



Forensic Science Northern Ireland

Annual Report and Accounts
For the year ended 31 March 2019

Forensic Science Northern Ireland

Annual Report and Accounts For the year ended 31 March 2019

*Laid before the Northern Ireland Assembly
under section 11 (3)(c) of the Government Resources
and Accounts Act (Northern Ireland) 2001
by the Department of Justice*

on

4 July 2019

© Crown Copyright 2019

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence visit:

www.nationalarchives.gov.uk/doc/open-government-licence/version/3/.

Where we have identified any third party copyright information, you will need to obtain permission from the copyright holders concerned.

Any enquiries regarding this document should be sent to us at 028 9036 1888.

You can download this publication from our website at:

<https://www.justice-ni.gov.uk/topics/forensic-science>.

CONTENTS

Page

PERFORMANCE REPORT

Overview

- Chief Executive's Statement 1-2
- Purpose and activities of the organisation 3-7
- Performance summary and forward look 8-9

Performance analysis 10-27

ACCOUNTABILITY REPORT

Corporate Governance Report

- Directors' Report 29
- Non-Executives' Report 30-31
- Statement of Accounting Officer's Responsibilities 32
- Governance Statement 33-40

Remuneration and Staff Report 41-52

Assembly Accountability and Audit Report

- Assembly Accountability Disclosures 53-54
- Certificate and Report of the Comptroller and Auditor General 55-57

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure 58

Statement of Financial Position 59

Statement of Cash Flows 60

Statement of Changes in Taxpayers' Equity 61

Notes to the Accounts 62-83

[This page is intentionally blank]

PERFORMANCE REPORT

OVERVIEW

The purpose of the overview is to provide sufficient information to ensure that the remit and purpose of the Agency is understood. The overview includes:

- a statement from the Chief Executive providing his perspective on the performance of the Agency over the period;
- a statement of the purpose, activities and business model of the Agency;
- the key issues and risks that could affect the Agency in delivering its objectives; and
- a performance summary.

Chief Executive's Statement

I am pleased to present the Annual Report and Accounts of Forensic Science Northern Ireland (FSNI) for the year ending 31 March 2019.

This year has seen continued high demand – including for urgent and priority work – across most of our forensic specialisms, a protracted external delay in filling staff vacancies, the migration to a new Case Management System and an in-depth inspection by the UK Accreditation Service. Backlogs accumulated in the first half of the year began to be addressed in the second half as new staff arrived and were trained.

Perito, the new Case Management System, was a major achievement in its own right and its successful launch signalled the closure of the last component of the Agency's Transformation Programme.

The quadrennial review of FSNI's quality accreditation was even more robust than the normal annual inspections, especially given the serious quality issues arising in England. However, FSNI emerged with a clean bill of health and its scope of accreditation enhanced.

Funding and capacity remained key issues and will be of central importance in the coming years. Whilst the Agency has very substantially improved its productivity and output efficiency in response to years of shrinking funding, it is now at the stage where the affordability of maintaining the breadth and capacity of forensic services locally is under severe stress, whilst at the same

time any spare capacity in the GB market has essentially disappeared and NI Legacy initiatives are also expected to draw on forensic capacity.

During this year, FSNI has partially mitigated funding pressures by generating additional revenues through international work, but such activities themselves require spare scientific capacity to deliver them.

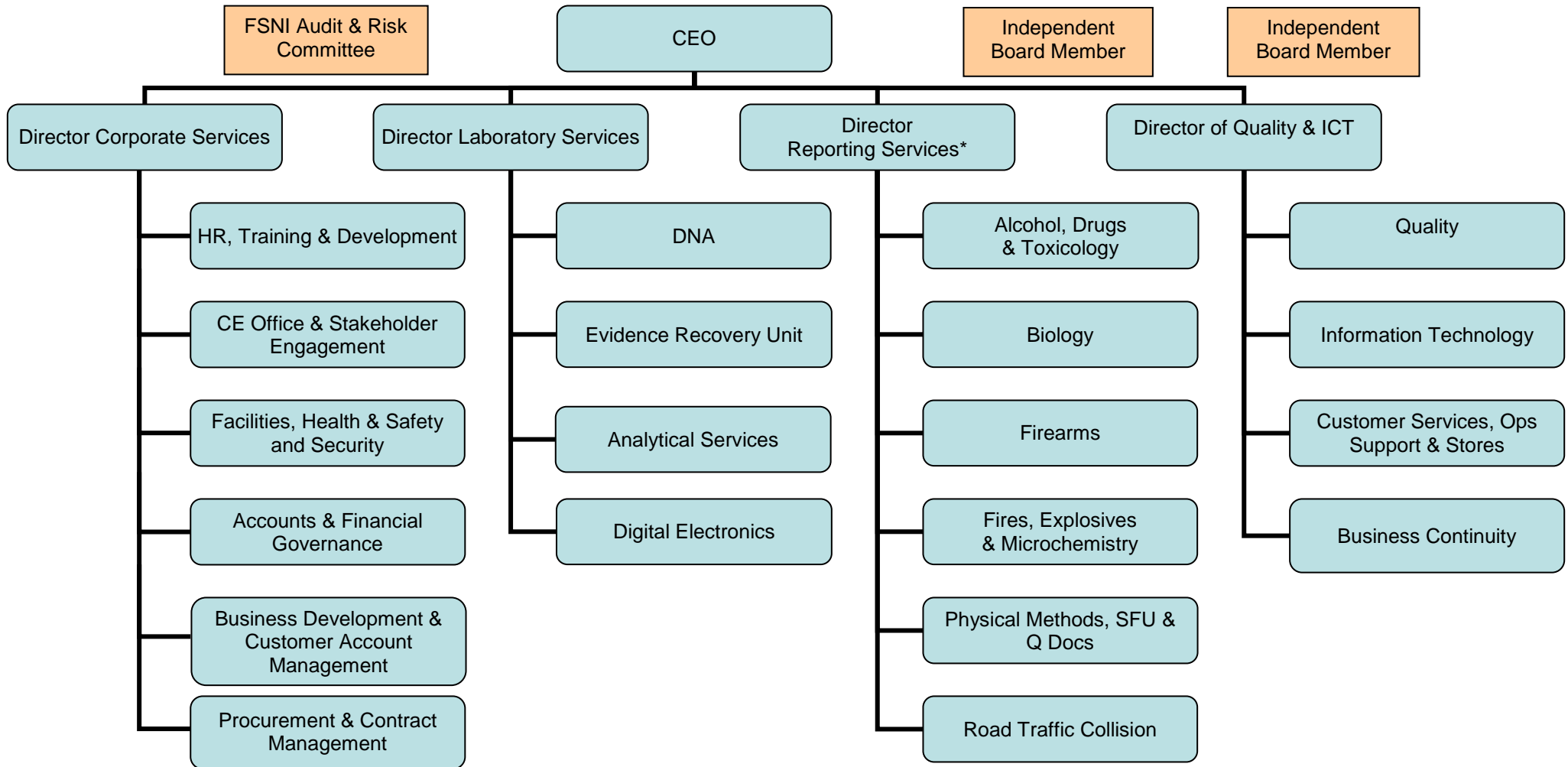
FSNI has continued to play a key role in the delivery of the NI Forensic Services Strategy and looks forward to the outcome of the research commissioned under the strategy to be conducted by Ulster University into the value added by forensic science to the Criminal Justice System (CJS) and society as a whole. This will help inform decisions by key stakeholders, including the Criminal Justice Board, into the appropriate level of investment in forensic capacity, based on the overall monetary and non-monetary benefits it delivers from crime scene (and before) to court (and after).

Innovation is the life blood of all sciences, including forensics, and despite the casework demand and resource pressures, the Agency was able to progress several innovation projects during the year, which will directly enhance the effectiveness and efficiency of the investigation of crime.

Visitors to FSNI, who tour the laboratories, invariably comment not only on the impressive equipment and the Locard facilities but also on the skill, knowledge, commitment, integrity and pride demonstrated by the staff they meet. That spirit is perhaps reflected in FSNI's sick absence rate which is consistently one of the lowest in the whole NICS, despite the pressures on staff and, in many cases, the traumatic scenes they witness on a regular basis.

As my 12 years as Chief Executive of FSNI comes to a close with my impending retirement, I would like to take this opportunity to express my respect and admiration for the staff – scientific and administrative – of this Agency, which is without doubt one of the most capable and professional forensic science providers in the world. I am privileged, and grateful, to have been at the helm of this very steady ship as it has sailed through often choppy seas.

FORENSIC SCIENCE NORTHERN IRELAND: STRUCTURE 2018-19



*The Director of Reporting Services role (Grade 6) was temporarily filled during the year by the Director of Corporate Services, acting up.

Purpose and activities of the organisation

FSNI is an Executive Agency of the Department of Justice (DoJ). Its role is to provide objective scientific advice and support to enhance the delivery of justice.

Agency vision

“To be a World Leading provider of integrated forensic science services.”

The Agency's vision and mission statements reflect the emphasis on the organisation being demonstrably business-like and responsive to the needs of customers and stakeholders in the development and delivery of a wide range of high quality, modern, efficient, integrated and affordable specialist forensic services. The Agency's experience in integrating the recovery analysis and interpretation of diverse evidence types from individual exhibits is one of its key differentiating strengths and permits the optimal exploitation of evidential opportunities – a capability of particular importance in serious crime, which constitutes the bulk of FSNI's work.

Agency mission

“Scientific Expertise delivered in partnership supporting justice for all.”

This mission is realised through:

- a scientific support service for the Police Service of Northern Ireland (PSNI), the State Pathologist's Department (SPD), the Office of the Police Ombudsman for Northern Ireland (OPONI) and Her Majesty's Revenue and Customs (HMRC);
- scientific advice for the Public Prosecution Service (PPS) and the legal profession; and
- objective expert testimony to the Courts.

The Agency's ethos is a scientific one, meaning that the objective deductions from the evidence are rigorously arrived at with neutrality as to the conviction or acquittal of defendants and are provided to the Courts as independent expert witness.

Strategies and objectives

In line with other public bodies, the Agency used a Strategy Map and Outcome Focused Business Planning methodology for its planning, monitoring and reporting. The strategy map for 2018 – 2021 is shown on the next page.

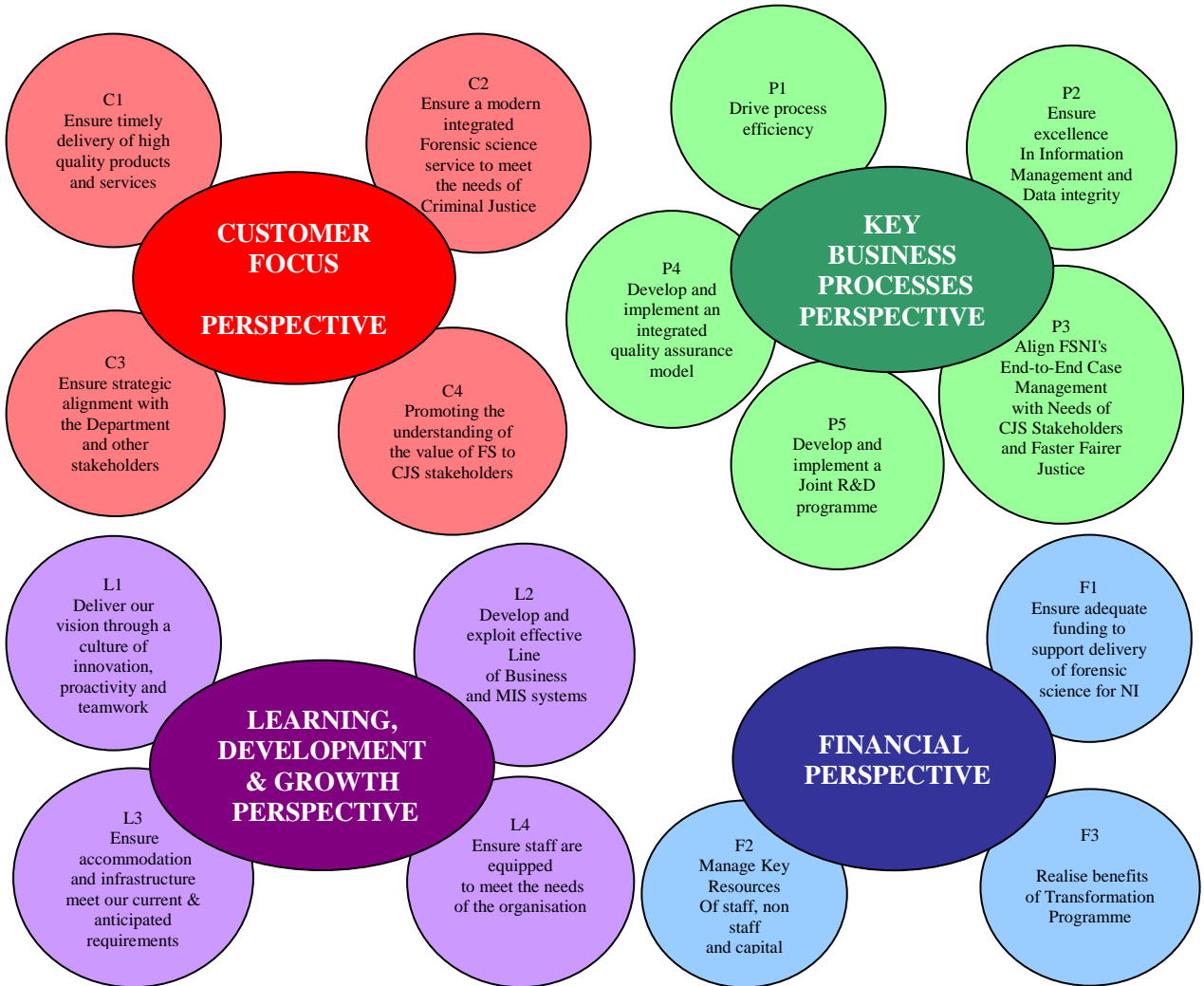
Strategy Map 2018 - 2021

Vision: To be a World-Leading provider of integrated forensic science services



Mission: Scientific Expertise delivered in partnership, supporting justice for all

Corporate Goal: Working Together, Serving Justice



Description of business

FSNI provides a wide range of services, under annual Service Level Agreements (SLAs) with criminal justice organisations, including the PSNI and SPD. FSNI also provides services to other government bodies such as OPONI, PPS and HMRC as well as private customers and solicitors.

The majority of the work involves the recovery, analysis and evaluation of evidence submitted in connection with a range of crimes, from murders, sexual and violent offences, firearms, explosives, arson and assault, through to more routine cases such as fraud, burglaries and car crimes. The Agency also investigates road traffic collisions and provides analysis for cases involving the possession and/or supply of drugs as well as toxicological analysis for the SPD, to help determine the cause of death.

The recovery and analysis of DNA from exhibits is a central activity, as DNA information is routinely used to assist in investigations (e.g. in eliminating some potential suspects and linking others to incidents) and is closely integrated with the maintenance of the Northern Ireland DNA Database on behalf of the PSNI.

FSNI employs a wide range of forensic disciplines, including DNA; latent finger prints; explosives; microchemistry; firearms; fires; physical methods; biology; alcohol, drugs and toxicology; road traffic collisions; questioned documents and digital electronics.

FSNI provides an on-call service to attend crime or fatal collision scenes and provide support to the PSNI in the recovery of evidence. FSNI's Reporting Officers advise the PPS on the meaning of scientific evidence and provide objective Expert Witness to the Courts in any subsequent prosecution.

The Agency is accredited by the United Kingdom Accreditation Service (UKAS) to the ISO 17025:2005 standard. The current scopes of accreditation for testing and calibration can be found on the UKAS website (www.ukas.com).

Going concern

These Accounts have been prepared on a going concern basis.

Principal risks and uncertainties

The main risks to the Agency's business objectives are:

- the value that the Agency brings to policing and the wider criminal justice system fails to meet customer expectations and is not fully recognised;
- insufficient resourcing levels to meet customer demand and enable FSNI to fulfil its obligations in respect of the Forensic Services Strategy and Corporate Governance resulting in significant reputational damage including the loss of income as a result of customers taking their business elsewhere;
- inability to sufficiently mitigate against resource pressures over the next 3 years as a result of flat-line and reduced SLA funding will result in the loss of specialist services and inadequate resource levels available to meet expected turnaround times and performance targets. If income generation plans fail this projected deficit will increase;
- failure to maintain momentum in relation to continuous business improvement due to lack of resources or innovate to meet the changing needs/expectations of customers;
- failure to grasp the opportunities provided by new technologies, digitisation and Artificial Intelligence and to invest in these opportunities to capture further efficiencies and process improvements;
- reputational damage and loss of income should FSNI fail to attain accreditation against ISO17025 2017, ISO17020, and comply with the Forensic Science Regulator Codes of Practice;
- failure of Health and Safety controls, procedures, equipment or facilities may result in injury or death of staff, contractors or visitors;
- failure to manage information in accordance with Northern Ireland Civil Service (NICS); DoJ; FSNI Policies and recent Data Protection Act 2018 legislation introduced could lead to loss of data and reputational risk; and
- disruption to procurement of business critical goods and services provided from EU countries and the impact on current engagement and technical relationships with other forensic service providers including any associated European Union (EU) Legislative issues post Brexit.

FSNI managed these risks through well-established governance structures and by putting mitigations in place as early as possible to minimise the risk. Each risk was pro-actively managed with a view to minimising impact and this made a significant contribution to FSNI's ability to meet the majority of objectives set for this year.

Performance summary

Most of FSNI's scientific specialisms experienced a sustained high level of demand (exceeding agreed SLA levels) during the year, a significant proportion of which was classified as high priority or urgent. Several major serious crime cases were submitted to the lab, consuming substantial resource and requiring complex logistics. Biology, a discipline often involved in serious crime investigations, was extremely busy, as was Toxicology (which is currently expanding its capacity to meet demand) and Road Traffic Collisions, where the capacity to attend all fatal road accidents was under stress.

The external delay in security clearance of replacement staff gave rise to a backlog in the first half of the year, especially in Evidence Recovery, but as vacancies subsequently were filled, this backlog was systematically addressed in line with the overall case prioritisation mechanisms.

As a result the Agency's performance against targets was generally good and customers were kept abreast of case progression and impacts. There were no major impacts on case progression through the courts.

During this year, FSNI continued to participate in the work of the Forensic Services Strategy for Northern Ireland and under the Joint Innovation Delivery Group (JIDG) scientific innovations were developed and introduced in areas such as Latent Fingerprints, Sexual Offences and DNA Mixture Interpretation.

Following on the success of the high care Locard laboratory, a Strategic Outline Case (SOC) was approved towards the end of the year for the building of a second new laboratory building to house all remaining functions. It is anticipated that, in the coming year, the Outline (OBC) and Full Business Cases (FBC) can be progressed and the design and build project for "Locard II" initiated.

Perseus, the integrated software solution for case management system (CMS), laboratory information management system (LIMS) and quality management system (QMS) went live just before the start of the financial year and over the first half of the year the inevitable teething troubles and adjustments needed for both hardware and software in such a complex system were introduced along with intensive staff training and familiarisation. The Perseus project was formally closed mid-year and moved onto a 'business-as-usual' standing. It was also configured and fully tested for integration with the CJS-wide Causeway re-procurement project, which went live in March 2019. The management information (MI) derived from Perseus was defined during the year and will become increasingly useful over the coming years in case progression, performance and productivity reporting and will contribute to understanding the value of forensics and its role, alongside other Criminal Justice Organisations (CJOs), in delivering on Speeding Up Justice.

Looking forward

Focus for 2019-20 will be on:

- making an effective contribution to the delivery plans for the Northern Ireland Executive's Draft Programme for Government (PfG);
- supporting the delivery of the DoJ Corporate and Business plans;
- delivering the NI Forensic Services Strategy;
- delivering quality services in the face of financial pressures;
- managing submission levels in partnership with stakeholders;
- embedding new technologies and continuous business improvement;
- enhancing co-operation with forensic services in other jurisdictions;
- exploring opportunities for generating revenues; and
- achieving Quality Accreditation under ISO 17025:2017.

PERFORMANCE ANALYSIS

Review of performance

This year has been characterised by continued high casework demand – including for urgent and priority work – across most of our forensic specialisms. Meeting this demand was made more difficult in the first half of the year by substantial delays (beyond FSNI's control) in the security clearance process for new staff and by the complex process of migrating all staff onto the new Case Management System. The staff shortage – approximately 10% of our scientific resource, was largely due to staff leaving on promotion, retirement, etc. – and was felt most in primary evidence recovery and DNA. This led to a backlog of less urgent casework developing, which began to be whittled away in the second half of the year as the new staff underwent training and gradually achieved competence in the full range of activities. It is heartening to see the high quality of the new staff.

Perito, the new CMS, was a major achievement in its own right and required all operational staff to undergo extensive training to familiarise themselves with the new system, which was designed to manage all workflow in the organisation to the highest standard of data integrity. It also integrated with the new LIMS linked to our analytical instruments, as well with our new QMS. Perito, LIMS and QMS were jointly delivered under the £4.8m Perseus project, which closed during the year upon its successful completion.

The year also saw the quadrennial review of FSNI's quality accreditation to the ISO17025:2005 standard. This year, the review – by the UKAS – was even more robust than the normal annual inspections, especially given the serious quality failure, affecting 11,000 cases, at a commercial forensic toxicology provider in England. The Forensic Science Regulator asked all forensic providers to review their own data integrity quality assurance processes and this was a particular focus of UKAS inspection visits across the UK. FSNI came through the quadrennial review with a clean bill of health and with its scope of accredited services further enhanced, including, later in the year, by the accreditation of several new technologies. Work also commenced on the migration of the Agency's Quality Management System to the new ISO17025:2017 standard.

Funding and capacity remained a key issue during the year and are projected to remain of central importance in the coming years. The overall capacity of FSNI across its range of specialisms is primarily determined by the value of the Service Level Agreement with the

Agency's principal paying customer, the PSNI. This value, in money terms, has reduced considerably over the last five years and as a result, the FSNI of 2018-19 had a staff complement (once vacancies were filled) of 175 fulltime equivalents, compared to 220 in 2013-14. During that period, inflation in wages and consumables costs has eroded the SLA value in real terms.

FSNI responded strategically over the last five years with its £20m Transformation Programme – capital funded by the DoJ – which built the new high care Locard Laboratory, installed the Perseus system, launched the new DNA17 technology and enabled Process Re-engineering using Lean Six Sigma. Other significant capital investments have also been made (including this year) in the very best of scientific instrumentation and equipment, whilst scientific staff have been cross-skilled to the maximum safe level in order to maintain the important breadth of specialisms. As a result of all these measures, the productivity of the Agency has been maximised, so that total output in 2018-19 was greater, with 174 staff, (even allowing for the delays in filling the vacant posts) than it had been five years earlier with 220. However, the sustained high demand, coupled with further cost inflation, is stressing the organisation, especially in the key areas of Biology, Road Traffic Collisions and Toxicology.

The very difficult trading conditions in the forensic science market in England and Wales – which saw one of the four main commercial providers rescued from administration, another sold by its parent company and a third conducting a management buy-out in response to its US parent's plans to dispose of it – have meant that there is little or no spare forensic capacity in the commercial market upon which NI customers can call in the event of FSNI's capacity being insufficient.

In the non-commercial state sector in these islands, Forensic Science Ireland commenced this year the process of absorbing the forensic services of An Garda Síochána, whilst the Scottish Forensic Science Service – already fully integrated – is expanding to meet the demands on it. Together, this means that it is incumbent upon FSNI to be self-reliant and to maintain the range, capacity and quality of services it currently delivers, whilst planning for the likely further uplift in demand due to Legacy Inquests and Investigations. This presents a significant funding challenge.

During this year, FSNI has partially offset the funding pressures by generating additional revenues through international work, including the investigation of the Smolensk air crash for

the Polish Government and training of overseas scientists funded by the Foreign and Commonwealth Office.

The NI Forensic Services Strategy has moved forward during the year, with FSNI playing a key role in several of the strategic projects. One of the most important projects relates to measuring the value added by forensic science to the Criminal Justice system and society as a whole and Ulster University has been engaged to conduct the research. Linked to this is the Process Mapping of the justice flowline, identifying the processes by which forensics interacts with the justice system.

Also, under the NI Forensic Services Strategy, several innovation projects bore fruit during the year, which will enhance still further FSNI's scientific capabilities in DNA, Latent Fingerprints and the investigation of sexual offences.

Performance against Key Performance Targets 2018-19

The following are the published targets taken from the Outcome Focused Business Plan.

1. Customer Perspective

High Level Outcome	Key Indicators	Key Actions	Outcome
We have a safe community where we respect the law, and each other	Deliver FSNI commitments within the 2018-19 PSNI SLA	By 30 June 2018 to have a proposed final draft of the PSNI SLA with the respective customers for signing	Achieved
		By 31 May 2018 to have a proposed final draft of the SPD SLA with the respective customers for signing	Achieved
		By 30 April 2018 to have the final draft of all other Memorandum of Understandings (MOUs) and Terms of Reference (TORs) provided to stakeholders for signing	Achieved
		By 31 March 2019 to have achieved the Key Performance Indicators (KPIs) agreed in the PSNI SLA	Partially achieved – FSNI delivered against three of the five KPIs in the PSNI SLA There was some slippage in the timelines targets due to a combination of in-year resourcing difficulties and high levels of demand
	Implementation of 2018-19 FSNI actions in support of the Forensic Services Strategy	By 31 March 2019 to ensure FSNI participation at all Forensic Science Leadership Board (FSLB) meetings and the delivery of all actions assigned to FSNI as directed by FSLB	Achieved
		By 31 March 2019 to ensure FSNI participation at all Forensic Science Operations Group (FSOG) meetings and the delivery of all actions assigned to FSNI as directed by FSOG	Achieved

High Level Outcome	Key Indicators	Key Actions	Outcome
We have a safe community where we respect the law, and each other	Joint PSNI/FSNI DNA Strategy	By 30 June 2018 to have developed and agreed for submission to FSLB a joint FSNI/PSNI five year DNA Strategy	This action was achieved although later than hoped as Joint DNA Strategy was submitted to FSLB in October 2018
	Deliver the 2018-19 actions within the FSNI Stakeholder Engagement Plan	By 31 May 2018 to have completed an evaluation of the 2017-18 Stakeholder Engagement Plan	Achieved
		By 30 June 2018 to have developed a Stakeholder Engagement Plan for 2018-19	Achieved
		By 31 March 2019 to have delivered key activities agreed in the Stakeholder Engagement Plan	Achieved

2. Processes Perspective

High Level Outcome	Key Indicators	Key Actions	Outcome
We have a safe community where we respect the law, and each other	Review key business processes	Every Branch within the Agency to complete a systematic review of a key process by 31 March 2019	Achieved
	Preparedness for legislative change	By 30 June 2018 to have reviewed the 2017-18 legislation awareness plan and update to meet planned legislative and regulatory change in 2018-19	Achieved
		By 31 March 2019 to have delivered actions in the plan for the 2018-19 year	Achieved
		Ensure by 31 May 2018 FSNI are compliant with the GDPR legislation	Achieved
	Develop a process for the implementation of Driving Under the Influence of Drugs (DUID) legislation	By 31 March 2019 to have developed a process map and resource plan to meet anticipated demand associated with DUID legislation	Whilst some preparatory work was undertaken this has not been fully delivered as it is unlikely DUID legislation will be enacted during 2019-20
	Evaluation of Proportionate Forensic Reporting (PFR) in FSNI and impact on services	By 31 March 2019 to undertake a review of the effectiveness of PFR to date and evaluate impact on services	Achieved
	Review Coroners Legacy and Historical Investigations Unit (HIU) Requests implementation plan	By 31 May 2018 to have reviewed the Legacy Implementation Plan to include finance, capacity and resourcing	Achieved
	Deliver the requirements of ISO 17025 2017	By 31 August 2018 to have produced a plan to meet the requirements of the Forensic Science Regulator (FSR) codes of practice	Achieved
By 31 August 2018 to have produced a plan to meet the requirements of ISO17025:2017		This report was completed (December 2018) however the target date was not achieved	
Deliver the requirements of ISO 17020		By 31 July 2018 to produce a plan to ensure FSNI meet the requirements for ISO 17020	Achieved
We have a safe community where we respect the law, and each other			

High Level Outcome	Key Indicators	Key Actions	Outcome
	Maintain UKAS Accreditation	Maintain and extend UKAS Accreditation where appropriate for the 2018-19 year	Achieved – accreditation to ISO 17025 was maintained and additionally five extensions to scope were granted
		By 31 August 2018 to develop a strategy to deliver a Total Quality Management (TQM) system compatible with accreditation needs	Not achieved – resources were not available to deliver this in-year
	Ratify the Innovation and Research and Development (R&D) Strategy	By 30 June 2018 to present the Innovation and R&D Strategy to FSLB along with a proposed implementation plan	Not fully achieved – the R&D Strategy was circulated to FSLB however funding for an implementation plan has not yet been determined

3. Learning Development and Growth Perspective

High Level Outcome	Key Indicators	Key Actions	Outcome
We have a safe community where we respect the law, and each other	Deliver projects identified by JIDG and the Ideas Bank	By 31 March 2019 to have progressed projects as agreed in the JIDG Programme Plan, including any associated Product Launch	Achieved
		By 31 March 2019 to have progressed projects as agreed in the Ideas Bank Register	Achieved
	Ensure all Perseus work strands (i.e. SharePoint, QMS, LIMS and Perito) are embedded in the organisation	By 30 September 2018 to have delivered the activities defined in the Perseus Statement of Limitations (SOL)	Not achieved within the target date (delivered January 2019)
		By 30 April 2018 to have established a Change Advisory Design Authority (CADA) to monitor business needs of Perseus going forward	Achieved
		By 30 September 2018 to develop a plan for the realisation, measuring and monitoring of benefits derived from Perseus, including Management Information System (MIS)	Not achieved within the target date however a benefits realisation plan was presented in March 2019
		By 31 March 2019 to have developed a plan for the Gateway 5 review of the Perseus project	This has not been achieved
	Deliver ICT/Digital Strategy in support of Agency and Justice Modernisation	By 31 March 2019 to have delivered in year actions in the ICT Strategic Plan	Achieved
	Produce the OBC for Locard II	By 31 March 2019 to have a specification of space/staff requirements to inform design/costs for Locard II	Achieved
	Further develop the Business Continuity Plan	By 31 May 2018 to align FSNI BCPs with the DoJ BCP template	This was not progressed as we were awaiting an updated BCP template
		By 31 May 2018 to align the Business Continuity Plans to key organisational risks	Not achieved – although sectional BCPs were reviewed and updated in year
		To carry out one BCP test by 31 March 2019	Achieved

We have a safe community where we respect the law, and each other	People Management and development delivered to meet FSNI requirements in line with the NICS People Strategy	By 31 March 2019 to have implemented Performance Management Actions in all sections in line with NICS policies and HR Connect procedures	Achieved
		By 31 March 2019 to have implemented Attendance Management actions in all sections in line with NICS Policies and HR Connect	Achieved
	Staff fully engaged to deliver a strong Health and Safety Culture	To deliver the in-year risk-assessment programme by 31 March 2019	Partially Achieved – a number of risk assessments have been reviewed and updated
	Develop a training plan to equip staff with the skills and knowledge to deliver a Quality Service	By 31 May 2018 to have developed an overarching line of business training plan detailing the costs associated with training and conferences for the 2018-19 business year	Achieved
		By 31 March 2019 to review the training plan to ensure that it met the needs of the Agency in delivering a quality service	Achieved

4. Finance Perspective

High Level Outcome	Key Indicators	Key Actions	Outcome
We have a safe community where we respect the law, and each other	Business Development Strategy in support of income generation	By 31 May 2018 to have developed a Business Development Plan in support of the Business Development Strategy	Achieved –
		By 31 March 2019 to have delivered the actions in the 2018-19 Business Development Plan	Achieved
	Monitor and deliver the benefits of Perseus	By 31 March 2019 to have conducted a Post Project Evaluation (PPE) for Perseus.	This has been deferred to 2019-20
	Meet the requirements of the FSNI Corporate Governance Framework	By 31 March 2019 to have an overall rating of “satisfactory” against the Internal Audit plan for 2018-19	Achieved
		By 31 March 2019 complete all key requirements of the Corporate Governance Framework	Achieved
	Allocate and manage budgets to all spending areas based on PfG and Business priorities	In-year monitoring rounds returns completed in line with DoJ Financial Services Division (FSD) deadlines	Achieved
		At least 4 meetings held in year to review and manage the Long Range Financial Plans (LRFPs) and any associated Mitigation Plans	Achieved
	Final outturn as close to budget as possible	No overspend against the final 2018-19 budget and final outturn within 1% of budget	Achieved
	Provide costing information for FSLB projects	By 31 March 2019 to have provided product costing information as required to inform the FSLB projects	Achieved – no information requested in year

Financial review

Net expenditure

The net expenditure of the Agency for 2018-19 is compared to the previous two financial years in the table below:

	2018-19	2017-18	2016-17
	£000	£000	£000
Total operating income	10,622	10,521	10,510
Staff costs	7,441	7,508	7,153
Purchase of goods and services	4,444	3,886	3,901
Depreciation and impairment charges	2,038	1,770	1,790
Provision expense	56	(128)	302
Total operating expenditure	13,979	13,036	13,146
Net operating expenditure	3,357	2,515	2,636
Finance expense	-	2	11
Net expenditure for the year	3,357	2,517	2,647

Non-current assets

Non-Current Asset expenditure movements are detailed in the notes to the financial statements. Capital expenditure in 2018-19 totalled £1.093m (2017-18: £0.488m) which included expenditure on Laboratory equipment.

Financial position

The total net assets of the Agency at 31 March 2019 were £20.901m (2017-18: £20.543m).

Cash flow

As detailed in the notes to the Accounts, the Agency's Net Assembly draw down in 2018-19 was £1.435m (2017-18: £2.863m) and the net decrease in Cash and cash equivalents in the year was £0.144m (2017-18: increase £0.598m).

Financial risk

The Agency is mainly reliant on one customer which accounts for 90% of total income. This customer, however, is also a public body and therefore the risk of non-payment of income is deemed low. The Agency is also supplemented by the DoJ for pressures that are agreed each year. This covered the deficit of £3.357m in 2018-19 (2017-18: £2.517m). The deficit in 2018-19 largely relates to non-cash costs and corporate governance costs.

The Agency accounts for all transactions in sterling and has no borrowings. As such, the Agency is not exposed to any exchange rate or liquidity risk.

Long-term expenditure trends

The charts below show:

- **Chart 1:** the movement in the Department of Justice non-ringfenced Resource DEL opening baseline over the period 2015-16 to 2019-20; and
- **Chart 2:** the 2019-20 non-ringfenced Resource DEL budget split by the Core Department, executive agencies and Non-Departmental Public Bodies.

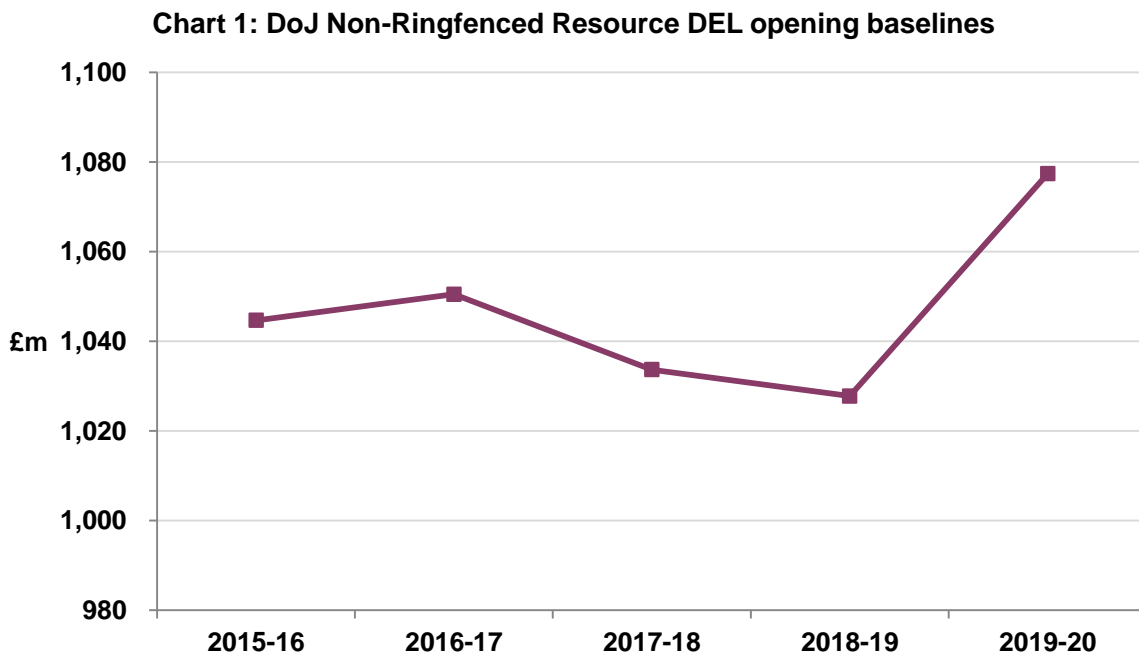
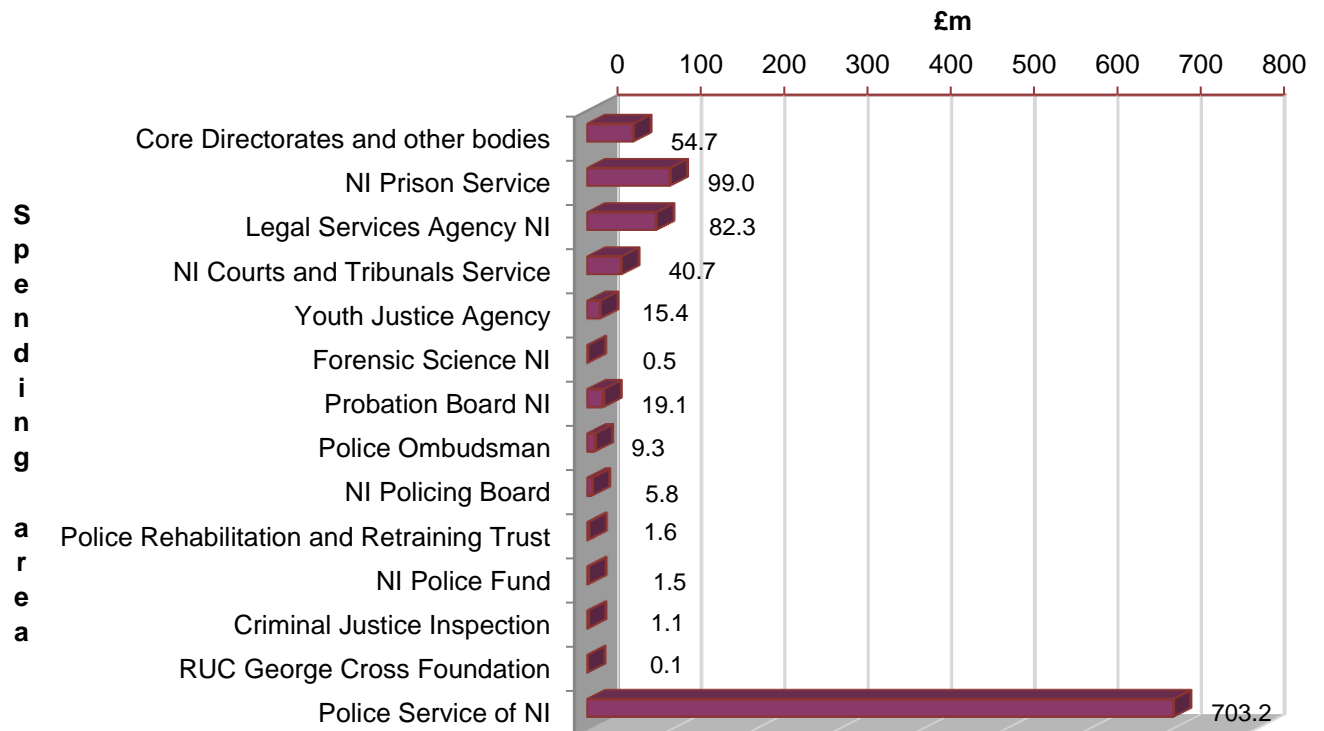


Chart 2: DoJ 2019-20 Non-Ringfenced Resource DEL Opening Budgets



2017-18 financial year

In a statement to the House of Commons on 24 April 2017 the Secretary of State for Northern Ireland outlined an indicative Budget position for NI departments. This position was based on the advice of the Head of the NI Civil Service (NICS) in conjunction with the NICS Board. The purpose of this statement was to provide clarity to departments as to the basis for departmental allocations in the absence of an Executive, so that Permanent Secretaries could plan and prepare to take more detailed decisions in that light. The departmental allocations set out by the Secretary of State provided the basis on which departments could plan for 2017-18. The Department's budget was confirmed on 13 November 2017 when the Secretary of State announced a 2017-18 Northern Ireland budget.

The starting point for the Department of Justice's non-ringfenced Resource DEL budget was as follows:

- a 4% cut was applied to the opening budget;
- 25% of the PSNI budget was protected and had no % cut;

- £34m of additional security funding for the PSNI was provided from the 'Fresh Start' Agreement; and
- £20m was provided towards pressures identified by the Department.

Forensic Science NI also received £10.521m of income in 2017-18, with £9.445m from the PSNI, and additional funding from the Department of £0.843m.

2018-19 financial year

The Secretary of State announced a Northern Ireland 2018-19 budget on 8 March 2018. The starting point for the Department of Justice's non-ringfenced Resource DEL Budget was as follows:

- a 2% cut was applied to the opening budget;
- 25% of the PSNI budget was protected and had no % cut;
- £34m of additional security funding for the PSNI was provided from the 'Fresh Start' Agreement; and
- £20m was provided towards pressures identified by the Department.

Forensic Science NI also received £10.622m of income in 2018-19, with £9.315m from the PSNI, and additional funding from the Department of £1.059m.

2019-20 financial year

The Secretary of State announced a Northern Ireland 2019-20 budget on 28 February 2019. The Department of Justice's non-ringfenced Resource DEL Budget was as follows:

- a flat cash allocation (2018-19 opening baseline);
- £31.1m of additional security funding for the PSNI was provided from the 'Fresh Start' Agreement;
- £11.3m was provided towards pressures identified by the Department;
- £32.0m contribution towards pension pressures; and
- £10.7m of funding for EU Exit costs.

Forensic Science NI is forecast to receive £10.669m of income in 2019-20, with £9.130m from the PSNI, and additional funding from the Department of £0.725m.

Audit

The Financial Statements were audited by the Comptroller and Auditor General for Northern Ireland (C&AG), who heads the Northern Ireland Audit Office and is appointed by statute and reports to the Northern Ireland Assembly. The C&AG and his staff are wholly independent of the Agency.

The notional audit fee for the work performed by the C&AG's staff during the reporting period, and which relates solely to the audit of these Financial Statements, was £16,000 (2017-18: £16,000).

The C&AG may also undertake other statutory activities that are not related to the audit of the body's Financial Statements such as Value for Money reports. No such activity took place during 2018-19 or 2017-18.

Payments to suppliers

The Agency's policy is to pay bills from all suppliers within ten working days following receipt of a properly rendered invoice or in accordance with contractual conditions, whichever is the earlier. The performance of FSNI for 2018-19 showed that on average 88.7% (2017-18: 88.8%) of invoices were paid within ten working days following receipt of a properly rendered invoice. The average for payment within 30 calendar days was 95.5% (2017-18: 96.7%).

Regulation and legislation

The UKAS four year reassessment visit took place from 6 to 14 September 2018. The four year reassessment is conducted by UKAS to confirm continued competency and compliance with the requirements of ISO17025: 2005. Accreditation was maintained. Additional accreditation activities in year included approvals for the implementation of a second new Scanning Electron Microscope (SEM) instrument, introduction of new DNA quantification kits, implementation of the 3500XL Genetic Analyser and Genemapper ID-X software and implementation of the STRMix software.

Sustainability

FSNI is committed to aligning itself with the Northern Ireland Executive's policy on sustainable development as set out in the Sustainable Development Strategy.

To this end, FSNI complies with its duties under the WEEE directive (Waste Electrical and Electronic Equipment) and undertook the following:

- safe disposal of all hazardous or environmentally damaging substances;
- recycling programme to include cardboard, paper, ICT equipment, toners, glass and plastics;
- sustainable disposal of viable equipment; and
- safe and responsible disposal of all chemical and clinical wastes generated by the Agency.

Recycling and recovery in 2018-19 resulted in at least 80% (2017-18: 97.1%) of waste diverted from landfill.

Environmental, social and community issues

The Agency recognises its responsibility to carry out its operations whilst minimising environmental impacts. There have been no significant environmental, social and community issues during the year. The Agency complies fully with its environmental policies, including health and safety, waste management, management of emissions and disposal of hazardous waste.

The Agency, in working with suppliers and contractors, has sought opportunities to demonstrate its corporate social responsibility.

Health and safety

The management of health and safety in a forensic science organisation is inherently complex, given the range of risks which the nature of the work entails. It is a responsibility shared between all managers and staff, with the help of guidance from the Agency's health and safety advisor.

The Agency sees a safe working environment as encompassing both the physical and mental well-being of its staff. The Agency strives for continuous improvement in safety performance through reviews of safe working practices and increased safety awareness of all staff. The

Agency consults, as appropriate, with the Health and Safety Executive Northern Ireland (HSENI), and takes advice and guidance where improvement actions are required.

The Agency by its very nature deals routinely with exhibits and materials presenting potential chemical, biological or physical risk (sometimes in a traumatic environment) and accepts its responsibilities under the Health and Safety at Work (NI) Order 1978.

Human rights

Civil servants have a statutory duty to respect, protect and fulfil people's human rights when developing and delivering government policy and services. The Northern Ireland Human Rights Commission (NIHRC) interactive guide to Human Rights is available to staff in the Agency to ensure they have knowledge of human rights law and standards and the core principles through which human rights are realised. The training is designed to increase human rights knowledge and strengthen the culture of human rights awareness and good practice within the Agency.

Anti-corruption and anti-bribery

The Agency is committed to the values of probity and accountability which foster a positive organisational culture. It is also committed to the elimination of any fraud within the Agency, to the rigorous investigation of any prima facie case, and, where fraud or other criminal acts are proven, to ensure that wrongdoers are dealt with appropriately. The Agency will take proportionate steps to recover any assets lost as a result of fraud, corruption or theft. The Agency has a zero tolerance approach towards acts of bribery and corruption by staff, associated persons and organisations.

Whistleblowing

The Agency has a Whistleblowing policy in place, designed to reassure staff that it is safe and acceptable to speak up, when they have a concern about malpractice. The procedures provide arrangements so that such concerns can be addressed at an early stage and in a fair and proper way. The Head of Internal Audit is involved in conducting independent investigations into issues raised under the policy.

PERFORMANCE REPORT

A handwritten signature in blue ink, appearing to read 'S Brown', is enclosed in a light gray rectangular box.

S Brown

Chief Executive and Accounting Officer

26 June 2019

ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

The Accountability section of the Annual Report outlines how the Agency meets its key accountability requirements to the Assembly and ensures best practice with corporate governance norms and codes. The three sub-sections within the Accountability Report are outlined below.

i - Corporate Governance Report

The purpose of this section is to explain the composition and organisation of the Agency's governance structures and how they support the achievement of its objectives.

As a minimum, the corporate governance report must include:

- Directors' Report;
- Statement of Accounting Officer's responsibilities; and
- Governance Statement.

ii - Remuneration and Staff Report

This section sets out the Agency's remuneration policy for directors, reports on how that policy has been implemented and sets out the amounts awarded to directors as salary and pension entitlements.

In addition the report provides information relating to remuneration and staff that the Assembly and other users see as key to accountability.

iii - Assembly Accountability and Audit Report

This section brings together the key Assembly accountability documents within the Annual Report and Accounts. It comprises:

- regularity of expenditure;
- Assembly accountability disclosures; and
- Certificate and Report of the Comptroller and Auditor General to the Assembly.

Directors' Report

Chief Executive

Stan Brown has been Chief Executive and Accounting Officer of the Agency since October 2006. He is supported in his responsibilities for corporate governance and strategic direction by a Leadership Board.

The Leadership Board

During the course of 2018-19 the membership was as set out below:

S Brown	Chief Executive
S Campbell	Director of Laboratory Services
A McElveen	Acting Director of Reporting Services and Corporate Services Director
A Kirkwood	Quality and ICT Director
W McCollum	Finance Manager
T Burgess	Independent Board Member
C Warnock	Independent Board Member

Company directorships and other significant interests

A register, available for public inspection, is maintained by FSNI that includes declarations of any significant interests held by LB members that may conflict with their LB responsibilities. During the year there were no such conflicts of interest declared by any LB member.

Personal data

FSNI complies with the Data Protection Act (DPA) 2018 and had no breaches of the Act to disclose for 2018-19.

Complaints

During 2018-19, there were two complaints and one concern raised, as per the current definitions of complaints and concerns. Of these, one complaint and one concern were not upheld and one complaint upheld. Further information can be found on the monitoring of complaints at <https://www.justice-ni.gov.uk/articles/fsni-complaints-procedure>.

Non-Executives' Report

As highlighted in the Performance Section of this Annual Report this has been a very challenging year for FSNI. We believe that the Agency has robustly addressed these challenges and with considerable success due almost entirely to the professionalism and dedication of the staff coupled with their commitment to hard work, quality and excellence and to delivering best value for money.

The allocation of resources continues to be a priority for the Leadership Board and is an area which requires continuous review and challenge in response to changes in customer demand, in technology and in legislation and the need to maintain the highest quality standards. The fact that output is greater now compared to five years ago when staff levels were 20% higher underlines the improvements in productivity that have been achieved through transformation and management focus. The development of Management Information Systems from the new integrated case management system – Perseus – will help to inform and capture further efficiency gains on an evolving basis.

In the last quarter of the year we carried out the annual Board Effectiveness review which provides valuable feedback on the operation of the Leadership Board. While several recommendations for improvement have been made the overall results of this review were very positive and we are pleased to report that the Board continues to provide effective leadership and governance of the Agency within a framework of internal and external controls which enable risk to be assessed and managed. The Governance Framework document is reviewed annually by the ARAC who have confirmed that it is reasonably satisfied the Framework operated effectively throughout 2018-19.

The projects under the aegis of the FSLB have all come on stream during the year and this has inevitably meant more time demands on the staff. Nevertheless, they have been unstinting in that engagement which will be required over the coming year and beyond. The input to these projects, informing as they do the agreed strategy for forensics, along with their commitment to effective collaborative working with all key partners in the Criminal Justice System, cannot be underestimated.

Looking to the future and as highlighted elsewhere in this Report, funding and capacity will continue to be major challenges for the Agency. Projections indicate that it will be difficult to maintain the scope and capacity of local forensic services within the current funding envelop

and even allowing for further productivity gains. The FSLB Value Project will provide evidence to inform funding decisions for forensic services in the future but is not due to report until 2020. In the meantime it is hoped that the approach of working in partnership with the Department of Justice will continue and will be developed further.

Last but not least we wish to record our sincere thanks and extend our best wishes to Stan Brown who is due to retire as Chief Executive during the first half of 2019-20. Stan has left a strong legacy – he has developed the Agency in to a world class provider of forensic services with sound values, a well-grounded scientific ethos and an excellent reputation both nationally and internationally.

T Burgess

C Warnock

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance (DoF) has directed Forensic Science Northern Ireland to prepare for each financial year a statement of 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 Forensic Science Northern Ireland and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

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

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

The Accounting Officer of the DoJ has designated the Chief Executive of Forensic Science Northern Ireland as the Accounting Officer of Forensic Science Northern Ireland. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Forensic Science Northern Ireland assets, are set out in Managing Public Money Northern Ireland published by the DoF.

As far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The Chief Executive as Accounting Officer confirms that the Annual Report and Accounts as a whole is fair, balanced and understandable and takes personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

Governance Statement

1. Scope of responsibility

Forensic Science Northern Ireland is an Executive Agency of the Department of Justice and operates within the context of the Department's overall vision and strategic objectives. As Accounting Officer of FSNI, I have responsibility for maintaining a sound system of governance that supports the achievement of the Agency's policies, aims and objectives, whilst safeguarding public funds and assets, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland.

2. The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values, by which the Agency is directed and controlled, and the activities through which it accounts to and engages with stakeholders. It enables the Agency to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, timely and cost-effective services. The governance framework for FSNI was reviewed and revised in 2018-19 and has taken into account changes to the governance approach introduced by the DoJ and Cabinet Office Executive Agencies guidance issued.

The governance framework is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of the Agency's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in, and other established mechanisms / processes established within, the Agency for the year ended 31 March 2019 and up to the date of approval of the Annual Report and Accounts, and accords with the Corporate Governance Code and DoF Guidance issued (in particular the Corporate Governance in Central Government Departments: Code of Good Practice NI 2013 (Annex A – Board Operating Framework Guidance). The Governance Framework will be reviewed in 2019-20 in light of the DoF Partnerships between Departments and ALB's: NI Code of Good Practice issued in March 2019.

3. Governance framework

As Chief Executive, I am supported by the FSNI LB. The LB comprises four Executive Directors: Reporting Services (in 2018-19 the Director of Reporting Services role was filled during the year through the temporary promotion of the Director of Corporate Services); Laboratory Services; Quality, ICT and Customer Services; and Corporate Services. The LB also includes the FSNI Finance Manager and two Independent Board Members (IBMs). The LB is supported by a dedicated Corporate Secretary.

The LB is supported by the Agency's Senior Management Team (SMT). The SMT consists of heads of section or team managers and other senior managers and is chaired by a Director. The main purpose of the SMT is to manage the day-to-day operation of the Agency to ensure delivery of objectives within available resources.

The Northern Ireland Assembly was dissolved from January 2017, in the absence of a Minister of Justice the Agency's Business Plan was approved by the DoJ Director of Safer Communities. He also conducted regular reviews of the Agency's progress in achieving its objectives and key performance targets. During the year, FSNI did not receive any Ministerial directions.

The FSNI Audit and Risk Assurance Committee (A&RAC) is chaired by one of FSNI's IBMs. The A&RAC supports me in my role as the Accounting Officer and with my responsibilities for issues of risk, corporate governance, internal control and associated assurance, as well as providing an appropriate challenge function.

The membership of the FSNI A&RAC during 2018-19 has comprised of:

- two IBMs (one as Chair); and
- one Independent A&RAC Member.

The quorum at A&RAC meetings consisted of two A&RAC Members inclusive of the Chair.

Representatives from Internal Audit attended meetings of the A&RAC. A representative from the Northern Ireland Audit Office (NIAO) also attended. The A&RAC Chair meets separately with the Head of Internal Audit, the NIAO audit manager and also the Chair of the Departmental Audit Committee. The LB, SMT and A&RAC operate under agreed Terms of Reference, which are reviewed annually.

Another key element of the Agency's governance framework is a professionally led Departmental Internal Audit function that works to Public Sector Internal Audit Standards, reviewing the overall arrangements for managing risk, provides assurance and reports any matters of concern to the FSNI A&RAC. Assurance is also obtained from the NIAO who report to the A&RAC following the statutory audit of the Agency's Annual Report and Accounts. The A&RAC review internal audit and NIAO reports and monitor progress against recommendations to obtain assurance on the operation of the control framework.

The auditing of the Agency by Internal Audit and by the NIAO sits, from the Agency's perspective, within a wider auditing environment, including the annual in-depth inspections by United Kingdom Accreditation Service as part of the maintenance of accreditation to the quality standard ISO 17025:2005, plus an extensive programme of internal quality audits as well as collaborative exercises with other forensic science providers.

The NICS Internal Audit team within the Department of Finance provide Internal Audit services through a "Group Service" arrangement. Mechanisms and processes have been put in place to ensure the Internal Audit service to FSNI is provided to professional standards.

Assurance Statements are completed twice annually at Directorate level within FSNI. As part of the 2018-19 year-end preparations, all the LB members were asked to complete assurance statements. The purpose of the statements is to improve management and control by identifying management's specific responsibilities and seeking written assurance that these have been exercised with reasonable care, skill and diligence. These statements are used to inform the content of this Governance Statement.

The LB promotes an anti-fraud culture, supported by the Directors and their staff who are best placed to recognise the potential for fraud within the everyday operations of their teams. Fraud and Whistleblowing policies are in place which can be accessed by all FSNI staff on the DoJ intranet.

There are a number of other sources from which assurance on the system of internal control is obtained. These include the work of the following bodies:

- National Assurance Service (NAS) (in relation to the NI DNA Database);
- Criminal Justice Inspection Northern Ireland (CJINI);

- Health and Safety Executive for Northern Ireland;
- Investors In People;
- Department of Finance;
- DoJ Financial Services Division; and
- DoF Central Procurement Directorate.

The Agency is satisfied that it has a robust corporate governance framework and that it is in compliance with relevant guidance issued by DoF.

4. Risk management and internal control

As Accounting Officer I have direct responsibility for the analysis and management of risk and I work with the LB and the management team to do so. Responsibilities are assigned and appropriate actions incorporated into the Agency's internal targets. The Agency, given the nature of its work and the rigours of quality accreditation in a scientific environment, has a low risk appetite. Risk is managed using a corporate risk register, with any major project or programme also having its own specific register. The Corporate Risk Register is reviewed at each LB and quarterly by the A&RAC and SMT. It helps ensure that the principal risks to the Agency and its work are identified, quantified, mitigated and addressed timeously.

As part of the planning process, all senior managers who are also members of the SMT, are asked to review their own business areas and assess the risks faced within their area of responsibility. The SMT considers these operational risks and, in line with strategic planning priorities, determines the high level risks that could affect achievement of the Agency's strategic objectives. Risks are prioritised using a risk matrix, which assesses impact/likelihood. Each risk is assigned to a risk owner/manager who takes the appropriate steps to manage and control the risk. Any changes to the risk ratings or recommendations for new risks are referred to the LB for approval. The LB also considers any strategic risks to the Agency and will refer these to the SMT for assurance that these are adequately addressed in the Risk Register.

The Agency aspires to an approach to risk management, which is mainstreamed within everyday work, where managers consider and continuously review risk as part and parcel of the Agency's normal operations. The assessment of risk is carried out alongside the development of the business plan. During the planning process, the Agency refers to the Corporate Risk

Appetite Framework which presents a risk profile identifying the areas of high and low risk tolerance.

5. Review of effectiveness of the governance framework

I have responsibility for reviewing the effectiveness of the governance framework. The review is informed by:

Leadership Board Review

The Agency's LB met on nine occasions during 2018-19 with attendance by members as set out below, alongside attendance records for the A&RAC.

Title	Leadership Board	*Audit and Risk Assurance Committee
Chief Executive – S Brown	9/9	3/4
*Acting Director of Reporting Services and Corporate Services Director – A McElveen	9/9	4/4
*Director of Laboratory Services – S Campbell	9/9	0/4
*Quality and ICT Director – A Kirkwood	8/9	3/4
Finance Manager – W McCollum	9/9	4/4
Independent Board Member – T Burgess	8/9	3/4
Independent Board Member – C Warnock	9/9	4/4
**Independent A&ARC Member – G Morton	N/A	4/4

*FSNI A&RAC – FSNI Directors attend on a rotational basis

**A&RAC member only

The LB obtains management information from the case management system, the finance system and from several management reports to allow for review. The reports are also considered by the A&RAC for review and comment to the LB, and their quality is subject to internal audit review. The LB is provided assurance on the quality of these documents by regular review by internal audit. An assessment of the LB effectiveness is conducted annually by the IBMs who review the LB Members' responses to an evaluation questionnaire based on Financial Reporting Council and Institute of Directors guidance.

DoJ Governance

As part of the Agency's governance arrangements, I met monthly with my Departmental line manager. Effective management of financial resources was ensured by following good management practice and guidance issued by DoJ's Financial Services Division. Budget holders also received detailed monthly management accounts and updated financial forecasts throughout the year. The budgets which were delegated to the Agency for the 2018-19 financial year were not exceeded.

Assurance Statements

In 2018-19, an assurance statement was completed twice by each Director and the Finance Manager.

Audit and Risk Assurance Committee (A&RAC)

The A&RAC met four times during the year and matters considered included the following:

- risk management and the risk register;
- effectiveness of the internal control and governance systems;
- the results of internal and external audit activity and progress against the implementation of recommendations to address weaknesses identified in internal audit reports and external audit reports; and
- Internal and External Audit planning and strategy.

The A&RAC has met subsequent to the year-end to review and approve the final 2018-19 Annual Report and Accounts prior to sign-off by the Accounting Officer.

A&RAC opinion on effectiveness of FSNI Governance Framework

The A&RAC is satisfied that FSNI had a robust corporate governance framework in place in 2018-19 and that it was in compliance with relevant guidance issued by DoF. Furthermore, the A&RAC is reasonably satisfied that this framework operated effectively throughout 2018-19.

Internal and External Audit

The effectiveness of the governance framework has been informed by the reports produced by the Internal Auditors, and comments made by the External Auditors in their Report to those Charged with Governance.

In recognition of the robust mechanisms for regular and in-depth scrutiny under which the Agency operates (including UKAS, Forensic Information Databases Service (FINDS), CJINI, Investors in People (IIP), National Fraud Initiative, and FSNI's own internal programme of scientific quality audits, as well as external auditors and Internal Audit) a review of FSNI's "auditing landscape" was conducted with Internal Audit at the start of the year and a rolling three year audit plan agreed. This plan focuses on filling any gaps and avoiding unnecessary duplication and was reviewed by the A&RAC and me.

During 2018-19 the following audits were completed by Internal Audit:

- Review of Management of Exhibits;
- Review of FSNI Customer Accounts;
- FSNI Casefile Management 2016-17 "Follow-Up";
- Financial and Management Accounts; and
- Complaints Handling.

All audits had a rating of satisfactory. On the basis of internal audit work carried out, positive management action taken to address identified weaknesses, and assurances provided elsewhere, the Head of Internal Audit has provided the Accounting Officer with overall assurance that there is a satisfactory level of control within the Agency.

The implementation of actions arising from recommendations from audits by Departmental Internal Audit, External Auditor, CJINI and others is regularly monitored by the LB and reviewed at A&RAC. Priority one actions are reported to the Director of Safer Communities. During 2018-19 there have been eleven recommendations made as a result of Internal Audits. Of the nine recommendations to be actioned by 31 March 2019, seven recommendations had been completed and two recommendations were "partially achieved" and are in the process of being closed out. The final two outstanding recommendations have target completion dates of April 2019 and March 2020. There were no priority one audit recommendations received in 2018-19. FSNI's own internal scientific Quality Audit programme (consisting of approximately 80 internal quality audits) and the close out of resultant actions are reviewed monthly by the SMT.

6. Budget position

In the continuing absence of an Executive and a sitting Assembly the Northern Ireland Budget Act 2018 was progressed through Westminster, receiving Royal Assent on 20 July 2018, followed by the Northern Ireland Budget (Anticipation and Adjustments) Act 2019 which received Royal Assent on 15 March 2019. The authorisations, appropriations and limits in these Acts provide the authority for the 2018-19 financial year and a vote on account for the early months of the 2019-20 financial year as if they were Acts of the Northern Ireland Assembly.

7. Significant internal control issues

Given the detailed operating environment pertaining in the Agency with its robust quality management procedures – including regular internal quality audits – specific operational issues are identified from time to time. Any such issues arising during the year have been dealt with in full accordance with the protocols of the Quality Management System (QMS) and their treatment is subject to further review and inspection by UKAS as part of the annual renewal of accreditation. There were no significant control issues or weaknesses identified or issues arising from reports by internal audit.

8. Accounting Officer statement on assurance

I am content FSNI has established a robust assurance framework that includes primary assurance through line management structures on the achievement of objectives. This primary assurance is supplemented by secondary assurances provided through oversight of management activity, independent accreditation and quality inspection by UKAS and FINDS, a Quality Internal Audit programme, a programme of collaborative blind trials with other providers and by the DoF Internal Audit team operating to Public Sector Internal Audit Standards. They deliver an agreed prioritised programme of systems based audits covering technical, financial and non-financial systems over time.

REMUNERATION AND STAFF REPORT

Remuneration Report

Remuneration policy

The pay remit for the Northern Ireland (NI) public sector, including senior civil servants (SCS), is normally approved by the Minister of Finance. In the absence of an Executive, the Department of Finance's Permanent Secretary has set the 2018-19 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. The pay award for SCS staff for 2018-19 has been finalised but not yet paid.

The pay of senior civil servants (SCS) is 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.

The Chief Executive is the only member of staff within FSNI who is a member of the SCS. Staff at Grade 6 and below fall within the pay settlement provided by the NICS Comprehensive Pay and Grading Review.

Service contracts

The Civil Service Commissioners (NI) Order 1999 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Code published by the Civil Service Commissioners for Northern Ireland specifies the circumstances when appointments may be made otherwise.

Unless otherwise stated, the officials covered by this report hold appointments that 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.

T Burgess was appointed as an Independent Board Member in April 2014 for an initial three year period, during 2016-17 this was extended to 30 April 2020. C Warnock was appointed as

an Independent Board Member on 23 March 2015 for an initial three year period to 22 March 2018. This appointment has been extended for a further three years to 22 March 2021. G Morton was appointed as an Independent A&RAC Member on 6 February 2015 for an initial three year period to 5 February 2018 which has also been extended for a further three year period to 5 February 2021. The Agency and the Independent Board/A&RAC Members may terminate the appointments by giving one month's notice in writing.

Remuneration and pension entitlements

The followings sections provide details of the remuneration and pension interests of the most senior management team in the Agency.

Remuneration and pension entitlements (Audited information)

LB Members	2018-19			
	Salary £000	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest £1,000)	Total £000
S Brown – Chief Executive	80-85	-	10	90-95
S Campbell – Director of Laboratory Services	50-55	-	18	70-75
A McElveen – Acting Director of Reporting Services and Corporate Services Director	55-60	-	19	75-80
A Kirkwood – Director of Quality and ICT	55-60	-	28	85-90
W McCollum – Finance Manager	40-45	-	19	55-60
T Burgess – Independent Board Member	5-10	-	-	5-10
C Warnock – Independent Board Member	5-10	-	-	5-10

* 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 decreases due to a transfer of pension rights.

2017-18

LB Members	Salary	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest £1,000)	Total
	£000			£000
S Brown – Chief Executive	80-85	-	3	80-85
S Campbell – Director of Laboratory Services	50-55	-	13	65-70
A McElveen – Acting Director of Reporting Services (from 1 April 2017) and Corporate Services Director	55-60	-	12	65-70
A Kirkwood – Director of Quality and ICT	50-55	-	21	70-75
W McCollum – Finance Manager	40-45	-	11	50-55
T Burgess – Independent Board Member	5-10	-	-	5-10
C Warnock – Independent Board Member	5-10	-	-	5-10

Salary

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

Bonuses

There were no bonuses paid or payable during 2018-19 or 2017-18.

Benefits in kind

No LB members received benefits in kind during 2018-19 or 2017-18.

Fair pay disclosure (Audited information)

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 the Agency in the financial year 2018-19 was £80-85,000 (2017-18: £80-85,000). This was 2.97 times (2017-18: 3.00 restated) the median remuneration of the workforce, which was £27,819 (2017-18: £27,544).

In 2018-19 and 2017-18 no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £18,000 to £80-85,000 (2017-18: £18,000 to £80-85,000). 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.

Pension entitlements (Audited information)

LB Members	Accrued pension at pension age as at 31/3/19 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/19	CETV at 31/3/18	Real increase in CETV	Employer contribution to partnership pension account Nearest £100
	£000	£000	£000	£000	£000	
S Brown – Chief Executive	15-20 plus lump sum of 50-55	0-2.5 plus lump sum of 0-2.5	342	328	8	-
S Campbell – Director of Laboratory Services	20-25 plus lump sum of 45-50	0-2.5 plus lump sum of 0	359	311	7	-
A McElveen – Acting Director of Reporting Services and Corporate Services Director	10-15	0-2.5	225	186	17	-
A Kirkwood – Director of Quality	10-15	0-2.5	178	145	17	-
W McCollum – Finance Manager	10-15	0-2.5	118	93	7	-

No pension benefits are provided to the Independent Board Members.

Northern Ireland Civil Service (NICS) Pension arrangements

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

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

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

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

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

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2018 was 2.4% and HM Treasury has announced that public service pensions will be increased accordingly from April 2019.

Employee contributions rates for all members for the period covering 1 April 2019 to 31 March 2020 are as follows:

Annualised rate of Pensionable Earnings (Salary Bands)		% Contribution rate for all members
From	To	
£0	£23,500.99	4.60%
£23,501.00	£54,500.99	5.45%
£54,501.00	£150,000.99	7.35%
£150,001.00 and above		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% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

Cash Equivalent Transfer Values

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

Real increase in CETV

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

Compensation on early retirement or for loss of office

There were no compensation benefits paid by FSNi to any senior staff members during the financial year (2017-18: £Nil).

Staff Report

Staff costs (Audited information)

Staff costs comprise:

	Permanently Employed £000	Others £000	2018-19 Total £000	2017-18 Total £000
Wages and salaries	5,554	65	5,619	5,709
Social security costs	554	-	554	562
Other pension costs	1,268	-	1,268	1,237
Total	7,376	65	7,441	7,508

In addition to the staff costs above a further £0.035m (2017-18 £0.021m) has been capitalised for staff involved with capital projects.

Pension arrangements

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but the Agency is unable to identify its share of the underlying assets and liabilities. The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2012 scheme valuation was completed by GAD in February 2015. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2015 to 31 March 2019.

For 2018-19 employers' contributions of £1.268m (2017-18: £1.237m) were payable to the NICS pension arrangements at one of three rates in the range 20.8% to 26.3% (2017-18: 20.8% to 26.3%) of pensionable pay, based on salary bands.

Work was completed on the 2016 valuation, based on the position as at 31 March 2016. The outcome of this scheme valuation informed employer contribution rates for 2019-20. Employer contribution rates payable will range from 28.7% to 34.2% of pensionable pay, based on salary bands. This change is primarily due to the reduction in the SCAPE discount rate (as announced at Budget 2018) to 2.4% pa above CPI. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £Nil (2017-18: £Nil) were paid to one or more

of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2017-18: 8% to 14.75%) of pensionable pay.

The partnership pension account offers the member the opportunity of having a 'free' pension. The employer will pay the age-related contribution and if the member does contribute, the employer will pay an additional amount to match member contributions up to 3% of pensionable earnings.

Employer contributions of £Nil, 0.5% (2017-18: £Nil, 0.5%) of pensionable pay, were payable to the NICS pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £Nil. Contributions prepaid at that date were £Nil.

No person (2017-18: 2 persons) retired early on ill health grounds; the total additional accrued pension liabilities in the year amounted to £Nil (2017-18: £7,117).

Average number of persons employed (Audited information)

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

	2018-19 Number	2017-18 Number
Senior civil service staff	1	1
Senior Management	3	3
Caseworkers	119	116
Support Staff	39	42
Temporary Staff	2	1
Staff engaged on capital projects	-	1
Total	164	164

Staff composition

The number of persons employed at 31 March 2019 by FSNI was as follows:

	Female Staff Number	Male Staff Number	Total Staff Number
Leadership Board	1	2	3
Senior civil service staff	-	1	1
Staff	99	69	168

Managing attendance

FSNI takes the management of sickness absence very seriously. FSNI has robust policies and procedures in place, which reflect best practice, to ensure that staff are afforded every opportunity of getting back to good health and into the workplace as soon as possible. Staff absence levels continued to be amongst the lowest in the DoJ at 4.4 days (2017-18: 8.9 days) average per staff member, despite the sustained heavy workload across the Agency.

The health and safety of everyone in the Agency is of paramount importance and we have a duty of care to help prevent staff becoming ill and to support them when they are. FSNI develop annual plans to support Staff Welfare and Well-Being and during the 2018-19 year supported staff with a number of health prevention and promotion events.

Equal opportunities

The Agency is pro-active in compliance with fair employment, sex discrimination, equal pay, disability discrimination and race discrimination legislation in Northern Ireland.

The Agency is committed to the promotion of good relations amongst staff and customers, irrespective of differing religious belief, political opinion, racial group, gender, marital status, sexual orientation, disability, age, or having dependants or not. It promotes a working environment where all members of staff will be treated with dignity and respect, and do not feel discriminated against or harassed. The Agency promotes equality of opportunity and is fully committed to the DoJ Equality Scheme.

Disability

The Agency follows the Northern Ireland Civil Service policy that all eligible persons shall have equal opportunity for employment and advancement on the basis of the ability, qualifications and aptitude for the work.

FSNI contributes to the DoJ Disability and Equality Schemes and their Action Plans to meet the new disability duties under the Disability Discrimination (Northern Ireland) Order 2006.

Employee consultation

The Agency encourages the widest possible communication, consultation and staff involvement in its business development.

Pay policy

Under the *Civil Service (NI) Order 1999*, DoF is responsible for the pay arrangements of NICS civil servants (apart from those agencies, non-ministerial government departments and other bodies with an agreed pay delegation). The pay award system aims to:

- be a system which will help to recruit, retain and motivate staff to perform efficiently the duties required of them;
- encourage staff to improve their individual performance by providing a direct and regular link between satisfactory performance and pay;
- ensure equity of treatment in respect of pay in accordance with legal requirements and the equal opportunities policy of the NICS;
- secure the confidence of staff that their pay will be determined fairly;
- secure the confidence of the public and their representatives in the system for determining the pay of the staff; and
- enable the Government to reconcile its responsibilities for the control of public expenditure with its responsibilities as an employer.

Career development

As part of the NICS, the Agency recognises the importance of having skilled and engaged employees and continues to invest in learning and development. The NICS Centre for Applied Learning (CAL) is responsible for development and delivery of all generic staff training. It offers a variety of learning delivery channels to enable flexible access to learning, blending different learning solutions into coherent learning pathways that are aligned to both corporate need and the NICS Competency Framework.

The NICS offers a wide range of career development opportunities through mentoring, secondment and interchange opportunities, elective transfers, temporary promotion, job rotation and job shadowing. Talent Management is a key theme of the NICS People Strategy and work is underway to develop a more corporate approach to managing talent across the NICS.

Expenditure on consultancy

There was no expenditure on consultancy during 2018-19 (2017-18: Nil).

Off-payroll engagements

There were no off-payroll engagements at an individual cost of over £58,200 per annum in place during 2018-19 (2017-18: Nil).

ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

Assembly Accountability Disclosures (Audited information)

Regularity of expenditure

Losses and special payments

There were no losses or special payments that require disclosure in 2018-19 (2017-18: Nil).

Fees and charges

An analysis of income from services provided to external and public sector customers is as follows:

	2018-19			2017-18		
	£000			£000		
	Income	Full Cost	Surplus/ (deficit)	Income	Full Cost	Surplus/ (deficit)
Services	10,622	13,979	(3,357)	10,521	13,038	(2,517)

The above information is provided for fees and charges purposes, and not for IFRS 8 Operating Segments purposes.

Forensic Science Northern Ireland (FSNI) is working towards the financial aim of full cost recovery and to this end is currently renegotiating contracts with customers on a transactional pricing basis. Whilst there is a deficit of £3.357m (2017-18: £2.517m) on its Statement of Comprehensive Net Expenditure, this is partially offset by non-cash charges. Funding is provided by the DoJ to allow the Agency to maintain capacity in specific areas of national interest without recharging these costs to customers.

Remote contingent liabilities

There were no contingent liabilities requiring disclosure under Assembly reporting requirements. The Agency had no significant remote contingent liabilities during 2018-19 that require disclosure. Note 16 provides further details regarding the contingent liabilities that are included within the financial statements.

ACCOUNTABILITY REPORT

A handwritten signature in blue ink, appearing to read 'S Brown', is positioned above the printed name.

S Brown

Chief Executive and Accounting Officer

26 June 2019

The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly

Opinion on financial statements

I certify that I have audited the financial statements of Forensic Science Northern Ireland for the year ended 31 March 2019 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the 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 Forensic Science Northern Ireland's affairs as at 31 March 2019 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the 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 Forensic Science Northern Ireland in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Other Information

The Accounting Officer is responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in the report as having

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

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

Opinion on other matters

In my opinion:

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

Responsibilities of the Accounting Officer for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

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

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

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. 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.

Report

I have no observations to make on these financial statements.

A handwritten signature in black ink that reads "K J Donnelly". The signature is written in a cursive style with a long, sweeping tail on the letter "y".

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

3 July 2019

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2019

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

		2018-19	2017-18
		£000	£000
	Note		
Revenue from contracts with customers	4	(10,622)	(10,521)
Other operating income	4	-	-
Total operating income		(10,622)	(10,521)
Staff costs	3	7,441	7,508
Purchase of goods and services	3	4,444	3,886
Depreciation and impairment charges	3	2,038	1,770
Provisions expense	3	56	(128)
Total operating expenditure		13,979	13,036
Net operating expenditure		3,357	2,515
Finance expense	3	-	2
Net expenditure for the year		3,357	2,517
Other comprehensive net expenditure			
Items that will not be reclassified to Net Operating Expenditure:			
- Net (gain) on the revaluation of Property, Plant and Equipment	5	(2,203)	(745)
- Net (gain) on the revaluation of Intangibles	6	(31)	(5)
Comprehensive net expenditure for the year		1,123	1,767

The notes on pages 62 to 83 form part of these Accounts.

Statement of Financial Position

As at 31 March 2019

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

		2019 £000	2018 £000
	Note		
Non-current assets:			
Property, plant and equipment	5	19,543	17,896
Intangible assets	6	3,562	3,920
Total non-current assets		23,105	21,816
Current assets:			
Inventories	8	56	64
Trade and other receivables	10	391	542
Cash and cash equivalents	9	639	783
Total current assets		1,086	1,389
Total assets		24,191	23,205
Current liabilities			
Trade and other payables	11	(3,068)	(2,486)
Provisions	12	(10)	(9)
Total current liabilities		(3,078)	(2,495)
Total assets less current liabilities		21,113	20,710
Non-current liabilities			
Provisions	12	(212)	(167)
Total non-current liabilities		(212)	(167)
Total assets less total liabilities		20,901	20,543
Taxpayers' equity and other reserves			
General fund		16,932	18,676
Revaluation reserve		3,969	1,867
Total equity		20,901	20,543



S Brown
Chief Executive and Accounting Officer

26 June 2019

The notes on pages 62 to 83 form part of these Accounts.

Statement of Cash Flows

For the year ended 31 March 2019

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

		2018-19 £000	2017-18 £000
	Note		
Cash flows from operating activities			
Net expenditure for the year		(3,357)	(2,517)
Adjustment for non-cash transactions	2	2,165	1,699
Decrease in trade and other receivables	10	151	(228)
<i>Movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	10	(25)	1
Decrease in inventories	8	8	44
Increase/(Decrease) in trade and other payables	11	582	(767)
<i>Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		(477)	863
Use of provisions	12	(10)	(9)
Net cash (outflow)/inflow from operating activities		(963)	(914)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(567)	(1,352)
Purchase of intangible assets	6	(49)	1
Net cash outflow from investing activities		(616)	(1,351)
Cash flows from financing activities			
Net Assembly funding		1,435	2,863
Net financing		1,435	2,863
Net increase/(decrease) in cash and cash equivalents in the period		(144)	598
Cash and cash equivalents at the beginning of the period	9	783	185
Cash and cash equivalents at the end of the period	9	639	783

The notes on pages 62 to 83 form part of these Accounts.

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2019

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

		General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 31 March 2017	Note	18,171	1,220	19,391
Net Assembly funding		2,863	-	2,863
Comprehensive net expenditure for the year		(2,517)	750	(1,767)
Non-cash adjustments				
Notional charges – auditor's remuneration	3	16	-	16
Notional charges – other	3	40	-	40
Movement in Reserves				
Transfer between reserves		103	(103)	-
Balance at 31 March 2018		18,676	1,867	20,543
Net Assembly funding		1,435	-	1,435
Comprehensive net expenditure for the year		(3,357)	2,234	(1,123)
Non-cash adjustments				
Notional charges – auditor's remuneration	3	16	-	16
Notional charges – other	3	30	-	30
Movement in Reserves				
Transfer between reserves		132	(132)	-
Balance at 31 March 2019		16,932	3,969	20,901

The notes on pages 62 to 83 form part of these Accounts.

Notes to the Agency's Accounts

1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2018-19 Government Financial Reporting Manual (FReM) issued by the Department of Finance (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 Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Agency (for the reportable activity) are described below. They have been applied consistently in dealing with items that are considered material to the Accounts.

1.1 Accounting convention

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

The Accounts are stated in sterling, which is the Agency's functional and presentational currency. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling (£000).

1.2 Property, plant and equipment

The Agency's property, plant and equipment comprise buildings, plant and equipment, computers and motor vehicles, which are revalued annually using appropriate indices compiled by the Office for National Statistics.

Buildings are subject to professional revaluation every five years by the Land and Property Services. In the intervening years, buildings are revalued using the Land and Property Services indices. Upward revaluations are credited to the revaluation reserve. Downward revaluations are debited to the revaluation reserve to the extent that upward revaluations have previously been credited for the same asset, with any excess downward revaluation recognised in the statement of comprehensive net expenditure.

The standard threshold is £1,000 (£500 for IT equipment) for capitalisation as an individual or grouped property, plant and equipment in line with the Agency's capitalisation procedures.

1.3 Intangible assets

Identifiable intangible assets are recognised when the Agency controls the asset, it is probable that future economic benefits attributable to the asset will flow to the Agency and the cost of the assets can be reliably measured. The Agency's intangible assets consist of software and software licences where expenditure is £1,000 or more.

Intangible assets are revalued annually using appropriate indices compiled by the Office for National Statistics. Upward revaluations are credited to the revaluation reserve. Downward revaluations are debited to the revaluation reserve to the extent that upward revaluations have previously been credited for the same asset, with any excess downward revaluation recognised in the statement of comprehensive net expenditure.

1.4 Depreciation and amortisation

Freehold land is not depreciated. FSNI has depreciated separately identified components of its buildings assets according to the useful life of that component, with individual lives applied to each component.

Component	Definition
Building Structure	Substructure, frame, upper floors, roof, stairs, external walls, windows and external doors, internal walls and partitions, internal doors, floors/wall/ceiling finishes.
Engineering Systems	Sanitary appliances, services equipment, disposal installation, water installation, heat source, space heating and air treatment, ventilation systems, electrical, gas, lift and protective installations.
Equipment and Security Installations	CCTV, access control, alarm systems, control rooms including all associated Information and Communications Technology (ICT) hardware and software; fixed furniture, fittings, equipment and appliances.
External Works	Roads, footpaths, drainage, fences, gates, boundary walls, street furniture, landscaping and external lighting.

Depreciation is provided on a straight line basis in order to write down to residual value over expected useful economic lives. Depreciation is not charged on land, assets awaiting disposal or assets under construction (until brought into use).

Estimated useful lives, which are reviewed regularly, are:

Asset category	Useful life
Buildings	40 years
Temporary Buildings	10 – 20 years
Plant and Equipment	3 – 25 years
Motor Vehicles	10 years
Computers	3 – 10 years
Intangible Assets	5 – 15 years

1.5 Inventories

Consumable inventory is stated at the lower of cost and net realisable value. Work in progress is valued at the lower of cost of professional time plus related laboratory overhead and net realisable value.

1.6 Leases

Leases are classified as operating lease contracts whenever the terms of the lease do not transfer substantially all the risks and benefits of ownership to the lessee. Rentals paid under operating leases are charged to operating costs on a straight-line basis over the term of the lease.

1.7 Employee benefits

Under IAS 19 an employing entity should recognise the undiscounted amount of short term employee benefits expected to be paid in exchange for the service. The Agency has therefore recognised both annual and flexi leave entitlements that have been earned by the year end but not yet taken. These are included in current liabilities.

1.8 Early departure costs

The Agency is required to account for the cost of paying pensions of employees who retire early from the date of their retirement until they reach normal pensionable age.

The Agency provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes in the year. The total cost of these programmes is recognised in the year the decision is taken.

1.9 Provisions

The Agency provides for legal or constructive obligations, which are of uncertain timing and/or amount at the statement of financial position date, on the basis of best estimate of expenditure required to settle the obligation.

The Agency is required to account for the cost of paying pensions of employees who retire early from the date of their retirement until they reach normal pensionable age and in some cases for the lifetime of the retired staff member and his/her spouse. For all new early retirement cases, the Agency provides in full for the cost of meeting pensions up to normal retirement age. The total cost is recognised in the year the decision is taken.

Injury on duty awards – life expectancy assumption

Benefits payable under the Civil Service Injury Benefit Scheme (Northern Ireland) relating to FSNI are payable to former employees for life. Provision is made for the costs of providing injury awards to employees based on the current number of injury awards and also on the estimated life expectancy of these pensioners.

1.10 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Agency 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.

1.11 Income

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Agency is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Agency: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Fees, levies and charges

This principally comprises fees and charges for services provided on a full cost basis to external customers as well as public repayment work. Revenue from fees, levies and charges is recognised over time as the services are rendered based on either a fixed price or an agreed rate.

Sale of goods and services

Revenue from the sale of goods is recognised either:

- at the point in time when the customer obtains control of the goods, which is generally at the time of delivery; or
- over time as the services are rendered based on either a fixed price or an agreed rate.

Other operating income

Other operating income is income which relates directly to the operating activities of the Agency. It includes both income classified as Accruing Resources and income due to the Consolidated Fund, which in accordance with the FReM, is treated as operating income.

Other income

Other revenue is recognised when it is received or when the right to receive payment is established.

1.12 Value Added Tax

Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of property, plant and equipment and intangible assets. VAT is recoverable on a departmental basis.

1.13 Segmental reporting

In line with the provisions of IFRS 8 the Agency does not analyse its net expenditure by operating segment as it has concluded that it has no separately identifiable operating segments. This conclusion is based on the Agency's current format of internal management reporting to the Agency's Leadership Board, who consider financial performance at the Agency level.

1.14 Programme expenditure

The statement of comprehensive net expenditure for the Agency only includes programme costs. The definition of programme costs is set by DoF. Programme costs reflect non-administration costs, including payments of grants and compensation, and other disbursements, as well as certain staff costs where they relate directly to service delivery.

1.15 Pensions

Past and present employees are covered by the provisions of the Civil Service Pension Schemes (NI). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The Agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pensions Schemes (PCSPS (NI)) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). In respect of the defined contribution schemes, the Agency recognises the contributions payable for the year.

1.16 Notional costs

Some of the costs directly related to the running of the Agency are borne by other Government Departments or organisations. These costs have been included on the basis of the estimated cost incurred by the providing organisation.

1.17 Insurance

Only insurance costs in respect of motor vehicles are charged to the statement of comprehensive net expenditure. No insurance is in place against fire, explosion, common law, third party and similar risks.

1.18 Research and development

Expenditure on research is not capitalised, but expensed as it occurs. Expenditure on development is capitalised if it meets the criteria specified in IAS 38. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

1.19 Corporation Tax

As an On-Vote Agency of a government department, the Agency is not liable to pay Corporation Tax.

1.20 Financial instruments

1.20.1 Recognition and de-recognition of Financial assets and Financial liabilities

Financial assets and liabilities are recognised when the Agency becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the Agency no longer has rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

1.20.2 Financial assets

Trade and other receivables

Financial assets within trade and other receivables are initially recognised at fair value, which is usually the original invoiced amount less provision for impairment less provisions for doubtful receivables. Provisions are made specifically where there is objective evidence of a dispute or inability to pay.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

Impairment of financial assets

The Agency assesses at each statement of financial position date whether a financial asset or group of financial assets are impaired. Where there is objective evidence that an impairment loss has arisen on assets carried at amortised cost, the carrying amount is reduced with the loss being recognised in the statement of comprehensive net expenditure.

1.20.3 Financial liabilities

Trade and other payables

Financial liabilities within trade and other payables are initially recognised at fair value, which is usually the original invoiced amount, less provision for impairment.

1.21 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 the Agency's accounting policies. We continually evaluate our 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. There are no material accounting estimates or judgements made by the Agency in preparing these accounts.

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

(i) – Depreciation of property, plant and equipment

Depreciation is provided in the Accounts so as to write-down the respective assets to their residual values over their expected useful lives and as such the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown in Note 1.4.

(ii) – Impairment of property, plant and equipment

Where there is an indication that the carrying value of items of property, plant and equipment may have been impaired through events or changes in circumstances, a review will be undertaken of the recoverable amount of that asset.

1.22a Accounting standards, interpretations and amendments to published standards and FReM – issued and effective in 2018-19 for the first time

Standard	IFRS 9 <i>Financial Instruments</i>
Effective date	1 January 2018 (EU endorsed 22 November 2016)
FReM application	2018-19
Description of revision	IFRS 9 includes several improvements, and introduces substantially greater disclosure requirements, to the previous IAS 39 which includes: <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.
Comments	IFRS 9 will affect all public-sector bodies that have any financial Instruments (including trade receivables, lease receivables, loan commitments and contract assets).

Standard	IFRS 15 <i>Revenue from Contracts with Customers</i>
Effective date	1 January 2018 (EU endorsed 31 October 2017)
FReM application	2018-19
Description of revision	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).
Comments	IFRS 15 will affect all public-sector bodies.

1.22b 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 the Agency's accounting periods beginning on or after 1 April 2019 or later periods, but which the Agency has not adopted early. Other than as outlined below, the Agency considers that these standards are not relevant or material to its operations.

Standard	IFRS 16 Leases (replaces IAS 17 Leases and related interpretations)
Effective date	January 2019 (EU endorsed 31 October 2017)
FReM application	2020-21
Description of revision	<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 for those entities applying IFRS 15.</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, unless they qualify for low value or short-term exemptions. In addition, there are updated disclosure requirements.</p> <p>The lessor accounting model is generally unchanged from IAS 17 but entities should be aware of the introduction and impacts of IFRS 9 Financial Instruments, enhanced disclosure requirements and that a sub-lessor now determines whether a lease is finance or operating based on the right of use asset it subleases.</p>
Comments	IFRS 16 Leases replaces IAS 17 Leases and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2020.

1.22c Financial Reporting – future developments

The Agency has considered the accounting initiatives identified by HM Treasury for which the Standards are under development and considers that these changes are not relevant or material to its operations.

2 Summary of non-cash costs

	2018-19	2017-18
	£000	£000
Purchase of goods and services	71	57
Depreciation and impairment charges	2,038	1,770
Provisions expense	56	(128)
	2,165	1,699

3 Programme expenditure

		2018-19 £000	2017-18 £000
	Note		
Staff costs*			
Wages and salaries		5,619	5,709
Social security costs		554	562
Other pension costs		1,268	1,237
		<u>7,441</u>	<u>7,508</u>
Purchase of goods and services			
Staff related costs		281	210
Rentals under operating leases		177	178
Accommodation, maintenance and utilities		999	923
IT, communications and office services		297	411
Contracted out services		991	582
Professional costs		279	117
Consumables, materials and equipment costs		1,035	1,117
Intra-departmental hard charges		225	211
Other		89	80
		<u>4,373</u>	<u>3,829</u>
Non-cash items:			
Loss on disposal of non-current assets		-	2
Auditors' remuneration and expenses		16	16
Other programme notional costs		30	40
Increase/(Decrease) in impairment for trade receivables	10	25	(1)
		<u>71</u>	<u>57</u>
		<u>4,444</u>	<u>3,886</u>
Depreciation and impairment charges			
Property, plant and equipment	5	1,478	1,681
Intangible assets	6	539	89
Revaluation of non-current assets	5, 6	21	-
		<u>2,038</u>	<u>1,770</u>
Provisions expense			
Provided in year	12	16	-
Written back in year	12	-	(128)
Borrowing costs	12	40	-
		<u>56</u>	<u>(128)</u>
Finance expense			
		<u>-</u>	<u>2</u>
Total Programme expenditure			
		<u>13,979</u>	<u>13,038</u>

*Further analysis of Staff costs is located in the Staff Report within the Accountability Report.

4 Income

In the periods set out below, only one customer accounted for greater than 10% of the Agency's total revenues.

	2018-19	2017-18
	£000	£000
Revenue from contracts with customers		
Police Service of Northern Ireland	9,315	9,445
Intra-departmental income	702	528
Other public sector customers	576	502
Non-public sector customers	29	46
	10,622	10,521
Total operating income	10,622	10,521

5 Property, plant and equipment

	Land	Buildings	Vehicles Plant & Machinery	Information Technology	Assets Under Construction	2018-19 Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2018	226	9,072	16,727	2,264	-	28,289
Additions	-	(2)	847	98	-	943
Disposals	-	(155)	(591)	(231)	-	(977)
Reclassification	-	-	-	-	-	-
Revaluation	-	(217)	-	-	-	(217)
released to SOCNE						
Revaluation	74	253	(348)	6	-	(15)
At 31 March 2019	300	8,951	16,635	2,137	-	28,023
Depreciation						
At 1 April 2018	-	1,198	7,209	1,986	-	10,393
Charged in year	-	238	1,123	117	-	1,478
Disposals	-	(155)	(591)	(231)	-	(977)
Revaluation	-	(196)	-	-	-	(196)
released to SOCNE						
Revaluation	-	(1,082)	(1,140)	4	-	(2,218)
At 31 March 2019	-	3	6,601	1,876	-	8,480
Carrying amount at 31 March 2019	300	8,948	10,034	261	-	19,543
Carrying amount at 31 March 2018	226	7,874	9,518	278	-	17,896
Asset financing:						
Owned	300	8,948	10,034	261	-	19,543
Carrying amount at 31 March 2019	300	8,948	10,034	261	-	19,543

A full independent valuation of buildings was carried out by the Land and Property Services at 31 December 2018 in accordance with the Valuation Standards (8th edition) of the Royal Institution of Chartered Surveyors. The valuation was on a Depreciated Replacement Cost basis. Property, plant and equipment are adjusted to their current value each year by reference to the appropriate indices compiled by the Office for National Statistics. The Agency owns all of its assets and has no finance leases or PFI contracts.

5 Property, plant and equipment (continued)

	Land	Buildings	Vehicles Plant & Machinery	Information Technology	Assets Under Construction	2017-18 Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2017	226	8,286	16,174	2,189	191	27,066
Additions	-	160	271	58	-	489
Disposals	-	-	(7)	-	-	(7)
Reclassification	-	64	-	-	(191)	(127)
Revaluation	-	-	-	-	-	-
released to SOCNE	-	-	-	-	-	-
Revaluation	-	562	289	17	-	868
At 31 March 2018	226	9,072	16,727	2,264	-	28,289
Depreciation						
At 1 April 2017	-	928	5,817	1,849	-	8,594
Charged in year	-	238	1,317	126	-	1,681
Disposals	-	-	(5)	-	-	(5)
Revaluation	-	-	-	-	-	-
released to SOCNE	-	-	-	-	-	-
Revaluation	-	32	80	11	-	123
At 31 March 2018	-	1,198	7,209	1,986	-	10,393
Carrying amount at 31 March 2018	226	7,874	9,518	278	-	17,896
Carrying amount at 31 March 2017	226	7,358	10,357	340	191	18,472
Asset financing:						
Owned	226	7,874	9,518	278	-	17,896
Carrying amount at 31 March 2018	226	7,874	9,518	278	-	17,896

6 Intangible assets

	Software Licences £000	Software £000	Assets Under Construction £000	2018-19 Total £000
Cost or valuation				
At 1 April 2018	216	4,034	-	4,250
Additions	3	147	-	150
Disposals	(2)	(13)	-	(15)
Reclassification	-	-	-	-
Revaluation released to SOCNE	-	-	-	-
Revaluation	2	36	-	38
At 31 March 2019	219	4,204	-	4,423
Amortisation				
At 1 April 2018	149	181	-	330
Charged in year	32	507	-	539
Disposals	(2)	(13)	-	(15)
Revaluation released to SOCNE	-	-	-	-
Revaluation	1	6	-	7
At 31 March 2019	180	681	-	861
Carrying amount at 31 March 2019	39	3,523	-	3,562
Carrying amount at 31 March 2018	67	3,853	-	3,920
Asset financing:				
Owned	39	3,523	-	3,562
Carrying amount at 31 March 2019	39	3,523	-	3,562

Intangible assets relate to software and licences that are adjusted to their current value each year by reference to appropriate indices compiled by the Office for National Statistics.

6 Intangible assets (continued)

	Software Licences £000	Software £000	Assets Under Construction £000	2017-18 Total £000
Cost or valuation				
At 1 April 2017	212	295	3,604	4,111
Additions	-	(1)	-	(1)
Disposals	-	-	-	-
Reclassification	-	3,731	(3,604)	127
Revaluation released to SOCNE	-	-	-	-
Revaluation	4	9	-	13
At 31 March 2018	216	4,034	-	4,250
Amortisation				
At 1 April 2017	115	118	-	233
Charged in year	32	57	-	89
Disposals	-	-	-	-
Revaluation released to SOCNE	-	-	-	-
Revaluation	2	6	-	8
At 31 March 2018	149	181	-	330
Carrying amount at 31 March 2018	67	3,853	-	3,920
Carrying amount at 31 March 2017	97	177	3,604	3,878
Asset financing:				
Owned	67	3,853	-	3,920
Carrying amount at 31 March 2018	67	3,853	-	3,920

7 Financial instruments

As the cash requirements of the Agency are met substantially through either income from other government bodies or the estimates process, the Agency is not exposed to any material credit or liquidity risk. Other than financial assets and liabilities which are generated by day-to-day operational activities the Agency holds no financial instruments. The Agency is not exposed to any material foreign exchange risk and substantially all invoices are paid in sterling.

8 Inventories

	2018-19 £000	2017-18 £000
Consumable inventory	56	64
	<u>56</u>	<u>64</u>

The cost of inventories recognised as an expense in the statement of comprehensive net expenditure amounted to £0.822m (2017-18: £0.713m).

9 Cash and cash equivalents

	2018-19 £000	2017-18 £000
Balance at 1 April	783	185
Net changes in cash and cash equivalent balances	(144)	598
Balance at 31 March	<u>639</u>	<u>783</u>

The following balances at 31 March are held at:

Commercial banks and cash on hand	639	783
Balance at 31 March	<u>639</u>	<u>783</u>

10 Trade receivables, financial and other assets

	2018-19 £000	2017-18 £000
Amounts falling due within one year		
Trade receivables	55	270
Other receivables	19	4
Prepayments and accrued income	317	268
	<u>391</u>	<u>542</u>

Trade receivables are stated net of the following impairment:

	2018-19 £000	2017-18 £000
Balance at 1 April	3	4
Increase/(decrease) in impairment	25	(1)
Provision utilised	-	-
Balance at 31 March	<u>28</u>	<u>3</u>

11 Trade payables, financial and other liabilities

	2018-19 £000	2017-18 £000
Amounts falling due within one year		
VAT	67	78
Trade payables	198	17
Other payables	608	580
Accruals and deferred income	2,195	1,811
	<u>3,068</u>	<u>2,486</u>

12 Provisions for liabilities and charges

	2018-19	2017-18
	£000	£000
Balance at 1 April	176	313
Provided in the year	16	-
Provisions not required written back	-	(128)
Provisions utilised in the year	(10)	(9)
Borrowing costs	40	-
Balance at 31 March	222	176

Analysis of expected timing of discounted flows

	2018-19	2017-18
	£000	£000
Not later than one year	10	9
Later than one year and not later than five years	39	35
Later than five years	173	132
Balance at 31 March	222	176

Injury awards

All benefits payable under the Civil Service Injury Benefit Scheme (Northern Ireland) relating to FSNI are charged to FSNI by Civil Service Pensions (Northern Ireland) on a monthly basis. The allowance is payable to the former employee for life. An estimated life expectancy of 87 years has been applied. Provision is made for the costs of providing injury awards to employees based on the current number of injury awards, and also on estimated life expectancy of these pensioners.

13 Leases

Operating leases

£0.177m (2017:18: 0.178m) 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:

	2018-19	2017-18
	£000	£000
Obligations under operating leases comprise:		
Buildings:		
Not later than one year	371	351
Later than one year and not later than five years	1,451	-
Later than five years	-	-
	1,822	351

14 Capital commitments

	2018-19	2017-18
	£000	£000
Contracted capital commitments at 31 March not otherwise included in these Accounts:		
Property, plant and equipment	-	-
	-	-

15 Other financial commitments

The Agency has not entered into any other non-cancellable contracts at 31 March 2019 (31 March 2018: £Nil).

16 Contingent liabilities disclosed under IAS 37

Listed below are the Agency's contingent liabilities that have not been recognised as provisions because their existence will only be confirmed by the occurrence of one or more uncertain future events, not wholly within the Agency's control.

Damages claims

These cases are being defended by the Agency and the settlement date and amount payable is unknown.

Legal cases

Court of Appeal judgment on backdated PSNI Holiday Pay:

On 17th June 2019 the Court of Appeal ruled in respect of Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the PSNI on backdated Holiday Pay. It is recognised that the final detail remains to be determined by the Industrial Tribunal who will be guided by the Court of Appeal's Judgement.

This is an extremely rare and complex case with a significant number of issues that still need to be resolved, including further legal advice with regards to the Judgement; the scope; timescales; process of appeals and engagement with Trade Unions. The legal issues arising from this judgment and the implications for the Northern Ireland Civil Service (NICS) and wider public sector will need further consideration. The Department of Finance (DoF) is leading a piece of work across the NICS, reviewing the implications for each of the major staffing groups across the public sector.

Until there is further clarity when this work has concluded, and based on the inherent uncertainties in the final decision that will be made, a reliable estimate cannot be provided at this stage..

17 Related party transactions

Forensic Science Northern Ireland is an Executive Agency of the Department of Justice.

The Department of Justice is regarded as a related party. During the year, the Agency has had various material transactions with the Department, and with other entities for which the DoJ is regarded as the parent Department, e.g. Police Service of Northern Ireland, Northern Ireland Courts and Tribunals Service and the State Pathologist's Department. In addition, the Agency has had various material transactions with other government departments and other central government bodies. Most of these transactions have been with the Public Prosecution Service and HM Revenue and Customs.

No Leadership Board member, key manager or other related parties has undertaken any material transactions with the Agency during the year.

18 Third party assets

FSNI did not hold any third party assets during 2018-19 (2017-18: Nil).

19 Events after the reporting period

There were no events after the reporting period that required disclosure.

Date authorised for issue

The Accounting Officer authorised these financial statements for issue on 3 July 2019.



151 Belfast Road
Carrickfergus
BT38 8PL

Tel: 028 9036 1800
Fax: 028 9036 1809

Email: info@fsni.x.gsi.gov.uk
Web: www.fsni.gov.uk



An Agency within
DOJ
Department of
Justice
www.dojni.gov.uk