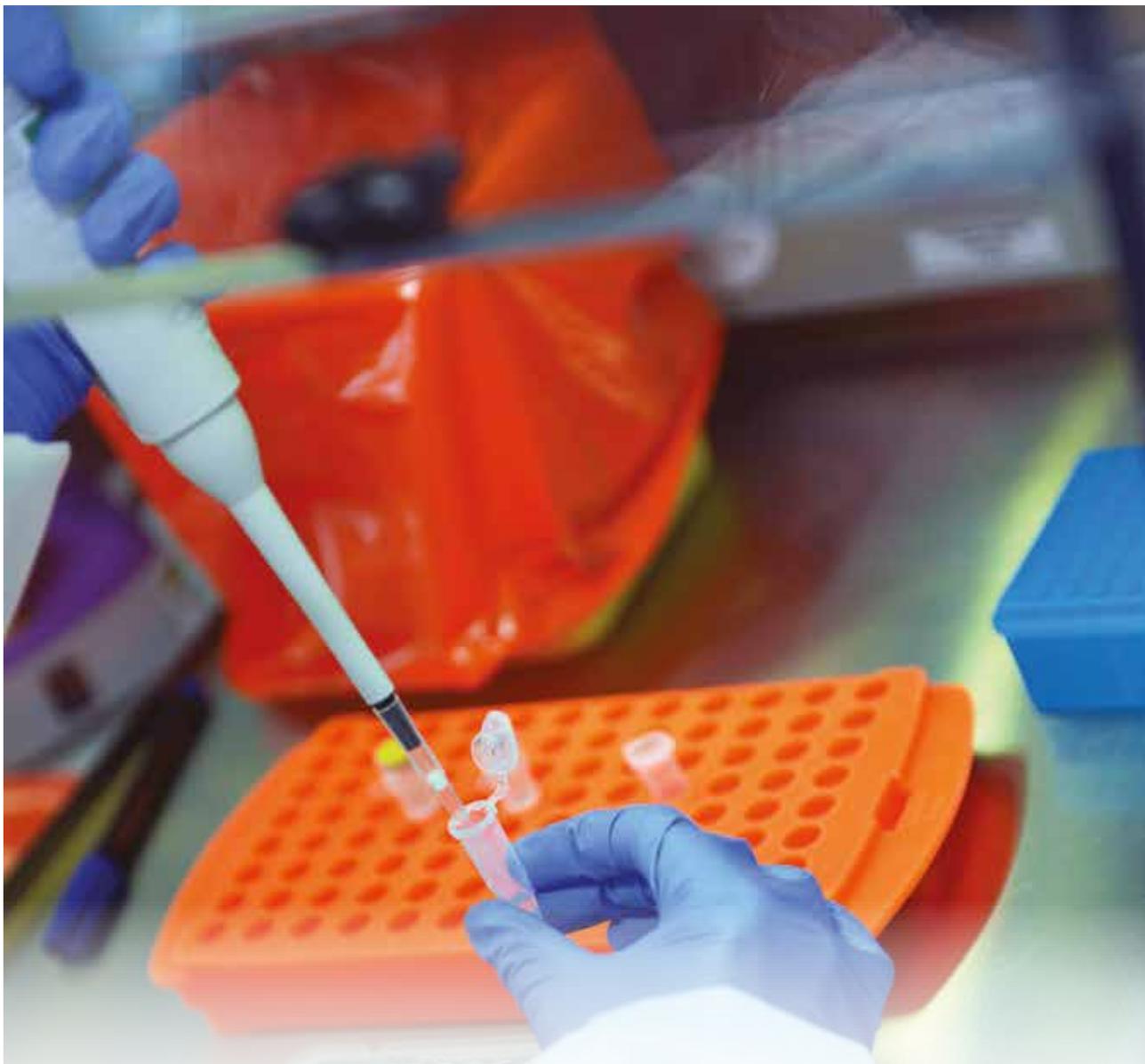
KEY ANIMAL DISEASE SURVEILLANCE FINDINGS

The animal disease diagnostic service, operated by AFBI's Stormont and Omagh laboratories, helps to safeguard animal and public health and promote the competitiveness of the agri-food industry by identifying the causes

of disease in submitted material. The work undertaken includes post-mortem examinations of food producing species and an extensive range of clinical pathology tests.

During the year, 29 cases of abortion and stillbirth due to Schmallenberg virus were detected with ovine and bovine foeti typically presenting with severe skeletal and neurological deformities. Schmallenberg is a new disease which first emerged in Holland and Germany in Autumn 2011 and quickly spread to much of Europe. Infection was detected in Northern Ireland in 2012, but up until 2018 the number of cases detected was relatively small. The cases detected in 2018 were predominantly in the western counties of NI in comparison with earlier cases which were predominantly found in the south-east.

A key aspect of the disease surveillance function is the communication of findings and outputs to stakeholders. During the year, VSD jointly published the All-Island Animal Disease



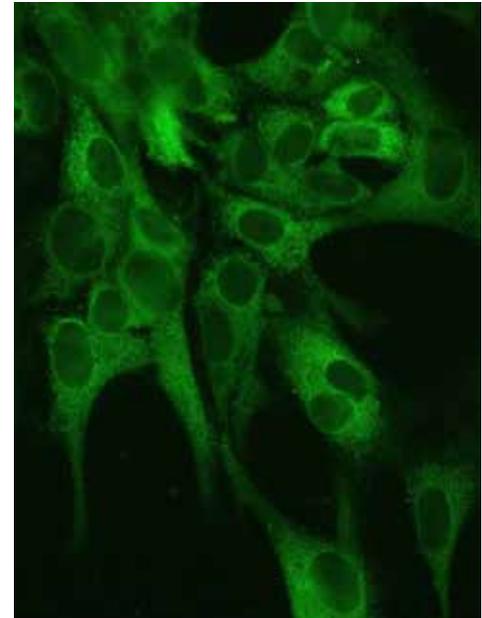
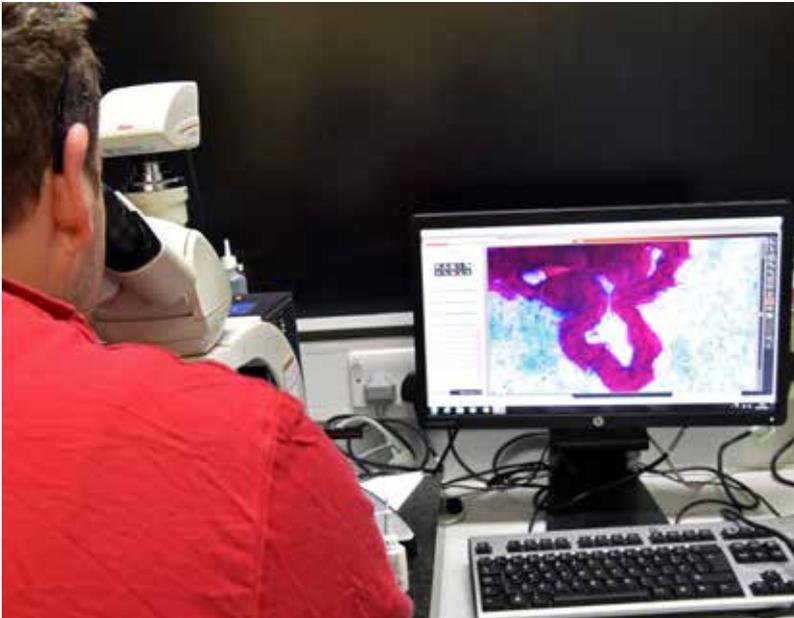
Surveillance Report for 2016, in conjunction with colleagues from the Department of Agriculture, Food & the Marine (DAFM) laboratories. Other outputs included the quarterly disease surveillance reports for Northern Ireland which were published in the Veterinary Record as well as the contribution of data to a range of UK and EU surveys and reports. Staff also participated in a wide range of technology transfer events for the industry and private veterinarians.

WORK TO SUPPORT NORTHERN IRELAND'S AGRI-FOOD EXPORTS

During 2017/18 VSD hosted a number of visits from overseas delegations and agriculture departments as part of NI's strategy to increase exports of local meat to global markets. In September 2017, the veterinary residues laboratory was inspected by an audit team from the United States Department of Agriculture Food Safety Inspection Service assessing equivalence of official

controls for the export of raw pork products. The team were extremely complementary of the work programme, the staff involved with it and the international reputation of the unit.

In August 2017 a European-wide incident occurred in relation to the contamination of eggs by the insecticide fipronil. VSD responded by developing, accrediting and deploying a test method within a matter of days. The subsequent testing which was undertaken showed NI eggs to have no



detectable residues and provided the necessary re-assurances on the safety of NI eggs to DAERA and the Food Standards Agency.

In 2017/18 a total of approximately 20,000 tests were performed within the veterinary drug residues testing programme. Small numbers of non-compliant samples were detected including violative levels of antibiotics, antiparasitics and non-steroidal anti-inflammatories.

DIVISIONAL PUBLICATIONS

Staff across VSD published 35 scientific publications in refereed scientific journals during the year with 54% of these being in the top 25% of journal rankings in the area of the respective work. Publications included a number of notable articles in relation to bovine tuberculosis. These included publications arising from the DAERA-funded project on the role of endemic diseases in the occurrence of bovine tuberculosis and which were published in *Transboundary and Emerging Diseases*, *BMC Veterinary Research* and *Preventive*



Veterinary Medicine. Dr Andrew Byrne and Dr Adrian Allen were also invited by the International Journal *Frontiers in Veterinary Science* to edit a special topic on bovine TB entitled: *Bovine Tuberculosis – International Perspectives on Epidemiology and Management*. Other notable publications included one on the development of a real-time reverse transcription-polymerase chain reaction (rRT-PCR) assay technology for the pan detection of bluetongue virus (BTV).

During 2017/18 staff from the Division also produced 15 knowledge exchange articles such as press releases and short papers and participated in 29 knowledge transfer events.

SCIENTIFIC PEER REVIEW

In February 2018 the work of VSD was reviewed by a panel of external scientific experts from the UK and Ireland. Six of the eight work streams scored 4 or 4+ indicating that the panel considered the work to be



internationally competitive, making a significant contribution to the field and nationally leading.

EXTERNAL RESEARCH PROJECTS

During the year staff from the Division were successful in obtaining research funding from a number of non-DAERA sources and commenced external funded R&D projects. In the Virology Branch, work commenced on an Innovate UK/Department of Health UK project to develop a recombinant vaccine for Nipah virus in collaboration with Queen's University Belfast. Work also commenced on a project funded under the US-Ireland R&D Partnership Programme to investigate bovine respiratory disease.

Two major external research projects also commenced within the Bacteriology branch. The first project which is funded by DAFM-DAERA is titled 'Next Generation approaches to improved diagnostics and molecular epidemiology for sustainable control of MAP'. The project consortium consists of 6 partners and aims to integrate whole genome sequencing of *Mycobacterium avium paratuberculosis* (MAP) with animal movement and health databases to investigate spatial and temporal dynamics of Johne's disease (JD) transmission in Ireland.

The second project, funded through Interreg VA, is the SWIM project: Prediction & Discounting Model for Irish Bathing Waters which establishes collaborations between AFBI, UCD, Keep Northern Ireland Beautiful (KNIB) and several NI and ROI councils and was launched in December 2017. The SWIM project will



enable short-term pollution to be predicted for number of NI and ROI designated bathing waters, through the development of a bathing water quality prediction model.

INTERNATIONAL ACTIVITY

A number of VSD staff participated in the AFBI-initiated Fall Forum 2017 at the USDA ARS National Animal Disease Centre Animal Health Symposium held at the University of Wisconsin, USA from the 6–10 November 2017.

Professor Louise Cosby was an invited plenary speaker at the Global Vaccination 2017 meeting in Toronto on 1 and 2 November where she gave a talk entitled 'Measles vaccination: Threat from

related veterinary viruses and need for continued vaccination post measles eradication'. Professor Nicolae Corcionivoschi completed a three week visitation in October/November 2017 to the University of British Columbia to develop and construct funding application proposals on the construction of next generation methodologies to detect *Campylobacter* in agri-food and environmental samples.

At a European level, Dr Angela Lahuerta-Marin was selected as expert evaluator for proposals submitted as part of the EU Horizon 2020 Sustainable Food Security programme.

4. Accountability Report

4.1 Introduction

The Accountability Report is set out in 3 main sections:

1. the Corporate Governance report;
2. the Remuneration and Staff report; and
3. the Assembly Accountability and Audit report.

4.2 Corporate Governance Report

4.2.1 The Directors' Report

AFBI BOARD

AFBI is managed by a non-executive Board which has responsibility for providing strategic leadership for the organisation. The main purpose of the Board is to ensure that AFBI is successful in delivering the policies and priorities of DAERA (and the Minister) by providing strategic leadership to AFBI and ensuring effective performance management of AFBI.

To this end and in pursuit of its wider corporate responsibilities, the responsibilities of the Board as set out in the AFBI Board Operating Framework are to:

- establish the overall strategic direction of AFBI within the policy and resources framework determined by the Minister and DAERA;
- ensure that all statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with DAERA, and in accordance with all other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account all relevant guidance issued by DoF and DAERA;
- ensure high standards of corporate governance at all times, and use the Audit and Risk Assurance Committee (ARAC) to provide the Board with assurance in relation to the management of key financial and other risks facing the organisation; and
- appoint a Chief Executive to AFBI and, in consultation with DAERA, set performance objectives and remuneration terms linked to those objectives for the Chief Executive, which gives due weight to the proper management and use of public monies.
- constructively challenge AFBI's Executive Management Team in its planning, target setting and delivery of performance;
- ensure that the Board receives, reviews and acts upon regular financial information concerning the management of AFBI; is informed in a timely manner about any concerns relating to the activities of AFBI; and provides positive assurance to DAERA that appropriate action has been taken on such concerns;
- ensure that DAERA is kept informed of any changes which are likely to impact on the strategic direction of AFBI or on the attainability of its targets, and in conjunction with AFBI's Executive Management Team and DAERA, determine the steps needed to deal with such changes;



ROLE OF THE CHAIRPERSON OF BOARD MEMBERS AFBI

The Chairperson is personally responsible and accountable to the Minister for the performance of AFBI and for the strategic leadership and control of the Board. He or she is responsible for ensuring that AFBI's policies and actions support the Minister's (and DAERA's) wider strategic policies and that its affairs are conducted with probity.

The Chairperson shares with other AFBI Board members the corporate responsibilities set out in the Management Statement and Financial Memorandum (MSFM), and in particular for ensuring that AFBI fulfils the aims and objectives set by DAERA and approved by the Minister. The Chairperson also sets performance measures for the Board and individual Board members.

Members are appointed in accordance with the Office of the Commissioner for Public Appointments (OCPA) NI Code of Practice. The terms of appointment of members and the Chair are normally for a three year period with a possibility of an extension. The current Chair completed his Term of Office on 31 March 2017 but was re-appointed for a further year until 31 March 2018 and this was extended to 31 March 2019. The Chair receives an annual remuneration of £26,248 and is expected to commit approximately 40 days per annum to the post. The Deputy Chair receives £10,941 and has a commitment in the region of 20 days per annum.

Members appointed from 1 April 2015 are on a per diem rate of £385 which they receive for attendance at each Board and relevant Committee Meeting.

Professor Bill McKelvey, Deputy Chair completed his Term of Office on 31 December 2017 and Mr Colin Coffey, Board Member was appointed Deputy Chair from 1 January 2018. There were also two new Board Members appointed from 31 December 2017, Ms Kate Burns and Mrs Roberta Brownlee.

AFBI maintains a register of interest for Board Members on its website and this can be accessed via www.afbini.gov.uk/content/membership-afbi-board#toc-0

BOARD SUB- COMMITTEES

There are four sub-committees of the Board.

I **Organisational Development and Human Resources Committee**

The primary role of this Committee is the overview of Organisational Development and Human Resources within AFBI and to support the Board's programme of Change Management.

ORGANISATIONAL DEVELOPMENT AND HUMAN RESOURCES COMMITTEE (OD&HR)

Non-Executive Chair	Ms Theresa Cullen (Chair)
Non-Executive Director	Mrs Maureen McKeague
Non-Executive Director	Mrs Sharon Smyth
Non-Executive Director	Ms Joan Houston
Non-Executive Director	Mr Richard Solomon
Non-Executive Director	Mrs Roberta Brownlee (from 15 March 2018)

II **Audit and Risk Assurance Committee**

The Audit and Risk Assurance Committee advises the Board and Accounting Officer on issues of risk, internal control, governance and any material items affecting the accounts.

AUDIT AND RISK ASSURANCE COMMITTEE (ARAC)

Non-Executive Chair	Ms Joan Houston (Chair)
Non-Executive Director	Mrs Sharon Smyth
Non-Executive Director	Mr Ian Buchanan
Non-Executive Director	Mrs Fiona Hanna
Non-Executive Director	Mr Richard Solomon
Non-Executive Director	Ms Kate Burns (from 15 March 2018)

Other attendees include:

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> • Head of Internal Audit • DAERA Internal Audit • NIAO • AFBI Sponsor Branch | <ul style="list-style-type: none"> • Chief Executive Officer, AFBI • Director of Finance and Corporate Affairs Division, AFBI | <ul style="list-style-type: none"> • Head of Finance, Business Development & Science Support Branch, AFBI • Head of Governance & Performance Branch, AFBI. |
|---|---|--|



III Science Strategy Committee

The role of the Science Strategy Committee is to assist the Executive in developing a Science Strategy for AFBI. In particular, to:

- Identify and prioritise areas of existing scientific work which are of strategic importance to AFBI; and
- Identify and prioritise areas of existing scientific work which are of lower strategic importance to AFBI and which could therefore be reduced or ceased in order to transfer resources to work of higher priority.

SCIENCE STRATEGY COMMITTEE

Non-Executive Chair	Dr Michelle Costello-Smith (Chair)
Non-Executive Director	Dr Richard Horton
Non-Executive Director	Ms Theresa Cullen
Non-Executive Director	Mr Ian Buchanan
Non-Executive Director	Mr Colin Coffey
Non-Executive Director	Ms Kate Burns (from 15 March 2018)

IV Finance and Business Strategy Committee

The role of the Finance and Business Strategy Committee is to support the Board in its responsibilities for the oversight of financial management including, in particular, the review of financial plans and budgets as well as financial monitoring.

FINANCE AND BUSINESS STRATEGY COMMITTEE (FBSC)

Non-Executive Chair	Mr Colin Coffey (Chair)
Non-Executive Director	Mrs Fiona Hanna
Non-Executive Director	Ms Maureen McKeague
Non-Executive Director	Dr Richard Horton
Non-Executive Director	Dr Michelle Costello-Smith
Non-Executive Director	Mrs Roberta Brownlee (from 15 March 2018)

EXECUTIVE MANAGEMENT TEAM

During 2017/18, the year under review, the Executive Management Team (EMT) of the Institute was made up as follows:

- Chief Executive Officer - Dr Sinclair Mayne (retired August 2018)
- Director of Sustainable Agri-Food Science Division - Dr Elizabeth Magowan
- Director of Veterinary Science Division - Dr Stanley McDowell
- Director of Finance and Corporate Affairs Division - Mrs Josephine Kelly (from 7 August 2017.)

EMT generally meets twice monthly for EMT Finance and EMT General Meetings. These have standing agenda covering finance, resources, operational management, health and safety and business development. The minutes of these monthly meetings are available on AFBI's intranet.

DETAILS OF SIGNIFICANT INTERESTS HELD BY EMT MEMBERS

EMT Members do not hold any other directorships or any other significant interests which may conflict with their management responsibilities.

ROLE OF THE ACCOUNTING OFFICER

AFBI's Chief Executive is designated Accounting Officer for the NDPB by the Departmental Accounting Officer and as such is accountable to the Northern

Ireland Assembly for AFBI's use of resources as set out in the Management Statement and Financial Memorandum (MSFM).

In particular, the Accounting Officer shall ensure that:

- AFBI's Strategic Themes and Goals support DAERA's wider strategic aims and Commitments within the Programme for Government;
- the financial and other management controls applied by DAERA to AFBI are appropriate and sufficient to safeguard public funds and for ensuring that AFBI's compliance with those controls is effectively monitored ('public funds' include not only any funds granted to AFBI by the Assembly but also any other funds falling within the stewardship of AFBI);
- the internal controls applied by AFBI conform to the requirements of regularity, propriety and good financial management; and
- any Grant-In-Aid paid to AFBI is within the ambit and the amount of the Request for Resources and that NI Assembly authority has been sought and given.

PERSONAL DATA INCIDENTS

There have been no reported significant personal data losses in the course of the year. During 2017/18 there was one breach recorded involving accidental disclosure of personal data to two recipients and one breach whereby appropriate safeguards were not used during the transfer of personal information. Both of these were handled under the

AFBI Data Breach Management Plan and both assessed as low risk incidents. These were dealt with promptly with steps taken to prevent recurrence.

INTERNAL AUDIT

An independent firm of auditors continue to provide Internal Audit services to the AFBI Accounting Officer and provides senior management and the ARAC with assurances of the adequacy of AFBI's systems of internal control and risk management.

COMPLIANCE WITH DOF'S CODE OF GOOD PRACTICE ON CORPORATE GOVERNANCE

AFBI complies with all relevant requirements of the "Corporate Governance in Central Government Departments: Code of Good Practice NI" published by DoF in 2013. All members of the AFBI Board and its sub-committees are non-executives.

SUPPLIER PAYMENT POLICY

AFBI is committed to the Better Payments Practice Code as set out in Annex 4.6 of Managing Public Money and is subject to the Late Payment of Commercial Debt Regulations 2002. AFBI comply with the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890).

Payment is regarded as late if it is made outside the agreed terms, or 30 days after the receipt of a valid invoice where no terms are agreed. In response to the current economic position, the Department for Business Enterprise and Regulatory Reform (BERR) announced in October 2008 that the Central Government was committed to paying businesses in 10 days.



In 2017/18 AFBI paid 86% (2016/17: 93%) of the invoices in accordance with the agreed terms or within 30 days.

AFBI is also committed to the 10-day prompt payment of supplier invoices. The performance outturn for the 10 day prompt payment was 58% for 2017/18. The performance for the 2016/17 year on this 10 day target was 72%.

CORPORATE COMPLAINTS

AFBI has a corporate complaints policy in place and this is available via the AFBI website. In addition guidance has been provided to ensure staff awareness of the process to follow to ensure that complaints are managed and responded to. Monitoring and reporting arrangements are also in place to ensure that any issues or trends are identified and where appropriate lessons learned are disseminated through the organisation. AFBI received 5 complaints during 2017/18 and while each was handled to successful resolution, 2 were not responded to within the required timeframes. All staff have been reminded of the complaints handling policy and guidance to ensure that these are dealt with efficiently and effectively.

HEALTH AND SAFETY

AFBI endeavours to comply with all relevant Health and Safety legislation and where practicable with all Health and Safety best practice. AFBI has dedicated Health and Safety advisers and a system of health and safety committees within the Institute with relevant policies and guidance in place. In 2017 AFBI commissioned an external review of its Health and Safety arrangements which

has provided an action plan for recommendations made.

QUALITY ASSURANCE

AFBI's senior management is committed to providing scientific services that consistently meet customer and applicable statutory and regulatory requirements, and to enhancing its customers' satisfaction. The organisation holds two internationally recognised quality assurance standards providing customers with a formal recognition of the technical competence, impartiality, and performance capability of the laboratory.

ISO 9001:2015 certification covers research and development and the provision of most of its scientific and diagnostic services.

ISO 17025:2005 accreditation is maintained for statutory testing and in accordance with regulatory and customer requirements in areas such as food safety, disease surveillance and diagnosis and feed analysis.

Compliance is monitored annually by independent assessment bodies. The ISO 9001 audit was carried out in December 2017 by SGS, during which AFBI transitioned from the ISO9001:2008 standard to the ISO9001:2015 standard and certification was maintained. The ISO 17025 laboratory areas were audited during 2017 by the United Kingdom Accreditation Service (UKAS) and our accreditation status was confirmed.

NORTHERN IRELAND AUDIT OFFICE

The financial statements are audited by the Comptroller and Auditor General (C&AG), in

accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. He is head of the Northern Ireland Audit Office (NIAO). He and his staff are totally independent of Government, and he reports his findings to the Northern Ireland Assembly.

The annual fee for the audit of financial statements for 2017/18 was £38,000 (2016/17: £40,000).

The external auditors have not been requested to undertake any non-audit work.

DISCLOSURE TO AUDITOR

So far as I am aware, as Accounting Officer, there is no relevant information of which the AFBI's auditors are unaware and, as Accounting Officer, I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and establish that AFBI's auditors are aware of that information.

Signed

Dr Stanley McDowell,
BVM&S, MSc, DLSHTM, PhD,
MRCVS

Chief Executive and Accounting
Officer

Date: 27 March 2019

4.2.2 Statement of Accounting Officer's Responsibilities

Under the Agriculture (Northern Ireland) Order 2004, the Agri-Food and Biosciences Institute is required to prepare for each financial year, Accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Institute, its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

DAERA has appointed the Chief Executive Officer of AFBI as Accounting Officer of the Institute, with responsibility for preparing the Institute's accounts and for transmitting them to the Comptroller and Auditor General.

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

- a) observe the Accounts Direction issued by DoF, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- b) make judgments and estimates on a suitable basis;
- c) 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
- d) prepare the accounts on a going concern basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which he is answerable, for keeping proper records and for guarding the Institute's assets, are set out in the Accounting Officer's memorandum issued by DoF and published in Managing Public Money Northern Ireland.

The Accounting Officer is required to confirm that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

So far as the Accounting Officer of the Institute is aware, there is no relevant information of which the Institute's auditors are unaware. The Accounting Officer has taken all the steps that ought to have been taken to be aware of any relevant audit information and to establish that AFBI's auditors are aware of that information.





4.2.3 Governance Statement Introduction

I am pleased to introduce the Governance Statement for the year ended 31 March 2018. This has been produced in line with guidance issued by the Department of Finance (DoF) in Dear Accounting Officer letter DAO 10/12 and Annex A.3.1 of Managing Public Money Northern Ireland (MPMNI).

SCOPE AND RESPONSIBILITY

As Accounting Officer I am responsible for managing and controlling the resources used in AFBI, in accordance with the responsibilities assigned to me in MPMNI. The Governance Statement sets out the governance, risk management and internal control arrangements in operation within AFBI during the financial year which have assisted me in discharging this stewardship role.

The governance structures and processes, risk management and internal controls during the year were effective. During the year, there was a continued focus on strengthening governance arrangements and internal controls through the implementation of recommendations resulting from internal and external audit recommendations and updating key governance policies in line with established best practice guidance.

GOVERNANCE ARRANGEMENTS GOVERNANCE FRAMEWORK

AFBI's governance framework sets out the roles, responsibilities and procedures for the effective and efficient conduct of the organisation's business. AFBI is committed to ensuring governance arrangements are in line with established best practice and that AFBI is accountable and transparent for its decisions and activities. Annex A to the Governance Statement illustrates AFBI's Governance and Risk Assurance Framework.

GOVERNANCE STRUCTURE

The DAERA Minister is responsible and answerable to the Northern Ireland Assembly (the Assembly) for the exercise of the powers on which the administration of the Department depends. The DAERA Minister has a duty to the Assembly to account, and be held to account, for the policies, decisions and actions of the Department including AFBI as one of its NDPBs.

While in practice NDPBs operate with some independence and are not under day-to-day ministerial control, ministers are nevertheless ultimately accountable to the Assembly for NDPBs' activities and performance. This is because they are responsible for the founding legislation of NDPBs; have influence over the strategic direction of NDPBs; appoint the Boards of NDPBs; and have the ultimate sanction of abolition or reform subject to the NI Executive's approval where this requires a change in statute.

DAERA's Permanent Secretary is appointed as DAERA's Departmental Accounting Officer by DoF. AFBI Sponsor Branch is a part of DAERA's Food and Farming Group and is responsible for managing the overall relationship between DAERA and AFBI. DAERA's AFBI Sponsor Branch holds monthly Finance and Governance meetings with AFBI and facilitates quarterly Accountability Meetings between the Senior Sponsor and me as part of its governance oversight. DAERA's Departmental Accounting Officer has designated me as the Accounting Officer for AFBI.

As Accounting Officer, 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 AFBI.

In fulfilling my duties as AFBI's Accounting Officer I was supported by my Executive Management Team and a non-Executive Board. The Executive Management Team consists of the Directors of Sustainable Agri-Food Sciences, Veterinary Sciences and the Finance and Corporate Affairs Divisions.

THE BOARD

AFBI's Board consists of 11¹ non-executive members appointed by the DAERA Minister. Appointments are made in line with the Code of Practice issued by the Office of the Commissioner for Public Appointments Northern Ireland.

The main responsibilities of the Board are to ensure that AFBI fulfils the aims and objectives set by DAERA and approved by the DAERA Minister, monitoring AFBI's compliance with applicable law and policy and for promoting the efficient, economic and effective use of staff and other resources by AFBI.

The Board fulfils its responsibilities by establishing the overall strategic direction of AFBI and by challenging the Executive Management Team in business planning, target setting and delivery of performance against agreed targets.

The Board operates within AFBI's Board Operating Framework which sets out the broad governance structures for the Board. It also defines the key roles and responsibilities which underpin the relationship between AFBI and DAERA.

BOARD SUB-COMMITTEES

While all decision-making powers are reserved to the Board, four sub-committees operated in an advisory capacity in line with their Terms of Reference. Details of these are set out below:

1. The Audit and Risk Assurance Committee (ARAC)

ARAC advises the Board on issues of governance risk and control. ARAC reviews the draft and final accounts to provide the Board with the assurance that it can authorise me to sign the accounts on its behalf;

2. The Finance and Business Strategy Committee (FBSC)

FBSC supports the Board in discharging its responsibilities for oversight of financial management including the review of financial plans and budget monitoring. The FBSC also assists management in developing strategies to maximise income generation opportunities, including commercial exploitation of intellectual property and technology disclosures;

3. The Organisational Development & Human Resources Committee (OD&HR)

OD&HR advises the Board on organisational development and human resources matters within AFBI, and supports the Board's programme of Change Management; and

4. The Science Strategy Committee

The Science Strategy Committee assists the Executive Management Team in developing and overseeing the implementation of AFBI's Science Strategy. This includes the identification of a range of key scientific skills and technologies which AFBI should maintain and develop.

¹This was increased to 13 members from 31 December 2017 following the appointment of two new members and the completion of the term of office of the Deputy chair on 31 December 2017. Mr Colin Coffey (AFBI Board Member) was then appointed Deputy chair from 1 January 2018.



BOARD/SUB COMMITTEE ATTENDANCE

The attendance of members at Board and sub-committee meetings during the year is summarised as follows:

Figure 9 – AFBI Board Members Attendance at Meetings 2017/18

AFBI BOARD	BOARD ATTENDANCE	ARAC ATTENDANCE	FBSC ATTENDANCE	OD&HR COMMITTEE ATTENDANCE	SCIENCE STRATEGY COMMITTEE ATTENDANCE
Mr Colm McKenna (Chair)	8/8	-	-	-	-
Professor Bill McKelvey (Deputy Chair*)	4/6	-	-	-	-
Ms Maureen McKeague	8/8	-	4/4	4/4	-
Mr Ian Buchanan	6/8	2/5	-	-	4/4
Mr Colin Coffey	7/8	-	4/4	-	4/4
Dr Michelle Costello-Smith	8/8	-	3/4	-	4/4
Ms Theresa Cullen	8/8	-	-	4/4	3/4
Mrs Fiona Hanna	8/8	5/5	4/4	-	-
Dr Richard Horton	8/8	-	4/4	-	4/4
Ms Joan Houston	8/8	5/5	-	4/4	-
Mrs Sharon Smyth	7/8	4/5	-	4/4	-
Mr Richard Solomon	7/8	5/5	-	4/4	-
Ms Kate Burns**	1/2	-	-	-	-
Mrs Roberta Brownlee**	2/2	-	-	-	-

*Professor Bill McKelvey completed his Term of Office on 31 December 2017.

**Ms Kate Burns and Mrs Roberta Brownlee were appointed as Board Members from 31 December 2017.

BOARD PERFORMANCE

AFBI's Board reviewed its performance and undertook a self-assessment effectiveness review for 2017/18. The review focused on 6 key governance principles:

- purpose and outcomes;
- roles and responsibilities;
- values and governance;
- decision making and risk management;
- Board capacity and structure; and
- stakeholder accountability and communication.

The Board reaffirmed that its role was to set the strategic direction of the organisation, provide constructive challenge, ensure robust governance, hold the Executive Management Team to account, set the tone of the organisation, ensure that relations with stakeholders are managed effectively and that it is answerable to the DAERA Minister. The review indicated that the Board considered that it was operating effectively.

The review demonstrated that the Board has a clear understanding of its role and strategic priorities and that it promoted high standards of governance, risk and financial management and a culture of performance and delivery. It did however continue to highlight the need to further develop and improve relationships with the Sponsor Department DAERA.

QUALITY OF INFORMATION USED BY THE BOARD

The quality of information provided to the Board and Executive Management Team is of a high standard with financial, whistleblowing and risk register reports provided on a regular basis. The Board reaffirmed satisfaction with the format, content and quality of the information it receives in the 2017/18 Board Self-Assessment exercise.

COMPLIANCE WITH 'CORPORATE GOVERNANCE CODE'

As the Accounting Officer of a Non-Departmental Public Body of a Northern Ireland Department, in line with DAO 06/13, I can confirm that AFBI, as an arm's length body of DAERA, complies with all relevant aspects of the "Corporate governance in central government departments: Code of good practice NI" published by DoF in 2013.

CONFLICTS OF INTEREST

On appointment, Board members are required to provide a list of all interests which might give rise to a conflict of interest. At every Board and sub-committee meeting a standing agenda item on declarations of interest is included and brought to the attention of the members by

the Chair. Board papers are not circulated to members who have declared or are deemed to have a specific conflict of interest. Where a conflict of interest is declared, it is recorded and the relevant member(s) leave the Board meetings for the specific agenda item.

RISK MANAGEMENT FRAMEWORK AND STRUCTURE

AFBI has a well embedded risk management and internal control framework in place with direct involvement of the Executive Management Team through the Risk Review Group. AFBI's Risk Management Strategy clearly sets out the roles, responsibilities, procedures and risk appetite for Risk Management within AFBI. During the year AFBI reviewed and updated its Risk Management Strategy and this was augmented with updated operational guidance and procedures for staff on the management of risks.

Risk Management is a standing agenda item for Board and ARAC meetings and AFBI's Risk Register is reviewed by both meetings on a quarterly basis. The Board also reviewed and agreed the organisation's risk appetite. Two risks were added to the AFBI Corporate Risk Register (CRR) during 2017/18.

Given the significance of the change in data protection legislation, the risk of AFBI failing to take appropriate steps to ensure compliance with General Data Protection Regulations (GDPR), now Data Protection Act 2018, was added in November 2017.

The risk of AFBI failing to comply with relevant Health and Safety at Work legislation was added to the CRR in January 2018 following a

review of Health and Safety within AFBI. AFBI's internal and external auditors attend ARAC meetings and therefore provide a further layer of external scrutiny and challenge.

INFORMATION RISK

AFBI's approach to the management of information security risks is proportionate to the nature of the risks and the comparatively limited amount of personal or sensitive information handled by AFBI and its delivery network.

AFBI's Senior Information Risk Owner has provided assurance that the information governance policy framework is effective and that adequate controls and measures are in place to enable AFBI's information systems to withstand threats to their confidentiality, integrity and availability as evidenced by compliance with the NICS Code of Connection which is externally audited.

There have been no reported significant data losses in the course of the year. There was one incident involving the loss of a USB data stick, but this was encrypted and no personal or sensitive business information was contained on it. During 2017/18 there was one breach involving accidental disclosure of personal data to two recipients and one breach whereby appropriate safeguards were not used during the transfer of personal information. Both of these were handled under the AFBI Data Breach Management Plan and both assessed as low risk incidents. These were dealt with promptly with steps taken to prevent recurrence.



This assurance is also based on assurance provided by AFBI's IT Security Officer (Head of IT Infrastructure and Support) in relation to IT security accreditation and where IT legislative compliance is concerned, he has relied on AFBI's Data Protection Officer & Information Governance & Records Manager.

INTERNAL CONTROLS

An important element of AFBI's risk management framework is the system of internal control. This is designed to manage AFBI's risks to a reasonable level, rather than to eliminate all risk of failure to achieve aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. A system of internal control was in place throughout the year and is in accordance with guidance defined in Managing Public Money Northern Ireland.

ASSURANCE STATEMENTS

I obtained additional assurance through quarterly Assurance Statements provided to me by AFBI's three Heads of Division. I in turn provide a quarterly Assurance Statement to AFBI Sponsor Branch in DAERA in advance of the Accountability meetings and a copy of my Quarter 4 statement is provided to the ARAC. My Assurance Statements confirmed that the necessary internal controls were in place to provide reasonable assurance in the areas of:

- Accountability & Governance;
- Performance against Key Objectives & Targets;
- Risk Management;
- Business Planning;
- Financial Planning & Monitoring;
- Fraud;
- Economic Appraisal,

Post Project Evaluation & Consultancy;

- Procurement;
- Policy Implementation;
- Human Resources;
- Internal & External Audit Reports; and
- Data Management.

This assurance is subject to outstanding information governance gaps which are currently being addressed. AFBI does not have a corporate records management system however it has continued to explore options for the implementation of a records management system both with Enterprise Shared Services and alternative providers.

To strengthen existing arrangements and prepare for compliance with new data protection legislation, an information audit was completed across the Institute in 2017/18 and Branch file plans have been developed which will underpin the successful implementation of a records management solution.

During 2017/18 AFBI placed a strong focus on preparing the Institute for changes to data protection legislation coming into force on 25 May 2018, including forming a General Data Protection Regulation (GDPR) Working Group in June 2017 to identify and address compliance gaps and carry out an agreed implementation plan.

The Working Group reported regularly to the Executive Management Team who had oversight of the preparations. Measures included the introduction of defined information governance roles and responsibilities, GDPR Awareness and training for all levels of staff and revision of policies and procedures.

FINANCIAL MANAGEMENT

AFBI's system of internal financial control is based on a framework of financial information, financial procedures, segregation of duties and a system of delegation and accountability. These include annual budgeting, in year forecasting, corporate budget monitor reports and divisional and branch reports.

FRAUD & WHISTLEBLOWING

All cases of factual or suspected fraud that came to my attention during the year were reported to DAERA's Principal Accounting Officer, the Comptroller and Auditor General of the NIAO, AFBI's Chair and the Chair of AFBI's ARAC. I can also confirm that there were no whistleblowing cases raised in 2017/18.

KEY ASSURANCE PROVIDERS

AFBI'S INTERNAL AUDIT

AFBI's Internal Audit function is carried out by a professional accounting firm which was appointed in accordance with the Public Sector Internal Audit Standards. Under the terms of the appointment, a Director in the firm acts as AFBI's Head of Internal Audit, who provides me with an independent opinion on AFBI's systems of risk management, control and governance and AFBI received an overall Satisfactory level of assurance in respect of 2017/18.

The Public Sector Internal Audit Standards (PSIAS) require AFBI's internal auditors to bring to my attention those significant control issues which may be relevant to the preparation of my Governance Statement. There was 1 significant issue which needed to be brought to my attention (i.e. Priority 1 recommendations).

Internal Audit conducted 6 audits and 1 advisory review during the year. In addition, Internal Audit undertook a follow up review

of all recommendations made during the 2017/18 year in relation to a number of reviews. This showed Satisfactory progress

in the implementation of recommendations. The results of this audit work is summarised in the following table.

Figure 10 – Internal Audit Reports 2017/18

AUDIT	ASSURANCE RATING	NO OF RECOMMENDATIONS BY PRIORITY RATING		
		1	2	3
VAT Processing	Satisfactory	0	0	1
Follow up Review on HR Management	Satisfactory	0	4	1
Project Review	Limited	1	2	1
Review of Financial Management	Satisfactory	0	0	3
IT Systems and Security	Satisfactory	0	0	5
Validation of KPI Outturns	Satisfactory	0	0	0
Audit Recommendations Follow-up	N/A	-	-	-
Review of Efficiency Management ²	N/A	-	-	-
Total	-	1	6	11

AUDITS CLASSIFIED AS LIMITED

As part of AFBI's 2017/18 Internal Audit Plan, Internal Audit conducted a review of Project Management. This made 1 'Priority 1' recommendations and provided a 'Limited' Assurance opinion. In line with AFBI's governance arrangements, progress on the implementation of the recommendations will be monitored quarterly by the ARAC Committee. In addition the Board and the OD&HR committee will also be provided with progress updates.

review of the period covering AFBI's establishment on 1 April 2006 until 31 March 2011. The report was published on 12 September 2013 and contained 11 recommendations relating to financial management, performance reporting, the management of research and development activities and governance and oversight arrangements within AFBI. The report was examined by the Public Accounts Committee (PAC) in November 2013 which in turn published a report on 19 March 2014 containing 6 recommendations. A Memorandum of Reply (MOR) to the PAC report was laid in the Assembly in May 2014.

During 2017/18 DAERA's Internal Audit undertook a follow up audit to confirm the position reported by Senior Responsible Owners (SROs) in relation to 37 associated (MOR) actions arising from PAC and NIAO reports and to identify any further work required, to ensure the fully evidenced implementation of any remaining actions. In addition 3 follow up exercises were undertaken in relation to Costing and Charging, Efficiency Measurement and Research and Development. All of these were provided with 'Satisfactory' assurance ratings as detailed below:

DAERA INTERNAL AUDIT

As disclosed in AFBI's previous Governance Statements, NIAO published a Value for Money

²The review of Efficiency Management was undertaken as an "advisory" review to provide guidance on AFBI's approach to Efficiency Management



AUDIT	ASSURANCE RATING	NO OF RECOMMENDATIONS BY PRIORITY RATING		
		1	2	3
AFBI PAC Recommendations Follow-up	Satisfactory	0	4	0
AFBI PAC Costing and Charging Follow-up	Satisfactory	0	0	0
AFBI PAC Efficiency Measurement Follow-up	Satisfactory	0	0	0
AFBI PAC Research and Development	Satisfactory	0	0	1

ENTERPRISE SHARED SERVICES AUDITED BY DEPARTMENT OF FINANCE INTERNAL AUDIT

To complete this Governance Statement, I have also drawn on assurances received from the Head of Internal Audit in DoF in respect of the Enterprise Shared Services that AFBI avails of. During 2017/18, DoF conducted a number of audits which are summarised in the table below along with the assurance rating received.

Figure 11 – Head of Internal Audit in DoF Opinion on Enterprise Shared Services

SHARED SERVICE UTILISED	NO OF AUDITS COMPLETED	ASSURANCE RATING
HR Connect	1	Satisfactory
IT Assist	5	5 x Satisfactory

EXTERNAL ASSURANCE - NIAO
AFBI's annual accounts are audited by NIAO. In its latest 'Report to Those Charged with Governance', NIAO issued an unqualified audit opinion. A total of 6 recommendations were made with 2 priority 1 recommendations received.

As set out above, implementation of the remaining elements of the PAC/NIAO recommendations continued to be an area of focus for 2017/18. Progress continued to be monitored through quarterly returns to DAERA, the Board and ARAC.

MONITORING THE IMPLEMENTATION OF RECOMMENDATIONS

The status of all internal and external audit recommendations

along with the PAC and NIAO value for money review recommendations are reported to EMT and on a quarterly basis to the Audit & Risk Assurance Committee to ensure that these are effectively implemented in line with agreed implementation dates. Internal Audit also undertake an annual follow up exercise to validate the reported position on the implementation of recommendations.

Progress on the PAC/NIAO recommendations is also discussed as a standing agenda item on the Accountability meetings between me as AFBI's Accounting Officer and the DAERA Senior Sponsor which forms part of the overall governance framework.

SIGNIFICANT ISSUES

CIELIVESTOCK LIMITED (CIEL)

As reported in the Governance Statement in 2016/17 Annual Report & Accounts, AFBI obtained DoF approval on 25 November 2015 to become one of the original founding members of CIELivestock Limited (CIEL), a company limited by guarantee whose membership included 12 academic partners as well as a number of industry partners.

A number of issues were raised by NIAO through the external audit process of the 2016/17 financial statement in relation to this project. In light of these, AFBI reviewed its operations and transactions with regard to the CIEL project and put new processes in place. Key



to these changes has been the establishment of an Oversight and Scrutiny sub-committee of the Board, chaired by a non-executive AFBI Board member to ensure that this project had a formal reporting structure established and sound governance. In addition this sub-committee will scrutinise other such large or complex projects to ensure good governance arrangements are in place.

REVIEW OF THE VALUE OF ASSETS

Following a review of non-current assets during 2016/17 it was identified that a material proportion of non-current assets were still in use at 31 March 2017 but had been fully depreciated to £nil net book value. Although our estimation method is in line with International Financial Reporting Standards, this gradually led to a material proportion of assets with £nil net book value. As AFBI is committed to ensuring that our financial statements present a true and fair view, we carried out an exercise in 2017/18 to ensure that an appropriate value was placed on all assets. The outcome of this exercise resulted in an adjustment

to non-current assets and reserves of £1.98m.

VOLUNTARY EXIT SCHEME

During the finalisation of the external audit of the 2017/18 Annual Report & Accounts, information was received from an anonymous source by the NIAO in relation to AFBI's 2015 Voluntary Exit Scheme (VES).

In response, AFBI has carried out a review of the engagement of temporary agency workers in the post VES period.

In the period following the 2015 Scheme to date, 8 former staff who left under VES and met the criteria for a post were re-engaged through recruitment agencies for scientific projects and in addition, 3 non-scientific posts were filled by former staff who had left under the scheme for short to medium term business requirements. It is accepted that three individuals were re-engaged by AFBI through agency contracts within six months of leaving under the VES. While re-engaging workers through recruitment agencies was not against the rules of the VE Scheme, it is agreed that such practice has attracted previous

PAC criticism and that tighter controls and processes should have been established at that time.

While there are no plans to use another voluntary exit scheme, should such a scheme be required, AFBI will ensure that in addition to meeting the requirements of any such scheme it also would put in place procedures to address the concerns raised by the NIAO and the issues raised by the previous PAC reports on the operation of such schemes.

ROYALTY INCOME

As identified in previous years' Governance Statements, a large component of AFBI's royalty income stream is due to end in the next few years. AFBI have continued to work with the Queen's University of Belfast to clarify and maximise the duration and quantum of this important income stream.

The royalty income AFBI receives in respect of unpatented territories is currently subject to a discussion regarding the interpretation of the licence agreement. The outcome of these discussions may impact future royalty income streams.



EXCHANGE RATE RISK

AFBI's royalty income stream, coupled with the increase in number of EU funded projects, increases AFBI's exposure to the risks from significant movements in exchange rates as this may have an adverse impact upon income levels. In 2017/18, this contributed to an unexpected significant increase in royalty income. This trend could be reversed if exchange rates move in the opposite direction. AFBI have taken a number of steps to mitigate the exchange rate risk for example through setting up a Euro bank account and making payments in Euro to EU partners and sub-contractors where appropriate.

UK EXIT FROM THE EUROPEAN UNION

As raised in the previous year's Governance Statement, given the significant level of EU funding accessed by AFBI, the UK's exit from the EU could potentially have direct impact on AFBI. Assurances have been issued by

the UK government in relation to EU funding and these have been followed up with a series of statements of support for funding applications up to the date of exit from the EU. However beyond this, the extent of the impact remains unclear and will only be ultimately determined by future government policy on whether the UK continues to 'buy into' the EU research funding programmes. AFBI is maintaining a watching brief on the implications of the UK exit from the European Union and the potential impact on European grant funding of exchange rate movements. AFBI are also taking appropriate steps to mitigate this risk through the use of a Euro bank account, the review and market scanning of royalty income by an independent external specialist on a contingency basis and the payment of subcontracted partners in EU research projects in Euros.

AFBI have also undertaken an exercise to identify all potential impacts on service delivery on day 1 following the UK's exit

from the EU. This forms part of the NICS planning exercise and was provided to DAERA and the Executive Office who are co-ordinating on behalf of NICS.

CONCLUSION

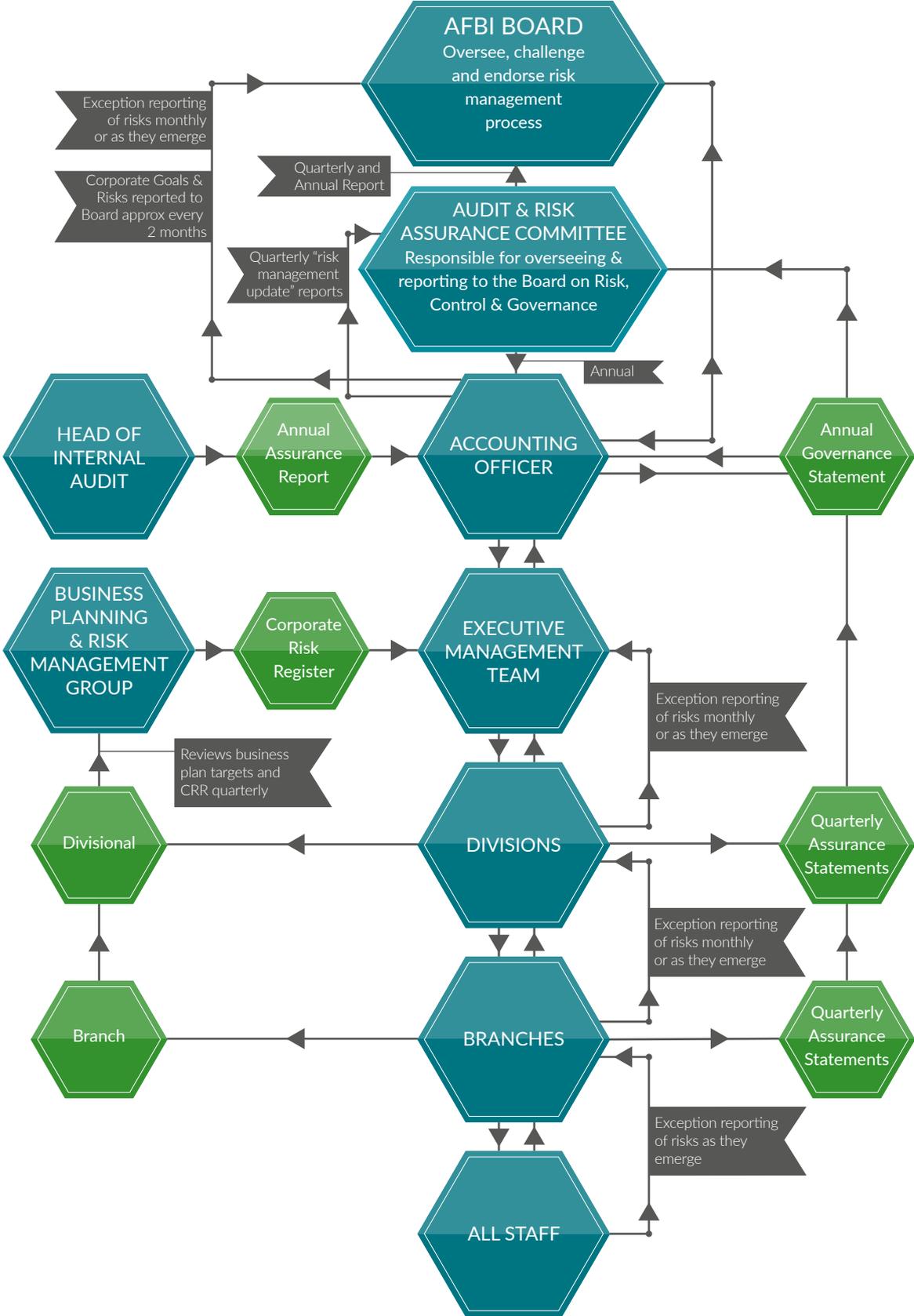
As Accounting Officer, based on assurances provided to me by AFBI's assurance providers, and other than the specific issues referred to above, I consider that the overall systems of governance, risk management and internal control provide satisfactory assurance to me in relation to the ability of AFBI to effectively discharge its governance responsibilities.

Signed:

Dr Stanley McDowell,
BVM&S, MSc, DLSHTM, PhD,
MRCVS
Chief Executive and Accounting
Officer

Date: 27 March 2019

ANNEX A: AFBI'S GOVERNANCE AND RISK ASSURANCE FRAMEWORK





4.3 Remuneration & Staff Report

CHAIRMAN AND BOARD MEMBERS

The Chairman is normally appointed for a fixed period of three years, the Deputy Chair for three years and the Board members are appointed for a fixed period of three or four years. Thereafter they are re-appointed in accordance with the Code of Practice.

The remuneration of the Board is set by DAERA. Increases are calculated in line with the recommendations of the Senior Salaries Review Body. There are no arrangements in place for the payment of a bonus. Neither the Chairman nor any Board Member receives pension contribution from AFBI or DAERA.

AFBI reimburses the Chairman and Board members for any incidental expenses incurred for carrying out their duties relevant to the organisation.

Details of remuneration of the Chairman and Board Members (Audited)

In 2017/18, the remuneration for members of the Board was:

BOARD MEMBER	2017/18				2016/17			
	SALARY (TO NEAREST £'000)	BENEFITS IN KIND (TO NEAREST £100)	PENSION BENEFITS (TO NEAREST £1,000)	TOTAL (TO NEAREST £1,000)	SALARY (TO NEAREST £'000)	BENEFITS IN KIND (TO THE NEAREST £100)	PENSION BENEFITS (TO NEAREST £1,000)	TOTAL (TO NEAREST £1,000)
Mr Colm McKenna, Chairman	25-30	-	-	25-30	25-30	-	-	25-30
Professor Bill McKelvey**	5-10	-	-	5-10	10-15	-	-	10-15
Mr Colin Coffey**	5-10	-	-	5-10	5-10	-	-	5-10
Mr Ian Buchanan	0-5	-	-	0-5	0-5	-	-	0-5
Mrs Maureen McKeague	5-10	-	-	5-10	5-10	-	-	5-10
Dr Michelle Costello-Smith	5-10	-	-	5-10	5-10	-	-	5-10
Ms Theresa Cullen	5-10	-	-	5-10	5-10	-	-	5-10
Mrs Fiona Hanna	5-10	-	-	5-10	5-10	-	-	5-10
Dr Richard Horton	5-10	-	-	5-10	5-10	-	-	5-10
Ms Joan Houston	5-10	-	-	5-10	0-5	-	-	0-5
Mrs Sharon Smyth	5-10	-	-	5-10	0-5	-	-	0-5



BOARD MEMBER	2017/18				2016/17			
	SALARY (TO NEAREST £'000)	BENEFITS IN KIND (TO NEAREST £100)	PENSION BENEFITS (TO NEAREST £1,000)	TOTAL (TO NEAREST £1,000)	SALARY (TO NEAREST £'000)	BENEFITS IN KIND (TO THE NEAREST £100)	PENSION BENEFITS (TO NEAREST £1,000)	TOTAL (TO NEAREST £1,000)
Mr Richard Solomon	5-10	-	-	5-10	5-10	-	-	5-10
Ms Kate Burns**	0-5	-	-	0-5	-	-	-	-
Mrs Roberta Brownlee**	0-5	-	-	0-5	-	-	-	-
Mrs Sarah Havlin*	-	-	-	-	0-5	-	-	0-5
Mr David Lindsay*	-	-	-	-	5-10	-	-	5-10
Prof Patrick Murphy*	-	-	-	-	0-5	-	-	0-5
Dr Cecil McMurray*	-	-	-	-	5-10	-	-	5-10
Mr Ken Millar*	-	-	-	-	5-10	-	-	5-10

The figures quoted above relate to payments made in 2016/17 & 2017/18.

* Mrs Sarah Havlin, Mr David Lindsay, Dr Cecil McMurray, Mr Ken Millar and Prof Patrick Murphy all completed their term of office on 31 March 2017.

**Professor Bill McKelvey, Deputy Chair completed his Term of Office on 31 December 2017 and Mr Colin Coffey, Board Member was appointed Deputy Chair from 1 January 2018. There were also two new Board Members appointed from 31 December 2017, Ms Kate Burns and Mrs Roberta Brownlee.



SUB-COMMITTEES OF THE BOARD

The following sub-committees continued to operate during the year and members received the noted remuneration for sitting on these committees (included within total remuneration disclosed in the table above):

AUDIT & RISK ASSURANCE COMMITTEE

Ms Joan Houston, Chair	£1,925
Mrs Sharon Smyth	£1,540
Mrs Fiona Hanna	£1,925
Mr Ian Buchanan	£770
Mr Richard Solomon	£1,925
Ms Kate Burns (from 15 March 2018)	-

The Audit & Risk Assurance Committee advises the Board on the issues of risk, control and governance. The Accounting Officer, Director of Finance & Corporate Affairs, Head of Finance, representatives from internal and external audit and DAERA's AFBI Sponsor Branch were generally in attendance at Audit Committee meetings.

ORGANISATIONAL DEVELOPMENT & HR COMMITTEE

Ms Theresa Cullen	£1,540
Mrs Maureen McKeague	£1,540
Ms Joan Houston	£1,540
Mr Richard Solomon	£1,540
Mrs Sharon Smyth	£1,540
Mrs Roberta Brownlee (from 15 March 2018)	-

The Organisational Development & HR Committee advises the Board on the remuneration of Executive Management Team (EMT). The members of EMT are equivalent to senior civil servants for the purposes of remuneration which is set by the Department of Finance. No bonus scheme was available

in 2017/18. Whilst the terms and conditions of employment and remuneration of all AFBI employees are in accordance with the overall terms and conditions of the NICS, any proposed changes to the overall framework are also subject to review and scrutiny by this Committee. The Accounting Officer and the Director of Finance & Corporate Affairs generally attended the Organisational Development & HR Committee meetings.

SCIENCE STRATEGY COMMITTEE

Dr Richard Horton	£1,540
Dr Michelle Costello-Smith	£1,540
Ms Theresa Cullen	£1,155
Mr Colin Coffey	£1,155
Mr Ian Buchanan	£1,540
Ms Kate Burns (from 15 March 2018)	-

The Science Strategy Committee guides the Executive in developing a Science Strategy for AFBI. This includes assisting EMT to prioritise existing areas of scientific work and identify strategic scientific areas or technologies in which AFBI should potentially become engaged.

FINANCE AND BUSINESS STRATEGY COMMITTEE

Mr Colin Coffey, Chair ¹	£1,155 ¹
Mrs Fiona Hanna	£1,540
Mrs Maureen McKeague	£1,540
Dr Michelle Costello-Smith	£1,155
Mr Richard Horton	£1,540
Mrs Roberta Brownlee (from 15 March 2018)	-

The Finance and Business Strategy Committee supports the Board in discharging its responsibilities for the oversight of financial management including, in particular, the review of financial

plans and budget monitoring. The Accounting Officer, Director of Finance & Corporate Affairs and Head of Finance were generally in attendance.

¹To Note: Mr Colin Coffey, Board Member was appointed Deputy Chair from 1 January 2018, therefore he is not remunerated for attendance at sub-committee meetings from that date.

CHIEF EXECUTIVE AND EXECUTIVE MANAGEMENT TEAM

REMUNERATION POLICY

The Senior Civil Service (SCS) remuneration arrangements are based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance. In 2012, upon creation, there were 11 points on each scale. The minimum point has been removed in each year from 2014 to 2016 (the scales now have 8 pay points) to allow progression through the pay scales within a reasonable period of time.

The pay remit (for the NI public sector and SCS) is normally approved by the Minister of Finance but in the absence of an Executive the DoF Permanent Secretary has set the 2017/18 NI public sector pay policy in line with the overarching HMT parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016/17.



SERVICE CONTRACTS

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

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

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

SALARY AND PENSION ENTITLEMENTS

The following sections provide details of the remuneration and pension interests of the Executive Management Team of AFBI.

Remuneration (including salary) and pension entitlements (Audited):

NAME	2017/18				2016/17			
	SALARY	BENEFITS IN KIND (TO NEAREST £100)	PENSION BENEFITS * (TO NEAREST £1,000)	TOTAL (£'000)	SALARY	BENEFITS IN KIND (TO THE NEAREST £100)	PENSION BENEFITS* (TO NEAREST £1,000)	TOTAL (£'000)
Dr S Mayne CEO	85-90	-	83	170-175	80-85	-	98	175-180
Dr S McDowell DCEO	65-70	-	6	70-75	65-70	-	35	100-105
Dr E Magowan DCEO commenced 02/05/2017	60-65 Full-time equivalent 65-70	-	97	155-160	-	-	-	-
Mrs J Kelly DCEO commenced 07/08/2017	45-50 Full-time equivalent 70-75	-	18	60-65	-	-	-	-
Ms L Johnston DCEO(Acting) until 04/08/17	20-25 Full-time equivalent 65-70	-	22	45-50	10-15	-	5	15-20
Prof S Kennedy, CEO retired 30/06/16	-	-	-	-	20-25	-	-60	(-35-40)
Prof E Watson CEO until 31/10/16	-	-	-	-	45-50	-	-	45-50
Mrs L Hogg DCEO until 26/06/16	-	-	-	-	15-20	-	5	20-25
Band of Highest Paid Director's Total Remuneration	85-90	-	-	-	80-85	-	-	-
Median Total Remuneration	27,261	-	-	-	27,544	-	-	-
Ratio****	3.25	-	-	-	3.22	-	-	-

*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 exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

** Mrs J Kelly commenced the DCEO post on 07/08/2017, the full year equivalent is £70-75k.

***Ms L Johnston acting up to DCEO ended on 04/08/2017, the full year equivalent is £65-£70k.

***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 banded remuneration of the highest paid director in AFBI in the financial year 2017/18 was £85-90k (2016/17, £80-85k). This was 3.25 times (2016/17, 3.22) the median remuneration of the workforce, which was £27,261 (2016/17, £27,544). In 2017/18, no employees (2016/17, 0), received remuneration in excess of the highest-paid director. Remuneration ranged from £385 to £89k (2016/17, £5k to £82k). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

OFF-PAYROLL PAYMENTS:

DETAILS OF OFF-PAYROLL PAYMENTS AT A COST OF OVER £58,200 PER ANNUM

Opening number of off-payroll engagements at 1 April 2017	1
Number of new engagements during 2017/18	2
Number of engagements coming onto AFBI payroll during 2017/18	0
Number of engagements that have come to an end during 2017/18	(2)
Closing number of engagements at 31 March 2018	1

DETAILS OF OFF-PAYROLL ENGAGEMENTS AS OF 31 MARCH 2018, FOR MORE THAN £220 PER DAY AND THAT LAST LONGER THAN SIX MONTHS

Number of existing engagements as of 31 March 2018	10
<i>Of which:-</i>	
Number that have existed for less than one year at time of reporting	6
Number that have existed for between one and two years at time of reporting	4

The off-payroll engagement outlined above has been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax. It was not deemed necessary that assurance was sought.

DETAILS OF NEW OFF-PAYROLL ENGAGEMENTS BETWEEN 1 APRIL 2017 AND 31 MARCH 2018, FOR MORE THAN £220 PER DAY AND THAT LAST LONGER THAN SIX MONTHS

Number of new engagements between 1 April 2017 and 31 March 2018	8
Number of the above which include contractual clauses giving AFBI the right to request assurance in relation to income tax and National Insurance obligations	0
Number for whom assurance has been requested	N/A

SALARY:

Salary includes gross salary, overtime and any other allowance to the extent that it is subject to UK taxation and any gratia payments.

BENEFITS IN KIND:

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

PENSION ENTITLEMENTS (AUDITED):

NAME	ACCRUED PENSION AT PENSION AGE AS AT 31/3/18 AND RELATED LUMP SUM	REAL INCREASE IN PENSION AND RELATED LUMP SUM AT PENSION AGE	CETV AT 31/3/18	CETV AT 31/3/17	REAL INCREASE IN CETV	EMPLOYER CONTRIBUTION TO PARTNERSHIP PENSION ACCOUNT
	£'000	£'000	£'000	£'000	£'000	NEAREST £100
Dr S Mayne	45 -50 plus a lump sum of 135 - 140	2.5 – 5 plus a lump sum of 10 – 12.5	1027	922	82	-
Dr S McDowell	30 – 35 plus a lump sum of 35 - 40	0 – 2.5 plus a lump sum of 0	556	517	4	-
Dr E Magowan	15 - 20	5 – 7.5	190	127	52	-
Ms L Johnston	5 – 10 plus a lump sum of 10 - 15	0 – 2.5 plus a lump sum of 0 – 2.5	100	85	14	-
Mrs J Kelly	0 - 5	0 – 2.5	12	-	9	-

NORTHERN IRELAND CIVIL SERVICE (NICS) PENSION ARRANGEMENTS

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

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

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

Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). From April 2011, pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining the partnership pension account.

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

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

Scheme Year 1 April 2018 to 31 March 2019

ANNUALISED RATE OF PENSIONABLE EARNINGS (SALARY BANDS)		CONTRIBUTION RATES	
		- CLASSIC MEMBERS OR CLASSIC MEMBERS WHO HAVE MOVED TO ALPHA	CONTRIBUTION RATES - ALL OTHER MEMBERS
FROM	TO	FROM 01 APRIL 2018 TO 31 MARCH 2019	FROM 01 APRIL 2018 TO 31 MARCH 2019
£0	£15,000.99	4.6%	4.6%
£15,001.00	£21,636.99	4.6%	4.6%
£21,637.00	£51,515.99	5.45%	5.45%
£51,516.00	£150,000.99	7.35%	7.35%
£150,001 and above		8.05%	8.05%

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of the pensionable salary to cover

the cost of centrally provided risk benefit cover (death in service and ill health retirement)

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

CASH EQUIVALENT TRANSFER VALUES

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and

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



Allowance Tax which may be due when pension benefits are taken.

REAL INCREASE IN CETV

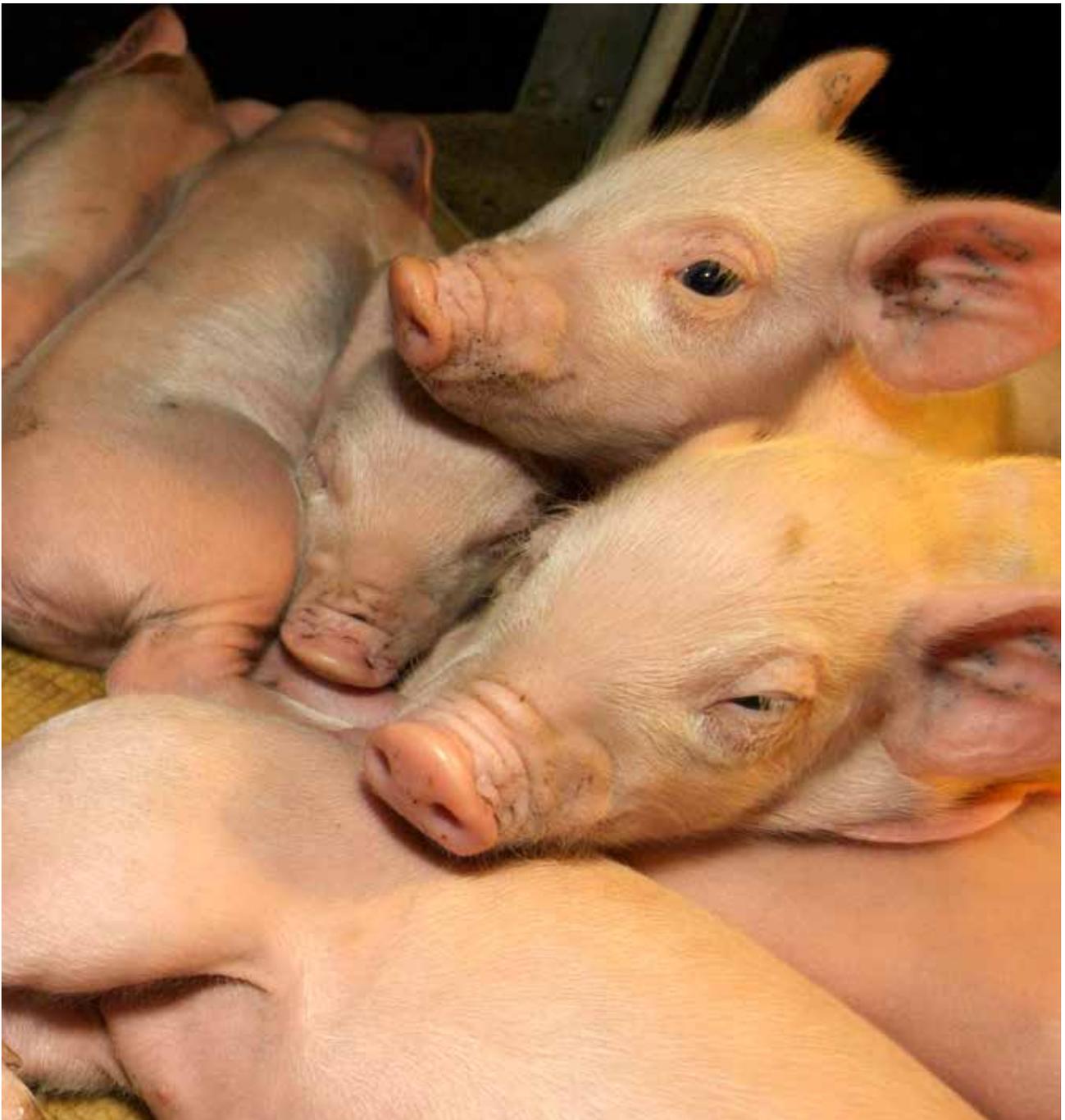
This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid

by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and the end of the period so that it disregards the

effect of any changes in factors and focuses only on the increase that is funded by the employer.

COMPENSATION FOR LOSS OF OFFICE (AUDITED)

No compensation has been paid to senior officers by AFBI during the year for loss of office.



STAFF REPORT

Staff costs (Audited):

	PERMANENTLY EMPLOYED STAFF	OTHERS	2017/18 £000 TOTAL	2016/17 £000 TOTAL
Wages and salaries	18,130	2,469	20,599	18,621
Social security costs	1,857	-	1,857	1,733
Other pension costs	3,899	-	3,899	3,764
Sub Total	23,886	2,469	26,355	24,118
Less recoveries in respect of outward secondments	(65)	-	(65)	(62)
Total net costs	23,821	2,469	26,290	24,056

PENSION SCHEME DETAILS

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

For 2017/18, employers' contributions of £3,808,047 were payable to the NICS pension arrangements (2016/17 £3,737,354) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme

funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014/15. This valuation was used to determine employer contribution rates for the introduction of alpha from April 2015. For 2018/19, the rates will also range from 20.8% to 26.3% however the salary bands differ. The contribution rates are set to meet the cost of the benefits accruing during 2017/18 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £31,226, (2016/17: £25,666) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2016/17 8% to 14.7%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions

of £1,163, 0.5% (2016/17: £1,059, 0.5%) of pensionable pay, were payable to the NICS Pension Arrangements to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the reporting period date were £0 (2016/17: £0). Contributions prepaid at that date were £0 (2016/17: £0).

1 individual (2016/17: 1) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £4,015 (2016/17: £2,058).

AVERAGE NUMBER OF PERSONS EMPLOYED

The average number of whole-time equivalent persons employed during the year was as follows: Other staff are defined as agency staff employed on a temporary contract.

	PERMANENT STAFF	OTHERS	2017/18 TOTAL	2016/17 TOTAL
Directly Employed	589	99	688	649
Other	0	12	12	17
Total	589	111	700	666



REPORTING OF CIVIL SERVICE AND OTHER COMPENSATION SCHEMES – EXIT PACKAGES (AUDITED)

Figures in brackets represent 2016/17 comparative.

EXIT PACKAGE COST BAND	NUMBER OF COMPULSORY REDUNDANCIES	NUMBER OF OTHER DEPARTURES AGREED	TOTAL NUMBER OF EXIT PACKAGES BY COST BAND
<£10,000	-	0 (1)	0 (1)
£10,000 - £25,000	-	0 (0)	0 (0)
£25,000 - £50,000	-	0 (1)	0 (1)
£50,000 - £100,000	-	0 (0)	0 (0)
£100,000 - £150,000	-	-	-
£150,000 - £200,000	-	-	-
Total number of exit packages	-	0 (2)	0 (2)
Total resource cost/£	-	0 (40,274)	0 (40,274)

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

The 2016 pay award resulted in an increase to employee salaries that left on VES. Civil Service Pensions re-calculated the exit packages and invoiced AFBI for the difference. A payment of £11,085 was paid in 2017/18.

AFBI's accounting policy in respect of pensions is at Note 1 to the accounts.

PROVISION OF INFORMATION TO AND CONSULTATION WITH EMPLOYEES

AFBI ensures that all staff are kept informed of plans and developments through meetings, monthly team briefs, staff newsletters and the publication of business and training plans. Staff have access to welfare services and trade union membership. AFBI use the established Whitley process of staff consultation. The Whitley Council and Committees provide an agreed forum for discussion and they are attended by employer and employee (trade union) representatives.

CAREER DEVELOPMENT

AFBI continues to promote opportunities for career development internally and during the course of this year a total of 21 staff have achieved promotion in a wide range of disciplines and grades.

One of AFBI's strategic goals is to sustain and develop our knowledge base through attracting and investing in talented people.

In support of this objective, AFBI's Learning and Development Unit provide expert advice on learning and development opportunities covering the diverse range of skills required across the organisation.

As at 31 March 2018 the number of the staff employed by AFBI was as follows:

	MALES	FEMALES	TOTAL
Board	5	8	13
Executive Management Team	2	2	4
Other staff	368	254	622
Total	375	264	639

This Unit also administers AFBI's Assistance to Study programme which has provided support for 16 staff this year in their pursuit of professional qualifications specific to AFBI's business.

RECRUITMENT

AFBI continues to develop its workforce in line with its business aims and has made a total of 31 new appointments this year, covering grades across the scientific, administrative and industrial disciplines. This number reflects both permanent and temporary appointments.

WORK EXPERIENCE

AFBI is committed to providing work experience opportunities for students at all levels to assist them in developing the key skills required to be successful in today's working environment.

49 students in higher education were given the opportunity to develop key work-related skills through a relevant, supervised work placement programme. Work experience was also given to 76 students covering a range of areas within AFBI.

SICKNESS ABSENCE

AFBI had an operational objective of an average of 7.5 working days lost per staff member. Northern Ireland Statistics Research Agency (NISRA) has provided an outturn figure of 10.6 days for 2017/18 (9.2 days in 2016/17). This has been heavily influenced by a number of long term sickness absences.

EQUAL OPPORTUNITIES

AFBI's commitment to equality of opportunity and to creating and sustaining a working environment where everyone is treated with respect and dignity, free from any form of inappropriate behaviour, and one in which all employees can give of their best, is embodied in the AFBI Value 'Respecting People' and its Associated Behaviours, and in the Dignity at Work policy to which AFBI adheres. This policy is available to all staff through the Human Resources Connect (HR Connect) portal and the AFBI intranet. AFBI's commitment to equality of opportunity is embedded in the equality awareness training for all staff.

Information and guidance to staff on a wide range of equal opportunity issues is available on the AFBI Intranet.

EMPLOYMENT OF PEOPLE WITH DISABILITIES

As part of its overall Equal Opportunities policy, AFBI is fully committed to ensuring that all of its policies and working practices meet or exceed the requirements of the Disability Discrimination Act 1995.

AFBI provides disabled staff with an opportunity to discuss disability issues, ensures that reasonable adjustments are made and Personal Emergency Evacuation Plans are in place where necessary.

AFBI engages with Ulster Supported Employment Limited (USEL) and Disability Action in the employment of disabled persons. Disability awareness is embedded in equality training for all staff and information on disability issues, including articles from Disability Action are made available through the AFBI intranet.



SECURITY OF PERSONAL DATA

AFBI is committed to the safeguarding of personal data and has set in place appropriate technical and organisational measures to ensure its security. During 2017/18, AFBI placed a strong focus on preparing for compliance with the EU General Data Protection regulation (GDPR) and UK Data Protection Act (DPA) 2018. Specific Information Governance pages have been created on the Intranet containing detailed guidance for staff in relation to identifying personal information and the requirements of DPA 2018 and GDPR.

All members of staff have been advised that it is their personal responsibility to ensure that any document with sensitive information, including personal data, is appropriately secured and to ensure that, in the case of data held electronically, appropriate access controls are put in place to prevent unauthorised access, whether accidental or deliberate, by others. There have been no reported significant data losses in the course of the year other than one breach involving accidental disclosure of personal data to two recipients and one breach whereby appropriate safeguards were not used during the transfer

of personal information. Both of these were handled under the AFBI Data Breach Management Plan and both assessed as low risk incidents. These were dealt with promptly with steps taken to prevent recurrence.

Signed

Dr Stanley McDowell,
BVM&S, MSc, DLSHTM, PhD,
MRCVS
Chief Executive and Accounting
Officer

Date: 27 March 2019



4.4 Assembly Accountability and Audit Report

The following sections are subject to audit.

LOSSES

AFBI does not have any losses to report which exceeds £250,000.

SPECIAL PAYMENTS

AFBI does not have any payments to report which exceeds £250,000.

REMOTE CONTINGENT LIABILITIES

In addition to contingent liabilities reported within the meaning of IAS37, AFBI also reports liabilities for which the likelihood of a

transfer of economic benefits in settlement is too remote to meet the definition of contingent liability. During 2017-18, no such liabilities were reported which are not covered in Provisions Note 14 or the Contingent Liabilities Note 20.

FEES AND CHARGES

A detailed analysis of fees and charges information is provided below:

CATEGORY OF INCOME	BASIS OF CHARGES	INCOME RECEIVED 2017/18 £'000	DIRECT COST 2017/18 £'000	ANNUAL (SURPLUS)/ DEFICIT 2017/18 £'000	INCOME RECEIVED 2016/17 £'000	DIRECT COST 2016/17 £'000	ANNUAL (SURPLUS)/ DEFICIT 2016/17 £'000
Income from Analytical, Diagnostic and Research work ¹	Not full recovery of cost	(7,894)	6,033	(1,861)	(7,796)	6,736	(1,060)
Royalties	Per contract	(8,626)	1,978	(6,648)	(8,475)	1,934	(6,541)
Sale of Farm Produce	Market value	(822)	723	(99)	(648)	639	(9)
Charter of Ship	Market value	(34)	-	(34)	(303)	140	(163)
Other	Market value	(137)	68	(69)	(92)	83	(9)
Total		(17,513)	8,802	(8,711)	(17,314)	9,532	(7,782)

¹ Income from analytical, diagnostic and research work is made up of multiple projects including Statutory and commercial work that is all individually priced.

² The information included in this note has been updated from that provided in the prior year to reflect the new presentation of income per note 4.

DISCLOSURE TO AUDITOR

So far as I am aware, as Accounting Officer, there is no relevant audit information of which the Institute's auditors are unaware; and, as Accounting Officer, I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and establish that the AFBI's auditors are aware of that information.

Signed



Dr Stanley McDowell,
BVM&S, MSc, DLSHTM, PhD, MRCVS
Chief Executive and Accounting Officer

Date: 27 March 2019



4.5 Auditors Certificate

Agri-Food and Biosciences Institute 2017-2018

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

OPINION ON FINANCIAL STATEMENTS

I certify that I have audited the financial statements of the Agri-Food and Biosciences Institute for the year ended 31 March 2018 under the Agricultural (Northern Ireland) Order 2004. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Agri-Food and Biosciences Institute's affairs as at 31 March 2018 and of the net expenditure for the year then ended; and
- have been properly prepared in accordance with the Agricultural (Northern Ireland) Order 2004 and the Department of Agriculture, Environment and Rural Affairs directions 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 the Agri-Food and Biosciences Institute 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

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

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

OPINION ON OTHER MATTERS

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with directions made under the Agricultural (Northern Ireland) Order 2004; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

RESPONSIBILITIES OF THE BOARD AND ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Accounting Officer Responsibilities, the Board and the Accounting Officer are 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 Agricultural (Northern Ireland) Order 2004.

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

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. 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 Accountability Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

My detailed observations are included in my report attached to the financial statements.



KJ Donnelly

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

29 March 2019



Financial Statements

Year ended 31 March 2018





Statement of Comprehensive Net Expenditure
FOR THE YEAR ENDED 31 MARCH 2018

	NOTE	2017/18 £000	2016/17 £000
Income			
Income from sale of goods and services	4	(17,513)	(17,314)
EU Grant Income	4	(4,418)	(940)
Other Grant Income	4	(1,282)	(861)
Total operating income		<u>(23,213)</u>	<u>(19,115)</u>
Expenditure			
Staff costs	3	26,355	24,118
Depreciation and impairment charges	3	2,227	2,090
Other operating expenditure	3	29,206	25,750
Total operating expenditure		<u>57,788</u>	<u>51,958</u>
Net operating expenditure		<u>34,575</u>	<u>32,843</u>
Corporation tax charge	3	1,140	1,186
Net Expenditure for the year		<u>35,715</u>	<u>34,029</u>
Other comprehensive net expenditure			
Net (gain)/loss on revaluation of property, plant and equipment	5	(103)	(282)
Net (gain) on revaluation of Intangible assets	6	(16)	(10)
Comprehensive net expenditure for the year		<u>35,596</u>	<u>33,737</u>

The notes on pages 74 to 91 form part of these accounts.

Statement of Financial Position

AS AT 31 MARCH 2018

	NOTE	2018	2017
		£000	£000
Non-current assets:			
Property, plant and equipment	5	13,165	8,764
Intangible assets	6	484	332
Biological assets	7	1,569	1,396
Trade and other receivables	12	1,063	-
Total non-current assets		16,281	10,492
Current assets:			
Inventories	10	479	477
Trade and other receivables	12	12,911	11,131
Cash and cash equivalents	11	2,386	539
Total current assets		15,776	12,147
Total assets		32,057	22,639
Current liabilities			
Trade and other payables	13	(13,476)	(7,921)
Provisions	14	(447)	(314)
Total current liabilities		(13,923)	(8,235)
Total assets less current liabilities		18,134	14,404
Non-current liabilities			
Deferred Income	13	(2,090)	(500)
Provisions	14	(120)	(291)
Total non-current liabilities		(2,210)	(791)
Total assets less total liabilities		15,924	13,613
Taxpayers' equity and other reserves			
Revaluation Reserve		4,781	3,017
General Fund		11,143	10,596
		15,924	13,613

The financial statements on pages 70 to 73 were approved by the Board on 27 March 2019 and were signed on its behalf by:

Signed



Dr Stanley McDowell, BVM&S, MSc, DLSHTM, PhD, MRCVS
Chief Executive and Accounting Officer
Date 27 March 2019

The notes on pages 74 to 91 form part of these accounts.



Statement of Cash Flows
FOR THE YEAR ENDED 31 MARCH 2018

	NOTE	2017/18		2016/17	
		£000	£000	£000	£000
Cash flows from operating activities					
Net expenditure for the year			(35,715)		(34,029)
Adjustment for non-cash transactions	3	2,729		2,392	
Use of bad debt provision		-		(7)	
(Increase) in trade receivables	12	(2,779)		(1,060)	
(Increase) in inventories	10	(2)		(37)	
Increase in trade payables	13	5,092		908	
Use of provisions	14	(100)		(149)	
			4,940		2,047
Net cash outflow from operating activities			(30,775)		(31,982)
Cash flows from investing activities					
Purchase of plant and equipment	5	(2,499)		(1,844)	
Purchase of intangible assets	6	(201)		(27)	
Purchase of biological assets	7	(19)		(13)	
Proceeds of disposal of property, plant and equipment		1		6	
Proceeds of disposal of biological assets		726		544	
Net cash outflow from investing activities			(1,992)		(1,334)
Cash flows from financing activities					
Grant from sponsoring entity		34,614		33,767	
Net financing			34,614		33,767
Net (decrease)/increase in cash and cash equivalents in the period			1,847		451
Cash and cash equivalents at the beginning of the year	11		539		88
Cash and cash equivalents at the end of the year	11		2,386		539

Statement of Changes in Taxpayers' Equity
for the period ended 31 March 2018

	NOTE	GENERAL FUND £000	REVALUATION RESERVE £000	TAXPAYERS' EQUITY £000
Balance as at 31 March 2016		9,372	2,915	12,287
Grant from sponsoring entity		33,767	-	33,767
Net gain on revaluation of plant and equipment	5	-	282	282
Net gain on revaluation of intangible assets	6	-	10	10
Relifing adjustment	5/6	-	(3)	(3)
Notional charges - IT Assist	3	1,299	-	1,299
Transfers between reserves		187	(187)	-
Net expenditure for the year		(34,029)	-	(34,029)
Balance at 31 March 2017		10,596	3,017	13,613
Grant from sponsoring entity		34,614	-	34,614
Net gain/(loss) on revaluation of plant and equipment	5	-	103	103
Net gain/(loss) on revaluation of intangible assets	6	-	16	16
Relifing adjustment	5/6	-	1,985	1,985
Release of reserves to the SoCNE		340	(340)	-
Notional charges - IT Assist	3	1,308	-	1,308
Transfers between reserves		-	-	-
Net expenditure for the year		(35,715)	-	(35,715)
Balance at 31 March 2018		11,143	4,781	15,924

The notes on pages 74 to 91 form part of these accounts.



Notes to the accounts

FOR THE YEAR ENDED 31
MARCH 2018

1. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2017/18 Government Financial Reporting Manual (FReM) issued by DoF. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Agri-Food and Biosciences Institute (AFBI) for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Agri-Food and Biosciences Institute are described below. They have been applied consistently in dealing with items that are considered material to the accounts. These financial statements have been prepared in sterling and are rounded to the nearest £'000.

ACCOUNTING CONVENTION

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

PROPERTY, PLANT AND EQUIPMENT

AFBI does not own any other land or buildings but leases them from the Department of Agriculture, Environment and Rural Affairs (DAERA).

Other non-property assets are stated at current cost using appropriate indices to account for the effects of inflation. No independent valuer is involved in the valuation of assets. The date of the revaluation is the reporting date of 31 March each year.

The threshold for capitalisation is £5,000 excluding any VAT capitalised.

DONATED FIXED ASSETS

Donated fixed assets are capitalised at their fair value on receipt and this value is credited to the General Fund. Donated fixed assets are valued and depreciated as described below for purchased assets. Gains and losses on revaluations are also taken to the General Fund and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset charged to the Statement of Comprehensive Net Expenditure. Any impairment on donated assets charged to the Statement of Comprehensive Net Expenditure is matched by a transfer from the General Fund.

DEPRECIATION

Depreciation is charged on a straight line basis in order to write off the valuation of assets, less estimated residual value, of each asset over the expected useful life.

Assets are generally depreciated from the period of acquisition and not depreciated in the period of disposal. However, an exception to this practice occurs when AFBI makes a late addition in the financial year. Where the cost of the asset remains unpaid at the date the financial statements are prepared, the depreciation charge for the asset is included in the following year's financial statements.

DEPRECIATION (CONTINUED)

The useful lives of tangible assets, which are reviewed regularly, are:

Plant	3 to 44 years
Equipment	3 to 35 years
Transport equipment: ship/boats	5 to 18 years
Transport equipment: vehicles	3 to 26 years
Information technology: computers	4 to 25 years

The useful lives of intangible assets, which are reviewed regularly, are:

Software licences	3 to 14 years
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INTANGIBLE ASSETS

Software licences are stated at current cost using appropriate indices to account for the effects of inflation. Software assets are depreciated from the period of acquisition and not depreciated in the period of disposal.

BIOLOGICAL ASSETS

Biological assets comprise cattle, sheep and pigs which are used for research purposes. They are categorised according to the attributes used in the market to facilitate their valuation at the reporting date. Cattle were further grouped as follows:

- Beef cattle are grouped by gender, breed and age.
- Dairy cattle are grouped by lactation and breed.

Biological assets are valued at fair value less estimated costs at the point of sale at the end of the reporting period. This is further disclosed in accordance with IAS 41 Agriculture, by showing the aggregate value of purchases, sales, changes in value due to changes in physical conditions of

the herd and changes in the value of the herd due to changes in market price.

Changes in value due to changes in physical conditions of the herd represent births which took place during the current financial year. The economic value of these transactions is debited or credited to the Statement of Comprehensive Net Expenditure when they occur.

Changes in value of the herd due to changes in market price represent the difference between the purchase cost or the value brought forward of each animal and the market value at the end of the reporting period. The difference is recognised in the Statement of Comprehensive Net Expenditure.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value.

RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development expenditures include all costs relating to the scientific and technical patent work, education and training necessary to ensure the development, start-up and commercialisation of new or improved products or processes.

Research expenditure is recognised as an expense when incurred.

Development expenditure on new or substantially improved products is capitalised as an intangible asset and amortised through cost of sales over the expected useful life of the product concerned. Capitalisation commences from the point at

which the technical feasibility and commercial viability of the product can be demonstrated and AFBI Management is satisfied that it is probable that future economic benefit will result from the product once completed. This is usually at the point of regulatory filing in a major market and approval is highly probable. Capitalisation ceases when the product is ready for launch.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash and deposits with commercial banks. At each year end, the carrying value of cash at bank and in hand approximates their fair value due to their short-term nature.

OPERATING INCOME

Revenue is recognised when it is probable that the economic benefits will flow to AFBI and the revenue can be reliably measured. Revenue is recognised as follows:

For sales of services: Revenue is recognised in the accounting period in which the services are rendered by reference to stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

For sales of goods: Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Royalties, charter of ship and rents receivable: Revenue is recognised on an accruals basis in accordance with the substance of the relevant agreement. In order to estimate royalty income not yet notified,

a review is undertaken of sales trends in the past.

GRANT INCOME

Grants for revenue purposes that are received to finance the purchase of specific goods or services are reported as income in the Statement of Comprehensive Net Expenditure.

Grants for capital purposes that are received to finance the purchase of tangible non-current assets are reported as deferred income and released to the Statement of Comprehensive Net Expenditure on a systematic and rational basis over the useful lives of the related assets.

EMPLOYEE BENEFITS

Under the requirements of IAS 19 Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. The figure has been based on a specific report run from the Personnel system which calculates the year end balance using leave balances on the system. It is not anticipated that the level of untaken annual and flexi leave will vary significantly from year to year.

LEASES

Operating lease rentals are charged directly to the Statement of Comprehensive Net Expenditure over the period of the lease. There are no finance leases.

FINANCIAL INSTRUMENTS

AFBI is not allowed to borrow or invest surplus funds as per the Management Statement and Financial Memorandum. Financial



assets and liabilities are generated by operational activities and are not held to handle the risk profile facing AFBI in undertaking its operations.

- **Liquidity risk**
AFBI's net revenue resource requirements are financed by the Grant-In-Aid agreed with DAERA, as is its capital expenditure. It is not, therefore, exposed to significant liquidity risks.
- **Interest rate risk**
All AFBI's financial assets and liabilities carry nil rate of interest and it is not therefore exposed to significant interest rate risk.
- **Foreign currency risk**
The majority of AFBI's operations, assets and liabilities are denominated in sterling. Transactions in foreign currencies are translated into sterling using the rate at the date of the transactions. Balances held in foreign currencies are translated at the rate of exchange ruling at the date of the SoFP. Exchange differences are recognised in the SoCNE in the period in which they arise. See note 8 for additional information.

PROVISIONS

AFBI makes provisions for liabilities and charges where, at the Statement of Financial Position date, a legal or constructive liability exists (i.e. a present obligation

for past events exists), where the transfer of economic benefits is probable and a reasonable estimate can be made. Where the time value of money is material, AFBI discounts the provision to its present value using a standard government discount rate.

CRITICAL ACCOUNTING ESTIMATES 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 AFBI's accounting policies. AFBI continually evaluates its 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.

ESTIMATION TECHNIQUES USED AND CHANGES IN ACCOUNTING ESTIMATES

Provision is made for all debts greater than 90 days old which are considered doubtful.

The effect of a change in accounting estimate is recognised by including it in the Statement of Comprehensive Net Expenditure in:

- the period of the change, if the change affects that period only; and

- the period of the change and future periods, if that change affects both.

VALUE ADDED TAX

Value added tax (VAT) is accounted for in accordance with the Statement of Standard Accounting Practice 5, in the absence of an International Financial Reporting Standard (IFRS). Amounts are shown net of VAT and irrecoverable VAT is charged to the Statement of Comprehensive Net Expenditure, or included in the capitalised cost of fixed assets.

THIRD PARTY ASSETS

AFBI does not hold any third party assets.

OPERATING SEGMENTS

IFRS 8 Operating Segments requires the identification of operating segments on the basis of internal reports reviewed by AFBI's Chief Decision Maker in order to allocate resources to each specific segment and assess its performance.

AFBI has completed a review against the criteria set out in IFRS 8 and considers that the disclosure format within the accounts meets IFRS 8 criteria.

CONTINGENT LIABILITIES

In addition to contingent liabilities disclosed in accordance with IAS 37, AFBI discloses for Assembly reporting and accountability

purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the 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.

RESERVES

Revaluation Reserve
The Revaluation Reserve reflects the unrealised balance of the cumulative indexation and revaluation adjustments to assets other than donated assets and those funded by grants.

GENERAL FUND

The General Fund represents AFBI's total assets less total liabilities which is not represented by other reserves and financing items.

PENSIONS

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland)

(PCSPS (NI)), which is a defined benefit scheme and is unfunded. AFBI recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS (NI) of amounts calculated on an accruals basis.

All pension contributions are charged to the Statement of Comprehensive Net Expenditure when incurred.

ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS ADOPTED IN THE YEAR ENDED 31 MARCH 2018

The Institute has reviewed the standards, interpretations and amendments to published standards that became effective during 2017/18 and which are relevant to its operations. The Institute anticipates that the adoption of these standards will have no material impact on AFBI's financial position or results of operations.

The International Accounting Standards Board (IASB) issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards were effective with EU adoption from 1 January 2014. Accounting boundary IFRSs are currently adapted in the

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

ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS NOT YET EFFECTIVE

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for AFBI's accounting periods beginning on or after 1 April 2017 or later periods, but which AFBI has not adopted early. Other than as outlined below, AFBI considers that these standards are not relevant or material to its operations.



Standard	IFRS 9 Financial Instruments
Effective date	1 January 2018 (EU Endorsed 22 November 2016). FReM application is in 2018/19.
Summary	<p>IFRS 9 includes several improvements, and introduces substantially greater disclosure requirements, to the previous IAS 39 which includes:</p> <ul style="list-style-type: none"> a single approach to classification and measurement; a new forward-looking 'expected loss' impairment model; and a revised approach to hedge accounting <p>The application of this standard is retrospective (without restatement). This has been mandated in the FReM with approval from the FRAB.</p>
Impact	<p>IFRS 9 will affect all public sector bodies that have any financial instruments (including trade receivables, lease receivables, loan commitments and contract assets).</p> <p>AFBI does not expect the application of IFRS 9 to have a material impact on its financial statements.</p>
Standard	IFRS 15 Revenue from Contracts with Customers
Effective date	1 January 2018 (EU Endorsed 31 October 2017). FReM application is in 2018/19
Summary	<p>IFRS 15 introduces a new five stage model for assessing and recognising revenue from contracts with customers. It also introduces substantially greater disclosure requirements to address the shortcomings of the previous Standards (IAS 1 and IAS 18).</p> <p>The application of this standard is retrospective (without restatement).</p>
Impact	AFBI does not expect the application of IFRS 15 to have a material impact on its financial statements.
Standard	IFRS 16 Leases (Replaces IAS 17 Leases and related interpretations)
Effective date	January 2019 (EU Endorsed 31 October 2017). FReM application is in 2019/20
Summary	<p>The IASB issued IFRS 16 in January 2016 with an effective date for annual periods beginning on or after 1 January 2019. Early application is permitted if IFRS 15 has also been applied.</p> <p>IFRS 16 represents a significant change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. A lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value on the Statement of Financial Position. There are corresponding changes to the disclosure requirements to show the effect that leases have on the financial position, financial performance and cash flows of the lessee.</p> <p>The lessor accounting model is substantially unchanged from its predecessor, IAS 17.</p>
Comments	<p>IFRS 16 is subject to analysis and review by HM Treasury and the other Relevant Authorities. A cross government Technical Working Group has been formed to assist with this assessment.</p> <p>It is AFBI's expectation that the adoption of IFRS 16 will result in an increase in reported assets (in the form of right-of-use assets) and reported liabilities (representing the obligation to make future lease payments).</p>

2. Statement of Operating Costs by Operating Segment

Segmental selection is based on the organisational structure that AFBI uses to make decisions on resource allocation as well as the availability of financial information based on that structure. AFBI has two operational divisions supported by the Finance and Corporate Affairs Division (FCAD). The operational divisions are:

Sustainable Agri-Food Sciences Division (SAFSD) provides statutory services including certification of monitoring for DAERA of pasture, seeds and plant health, and provides specialist advice on weeds, crop plants, varieties and disease problems. SAFSD provides scientific support for the growth, sustainability and competitiveness of Northern Ireland's farming, fishing and agri-food industries, and assists the industry to maintain high standards of environmental protection and animal welfare. SAFSD's research takes account of environmental needs and sustainable economic growth in Northern Ireland's countryside.

Veterinary Sciences Division (VSD) delivers world class veterinary science to the animal, food and fish based sectors of the agri-food industry.

ANALYSIS OF NET EXPENDITURE BY SEGMENT

	2017/18				2016/17			
	SAFSD	VSD	FCAD	TOTAL	SAFSD	VSD	FCAD	TOTAL
Gross expenditure	20,837	12,401	21,015	54,253	17,597	12,157	18,815	48,569
Depreciation & Amortisation	1,448	634	145	2,227	1,353	588	149	2,090
Taxation charges	-	-	1,140	1,140	-	-	1,186	1,186
Notional charges	-	-	1,308	1,308	-	-	1,299	1,299
	22,285	13,035	23,608	58,928	18,950	12,745	21,449	53,144
Income – Domicile	(4,835)	(3,649)	(9,049)	(17,533)	(5,118)	(3,688)	(8,617)	(17,423)
Income – Non Domicile	(5,140)	(540)	-	(5,680)	(1,379)	(313)	-	(1,692)
	(9,975)	(4,189)	(9,049)	(23,213)	(6,497)	(4,001)	(8,617)	(19,115)
Net expenditure	12,310	8,846	14,559	35,715	12,453	8,744	12,832	34,029
Total assets	17,109	4,723	10,225	32,057	12,067	3,584	6,988	22,639
Total liabilities	(7,268)	(2,897)	(5,968)	(16,133)	(3,092)	(1,833)	(4,101)	(9,026)
Net assets	9,841	1,826	4,257	15,924	8,975	1,751	2,887	13,613



3. EXPENDITURE

	NOTE	2017/18 £000	2016/17 £000	
Staff costs ¹				
Wages and salaries		18,130	17,548	
Other pension costs		3,899	3,764	
Agency staff		2,469	1,073	
Social security costs		1,857	1,733	
			26,355	24,118
<i>Other expenditure</i>				
Operating lease		5,874	6,078	
Laboratory expenditure		3,724	4,036	
Accommodation costs		3,302	3,154	
Contracted out services		2,673	1,652	
Ship Operating costs		2,585	2,262	
Royalty costs		1,976	1,934	
Operating expenses		1,823	1,243	
Irrecoverable VAT ²		1,759	1,253	
Agriculture / Horticultural / Livestock costs		1,308	1,312	
Maintenance of machinery and vehicles		1,116	1,031	
Personnel costs		883	696	
Office costs		840	734	
EU Interreg contractor payments		762	-	
Internal Audit fees		34	23	
External Audit fees ³		45	40	
			28,704	25,448
<i>Non cash items</i>				
Depreciation	5	2,100	1,946	
Amortisation	6	127	144	
			2,227	2,090
Notional Charges		1,308	1,299	
Provisions provided for in year	13	147	89	
Provisions not required written back	13	(85)	(418)	
Indexation of fixed assets	9	49	(24)	
(Profit)/loss on disposal of non-current assets		27	(4)	
(Profit)/loss on disposal of biological assets		10	(37)	
Increase/(decrease) in debt provision		(64)	121	
Changes due to changes in physical condition of biological assets		(67)	(82)	
Change in market value of biological assets		(823)	(647)	
Bad debts written off		-	5	
			502	302
Taxation charges ⁴			1,140	1,186
			58,928	53,144

RECLASSIFICATION

Following a review of the expenditure lines included in the prior year's financial statements this note has been updated to group together similar categories of expenditure. The comparative figures have been amended to reflect the updated presentation.

¹Further analysis of staff costs is located in the Staff Report (on page 61).

²In Northern Ireland, VAT cannot be reclaimed on research performed for Government Departments or on work which is grant funded. As a proportion of AFBI's work is research for Government Departments and/or is grant funded, it cannot claim back all VAT. The "Irrecoverable VAT" line is the amount of VAT which AFBI cannot claim from HMRC. This VAT expense should ideally be expensed to the various Government / grant funded projects. However, the agreed process with HMRC is complex. AFBI are currently investigating means by which it can accurately allocate the expense to individual projects.

³During the year AFBI did not purchase any non-audit services from its auditor (NIAO).

⁴Corporation tax is charged on AFBI's royalty income, adjusted for a 10% admin fee and rewards to staff payments. The rate of corporation tax for 2017/18 was 19% (2016/17: 20%).

4. Income

	2017/18 £000	2016/17 £000
Income from sale of goods and services		
Income from analytical, diagnostic work and research contracts	7,894	7,796
Royalties ¹	8,626	8,475
Sale of milk and general produce	822	648
Charter of the ship	34	303
Refunds	22	20
Recoveries in respect of outward secondments	65	62
Rents receivable	50	10
	17,513	17,314
EU Grant	4,418	940
Other Grants	1,282	861
Total	23,213	19,115

RECLASSIFICATION

The classification of income has been updated in 2017/18 to separately identify grant income that AFBI receives. The comparative figures have been amended to reflect the updated presentation.

¹Royalty income is received gross of a 10% administration fee. The administration fee is then paid over on receipt of a VAT invoice.



5. Property, Plant and Equipment

2017/18

	INFORMATION TECHNOLOGY £000	PLANT & MACHINERY ¹ £000	TRANSPORT EQUIPMENT £000	TOTAL £000
Cost or valuation				
At 1 April 2017	1,015	28,735	5,295	35,045
Additions	269	4,240	44	4,553
Disposals	(25)	(1,174)	(196)	(1,395)
Reclassification	(21)	8	13	-
Revaluations & Impairments	14	222	(13)	223
At 31 March 2018	1,252	32,031	5,143	38,426
Depreciation				
At 1 April 2017	877	21,168	4,236	26,281
Charge for the year	37	1,742	321	2,100
Relieving adjustment ²	(91)	(1,345)	(474)	(1,910)
Disposals	(25)	(1,163)	(192)	(1,380)
Revaluations & Impairments	8	179	(17)	170
At 31 March 2018	806	20,581	3,874	25,261
Carrying amount				
At 31 March 2017	138	7,567	1,059	8,764
At 31 March 2018	446	11,450	1,269	13,165
Asset financing:				
Owned	446	11,449	1,269	13,165
Finance leased	-	-	-	-
On-balance sheet PFI contracts	-	-	-	-
Carrying amount at 31 March 2018	446	11,450	1,269	13,165

¹Plant & Machinery includes a donated asset of scientific equipment with a carrying value of £24k at 31 March 2018

²During 2016/17 a material proportion of non-current assets were identified with a £nil net book value but were still in use. As a result a review was carried out during 2017/18 to ensure that an appropriate value was placed on all assets. The outcome of this exercise resulted in a relieving adjustment of £1.9m. Further details can be found in the Governance Statement.

5. Property, Plant and Equipment

2016/17

	INFORMATION TECHNOLOGY £000	PLANT & MACHINERY ¹ £000	TRANSPORT EQUIPMENT £000	TOTAL £000
Cost or valuation				
At 1 April 2016	943	26,809	4,586	32,338
Additions	55	1,597	620	2,272
Disposals	-	(301)	(17)	(318)
Reclassification	-	-	-	-
Revaluations	17	630	106	753
At 31 March 2017	<u>1,015</u>	<u>28,735</u>	<u>5,295</u>	<u>35,045</u>
	INFORMATION TECHNOLOGY	PLANT & MACHINERY	TRANSPORT EQUIPMENT	TOTAL
Depreciation				
At 1 April 2016	839	19,571	3,790	24,200
Charge for the year	28	1,551	367	1,946
Relieving adjustment	-	4	-	4
Disposals	-	(299)	(17)	(316)
Revaluations	10	341	96	447
At 31 March 2017	<u>877</u>	<u>21,168</u>	<u>4,236</u>	<u>26,281</u>
Carrying Amount				
At 31 March 2016	<u>104</u>	<u>7,238</u>	<u>796</u>	<u>8,138</u>
Carrying Amount				
At 31 March 2017	<u>138</u>	<u>7,567</u>	<u>1,059</u>	<u>8,764</u>
Asset financing:				
Owned	138	7,567	1,059	8,764
Finance leased	-	-	-	-
On-balance sheet PFI contracts	-	-	-	-
Carrying amount 31 March 2017	<u>138</u>	<u>7,567</u>	<u>1,059</u>	<u>8,764</u>

¹Plant & Machinery includes a donated asset of scientific equipment with a carrying value of £0 at 31 March 2017



6. Intangible assets

INTANGIBLE ASSETS COMPRISE OF SOFTWARE LICENCES.

	<u>2017/18</u>
Cost or valuation	£000
At 1 April 2017	962
Additions	201
Disposals	(143)
Revaluation & Impairments	32
At 31 March 2018	<u>1,052</u>
Amortisation	£000
At 1 April 2017	630
Charge for the year	127
Relifing ¹	(75)
Disposals	(130)
Revaluations	16
At 31 March 2018	<u>568</u>
Carrying amount	
At 31 March 2018	<u>484</u>
Carrying amount	
At 31 March 2017	<u>332</u>
	<u>2016/17</u>
Cost or valuation	£000
At 1 April 2016	913
Additions	27
Disposals	-
Revaluation & Impairments	22
At 31 March 2017	<u>962</u>
Amortisation	£000
At 1 April 2016	475
Charge for the year	144
Relifing	(1)
Disposals	-
Revaluations	12
At 31 March 2017	<u>630</u>
Carrying amount	
At 31 March 2017	<u>332</u>
Carrying amount	
At 31 March 2016	<u>438</u>

¹ During 2016/17 a material proportion of non-current assets were identified with a £nil net book value but were still in use. As a result a review was carried out during 2017/18 to ensure that an appropriate value was placed on all assets. The outcome of this exercise resulted in a relifing adjustment of £75k. Further details can be found in the Governance Statement.

7. Biological Assets

	2017/18 £000	2016/17 £000
Valuation as at 1 April	1,396	1,160
Purchases	19	13
Decreases due to sales	(736)	(506)
Changes in value of herd due to changes in physical condition		
- Deaths	(111)	(86)
- Births	178	168
Changes in value due to changes in market price	823	647
Valuation as at 31 March	1,569	1,396

8. Financial Instruments

As the cash requirements of Agri-Food and Biosciences Institute (AFBI) are met through Grant-In-Aid provided by DAERA and commercial income received, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with AFBI's expected purchase and usage requirements and AFBI is therefore exposed to little credit, liquidity or market risk. However, AFBI's royalty income stream, coupled with the increase in the number of EU funded projects, increases AFBI's exposure to the risks from significant movements in exchange rates as this may have an adverse impact upon income levels. In 2017/18, 48% or £11.129m of AFBI's external income was originally denominated in foreign currency and converted to sterling by a third party before receipt by AFBI (2016/17 – 47.7% or £9.125m). Also in 2017/18, 10% or £2.402m of AFBI's external income was received in Euro and translated into sterling using the rate at the transaction date (2016/17 – 5.5% or £1.024m). These amounts were subject to the risk of exchange rate movements. AFBI has taken a number of steps to mitigate the exchange rate risk for example through setting up a Euro bank account and payment in Euro to EU partners and sub-contractors where appropriate.



9. Indexation

Indexation of non-current assets took place during 2017/18 which resulted in £119k being credited to the Revaluation Reserve and indexation of £49k being credited to the Statement of Comprehensive Net Expenditure. Indexation of non-current assets took place during 2016/17 which resulted in £292k being credited to the Revaluation Reserve and indexation of £24k being charged to the Statement of Comprehensive Net Expenditure.

BREAKDOWN OF IMPAIRMENTS/INDEXATION BY CATEGORY

	2017/18 £000	2016/17 £000
Charged to statement of comprehensive net expenditure	49	(24)
Charged to revaluation reserve	(119)	(292)
	(70)	(316)

10. Inventories

	2017/18 £000	2016/17 £000
Feedstuffs and sundry stocks at Hillsborough and Stoney Road	331	352
Consumables at Newforge and Stoney Road	148	125
	479	477

11. Cash and cash equivalents

	2017/18 £000	2016/17 £000
Balance at 1 April	539	88
Net change in cash and cash equivalent balances	1,847	451
Balance at 31 March	2,386	539
The following balances at 31 March were held at:		
Cash in hand	3	3
Cash at bank	2,383	536
Balance at 31 March	2,386	539

12. Trade receivables and other current assets

	2017/18 £000	2016/17 £000
Amounts falling due within one year		
Prepayments and accrued Income	7,952	7,873
EU accrued income	2,682	1,415
Trade receivables	2,242	1,787
Other receivables	35	45
VAT	-	11
	12,911	11,131
Amounts falling due after more than one year		
EU Accrued Income	1,063	-
	1,063	-

13. Trade payables and other current liabilities

	2017/18 £000	2016/17 £000
Amounts falling due within one year		
VAT	162	-
Other taxation and social security	576	557
Trade payables	1,385	488
Other payables	39	40
Capital creditors	2,652	598
Accruals and deferred Income	8,662	6,238
	13,476	7,921
Amounts falling due after more than one year		
Accruals and deferred income	2,090	500
	2,090	500

Within accruals and deferred income, £2,322k relates to grant funding secured for the purchase of capital assets and has been treated as deferred income. The method of income recognition is in line with the depreciation of these assets. During this financial year, depreciation of £195k was charged on these assets and an equivalent amount of income was released to SoCNE.



14. Provisions for liabilities and charges

2017/18

	LEGAL £'000	DECOMMISSIONING COSTS £'000	INJURY BENEFIT £'000	TOTAL £'000
Balance at 31 March 2017	299	156	150	605
Provided in the year	145	-	2	147
Provisions not required written back	(85)	-	-	(85)
Provisions utilised in year	(85)	-	(15)	(100)
Balance at 31 March 2018	274	156	137	567

Analysis of expected timing of discounted flows

	LEGAL £'000	DECOMMISSIONING COSTS £'000	INJURY BENEFIT £'000	TOTAL £'000
Not later than one year	274	156	17	447
Later than one year and not later than five years	-	-	60	60
Later than five years	-	-	60	60
Balance at 31 March 2018	274	156	137	567

2016/17

	LEGAL £'000	DECOMMISSIONING COSTS £'000	INJURY BENEFIT £'000	TOTAL £'000
Balance at 1 April 2016	762	156	165	1,083
Provided in the year	89	-	-	89
Provisions not required written back	(418)	-	-	(418)
Provisions utilised in year	(134)	-	(15)	(149)
Balance at 31 March 2017	299	156	150	605

ANALYSIS OF EXPECTED TIMING OF DISCOUNTED FLOWS

	LEGAL £'000	DECOMMISSIONING COSTS £'000	INJURY BENEFIT £'000	TOTAL £'000
Not later than one year	299	-	15	314
Later than one year and not later than five years	-	-	60	60
Later than five years	-	156	75	231
Balance at 31 March 2017	299	156	150	605

Provisions have not been discounted as the time value of money is not material.

LEGAL

This relates to personal injury legal cases and intellectual property claims. Legal claims are assessed by independent solicitors and a provision of 100% of the likely maximum claim value is made. This percentage is to be reviewed on an ongoing basis to ensure it continues to represent a reasonable estimate of the expenditure on such claims.

DECOMMISSIONING COSTS

This relates to a piece of equipment which holds radioactive material and as such falls under the High Activity Sealed Radioactive Sources (HASS) Regulations 2003. The material is used by AFBI in the course of its business. The provision is required to cover the cost of compliance with HASS Regulations when the equipment is disposed of. It is anticipated that this piece of equipment will be disposed of during 2018/19 and therefore the provision will be utilised during that financial year.

INJURY BENEFIT

This relates to payments to staff members who have suffered an impairment to earnings as a result of an injury that has been sustained within the context of one of the qualifying conditions outlined within the legislation governing the scheme, which is known as the Civil Service Injury Benefit Scheme (NI) (CSIBS(NI)). Injury benefit is paid when a qualifying injury impairs the individual's earning capacity.

16. Capital commitments

	2017/18 £000	2016/17 £000
Contracted Capital Commitments at 31 March not otherwise included in these financial statements		
Assets under construction	-	-



17. Commitments under leases

17.1 OPERATING LEASES

AFBI has an operating lease with DAERA for the land and buildings it occupies. During 2017/18, £5,874k (2016/17: £6,078k) was included as an expense on operating leases in the Statement of Comprehensive Net Expenditure. Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2017/18 £000	2016/17 £000
Obligations under operating leases comprise:		
<i>Land and buildings</i>		
Not later than one year	5,663	5,875
Later than one year and not later than five years	-	-
	5,663	5,875

	2017/18 £000	2016/17 £000
<i>Photocopiers</i>		
Not later than one year	12	-
Later than one year and not later than five years	38	-
	50	-

17.2 FINANCE LEASES

AFBI has no finance lease commitments at the year end.

18. Commitments under PFI contracts

AFBI had no PFI contracts during 2017/18.

19. Other financial commitments

AFBI had no other financial commitments at the year end.

20. Contingent liabilities disclosed under IAS 37

AFBI uses fixed term contracts of employment to support its core base of permanent staff in order to manage peaks and troughs of work. Fixed term contract employees are entitled to redundancy payments on expiry of their fixed term contract if they have 2 or more years' service, the work that they are undertaking is ceasing and there are no suitable redeployment vacancies. AFBI has reviewed its remaining fixed term contracts and considers that it is

unlikely that their expiry will attract redundancy payments either because the underlying posts will still be required or because a suitable redeployment opportunity will become available.

AFBI receives royalty income from the sale of vaccine products in various countries worldwide. The royalty income AFBI receives in respect of unpatented territories is currently subject to a discussion regarding the interpretation of the licence agreement. This has not progressed sufficiently for further disclosure to be made.

21. Related-party transactions

GOVERNMENT

The Department of Agriculture, Environment and Rural Affairs (DAERA) is the sponsor department of AFBI with which it had various material transactions during the year and is regarded as a related party. DAERA's executive agencies also had transactions with AFBI.

In addition AFBI had some transactions with other government departments and central government bodies. Most of these transactions have been with Northern Ireland departments and their executive agencies such as DoF (including CPD and Pensions Branch), Department for Communities, FSA (NI) and Northern Ireland Water.

CIEL LIVESTOCK LIMITED (CIEL)

AFBI is a Category A member of the Centre for Innovation Excellence in Livestock Limited (CIEL). CIEL is one of a number of Centres for Agricultural Innovation, a collaborative model between the agri-tech sector and government. These centres have been set up to help the UK turn agricultural innovation into commercial opportunities for UK businesses, encourage inward investment and improve farming practice.

This membership enabled AFBI to be part of a wider group of highly regarded research bodies, and from 2015/16, when it became a member, to date it has enabled AFBI to avail of income from CIEL which it has used to purchase equipment to promote, develop and facilitate the advancement of the UK livestock industry.

Below is a summary of the financial transactions between AFBI and CIEL during the financial year.

AFBI issued sales invoices with supporting claim information totalling £1,266,999 plus VAT to CIEL in September 2017.

In March 2018, AFBI issued invoices and supporting claim information to CIEL in the amount of £581,423 plus VAT for the purchase of assets which were delivered prior to the year end.

During 2017/18, £1,991,648 of assets were purchased using the CIEL income and are reported within AFBI's non-current assets at 31 March 2018 (2017: £436,460). In 2017/18 AFBI received £1,908,748 (2017: £211,652) from CIEL increasing the amounts owed by CIEL to AFBI at 31 March 2018 to £697,708 (2017: £388,348).

FOOD STANDARDS AGENCY (FSA)

One member of AFBI Board is on the Board of the Food Standards Agency (FSA). During 2017/18, AFBI received revenue from the FSA totalling £539,391 (2016/17: £385,579) for the provision of analytical services. At 31 March 2018, the FSA owed a balance to AFBI of £123,787 (2017: £126,571).

OTHER

A review of the conflict of interest declarations completed during the year was carried out and other than those noted above, no Board member, key manager or other related party has undertaken any material transactions with AFBI during the year.

Any other compensation payments issued to the AFBI Board in relation to IAS 19 Employee Benefits are disclosed within the Remuneration Report.

22. Third-party assets

AFBI does not hold any third party assets.

23. Events after the Reporting Period

AFBI does not have any events after the reporting period to disclose.

DATE OF AUTHORISATION FOR ISSUE

The Accounting Officer authorised these financial statements on 27 March 2019.



Report by the Comptroller and Auditor General to the Northern Ireland Assembly

Agri-Food and Biosciences Institute 2017-18

INTRODUCTION

1. This report highlights significant matters arising from my audit of the Agri Food and Biosciences Institute's (AFBI) financial statements for 2017-18. These matters reflect a failure in governance and involve the re-hiring of former staff who left AFBI under its Voluntary Exit Scheme (VES).

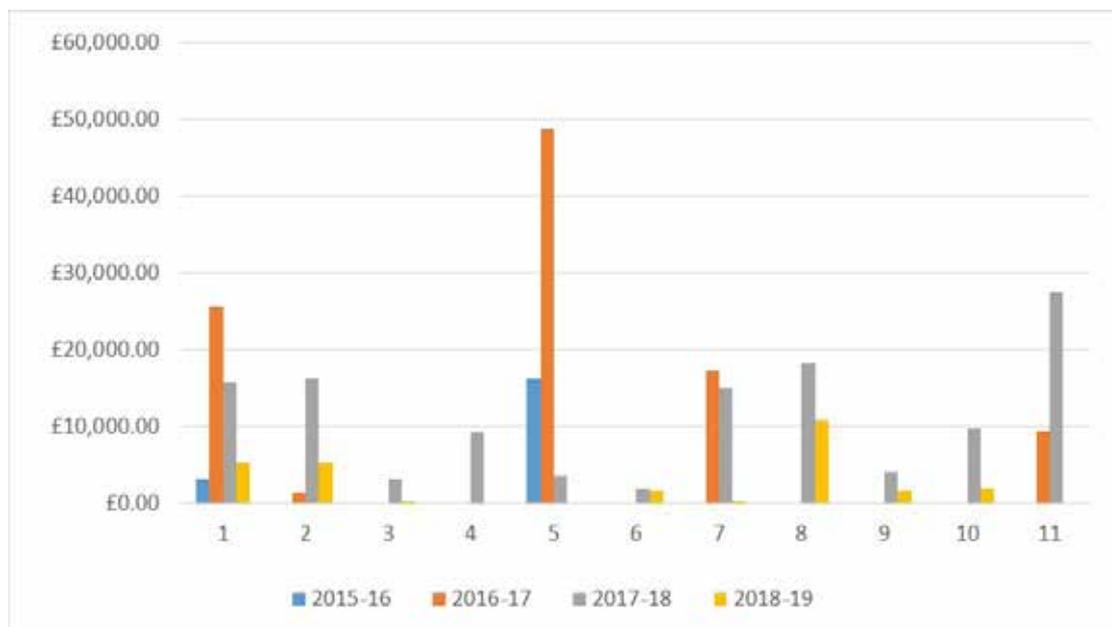
BACKGROUND

2. The Voluntary Exit Scheme was launched in 2015 by AFBI. Under its terms, 152 staff left the organisation, almost 20 per cent of the permanent workforce, and in return received a sum of compensation based on their salary and length of service. The scheme cost AFBI £4.8 million. In the course of my audit I became aware that a small number of staff who left under the scheme had subsequently been re-engaged by AFBI on an agency basis at an overall cost of more than £270,000.

SUMMARY OF FINDINGS

3. During my audit I received information from an anonymous source. Subsequently, my auditors identified 11 individuals who left AFBI under the VES and later returned as temporary agency workers (Figure 1).

Figure 1: VES and agency workers AFBI spent £126,000 to re-engage 11 former staff members in 2017-18



Source: AFBI

4. The time between voluntary exit and re-engagement by AFBI varies from 28 months to one week. Individual earnings from these engagements vary between £3,363 and £68,436. While some appointments were to posts requiring scientific skills, others were of a general nature which did not require any particular specialism.

5. Re-engaging former staff on agency contracts is not against the rules of the VES. While the scheme included some restrictions on the re-employment of staff within certain timeframes, these restrictions did not apply to those engaged through an agency or as a consultant. Nevertheless, 'retiring and re-hiring' in the public sector has been the subject of sustained criticism from the Public Accounts Committee over a number of years:

Previous PAC sessions at Westminster have recommended stricter controls over the re-employment of [staff] who have benefited from premature retirement terms. However, attempts to curb the practice have met with little success... The Committee believes that fundamental changes will be required in regulating the circumstances under which prematurely retired [staff] can be re-engaged... if the Department is to finally get to grips with this issue¹.

6. There is little evidence that AFBI considered the Committee's view when the decisions to re-engage these individuals were taken, although in one case reservations were expressed by an interim head of human resources. It is particularly concerning that the voluntary exit and rehiring of this individual appears to have been sanctioned by a former Accounting Officer in his previous role as a Director.

AFBI'S RESPONSE

7. AFBI told me that it requires a diverse workforce with a range of specialist scientific and other skills to deliver its programmes of scientific work to DAERA and other external funders. In the years following the VES, AFBI has been successful in securing a number of new, externally funded scientific projects for the purposes of protecting animal, plant and human health; improving sustainable agri-food production systems; and protecting the natural and marine environments. A number of these contracts are short-term and create short term staffing demands which have required, on occasion, the engagement of agency workers. Furthermore, in the period following the VES AFBI identified a number of gaps between existing in-house skills and those required to deliver on its work commitments. In some cases, AFBI sought to extend the date on which staff were due to leave under the VES and also used a small number of agency workers to fill specific gaps or to ensure that projects were completed.
8. Through the 2015 scheme 152 staff left AFBI over a period of around a year. Since then, eight former staff who left under VES and met the criteria for a post were re-engaged through recruitment agencies for scientific projects. In addition, three non-scientific posts were filled by former staff who had left under the scheme, engaged through agency contracts for short to medium term business requirements. AFBI has, in the main, utilised the Northern Ireland Civil Service protocol for engaging agency workers.
9. AFBI acknowledges the criticism from the Public Accounts Committee of re-engaging former staff within a short period of their leaving permanent employment and accepts the fact that three individuals were re-engaged through agency contracts within six months of leaving under the VES. It agrees that tighter controls and processes should have been established at that time.

¹The Management of Substitution Cover for Teachers: Follow-Up Report, Public Accounts Committee 2010



10. While there are no plans to use another VES at this time AFBI contends that, should it do so, it would ensure that it not only met the full requirements of the scheme, but also that it would put in place procedures to address any of the issues raised by the PAC.

CONCLUSIONS

11. This is the second report that I have made on AFBI's annual financial statements within the last six months². My report raises a significant issue of governance within AFBI. Re-hiring former staff in these circumstances, in some cases only shortly after their departure under the VES, is not good practice and presents a very poor picture of AFBI's ethics and employment practices. The role played by a former Accounting Officer in at least one of these decisions is particularly concerning given his part in the events described in my earlier report.
12. AFBI has identified action to ensure that such a situation as this does not recur in the future. I will keep this under review in the coming year.

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29 March 2019

²Report by the Comptroller and Auditor General to the Northern Ireland Assembly:
Agri-Food and Biosciences Institute 2016-17





The Agri-Food and Biosciences is

- Leading improvements in the agri-food industry
- Protecting animal, plant and human health
- Enhancing the natural and marine environment

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ISBN 978-1-908471-10-9
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