



Forensic Science Northern Ireland

Annual Report and Accounts
2015-2016

Forensic Science Northern Ireland

Annual Report and Accounts for the year ended 31 March 2016

*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

30 June 2016

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This publication is also available to download from our website at <https://www.justice-ni.gov.uk/topics/forensic-science>. Any enquiries regarding this publication should be directed to us at 028 9036 1888.

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PERFORMANCE REPORT

OVERVIEW

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 2016.

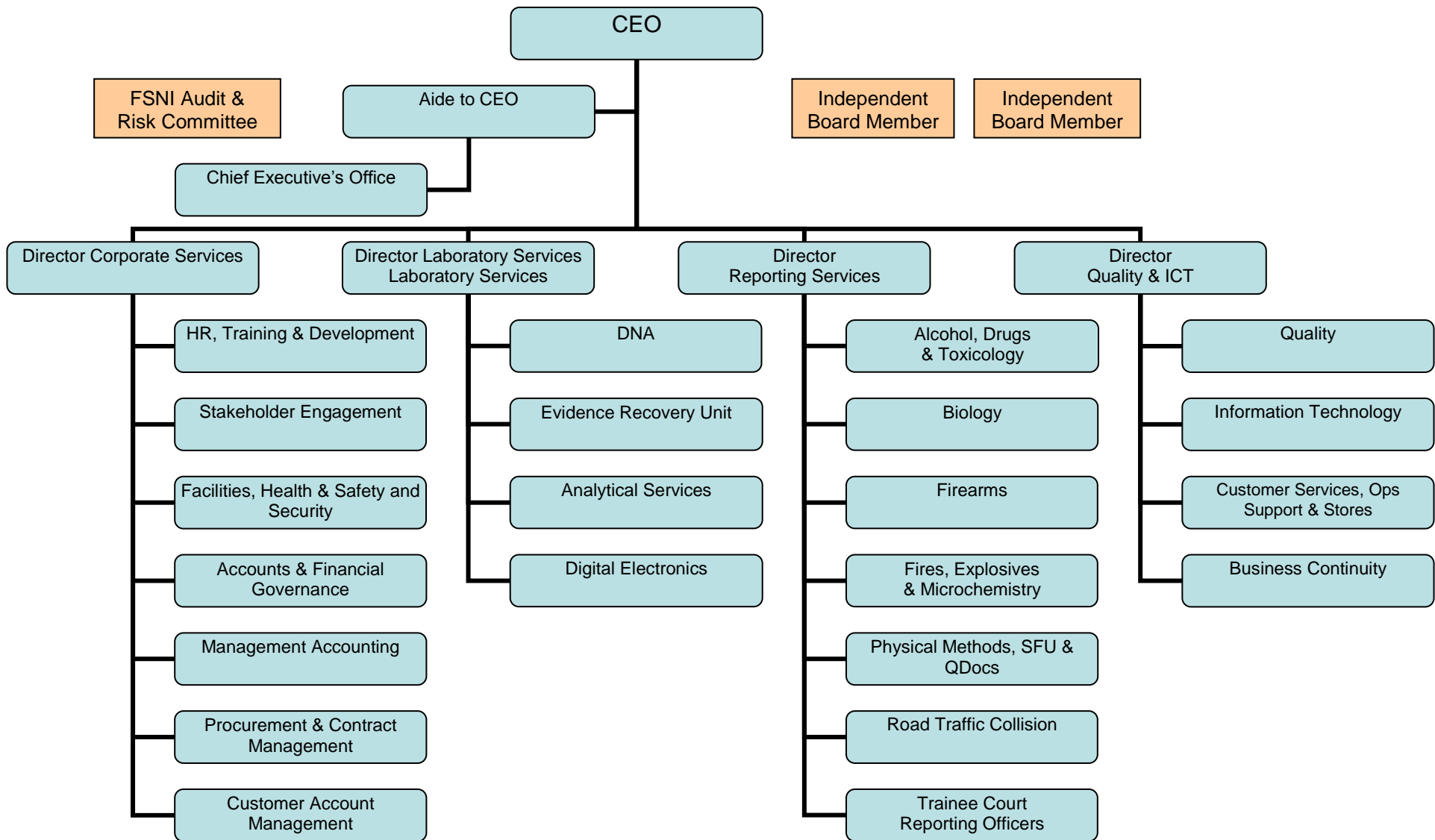
Like all other public sector bodies FSNI has had a difficult year in terms of increasing demand for services against a backdrop of delivering business improvement and implementing ongoing change. Despite this, FSNI has made good progress in delivering its published business plan targets as highlighted later in this annual report.

The public sector fiscal pressures continued to intensify this year, requiring significant in-year savings to be made. This pressure continues into 2016-17 with the income from our main customer (the PSNI) expected to continue to fall in this and forthcoming years. This, coupled with the impact of the loss of staff through the NICS Voluntary Exit Scheme (VES), has compounded the significantly challenging environment experienced this year. In anticipation of VES, FSNI accelerated its programme of cross-skilling and succession planning of scientific staff, many of whom now have competence in two or more forensic disciplines. This enhances our ability to respond with greater agility to surges in demand with reducing staff numbers.

Whilst acknowledging the challenges of the past year, the Agency is in the fortunate position of having almost completed its Transformation Programme which is embedding an ethos of continuous business improvement across the Agency. The programme will deliver a number of benefits which we expect to materialise during this year. The most visible manifestation of Transformation is our new £13.9 million purpose built laboratory, The Locard Building. From early 2016, the majority of FSNI's scientific services are being delivered from a purpose built, state of the art laboratory which is designed to be highly efficient and environmentally friendly. The new laboratory improves operational efficiency and productivity and significantly enhances the speed at which forensic services are provided to the criminal justice system in Northern Ireland.

Given the challenges and the significant achievements this year, I wish to express my sincere thanks to all the staff for their professionalism, dedication, hard work and skill, during yet another very demanding year.

FORENSIC SCIENCE NORTHERN IRELAND: STRUCTURE 2016-17



Purpose and Activities of the Organisation

FSNI is an Executive Agency (the “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 statement 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 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) and the Office of the Police Ombudsman for Northern Ireland (OPONI);
- scientific advice for the Public Prosecution Service (PPS) and the legal profession; and
- objective expert testimony to the Courts.

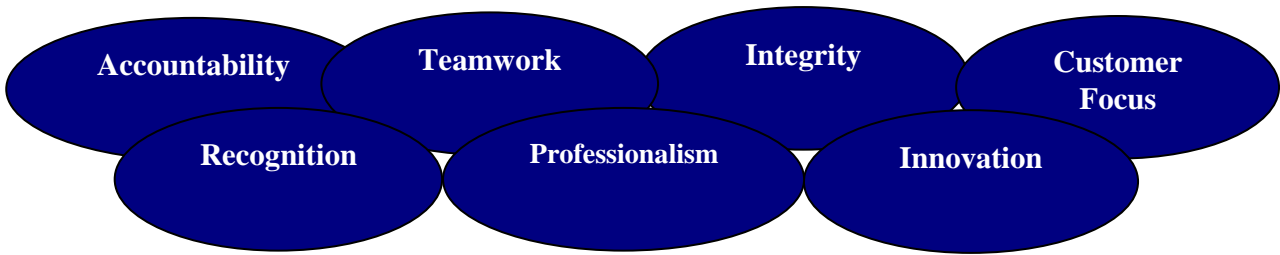
The Agency's ethos is a scientific one, meaning that the objective deductions from the evidence are rigorously arrived at with neutrality as to the conviction or acquittal of defendants and are provided to the Courts as independent expert witness.

Strategies and objectives

The Agency uses the Strategy Map and Balanced Scorecard methodology for its business planning, monitoring and reporting. The Strategy Map relevant to this report is shown on the next page.

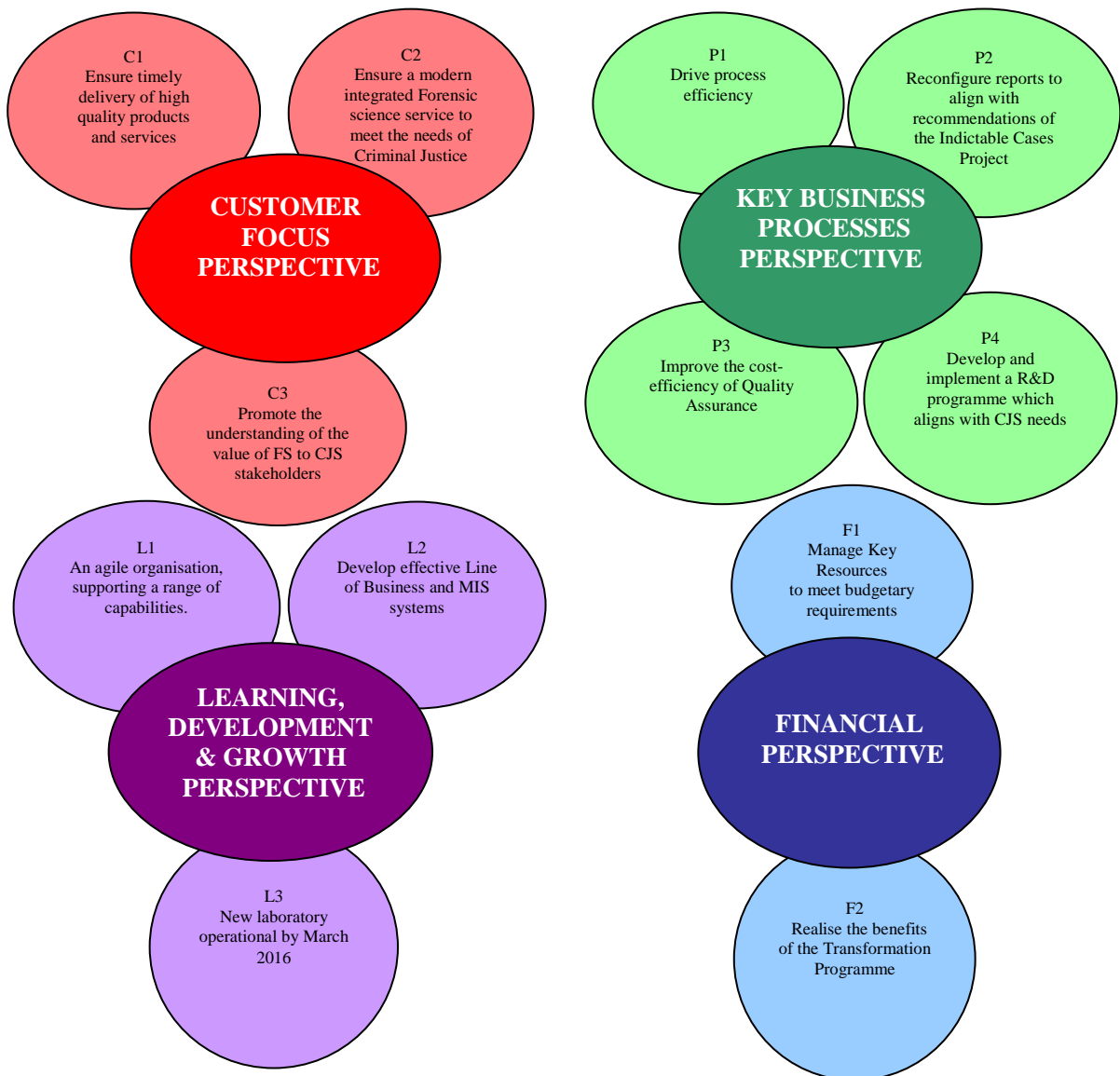
Strategy Map 2015 - 2016

Vision: To be a World Leading provider of integrated Forensic Science Services



Mission: Scientific Expertise delivered in partnership supporting justice for all

Corporate Goal: To deliver an impartial and comprehensive service which efficiently meets the requirements of the NI Forensic Services Strategy



Description of business

FSNI provides a wide range of services, under annual Service Level Agreements (SLAs) with criminal justice organisations including the PSNI, SPD, and Northern Ireland Courts and Tribunal Service (NICTS). FSNI also provides services to other government agencies such as OPONI, PPS and HM Revenue & Customs 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 analyses 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 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).

Principal risks and uncertainties

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

- financial pressures both in year and in future years;

- maintaining the quantity, depth and breadth of skills and competences needed for the capability and capacity of the Agency to deliver the required comprehensive range of integrated services; and
- health and safety.

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.

Going Concern

These Accounts have been prepared on a going concern basis.

Performance summary

As with previous years, many of FSNI's specialisms continued to experience heavy caseload demand. For 2015-16, this included the Toxicology and Physical Methods disciplines. In general, performance against SLA targets was good and the Agency worked closely with customers to ensure that priorities were met.

During the year FSNI worked closely with DOJ and other stakeholders in the development of a Forensic Services Strategy, culminating in a strategy agreed at the Criminal Justice Delivery Team in June 2016.

The construction of the new high care laboratory – The Locard Building was completed in November 2015 and a number of the scientific disciplines have moved to the new facilities. Remaining disciplines will relocate in the first half of 2016-17.

Work progressed on Perseus, the integrated software solution for case management, laboratory information management and quality management. When fully implemented, Perseus will assist the progression of cases, the production of forensic outputs (including Reports) and the management of demand, capacity and productivity. Full implementation is expected during 2016-17.

Under the Service Improvement Project (SIP), the Agency further progressed work to streamline processes and tailor the depth of examinations and analyses to meet the needs of the criminal

justice system. In October 2015, FSNI's success in delivering its SIP project in the Drugs discipline was recognised nationally by the British Quality Foundation. FSNI continues to progress projects to deliver increased capacity and timeliness with several projects completed during this year resulting in improved turnaround times, increased capacity and cost savings.

Looking forward

Focus for 2016-17 will be on:

- delivery of services in the face of fiscal pressures and reducing staff numbers;
- implementation of the final aspects of the Transformation Programme and realising the benefits of the investment made in the Agency;
- further embedding business improvement through L6S and other means of continuous improvement;
- working as part of the Forensic Services Leadership Board and Forensic Services Operations Group to implement the NI Forensic Services Strategy;
- enhancing cooperation with forensic services in other jurisdictions;
- managing submission levels in partnership with customers;
- exploring viable opportunities for additional generating revenues;
- maintaining the scope of Quality Accreditation under ISO 17025:2005 and conforming to the Regulator's Codes of Practice; and
- demonstrating value for money and the value that Forensic Science brings to the criminal justice system (CJS) in Northern Ireland.

PERFORMANCE ANALYSIS

Performance against Key Performance Targets 2015-16

The following are the published targets taken from the Business Plan, under the four quadrants of the Balanced Scorecard.

Customer Focus Perspective

Corporate Objective	Measures of Success	Targets	Progress at 31/03/2016
C1. Ensure timely delivery of high quality products and services	Improved turnaround times.	By 31 March 2016 to have reduced the Agency's average time to issue reports (excluding DNA Criminal Justice Samples) by 10% against a baseline of March 2015 (70.4 days).	Achieved
C2. Ensure a modern integrated forensic science service to meet the needs of Criminal Justice	Alignment with wider CJS strategy on Forensic Science.	By 31 March 2016 to have delivered against the agreed in-year FSNI components of the Forensic Science Services Strategy Action Plan.	Achieved
C3. Promote the understanding of the value of Forensic Science to CJS Stakeholders	Improve Stakeholder Understanding.	By 31 March 2016 to have delivered against the in-year targets of the agreed Stakeholder Engagement Plan.	Achieved

Key Business Processes Perspective

Corporate Objective	Measures of Success	Targets	Progress at 31/03/2016
P1. Drive Process Efficiency	Process improvement through Lean 6 Sigma.	By 31 March 2016 to have delivered the 2015-16 actions within the strategic improvement plan for process reengineering.	Achieved
P2. Reconfigure reports to align with recommendations of the Indictable Cases Pilot	Alignment of reports to CJS needs with regard to timeliness and appropriateness.	By 31 March 2016 to have developed a suite of reporting formats configured to meet agreed needs as defined by the Indictable Cases Pilot.	Achieved
P3. Improve the cost efficiency of Quality Assurance	Reduction of process wastage.	By 31 May 2015 to have developed a Cost of Quality Reduction Strategy; and By 31 March 2016 to have delivered the in-year actions of the Cost of Quality Reduction Plan.	Achieved Achieved
P4. Develop and implement a Programme of R&D which aligns with CJS needs	An effective R&D programme which ensures products are launched and updated, processes improved and evidential evaluations enhanced.	By 31 March 2016 to have delivered the in-year action plans of the individual projects comprising the Programme of R&D and launched related products and/or updated related processes as appropriate.	Achieved

Learning, Development and Growth Perspective

Corporate Objective	Measures of Success	Targets	Progress at 31/03/2016
L1. An agile organisation supporting a range of capabilities	Maintain scope of capabilities as agreed through FSSG in light of the Voluntary Exit Scheme and funding cuts.	By 30 July 2015 to have developed a Business Impact Mitigation Plan. By 31 March 2016 to have delivered the actions agreed for the 2015-16 year in the Business Impact Mitigation.	Achieved Late Achieved
	Sickness Absence Rates.	Throughout the year, to monitor and manage sickness absence levels monthly to maintain the level below the DOJ target for the Agency.	Achieved
L2. Develop effective line of business and MIS systems	Fit for purpose business management systems in place.	By 31 March 2016 to have completed the implementation of Perseus.	Not achieved*
L3. New Laboratory operational by March 2016	Product output capability in place across all building sections.	By 30 November 2015 to have completed construction of the Locard Building.	Achieved
		By 31 March 2016 to have production operational within every section of the Locard Building.	Not achieved**

*L2. This target relates to FSNI's new Business Information Systems which are not expected to come fully on line until later in the 2016-17 year. Partial implementation was achieved by March 2016.

**L3. This relates to the provision of all possible laboratory services from the new Laboratory – The Locard Building. All sections were not fully operational by 31 March 2016.

Finance Perspective

Corporate Objective	Measures of Success	Targets	Progress at 31/03/2016
F1. Manage key resources to meet budgetary requirements	Ensure adequate funding to support delivery of forensic science for NI.	By 31 March 2016 to have maintained annual resource costs at less than or equal to agreed budgets.	Achieved
		By 31 March 2016 to have maintained annual capital costs less than or equal to agreed budgets.	Achieved
F2. Realise the benefits of the Transformation Programme	Cash expenditure directly avoided and/or released to customers and FSNI by Transformation.	By 31 March 2016 to have delivered against in- year actions agreed in the Transformation Benefits Realisation Plan.	Not achieved***

*** F2 Whilst some benefits have been realised, it is not expected that the full benefits of the Transformation Programme will be realised until the 2017/18 year.

Financial review

Net Expenditure

The net expenditure of the Agency for 2015-16 is compared to the previous two financial years in the table below:

	2015-16 £000	2014-15 £000	2013-14 £000
Total operating income	10,748	10,996	11,039
Staff costs	8,620	7,957	7,859
Purchase of goods and services	3,717	3,444	3,399
Depreciation and impairment charges	1,052	696	689
Provision expense	(38)	30	-
Total operating expenditure	13,351	12,127	11,947
Net operating expenditure	2,603	1,131	908
Finance expense	-	-	-
Net expenditure for the year	2,603	1,131	908

Non-Current Assets

Non-Current Asset expenditure movements are detailed in the notes to the financial statements. Capital expenditure in 2015-16 totalled £5.062m (2014-15: £11.787m) which included expenditure on the Forensic Laboratory (The Locard Building) and the new case management system.

Financial position

The total net assets of the Agency at 31 March 2016 were £18.460m (2014-15: £10.811m).

Cash flow

As detailed in the notes to the Accounts, the Agency's Net Assembly draw down in 2015-16 was £9.431m (2014-15: £7.622m) and the net increase in Cash and cash equivalents in the year was £2.401m (2014-15: decrease £2.243m).

Financial risk

The Agency is mainly reliant on one customer which accounts for 92% 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 agreed pressures that are

agreed each year. This covered the deficit of £2.603m in 2015-16 (2014-15: £1.131m). The deficit in 2015-16 arises from 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.

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 staff of the C&AG during the reporting period, and which relates solely to the audit of these Financial Statements, was £16,000 (2014-15: £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 2015-16 or 2014-15.

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 2015-16 showed that on average 88.2% (2014-15: 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 94.4% (2014-15: 94.4%).

Regulation and legislation

The annual UKAS visit took place 16th -19th June, 29th – 30th June and 1st – 2nd July 2015. This was the first surveillance visit in the current accreditation cycle to confirm continued competency and compliance with the requirements of ISO17025: 2005. Accreditation was maintained and accreditation was extended for Blood Pattern Analysis, the Direct Amplification of DNA method and for the 20/50 Blood alcohol method (to support new drink driving limits).

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, and the Locard contract has provided apprenticeships and opportunities under the "Steps to Work" programme and "Training for Success" programme for young people.

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; and
- sustainable disposal of viable equipment.

Recycling in 2015-16 resulted in 85.4% of waste diverted from landfill.

The new Locard Building was been designed from the outset to support sustainability (in addition to its operational benefits) and has met the criteria for a BREAM¹ Excellence Award.

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 team.

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

¹ The Building Research Establishment Environmental Assessment Method

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.

PERFORMANCE REPORT

A handwritten signature in blue ink, appearing to read 'S Brown', with a stylized flourish at the end.

S Brown

CHIEF EXECUTIVE

20 June 2016

ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

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 (LB).

The Leadership Board

During the course of 2015-16 the membership was as set out below:

S Brown	Chief Executive
P Barker	Director of Reporting Services
S Campbell	Director of Laboratory Services
A McElveen	Corporate Services Director
A Kirkwood	Quality and ICT Director
D Kennedy	Business Transformation Director (until 31 January 2016)
W McCollum	Finance Manager
D Ferguson	Aide to the Chief Executive (until 31 March 2016)
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 which 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) 1998 and had no breaches of the Act to disclose for 2015-16.

Complaints 2015-16

During 2015-16 there were nine complaints/concerns recorded, as per the current definitions of complaints and concerns. Of these five were upheld and two were partially upheld. Further information can be found on the monitoring of complaints at www.fsni.gov.uk.

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance (DoF) [formerly Department of Finance and Personnel (DFP)] 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 income and expenditure, 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 Department of Justice (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.

The Accounting Officer is also required to confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

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.

Governance Statement

1. Scope of responsibility

Forensic Science Northern Ireland (FSNI) is an Executive Agency of the Department of Justice (DOJ) 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 the public funds and departmental 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 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 the Agency for the year ended 31 March 2016 and up to the date of approval of the Annual Report and Accounts, and accords with DoF guidance.

3. Governance Framework

As Chief Executive, I am supported by the FSNI Leadership Board (LB). The LB comprises five Executive Directors: Reporting Services; Laboratory Services; Quality, ICT and Customer Services; Business Transformation; and Corporate Services. The post of Business Transformation Director ceased on 31 January 2016. The LB also includes two Independent Board Members (IBMs), the FSNI Finance Manager and the Aide to the Chief Executive. 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 the Quality and ICT Director. The main purpose of the SMT is to manage the day-to-day operation of the Agency to ensure delivery of objectives and within available resources.

The Minister approves the Agency's Business Plan and regularly reviews the Agency's progress in achieving its objectives and key performance targets. These reviews follow the Quarterly Governance Review Meetings (QGRM) between the Department's Director of Safer Communities and the Chief Executive. During the year, FSNI did not receive any Ministerial directions.

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

The membership of the FSNI ARC during 2015-16 has comprised of:

- Two IBMs (one as chair); and
- One Independent ARC Member.

The quorum consisted of two ARC Members inclusive of the chair.

Representatives from the Department's Safer Communities Directorate and Internal Audit attended meetings of the ARC. A representative from the Northern Ireland Audit Office (NIAO) also attended. The IBMs meet separately with the head of Internal Audit and the NIAO audit manager.

The LB, SMT and ARC operate under agreed Terms of Reference, which are periodically reviewed.

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 and that provides assurance and reports any matters of concern to the FSNI ARC. Assurance is also obtained from the NIAO who report to the ARC following the statutory audit of the Agency's Annual Report and Accounts.

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 (UKAS) 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.

Assurance Statements are completed twice annually at Directorate level within FSNI. As part of the year-end preparations for 2015-16, 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 also 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 and have been issued to all staff.

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 (DoF) [formerly Department of Finance and Personnel (DFP)];
- 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

The Accounting Officer has direct responsibility for the analysis and management of risk and works with the LB and his 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 each major project/programme also having its own specific register. The Corporate Risk Register is reviewed quarterly by the ARC, SMT and LB as well as at the QGRMs with the sponsor Department. It helps ensure that the principle risks to the Agency and its work are identified, quantified, mitigated and addressed.

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 Department'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 ten occasions during 2015-16 with attendance by members as set out below, alongside attendance records for the ARC.

Title	Leadership Board	*Audit and Risk Committee
Chief Executive – S Brown	10/10	4/4
Director of Reporting Services – P Barker	9/10	1/4
Business Transformation Director – D Kennedy (Until 31 January 2016)	6/8	1/3
Corporate Services Director – A McElveen	9/10	4/4
Director of Laboratory Services – S Campbell	9/10	0/4
Quality and ICT Director – A Kirkwood	8/10	1/4
Finance Manager – W McCollum	8/10	4/4
Aide to Chief Executive – D Ferguson (Until 31 March 2016)	7/10	3/4
Independent Board Member – T Burgess	8/10	4/4
Independent Board Member – C Warnock	9/10	4/4
**Independent ARC Member – G Morton	N/A	4/4

*FSNI Audit and Risk Committee – FSNI Directors attend on a rotational basis

**ARC member only

The LB obtains management information from the case management system, the finance system and from several management reports. The LB obtains assurance on the quality of these documents as all are subject to internal audit review. 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.

Sponsor Department Review

As part of the Agency's governance arrangements, I met quarterly with the Agency's Departmental Sponsor at QGRMs. At these review meetings, I reported on the Agency's performance against key business plan targets and objectives, information assurance, health and safety, sick absence and prompt payment performance.

DOJ Governance

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 2015-16 financial year were not exceeded.

Assurance Statements

In 2015-16, an assurance statement was completed twice by each Director.

Audit and Risk Committee (ARC)

The ARC 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 management letters; and
- Internal Audit planning and strategy.

The ARC has met subsequent to the year-end to review and approved the final 2015-16 Annual Report and Accounts prior to sign-off by the Accounting Officer.

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, CAS, CJINI, Investors in People (IiP), NFI, 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 five year audit plan agreed, to focus on filling any gaps and avoiding unnecessary duplication. This plan was reviewed by the ARC and Accounting Officer.

During 2015-16 the following audits were completed by Internal Audit:

- Performance metrics;
- Complaints Management;
- Travel and Subsistence;
- Creditor payments; and
- Procurement and Contract Management.

On the basis of internal audit work carried out, positive management action 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. All audits had a rating of satisfactory except Procurement and Contract Management which was limited, primarily due to historical issues. Internal audit did however note that the situation at the time of the audit was satisfactory.

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 ARC. Priority 1 and CJINI actions are reported to QGRM. During 2015-16 there have been 14 recommendations made as a result of Internal Audits. Of the 13 recommendations due by 31 March 2016, all have been completed. The remaining recommendation is due to complete in the 2016-17 year. FSNI's own internal scientific Quality Audit programme, (consisting of approximately 100 internal quality audits), and the close out of resultant actions are reviewed monthly by the SMT.

6. Significant Internal Control Problems

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.

7. Accounting Officer statement on assurance

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 NAS, a Quality Internal Audit programme, a programme of collaborative blind trials with other providers and by the DOJ Internal Audit team operating to Government 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 Agency does not have a Remuneration Committee. The Minister of Finance approves the pay remit for Senior Civil Service (SCS) staff. The SCS remuneration arrangements are based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance. In 2012, upon creation, there were 11 points on each scale. This was subsequently reduced to 10 points in 2014 and 9 points in 2015 to allow progression through the pay scales within a reasonable period of time.

The Business Transformation Director was appointed on 15 July 2013 under an Operational Partnership Agreement with the Strategic Investment Board for a fixed term of three years and the salary was approved by the Strategic Investment Board Remuneration Committee.

Service contracts

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

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

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

T Burgess was appointed as an Independent Board Member on 1 April 2014 for an initial three year period to 31 March 2017. C Warnock was appointed as an Independent Board Member on 23 March 2015 for an initial three year period to 22 March 2018. G Morton was appointed as an Independent ARC Member on 6 February 2015 for an initial three year period to 5 February 2018. The Agency and the Independent Board/ARC Members may terminate the appointments by giving one month's notice in writing.

Single total figure of remuneration (Audited Information)

LB Members	2015-16				
	Salary £000	Bonus Payments £000	Benefits in kind (to nearest £100)	Pension Benefits* (£000)	Total (£000)
S Brown – Chief Executive	80-85	-	-	14	95-100
P Barker – Director of Reporting Services	55-60	-	-	31	85-90
S Campbell – Director of Laboratory Services	50-55	-	-	20	70-75
A McElveen – Director of Corporate Services	50-55	-	-	16	65-70
A Kirkwood – Director of Quality	50-55	-	-	20	70-75
D Kennedy – Director of Business Transformation (until 31 January 2016) **	25-30 (full year equivalent 60-65)	-	1,700	-	25-30
W McCollum – Finance Manager	35-40	-	-	15	50-55
D Ferguson – Aide CEO (until 31 March 2016)	35-40	-	-	0	35-44
T Burgess – Independent Board Member	5-10	-	-	-	-
C Warnock – Independent Board Member	10-15	-	-	-	-

* 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 or any increase or decreases due to a transfer of pension rights.

** D Kennedy's salary is jointly paid by FSNI and the Strategic Investment Board (SIB). FSNI paid £25-30,000 and SIB paid £50-55,000.

LB Members	2014-15				
	Salary £000	Bonus Payments £000	Benefits in kind (to nearest £100)	Pension Benefits* (£000)	Total (£000)
S Brown – Chief Executive	80-85	-	-	19	95-100
P Barker – Director of Reporting Services	55-60	-	-	19	75-80
S Campbell – Director of Laboratory Services	45-50	-	-	10	55-60
A McElveen – Director of Corporate Services	45-50	-	-	14	60-65
A Kirkwood – Director of Quality	50-55	-	-	21	70-75
D Kennedy – Director of Business Transformation **	60-65	-	4,000	-	65-70
W McCollum – Finance Manager	35-40	-	-	14	50-55
D Ferguson – Aide CEO (from 1 January 2015)	10-15 (full year equivalent 40-45)	-	-	1	10-15
C Dornan – Aide CEO (until 3 October 2014)	20-25 (full year equivalent 40-45)	-	-	1	20-25
T Burgess – Independent Board Member	5-10	-	-	-	-
C Warnock – Independent Board Member	0-5	-	-	-	-

* 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 or any increase or decreases due to a transfer of pension rights.

** D Kennedy's salary is jointly paid by FSNI and the Strategic Investment Board (SIB). FSNI paid £60-65,000 and SIB paid £10-15,000.

Salary

'Salary' includes gross salary, overtime, recruitment and retention allowances, and any other allowance to the extent that it is subject to UK taxation.

This report is based on payments made by the Agency and thus recorded in these Accounts. This total remuneration, as well as the allowances to which they are entitled, is paid by the Agency and is therefore shown in full in the figures above.

Benefits in kind

One LB member (D Kennedy) received benefits in kind during 2015-16 of £1,700 (2014-15: £4,000), this was for life assurance for which the appropriate taxation was paid at source. None of the other LB members received benefits in kind during 2015-16 (2014-15: Nil).

Pension Benefits (Audited Information)

LB Members	Accrued pension at pension age as at 31/3/16 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/3/16 £000	CETV at 31/03/15 £000	Real increase in CETV £000	Employer contribution to partnership pension account Nearest £100
S Brown – Chief Executive	10-15 plus lump sum of 40-45	0-2.5 plus lump sum of 2.5-5	306	293	13	-
P Barker – Director of Reporting Services	30-35 plus lump sum of 70-75	0-2.5 plus lump sum of 2.5-5	447	394	25	-
S Campbell – Director of Laboratory Services	15-20 plus lump sum of 45-48	0-2.5 plus lump sum of 0-2.5	257	239	8	-
A McElveen – Director of Corporate Services	5-10	0-2.5	135	112	13	-
A Kirkwood – Director of Quality	5-10	0-2.5	94	86	1	-
D Kennedy – Director of Business Transformation (until 31 January 2016)	-	-	-	-	-	-
W McCollum – Finance Manager	5-10	0-2.5	74	67	4	-
D Ferguson – Aid to CEO (until 31 March 2016)	15-20 plus lump sum of 55-60	0-2.5 plus lump sum of 0-2.5	386	362	1	-

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 arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. From April 2011 pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the Nuvos arrangement or they can opt for a partnership pension account. Nuvos is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI.

A new pension scheme, alpha, will be introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements will move to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is also a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate will be 2.32%. CARE pension benefits are increased annually in line with increases in the CPI.

Increases to public service pensions are the responsibility of HM Treasury. Pensions are reviewed each year in line with the cost of living. Increases are applied from April and are determined by the CPI figure for the preceding September. The CPI in September 2015 was negative (-0.1%) and HM Treasury has announced that there will be no increase to public service pensions from April 2016. Therefore public service pensions will remain at their current level.

Employee contributions rates for all members for the period covering 1 April 2016 - 31 March 2017 are as follows:

Annual pensionable earnings (full-time equivalent basis)	Members of classic	Members of premium, nuvos and classic plus
Up to £15,000	3.00%	4.60%
£15,001-£21,000	4.60%	4.60%
£21,001-£47,000	5.45%	5.45%
£47,001-£150,000	7.35%	7.35%
Over £150,001	8.05%	8.05%

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 14.7% (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 pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of classic, premium, and classic plus and 65 for members of nuvos. Further details about the CSP arrangements can be found at the website. www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni

Cash Equivalent Transfer Values

This is the capital value of the pension and is worked out using guidance provided by the scheme actuary. It is an assessment of what it costs the scheme to provide these pension benefits.

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)

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 (2014-15: £Nil).

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 2015-16 was £80-85,000 (2014-15: £80-85,000). This was 2.96 times (2014-15: 2.99) the median remuneration of the workforce, which was £27,271 (2014-15: £26,991).

In 2015-16 and 2014-15 no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £17,180 to £80-85,000 (2014-15: £16,740 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.

Staff Report

Staff costs (Audited Information)

Staff costs comprise:

	Permanently Employed £000	Others £000	2015-16 Total £000	2014-15 Total £000
Wages and salaries	6,832	20	6,852	6,275
Social security costs	450	-	450	468
Other pension costs	1,318	-	1,318	1,214
Total	8,600	20	8,620	7,957

In addition to the staff costs above a further £0.529m (2014-15 £0.497m) has been capitalised for staff involved with capital projects.

Pension arrangements

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit scheme but, the Agency is unable to identify its share of the underlying assets and

liabilities. The most up to date actuarial valuation was carried out at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2016.

For 2015-16 employers contributions of £1.316m (2014-15: £1.206m) were payable to the NICS pension arrangements at one of four rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme, alpha, from April 2015. From 2016-17, the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2015-16 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £1,700 (2014-15: £8,000) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 14.7% (2014-15: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £Nil, 0.5% (2014-15: £Nil, 0.8%) 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.

Average number of persons employed (Audited Information)

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

	2015-16	2014-15
	No	No
Senior civil service staff	1	1
Senior Management	4	4
Caseworkers	130	140
Support Staff	47	58
Staff engaged on capital projects	6	8
Total	188	211

Staff composition

The number of persons employed at 31 March 2016 by FSNI was as follows:

	Female Staff	Male Staff	Total Staff
	No	No	No
Leadership Board	3	6	9
Senior civil service staff	-	1	1
Staff	96	72	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 7.77 days (2014-15: 7.39 days) average per staff member against the DOJ target of 9.2 days (2014-15: 9.7 days), 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 annually plans to support Staff Welfare and Well-Being and during the 2015-16 year supported staff with a number of health prevention and promotion events.

Ill Health retirement

2 persons (2014-15: Nil persons) retired early on ill health grounds; the total additional accrued pension liabilities in the year amounted to £4,366 (2014-15: £Nil)

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. This is defined within the terms of an Agency communication strategy, which identifies, for the individual and for the organisation, the communication standards that are expected to apply.

FSNI maintains regular communication and contact with managers and staff through meetings, team briefings, Chief Executive's staff briefings and circulars.

In December 2014 the Agency was assessed and retained accreditation as an Investor in People (IiP) organisation. In fact the Agency achieved IiP Bronze status, a notable achievement given that less than 12% of recognised organisations across the UK have been successful at this level.

FSNI has well established arrangements in place for formal and informal consultation with recognised trade union representatives. FSNI-specific matters are generally dealt with through local consultation and regular meetings, whilst more formal matters may be referred discussed through the DOJ Whitley Machinery.

Expenditure on consultancy

There was no expenditure on consultancy during 2015-16 (2014-15: Nil)

Off-Payroll engagements

There were no off-payroll engagements at an individual cost of over £58,200 per annum in place during 2015-16 (2014-15: Nil).

Reporting of Civil Service and other compensation – exit packages

Exit package cost band		Number of other departures agreed	2015-16 Total number of exit packages by cost band	2014-15 Total number of exit packages by cost band
	Number of compulsory redundancies			
<£10,000	-	2	2	-
£10,000 - £25,000	-	13	13	-
£25,000 - £50,000	-	5	5	-
£50,000 - £100,000	-	10	10	-
£100,000 - £150,000	-	0	0	-
£150,000 - £200,000	-	0	0	-
over £200,000	-	0	0	-
Total number of exit packages	-	30	30	-
Total resource cost £	-	£1,051,318	£1,051,318	-

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

ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

Assembly Accountability Disclosures

Regularity of expenditure

Losses and special payments

There were no losses or special payments that require disclosure in 2015-16 (2014-15: Nil).

Fees and charges

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

		2015-16			2014-15	
		£000			£000	
	Income	Full Cost	Surplus/ (deficit)	Income	Full Cost	Surplus/ (deficit)
Services	10,748	13,351	(2,603)	10,996	12,127	(1,131)

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 £2.603m (2014-15: £1.131m) on its Statement of Comprehensive Net Expenditure, this is offset by non-cash charges. Funding is provided by the Department to reflect the fact that the current pricing arrangement with customers was agreed prior to the introduction of resource accounting and therefore did not include depreciation. In 2015-16 further Departmental funding was received for the Voluntary Exit Scheme.

Funding was also provided to FSNI for the Budget 2011-15 period to allow the Agency to maintain capacity in specific areas 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 2015-16 that require disclosure. Note 16 provides further details regarding the contingent liabilities that are included within the financial statements.

Long-term expenditure trends

The charts below show:

- **Chart 1:** the movement in the Department of Justice unringfenced Resource DEL opening baseline over the period 2013-14 to 2016-17; and
- **Chart 2:** the 2016-17 budget split by the Core Department, Executive Agencies (including the LSA) and Non-Departmental Public Bodies. For FSNI, this shows the net income received from the Department.

Chart 1: DOJ unringfenced resource DEL opening baseline

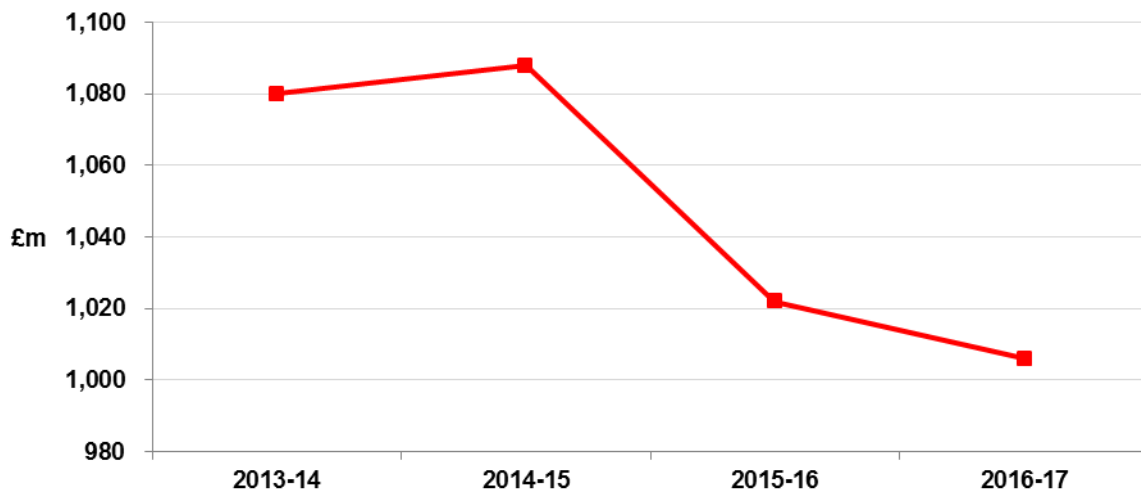
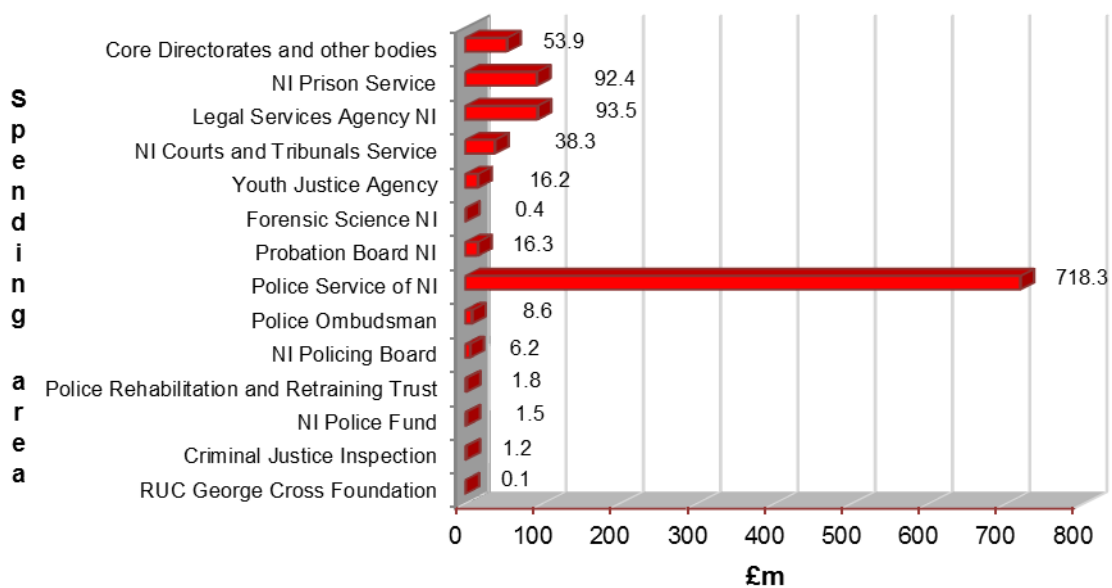


Chart 2: DOJ 2016-17 unringfenced Resource DEL budget



2013-14 and 2014-15 financial years

Budgets for these years were set as part of the four year Budget 2011-15 period. During this period, covering the financial years 2011-12 to 2014-15, the DOJ was ringfenced. That did not mean that the budget was protected. Instead, the Department received the direct Barnett consequentialia from changes in the funding levels of the Home Office and Ministry of Justice as a result of the UK spending review settlement for Whitehall departments.

The DOJ's unringfenced Resource Departmental Expenditure Limit (DEL) fell by 7.2% from 2011-12 to 2014-15. Taking into account the effect of inflation, the real terms impact was significantly greater.

The table below shows the income received by FSNI during the Budget 2011-15 period and the additional funding received from the Department:

	Total income £m	of which from PSNI £m	Additional funding from DOJ £m
2011-12	10.646	9.931	0.556
2012-13	11.046	10.090	0.344
2013-14	11.039	10.040	0.219
2014-15	10.996	10.040	0.368

2015-16 financial year

In 2015-16, the DOJ ringfence was removed. The starting point for the Department's budget was a 15.1% cut against the 2014-15 baseline – a cut equivalent to £165m. The Executive then provided an allocation of £90m, equivalent to 8.3%. In total, PSNI received £65m of the £90m with the balance allocated to priority areas.

FSNI received £10.748m of income in 2015-16, with £9.877m from the PSNI, and additional funding from the Department of £1.534m.

2016-17 financial year

The 2016-17 Budget outcome for the Department is summarised below:

- with the exception of PSNI, the starting point for all DOJ spending areas was a reduction of 5.7% from 2015-16 opening baselines;
- the reduction to the core PSNI budget was limited to 2%;
- £32m of additional security funding for the PSNI was provided from the 'Fresh Start' Agreement;
- in recognition of the ongoing pressures facing the Department in respect of legal aid, an allocation of £15m has been provided by the Executive; and
- additional Voluntary Exit Scheme (VES) funding of £12.4m.

FSNI expects to receive £10.342m of income in 2016-17, with £9.324m from the PSNI, and additional funding from the Department of £0.486m.

ACCOUNTABILITY REPORT



S Brown
CHIEF EXECUTIVE
20 June 2016

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

I certify that I have audited the financial statements of Forensic Science Northern Ireland (FSNI) for the year ended 31 March 2016 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 Remuneration and Staff Report and the Assembly Accountability Disclosures that is described in that report as having been audited.

Respective responsibilities of the Chief Executive and auditor

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

Scope of the audit of the financial statements

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

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.

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.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of FSNI's affairs as at 31 March 2016 and of the net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance (formerly Department of Finance and Personnel) directions issued thereunder.

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

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Assembly Accountability disclosures 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.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Remuneration and Staff 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 Department of Finance's guidance.

Report

I have no observations to make on these financial statements.



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

27 June 2016

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2016

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.

		2015-16 £000	2014-15 £000
	Note		
Income from sale of goods and services	4	-	-
Other operating income	4	(10,748)	(10,996)
Total operating income		(10,748)	(10,996)
Staff costs	2	8,620	7,957
Purchase of goods and services	3	3,717	3,444
Depreciation and impairment charges	3	1,052	696
Provision expense	3	(38)	30
Total operating expenditure		13,351	12,127
Net operating expenditure		2,603	1,131
Finance expense	3	-	-
Net expenditure for the year		2,603	1,131
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	(765)	(30)
- Net loss on the revaluation of Intangibles	6	-	-
Comprehensive net expenditure for the year		1,838	1,101

All income and expenditure is derived from continuing operations.

The notes on pages 46 to 61 form part of these Accounts.

**Statement of Financial Position
as at 31 March 2016**

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.

		2015-16	2014-15
		£000	£000
	Note		
Non-current assets:			
Property, plant and equipment	5	18,743	17,001
Intangible assets	6	3,218	195
Total non-current assets		21,961	17,196
Current assets:			
Inventories	8	129	217
Trade and other receivables	10	312	895
Cash and cash equivalents	9	858	-
Total current assets		1,299	1,112
Total assets		23,260	18,308
Current liabilities			
Cash and cash equivalents	9	-	1,543
Trade and other payables	11	4,768	5,884
Provisions	12	32	70
Total current liabilities		4,800	7,497
Total assets less total liabilities		18,460	10,811
Taxpayers' equity and other reserves			
General fund		17,563	10,596
Revaluation reserve		897	215
Total equity		18,460	10,811

Signed



S Brown
Accounting Officer
20 June 2016

The notes on pages 46 to 61 form part of these Accounts.

Statement of Cash Flows
for the year ended 31 March 2016

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.

		2015-16	2014-15
		£000	£000
	Note		
Cash flows from operating activities			
Net expenditure for the year		(2,603)	(1,131)
Adjustment for non-cash transactions	3	1,066	763
Decrease/(Increase) in trade and other receivables	10	583	(522)
<i>Movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	10.2	14	28
Decrease in inventories	8	88	96
(Decrease)/Increase in trade and other payables	11	(1,116)	2,688
<i>Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		1,710	(651)
Use of provisions	12	-	-
Net cash (outflow)/inflow from operating activities		(258)	1,271
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(6,600)	(10,994)
Purchase of intangible assets	6	(172)	(142)
Net cash outflow from investing activities		(6,772)	(11,136)
Cash flows from financing activities			
Net Assembly funding		9,431	7,622
Net financing		9,431	7,622
Net increase/(decrease) in cash and cash equivalents in the period		2,401	(2,243)
Cash and cash equivalents at the beginning of the period	9	(1,543)	700
Cash and cash equivalents at the end of the period	9	858	(1,543)

The notes on pages 46 to 61 form part of these Accounts.

**Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2016**

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 2014		3,986	247	4,233
Net Assembly funding		7,622	-	7,622
Comprehensive net expenditure for the year		(1,131)	30	(1,101)
Non-cash adjustments				
Notional charges – auditor's remuneration	3	16	-	16
Notional charges – other	3	41	-	41
Movement in Reserves				
Transfer between reserves		62	(62)	-
Balance at 31 March 2015		10,596	215	10,811
Net Assembly funding		9,431	-	9,431
Comprehensive net expenditure for the year		(2,603)	765	(1,838)
Non-cash adjustments				
Notional charges – auditor's remuneration	3	16	-	16
Notional charges – other	3	40	-	40
Movement in Reserves				
Transfer between reserves		83	(83)	-
Balance at 31 March 2016		17,563	897	18,460

The notes on pages 46 to 61 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 2015-16 Government Financial Reporting Manual (FReM) issued by the Department of Finance (DoF) [formerly Department of Finance and Personnel (DFP)]. 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 & external doors, internal walls & partitions, internal doors, floors/wall/ceiling finishes.
Engineering Systems	Sanitary appliances, services equipment, disposal installation, water installation, heat source, space heating & air treatment, ventilation systems, electrical, gas, lift and protective installations.
Equipment & Security Installations	CCTV, access control, alarm systems, control rooms including all associated Information & Communications Technology (ICT) hardware & software; fixed furniture, fittings, equipment & 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 off the valuation, less any residual value, over their 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.

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 Operating Income

Operating income is income that relates directly to the operating activities of Forensic Science Northern Ireland in the provision of forensic services.

1.12 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Agency's activities. Revenue is shown net of Value Added Tax (VAT).

The Agency recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

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 effective 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 Taxation

These Accounts are stated net of VAT. As a Non-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 2015-16 for the first time

Standard	Comments
IFRS 13 - <i>Fair Value Measurement</i> (new)	<p>IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS (except where IFRS 13 explicitly states otherwise). The Standard defines fair value, provides guidance on fair value measurement techniques, and sets out the disclosure requirements.</p> <p>Although IFRS 13 is applied without adaptation, IAS 16 <i>Property, Plant and Equipment</i> and IAS 38 <i>Intangible assets</i> have been adapted and interpreted for the public sector context to limit the circumstances in which a valuation is prepared under IFRS 13.</p> <p>IAS 16 is adapted to specify the valuation bases for assets which are held for their service potential (i.e. operational assets) and assets which were most recently held for their service potential but are surplus.</p> <p>IAS 38 has been adapted for the public sector dependent on whether or not an active (homogeneous) market exists.</p>

The Agency has reviewed the remaining standards, interpretations and amendments to published standards that became effective during 2015-16 and which are relevant to its operations. The adoption of these standards has not had a significant impact on the Agency's financial position or results.

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 2016 or later periods, but which the Agency has not adopted early. Other than as outlined in the table below, the Agency considers that these standards are not relevant or material to its operations.

Standard	IFRS 15 - <i>Revenue from Contracts with Customers</i> (IAS 18 <i>Revenue</i> replacement) (new)
Effective date	1 January 2018 (not yet EU adopted) - with a view to include in the 2018-19 FReM.
Description of revision	The core principle recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled, in exchange for those goods or services. The Standard sets out five steps to recognise revenue and also includes requirements

	for accounting for contract costs. The disclosure objective of the new Standard is to establish the application principles required for entities to report useful information to the users of financial statements to better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.
Comments	The introduction of IFRS 15 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will be issuing an Exposure Draft on IFRS 15 over the Summer of 2016. Subsequent clarifications raised will also be reviewed as a part of the implementation project.

Standard	IFRS 16 - <i>Leases</i> (IAS 17 <i>Leases</i> replacement) (new)
Effective date	1 January 2019 (not yet EU adopted) - with a view to include in the 2019-20 <i>FReM</i> .
Description of revision	IFRS 16 has been developed by the IASB with the aim of improving the financial reporting of leasing activities in light of criticisms that the previous accounting model for leases failed to meet the needs of users of financial statements. IFRS 16 largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This is a significant change in lessee accounting.
Comments	The introduction of IFRS 16 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will issue an Exposure Draft on IFRS 16 in advance of the effective date.

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 Staff Costs

	2015-16	2014-15
	£000	£000
Wages and salaries	6,852	6,275
Social Security costs	450	468
Other pension costs	1,318	1,214
Total staff costs	8,620	7,957

A breakdown of the above costs into permanent staff and others can be found in the Staff Report within the Accountability Report.

3 Programme costs

	Note	2015-16 £000	2014-15 £000
Purchase of goods and services			
Staff related costs		190	188
Rentals under operating leases		226	233
Accommodation costs		885	659
Office services		224	295
Contracted Out services		184	264
Professional costs		172	197
Consumables, materials and equipment costs		1,347	1,188
Non-capital purchases		102	39
Intra-departmental hard charges		221	215
Other		114	129
		3,665	3,407
Non-cash items:			
Loss on disposal of non-current assets		10	8
Auditors' remuneration and expenses		16	16
Other programme notional costs		40	41
(Decrease) in impairment for trade receivables	10	(14)	(28)
		52	37
		3,717	3,444
Depreciation and impairment charges			
Property, plant and equipment	5	985	691
Intangible assets	6	63	7
Revaluation of intangible assets		4	(2)
		1,052	696
Provisions expense			
Provided in year	12	-	30
Written back in year	12	(38)	-
		(38)	30
Total Programme costs excluding Finance expense		4,730	4,170
Finance expense		-	-
Total Programme costs including Finance expense		4,730	4,170
Summary of non-cash costs:			
		2015-16 £000	2014-15 £000
Purchase of goods and services		52	37
Depreciation and impairment charges		1,052	696
Provisions expense		(38)	30
		1,066	763

4 Income

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

	2015-16 £000	2014-15 £000
Sales of goods and services	-	-
Fees and charges		
Police Service of Northern Ireland	9,877	10,040
Intra-departmental income	434	424
Other public sector customers	403	495
Non-public sector customers	34	22
	10,748	10,981
Other operating income		
EU grant	-	15
Total operating income	10,748	10,996

5 Property, plant and equipment

	Land	Buildings	Vehicles Plant & Machinery	Information Technology	Assets Under Construct- ion	2015-16 Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2015	-	1,286	7,982	1,939	12,113	23,320
Additions	6	2,268	2,606	10	-	4,890
Disposals	-	(189)	(17)	-	-	(206)
Reclassification	220	4,089	4,448	209	(11,882)	(2,916)
Revaluation	-	-	(1)	(1)	-	(2)
released to SOCNE						
Revaluations	-	587	206	(1)	-	792
At 31 March 2016	226	8,041	15,224	2,156	231	25,878
Depreciation						
At 1 April 2015	-	631	4,073	1,615	-	6,319
Charged in year	-	188	716	81	-	985
Disposals	-	(179)	(17)	-	-	(196)
Revaluation	-	-	-	-	-	-
released to SOCNE						
Revaluations	-	4	24	(1)	-	27
At 31 March 2016	-	644	4,796	1,695	-	7,135
Carrying amount at 31 March 2016	226	7,397	10,428	461	231	18,743
Carrying amount at 31 March 2015	-	655	3,909	324	12,113	17,001
	Land	Buildings	Vehicles Plant & Machinery	Information Technology	Assets Under Construct- ion	2014-15 Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2014	-	1,275	7,021	2,403	2,298	12,997
Additions	-	13	1,672	145	9,815	11,645
Disposals	-	(2)	(770)	(609)	-	(1,381)
Revaluation	-	-	4	-	-	4
released to SOCNE						
Revaluations	-	-	55	-	-	55
At 31 March 2015	-	1,286	7,982	1,939	12,113	23,320
Depreciation						
At 1 April 2014	-	526	4,330	2,119	-	6,975
Charged in year	-	107	479	105	-	691
Disposals	-	(2)	(763)	(609)	-	(1,374)
Revaluation	-	-	2	-	-	2
released to SOCNE						
Revaluations	-	-	25	-	-	25
At 31 March 2015	-	631	4,073	1,615	-	6,319
Carrying amount at 31 March 2015	-	655	3,909	324	12,113	17,001
Carrying amount at 31 March 2014	-	749	2,691	284	2,298	6,022

A full independent valuation of buildings was carried out by the Land and Property Services at 31 March 2014 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.

6 Intangible assets

	Software Licences	Software	Assets Under Construction	2015-16 Total £000
Cost or valuation				
At 1 April 2015	70	207	-	277
Additions	145	27	-	172
Disposals	-	-	-	-
Reclassification	-	-	2,916	2,916
Revaluations released to SOCNE	(1)	(1)	-	(2)
At 31 March 2016	214	233	2,916	3,363
Amortisation				
At 1 April 2015	57	25	-	82
Charged in year	25	38	-	63
Disposals	-	-	-	-
Revaluations released to SOCNE	-	-	-	-
At 31 March 2016	82	63	-	145
Carrying amount at 31 March 2016	132	170	2,916	3,218
Carrying amount at 31 March 2015	13	182	-	195

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

	Software Licences	Software	Assets Under Construction	2014-15 Total £000
Cost or valuation				
At 1 April 2014	241	163	-	404
Additions	2	140	-	142
Disposals	(173)	(96)	-	(269)
Revaluations released to SOCNE	-	-	-	-
At 31 March 2015	70	207	-	277
Amortisation				
At 1 April 2014	226	117	-	343
Charged in year	3	4	-	7
Disposals	(172)	(96)	-	(268)
Revaluations released to SOCNE	-	-	-	-
At 31 March 2015	57	25	-	82
Carrying amount at 31 March 2015	13	182	-	195
Carrying amount at 31 March 2014	15	46	-	61

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

	2015-16 £000	2014-15 £000
Consumable inventory	123	187
Work in progress	6	30
	<u>129</u>	<u>217</u>

The cost of inventories recognised as an expense in the statement of comprehensive net expenditure amounted to £0.924m (2014-15: £0.854m).

9 Cash and cash equivalents

	2015-16 £000	2014-15 £000
Balance at 1 April	(1,543)	700
Net changes in cash and cash equivalent balances	2,401	(2,243)
Balance at 31 March	<u>858</u>	<u>(1,543)</u>

The following balances at 31 March are held at:

Commercial banks and cash on hand	858	(1,543)
Balance at 31 March	<u>858</u>	<u>(1,543)</u>

10 Trade receivables and other current assets

	2015-16 £000	2014-15 £000
Amounts falling due within one year:		
Trade receivables	88	184
Other receivables	57	-
Prepayments and accrued income	167	245
VAT	-	466
	<u>312</u>	<u>895</u>

Trade receivables are stated net of the following impairment:

	2015-16 £000	2014-15 £000
Balance at 1 April	20	48
(Decrease) in impairment	(14)	(26)
Provision utilised	-	(2)
Balance at 31 March	<u>6</u>	<u>20</u>

11 Trade payables and other current liabilities

	2015-16 £000	2014-15 £000
Amounts falling due within one year		
Trade payables	4	43
Other payables	640	678
Accruals and deferred income	4,025	5,163
VAT	99	-
	<u>4,768</u>	<u>5,884</u>

12 Provisions for liabilities and charges

	2015-16 £000	2014-15 £000
Balance at 1 April	70	40
Provided in the year	-	30
Provisions utilised in the year	-	-
Provisions released in the year	(38)	-
Balance at 31 March	32	70
Presented as current liabilities	32	70
	32	70

Provisions are all for litigation claims and represent the best estimate of the expenditure. The Agency is involved in legal proceedings of a nature considered normal to its business. The provision reflects all known claims where it is considered that it is probable that the claim will be successful and the amount required, to settle the obligation at the date of approval of the financial statements, can be reliably estimated. The timing of the settlement of claims depends on the circumstances of each case.

13 Capital commitments

	2015-16 £000	2014-15 £000
Contracted capital commitments at 31 March not otherwise included in these Accounts		
Property, plant and equipment	183	4,299
	183	4,299

During 2013-14 the Agency entered into a contract for a new case management system.

14 Commitments under leases

14.1 Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2015-16 £000	2014-15 £000
Obligations under operating leases comprise:		
Buildings:		
Not later than one year	394	394
Later than one year and not later than five years	703	1,096
Later than five years	-	-
	1,097	1,490

15 Other financial commitments

The Agency has not entered into any other non-cancellable contracts at 31 March 2016 (31 March 2015: £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.

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. the 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 2015-16 (2014-15: Nil).

19 Events after the reporting period

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

Date authorised for issue

The Accounting Officer authorised these financial statements for issue on 27 June 2016.



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