



Annual Report  
and Accounts  
2013-2014



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**Rivers Agency**  
**Annual Report and Accounts**  
**For the year ended 31 March 2014**

*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 Agriculture and Rural Development  
on  
2 July 2014*

# Annual Report 2013-2014



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## Chief Executive's Foreword

I am pleased to present the Rivers Agency Annual Report and Accounts for the year ending 31 March 2014. This is the final annual report for Rivers Agency as an Executive Agency within the Department of Agriculture and Rural Development (DARD). I am pleased to report that since being established as an Agency in 1996, Rivers Agency has made a significant contribution to minimising the risk of flooding to people and property and will continue to provide this service to the public as a Division within DARD.

This report covers the main areas of work addressed during the business year and shows the progress achieved against the key targets and priorities agreed by the Minister.

During the year, reducing flooding risk continued to be a priority for the Agency. Resources were devoted to the efficient management of our flood defence and drainage infrastructure, as well as the delivery of cost - beneficial flood alleviation schemes. At 31 March 2014, the Agency achieved 10 of its 11 key targets and 7 of its 8 key priorities (Appendix 1). This is testament to the commitment and flexibility of the Agency's staff and I wish to commend them for their excellent efforts.

The expertise within our workforce is one of the Agency's greatest assets and the senior team is committed to their continuous development.

Senior management continues its focus on ensuring that all staff work in a safe and secure environment and are properly equipped to carry out their duties through the provision of appropriate training and development.

**Catherine McCallum**

**Chief Executive**

**23 June 2014**

## Directors' Report

### Introduction

The Agency presents its Annual Report and Accounts for the 2013/14 business year.

The Annual Report and Accounts have been prepared in compliance with the accounting principles and disclosure requirements of the relevant edition of the Government's Financial Reporting Manual (FReM) and under an Accounts Direction given by the Department of Finance and Personnel (DFP) in accordance with Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001.

### History and Background

The Agency was established on 10 October 1996 as an Executive Agency within the then Department of Agriculture Northern Ireland (DANI) (now known as the Department of Agriculture and Rural Development (DARD)). As of 1 April 2014, Rivers Agency is no longer an Executive Agency; it is now a Division within the Department.

The Department is responsible for drainage and sea defences in Northern Ireland under the Drainage (Northern Ireland) Order 1973 and delegates the day to day management of these functions to Rivers Agency. The Department is also the competent authority for the EU Floods Directive and, again, Rivers Agency leads on the programme of work required by this legislation.

### Principal Activities

Under the terms of the Drainage (Northern Ireland) Order 1973, the Agency has discretionary powers to:

- Maintain watercourses and sea defences which have been designated by the Drainage Council for Northern Ireland (Membership is listed in Appendix 2);
- Construct and maintain drainage and sea defence structures; and
- Administer advisory and enforcement procedures to protect the drainage function of all watercourses.



## Pension Liabilities

Further details in relation to the pension schemes are given in accounting policy note 1.13 to the accounts and in the Remuneration Report.

## Agency Management Board

The Agency Management Board (“The Board”) is responsible for the day-to-day management and performance of the Agency. Members of the Board during 2013/14 were:

Catherine McCallum	Chief Executive
Philip Mehaffey	Director of Operations
Pat Aldridge	Director of Engineering
David Porter	Director of Development
Shaun Donnelly	Director of Corporate Services (appointed June 2013)
Joe Cassells	Independent Member
Nuala McAuley	Independent Member (appointed June 2013)

The Chief Executive’s pay is determined by the Permanent Secretary in accordance with the rules set out in Chapter 7.1 Annex A of the Civil Service Management Code and Directors’ pay is determined by the Central Personnel Group of the Department of Finance & Personnel (DFP). Details of the remuneration of the Chief Executive and Directors within the Agency are provided in salary bands in the Remuneration Report.

## Auditors

The financial statements are audited by the Comptroller and Auditor General for Northern Ireland (C&AG) in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. He is head of the Northern Ireland Audit Office and he and his staff are wholly independent of the Agency and of DARD and he reports his findings to the Northern Ireland Assembly.

There was no non-audit work carried out by NIAO or its subcontractors during 2013/14.

As Accounting Officer, I can confirm that there is no relevant audit information of which the auditors are unaware. I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are informed of it.

### Supplier Payment Policy

The Agency is committed to the prompt payment of bills for goods and services received in accordance with the Better Payment Practice Code.

The Rivers Agency, in line with the Northern Ireland Finance Minister's directive, continued to implement the process and procedures to allow payments to be made within 10 days of receipt. The Agency was able to facilitate 88.44% of payments within the 10 day target during 2013/14 (89.92% during 2012/13).

Unless otherwise stated in the contract, payment is made within 30 days of the receipt of the goods and services and presentation of a valid invoice or similar demand, whichever is later. The Agency paid 96.64% (2012/13 94.22%) of invoices within 30 days of receipt.

### Charitable Donations

The Agency made no charitable donations within the financial year.

### Disabled Persons

It is the Agency's policy to give equality of opportunity when considering applications from disabled persons. The Agency complies with all existing legislation in respect of its disabled employees.

### Equality of Opportunity

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





## Freedom of Information

The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 give everyone the right to access Government information and place a statutory duty on Government to make certain information publicly available as a matter of course. A total of 20 “Requests for Information”, falling within the terms of this legislation, were received within the period of this report (17 in 2012/13).

## Health & Safety

The Agency is committed to adhering to all existing legislation on health and safety at work to ensure that staff and the public are in a safe environment.

## Employee Involvement

The maintenance of a highly skilled workforce is key to the future of our business. We support them in updating their skills through the Agency’s formal training and development opportunities.

Staff are kept abreast of policy developments through a variety of communication mechanisms. These include policy/information circulars, the DARD core brief, regular management meetings and through the Agency’s and DARD’s Internet/Intranet sites. All staff receive copies of the departmental staff magazine ‘DARD BIZZ’ to keep them abreast of wider DARD developments.

In October 2013, Rivers Agency held three Staff Information Days as part of its approach to improving internal communication. The purpose of the Staff Information Days was to bring staff up to date with a number of current and impending issues affecting the organisation, as well as to provide them with the opportunity to learn more about the various business units within the Agency.

The Agency’s Whitley Council provides for regular consultation with non-industrial employees’ representatives. There is also a similar process for engagement with the industrial workforce and their representatives.

## Sickness Absence Data

Listed in the table below are the sickness absence results for Rivers Agency during 2013/14. It should be noted that the figures do not take account of any amendments and/or additions made to absence records after the date of each month's extract.

Staff	Average days lost per member of staff	Agency Target
Non-Industrial	5.3 days (5.8 in 2012/13)	8.2 days
Industrial	14.0 days (14.6 in 2012/13)	9.1 days

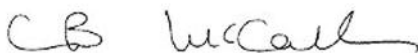
The Agency is aware of the problem with sick absence among the industrial workforce and is following NICS procedures and working closely with Departmental HR in progressing actions to actively manage absence levels.

## Reports of Personal Data Related Incidents

The Agency is required to report on personal data related incidents. There were no incidents.

## Information Management

There have been no incidents where the Agency has charged for value added information under the Re-use of Public Sector Information Regulations.



**Catherine McCallum**  
**Chief Executive**  
**23 June 2014**



# Strategic Report

## Our Business

During the 2013/14 year, the Agency was an Executive Agency within DARD. From 1 April 2014, it is no longer an Executive Agency and is now a Division within DARD. It is the statutory drainage and sea defence authority for Northern Ireland.

## The Organisation

The Chief Executive is supported by three technical and one corporate services director. The responsibilities of the directors are outlined in Appendix 4. The Agency is a multi-disciplinary organisation, employing 442 (full time equivalent 427.5) staff at 31 March 2014 (405 at 31 March 2013) spanning Industrial, Administration, Professional and Technical disciplines.

The Agency's Headquarters are located at Hydebank, Belfast, and there are Regional Offices in Lisburn and Omagh, with Area Offices in Coleraine and Craigavon, while an office in Riversdale services the Fermanagh Sub-area. Further details of our office locations and addresses are included at Appendix 3.

Under the terms of the Drainage (Northern Ireland) Order 1973 the Agency has discretionary powers to:

- Maintain watercourses and sea defences which have been designated by the Drainage Council for Northern Ireland (Membership is listed in Appendix 2);
- Construct and maintain drainage and sea defence structures; and
- Administer advisory and enforcement procedures to protect the drainage function of all watercourses.



## Management and Accountability

The Chief Executive is responsible to the Minister for the Agency's operations and performance. The Minister determines the policy framework within which the Agency operates, the level of resources made available each year, and the scope of its activities. The Minister also approves the Agency's Corporate and Business Plans, sets and agrees performance targets and receives reports on performance.

A senior official within DARD core advises the Minister on strategic issues relating to the Agency and its business performance.

## Aims

The vision of the Agency is *"to manage flood risk to facilitate the social, economic and environmental development of Northern Ireland"*. The following aims support the vision:

- Reducing risk to life and damage to property from flooding from rivers and the sea; and
- Undertaking watercourse and coastal flood management in a sustainable manner.

## Objectives

In support of these aims, the Agency's key business priorities are:

- Implementation of the EU Floods Directive;
- Maintenance of flood defence and drainage infrastructure;
- Flood alleviation;
- Advice to land use planners; and
- Reservoir safety.



## Financial Review of Year Ending 31 March 2014

The Agency uses Account NI, the shared service financial accounting system, which was introduced to support the production of accruals and resource accounts for all Northern Ireland Government Departments and their Agencies. The Agency does not have an independent accounting system of its own.

The Agency carried out its budget management and monitoring regime on an accruals basis during the year.

The Agency's running costs budget was £13.033m for 2013/14 (£12.822m for 2012/13). The budget for the Agency's programme of capital and maintenance works was £10.763m for 2013/14 (£9.192m for 2012/13). Comprehensive Expenditure increased from £26,437k in 2012/13 to £27,715k in 2013/14. The main reasons for the increase of £1,278k are outlined below:

- Staff costs have increased from £11,316k in 2012/13 to £12,102k in 2013/14. Staffing numbers increased from 403 to 420. In addition to an increase in staff numbers, pay rates increased by approximately 2%; and
- Programme costs have increased by 3% from £15,483k in 2012/13 to £16,022k in 2013/14, primarily due to a £101k increase in expenditure on de-silting culverts and a release of £420k provision in 2012/13.

Income has increased from £362k in 2012/13 to £409k in 2013/14.

The value of the Agency's non-current assets has increased from £561m to £635m at 31 March 2014. This can be attributed to a revaluation of networking assets of £75m, £8m of additions, and £9m depreciation charge.

## Corporate Governance

During 2013/14, the work of Rivers Agency was co-ordinated and monitored by the Board which was responsible for ensuring that good practice in corporate governance was adhered to including the maintenance of a transparent system of prudent and effective controls through the assessment and management of risk.

The Board meets on a regular basis and is chaired by the Chief Executive who is also the Agency's Accounting Officer. The agenda for each Board meeting and associated papers and minutes are held on the Tower Records Information Management (TRIM) system.

The Agency employs a system of internal control based on an ongoing risk management process, designed to identify and prioritise the key risks which could affect the achievement of the Agency's aims and objectives. This is done by evaluating the likelihood of risks being realised, assessing the impact should they be realised, and then managing them efficiently, effectively and economically. This system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve our aims and objectives.

The Corporate Risk Register is reviewed by the Board and presented to the Corporate Governance and Audit Committee, (CGAC) for scrutiny on a quarterly basis. During the period April 2013 – March 2014, CGAC was chaired by Stephen McMurray, who is independent of the Agency. The other members of the Committee are the Agency's Director of Operations and a Non Executive member from the parent department. The Northern Ireland Audit Office, DARD Director of Finance, DARD Internal Audit and the other Executive Directors of the Agency are invited to attend each meeting of the Committee.

Under the terms of a Service Level Agreement, DARD Internal Audit Branch provides an Annual Report and opinion to the Chief Executive as Agency Accounting Officer. The 2013/14 Annual Report provided an overall **satisfactory** opinion on the Agency's internal control framework, risk management, and governance procedures. The report made some recommendations for improving controls and these have been accepted by the Agency Management Board. Appropriate implementation timetables have been agreed for these recommendations.

The Governance Statement included in this report provides a summary of the governance, risk management and internal control arrangements within the Agency.



## Agency Performance in 2013/14

The Agency had eleven targets in 2013/14 (Appendix I), two of which were also Departmental Corporate Balanced Scorecard targets. Internal Audit will validate the targets agreed with the Minister for the 2013/14 business year. The Corporate Balanced Scorecard targets are outlined in Table I below.

*Table I Rivers Agency 2013/14 Corporate Balanced Scorecard Targets*

Corporate Balanced Scorecard Targets	Progress
<ul style="list-style-type: none"> <li>• Progress the Reservoirs Bill through the NI Assembly to gain Royal Assent in 2014/15.</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>• By 31 March 2014, construct infrastructure to offer enhanced flood protection to 92 properties.</li> </ul>	Achieved

## Review of Activity in 2013/14

### Flood Alleviation

While investment in flood alleviation has reduced the risk of flooding to people and property, a significant element of risk remains. This risk has further materialised in recent years demonstrating the very real cost of flooding to society and highlighting the need for flood alleviation schemes to protect people and property. The Agency delivers an ongoing programme of flood alleviation schemes which seek to reduce the risk to life and damage to property by flooding from rivers and the sea.

### Maintenance of Flood Defence and Drainage Infrastructure

Rivers Agency has an asset management process in place involving the ongoing cycle of inspection, assessment and intervention to ensure the effective functioning of flood defence and drainage assets. The timing of these inspections is dependent on the likely maintenance requirements, drainage impact and flood risk. For example, high risk inlet grilles were inspected on a weekly basis with rural watercourses, generally, on a six yearly cycle. Urban maintenance is undertaken in the same year it is identified through inspection, with rural

maintenance work programmed for the year following inspection. Maintenance, repair and upgrading works identified during these inspections are programmed and carried out by the Agency's industrial staff with in-house plant and through the use of external contractors. The Maintenance Programme is evaluated using environmental and cost-benefit criteria prior to the inclusion of proposals in the annual works programme.

### Advisory & Enforcement

The Agency plays a key role in providing information and advice to DOE Planning NI on the drainage and flood risk aspects of Development Plans and planning applications in line with the Planning Policy Statement 15 - Planning and Flood Risk. The Agency has been actively involved in supporting DOE Planning NI with a review of Planning Policy Statement 15 to bring it into line with the Floods Directive and to update policies related to all sources of flooding. The Agency also advises and enforces Schedule 5 and Schedule 6 to the Drainage (NI) Order 1973.

### Flow & Water Level Monitoring

Rivers Agency monitored and measured river flows and water levels at locations throughout Northern Ireland. It supplied appropriate river flow data to the United Kingdom National River Flow Archives and to other users such as Northern Ireland Environment Agency and Northern Ireland Water, who used the data for environmental and water resource monitoring.

### EU Floods Directive

The EU Directive on the assessment and management of flood risk (2007/60/EC) more commonly known as the Floods Directive was transposed into Northern Ireland Regulation in November 2009 and is known as 'The Water Environment (Floods Directive) (Northern Ireland) Regulations 2009'.

Within the Directive there are 3 delivery milestones:

- Preliminary Flood Risk Assessment (PFRA) – December 2011;
- Flood Hazard and Risk Maps – December 2013; and
- Flood Risk Management Plans – December 2015.





A report on the PRFA was published on the DARD Departmental website in December 2011. The PRFA considers flooding from all of the main flood sources which have been determined to be rivers, the sea, surface water runoff and impounded water bodies such as dams and reservoirs.

Work to develop the Flood Risk Management Plans is ongoing and these are to be in draft by December 2014. The flood hazard and risk maps have been provided and are being used by government Departments and agencies. A suitable public release date is to be agreed with the Minister.

## Emergency Planning

In conjunction with the Department for Regional Development Road Service and Northern Ireland Water and in co-operation with a range of responders, Rivers Agency promotes a joined-up approach to flood emergency response to help people cope with flooding emergencies.

During the year, the Agency has continued to develop its emergency planning processes in line with the Northern Ireland Civil Contingencies Framework, the Department's Integrated Emergency Management Development Plan and within the context of the Agency's Flood Emergency Plan.

Rivers Agency planned and delivered an Emergency Planning Exercise, "Eluvies 2", in November 2013, to raise awareness of coastal flooding and to clarify emergency response roles and responsibilities.

Rivers Agency also continued to develop pilot proposals in relation to community engagement to enhance resilience at a number of known flooding locations.

## Emergency Response

Northern Ireland faced the threat of major coastal flooding from 3 - 6 January 2014. Rivers Agency played a key role in liaising with and interpreting the data provided by UK Coastal Monitoring and Forecasting to inform the PSNI led response. This response was shaped by the flooded area maps developed by Rivers Agency which identified the most vulnerable areas and the measures needed to provide enhanced protection.

The previous Emergency Planning Exercise contributed greatly to the success of the response. Coastal flooding and major evacuation was averted by a slight reduction from

the predicted sea level and the enhanced protection provided, most notably at Sydenham where defences were raised by placing sandbags.

## Health and Safety

In carrying out works the Agency strictly adhered to all Health and Safety legislation and endeavoured to create a safe working environment both for staff and, in accessible areas, the public. The Agency continued to adopt a pro-active role on health and safety issues. Training of staff remained a key element in managing the risk of a serious accident. During the year there were 11 lost time accidents (compared to 12 in 2012/13).

## Reservoir Safety

The need to regulate reservoir safety was endorsed by the Executive in November 2012. A draft Bill was introduced to the Assembly on 20 January 2014 and completed its second stage on 4 February 2014.

## Sustainability and Environment

The Agency endeavoured to carry out its works in an environmentally sensitive manner and employed Conservation Officers to advise and oversee its maintenance and capital works schemes. With the specific responsibility on the Agency to ensure that fisheries interests are accommodated within its works programmes, there has also been ongoing liaison with the Department of Culture, Arts and Leisure and Loughs Agency on fisheries matters. Northern Ireland Environment Agency was consulted on the broader issues around drainage and flood defence works.

During the year, the Agency also consulted with a variety of conservation organisations and interest groups on a range of environmental issues.

## Lough Erne and Lough Neagh Levels

The Agency has continued to fulfil its obligations to manage the water levels of Lough Erne and Lough Neagh within statutory limits as far as climatic conditions permit, whilst taking into account the needs and interests of various stakeholders.



## Lough Erne Levels

Water levels in both Upper and Lower Lough Erne are monitored on a daily basis. The Lower Lough Erne level continues to be managed by the Agency in conjunction with the Electricity Supply Board (ESB) within the levels prescribed in the Drainage Order (NI) 1973, Schedule 7. Level control of the Lower Lough is by electricity generation and spilling at the hydro-electric power station at Cliff near Belleek, while the Upper Lough is controlled by sluice gates at Portora, Enniskillen. Water levels in both Upper and Lower Lough Erne remained within the statutory operating limits throughout the year. The sluice gates at Portora are used to ensure that sufficient water is retained in the Upper Lough to provide adequate depths in the navigable channels.

## Lough Neagh Levels

Management of the level of Lough Neagh is solely the responsibility of the Agency. Control is achieved by adjusting sluice gates at Toome in order to minimise the impact on a range of environmental and other interests around the Lough, which are affected by fluctuating water levels.

Lough levels were generally controlled within the statutory limits of 12.45m to 12.60m above Ordnance Datum (OD) Belfast. There were no significant breaches of the upper or lower statutory level recorded during this reporting period.

## Lough Erne Estate

Rivers Agency, acting on behalf of the Department of Agriculture and Rural Development manages the Lough Erne Estate. This consists mainly of the bed and soil of Upper and Lower Lough Erne and a strip of land around the perimeter of the Loughs exposed by past schemes which lowered the Lough levels. First Registration of this estate is at an advanced stage.

## Works Undertaken for the Department of Culture, Arts and Leisure

The Agency continued to undertake maintenance of water recreation sites under its Service Level Agreement with Department of Culture, Arts and Leisure (DCAL).

## Works Undertaken for Waterways Ireland

The Agency has a Service Level Agreement with Waterways Ireland under which it provides a construction resource to this cross border group on a reimbursement basis.

## Drainage Council for Northern Ireland

The Agency continued to provide secretariat and administrative support to the Drainage Council for Northern Ireland. The Council is an Independent Advisory body with 18 members, comprising 10 District Councillors, a Department of Agriculture and Rural Development official representing drainage interests, a Department of the Environment official, one representative each from agriculture, conservation, industry and fisheries interests and one independent drainage specialist.

The Drainage Council's main functions are to determine which watercourses should be designated for drainage works at public expense and to consider the Department's proposals for Schemes. It also has a consultative role in relation to assessment of the environmental impact of drainage works under the Drainage (Environmental Impact Assessment) Regulations (NI) 2006.

The Council is subject to the equality and human rights obligations of the Northern Ireland Act 1998 as well as a statutory duty to ensure uniformity of treatment of drainage throughout Northern Ireland.

Under the Freedom of Information Act 2000, the Drainage Council produced a Publication Scheme to inform the public about information it publishes or intends to publish, where it can be accessed and whether the information will be available free of charge or at a specified cost. Where possible, information is published on the Drainage Council section of the Departmental website at [www.dardni.gov.uk/riversagency](http://www.dardni.gov.uk/riversagency). Information may also be obtained on written request to the Drainage Council Secretariat, c/o Rivers Agency, Hydebank, 4 Hospital Road, Ballydollahgan, Belfast BT8 8JP.

Drainage Council membership during 2013/14 is set out in **Appendix 2**.



## Future Developments

The incoming year continues to present new challenges to the Agency, economic downturn continues to impact on public spending and the availability of funding not least of which will be the pressures of resource funding.

The Agency continues to implement the Floods Directive and will shortly publish all of the required Flood Hazard and Risk Maps. During 2014/15 the Agency will also continue to develop the Flood Risk Management Plans.

Reducing flood risk and minimising the damage caused by flooding will continue to be priority issues for the Agency. Resources will be devoted to efficient management of its infrastructure assets and the delivery of cost-beneficial flood alleviation schemes.

The management and maintenance of our arterial drainage systems, which are fundamental to securing good drainage throughout Northern Ireland, will continue, subject to the availability of funding.

The PEDU report on the flooding which occurred on 27 and 28 June 2012 made a number of recommendations to improve flood risk management. The Agency, along with its partners, continues to work through these in order to improve the service to the public.

The Omagh Regional Office complex is in a poor state of repair and no longer provides a sustainable work environment for staff. Work has commenced on replacement buildings at St Julian's Road Omagh with the staff accommodation building programmed for completion by September 2014. Industrial accommodation, with associated workshops, storage and yards, are scheduled for completion in 2015.

On 16 May 2013, the Minister announced that Rivers Agency Headquarters is to relocate to the Loughry Campus, near Cookstown. Work is ongoing via a Relocation Project to meet the target date for relocation of March 2016. Engagement with staff and Trade Union side is being handled by the DARD Relocation Programme Board.

*CB McCall*

**Catherine McCallum**

**Chief Executive**

**23 June 2014**

# Remuneration Report

## Remuneration Policy

The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister approved a restructured SCS pay settlement broadly in line with the Senior Salaries Review Board report which he commissioned in 2010. The commitment to a Pay and Grading Review for SCS was the second phase of the equal pay settlement approved by the Executive.

## Service Contracts

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

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

Further information about the work of the Civil Service Commissioners can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org).

## Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior management of the Agency.

### Salary

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

### Benefits in kind

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



## Remuneration (Audited)

2013/14 Officials	Salary £'000 (Full year equivalent in brackets where applicable)	Bonus Payments £'000	Benefits in kind (to nearest £100)	Pension Benefits (£'000)	Total (£'000)
Mrs Catherine McCallum (from 9 July 2012) <b>Chief Executive</b>	65-70	Nil	Nil	(2)	60-65
Mr John C Clarke (1 Apr 12- 12 Apr 12)	-	-	-	-	-
Mr Philip Mehaffey <b>Director of Operations</b>	60-65	Nil	Nil	Nil	60-65
Mr Jeff Glass (up to 15 February 2013) <b>Director of Corporate Services</b>	-	-	-	-	-
Mr Pat Aldridge <b>Director of Engineering</b>	60-65	Nil	Nil	13	75-80
Mr David Porter <b>Director of Development</b>	55-60	Nil	Nil	13	65-70
Mr Shaun Donnelly (from 3 June 2013) <b>Director of Corporate Services</b>	40-45* (50-55)	Nil	Nil	2	40-45* (50-55)
Ms Nuala McAuley (from 28 June 2013) <b>Non Executive Director</b>	Salary and allowances paid by the Department of Justice in respect of the Agency; this is a non remunerated post.				
Mr Joe Cassells (from 27 February 2013) <b>Non Executive Director</b>	Salary and allowances paid by the Parent Department in respect of the Agency; this is a non remunerated post.				
Band of Highest Paid Director's Total Remuneration	65-70				
Median Total Remuneration	£26,344				
Ratio	2.5				

\*Mr Shaun Donnelly's salary for Apr 13 and May 13 was paid by the Parent Department. Mr Donnelly was a non-executive director in 2012/13 and became Director of Corporate Services on 3 June 2013.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director, whether or not the Accounting Officer or Chief Executive, in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in Rivers Agency in the financial year 2013/14 was £65k-70k (2012/13, £60k-65k). This was 2.5 times (2012/13, 2.3) the median remuneration of the workforce, which was £26,344 (2012/13, £26,816).

2012/13 Officials	Salary £'000 (Full year equivalent in brackets where applicable)	Bonus Payments £'000	Benefits in kind (to nearest £100)	Pension Benefits (£'000)	Total (£'000)
Mrs Catherine McCallum ( <i>from 9 July 2012</i> ) <b>Chief Executive</b>	45-50 (60-65)	Nil	Nil	3	45-50 (65-70)
Mr John C Clarke ( <i>1 Apr 12- 12 Apr 12</i> )	0-5 (60-65)	Nil	Nil	Nil	0-5 (60-65)
Mr Philip Mehaffey <b>Director of Operations</b>	55-60	0-5	Nil	35	95-100
Mr Jeff Glass ( <i>up to 15 February 2013</i> ) <b>Director of Corporate Services</b>	40-45 (45-50)	Nil	Nil	-	40-45 (45-50)
Mr Pat Aldridge <b>Director of Engineering</b>	60-65	0-5	Nil	28	90-95
Mr David Porter <b>Director of Development</b>	50-55	0-5	Nil	19	70-75
Mr Shaun Donnelly ( <i>from 3 June 2013</i> ) <b>Director of Corporate Services</b>	-	-	-	-	-
Ms Nuala McAuley ( <i>from 28 June 2013</i> ) <b>Non Executive Director</b>					
Mr Joe Cassells ( <i>from 27 February 2013</i> ) <b>Non Executive Director</b>					
Band of Highest Paid Director's Total Remuneration	60 - 65				
Median Total Remuneration	£26,816				
Ratio	2.3				

In 2013/14, as in 2012/13, no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £11,944 to £65,422 (2012/13 £9,621 - £63,360).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

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.





## Pension Benefits (Audited)

### Pension Entitlements

Officials	Accrued pension at age 60 as at 31/3/14 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/14	CETV at 31/3/13 ***	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mrs Catherine McCallum (from 9 July 2012) Chief Executive	25-30 Plus lump sum of 80-85	0-2.5 Plus lump sum of 0-2.5	579	545	(2)	-
Mr Philip Mehaffey Director of Operations	30-35 plus lump sum of 90-95	0-2.5 plus lump sum of 0-2.5	689	647	0	-
Mr Pat Aldridge Director of Engineering	25-30 plus lump sum of 75-80	0-2.5 plus lump sum of 0-2.5	540	496	11	-
Mr David Porter Director of Development	10-15 plus lump sum of 30-35	0-2.5 plus lump sum of 0-2.5	152	134	7	-
Mr Shaun Donnelly (from 3 June 2013) Director of Corporate Services	10-15 plus lump sum of 30-35	0-2.5 plus lump sum of 0-2.5	215	200	2	-
Ms Nuala McAuley Non Executive Director	Pension contributions are paid by the Department of Justice in respect of the Agency; this is a non pensionable post.					
Mr Joe Cassells Non Executive Director	Pension contributions are paid by the Parent Department in respect of the Agency; this is a non pensionable post.					

\*\*\* The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2009.

## 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. For 2014, public service pensions will be increased by 2.7% which began before 8 April 2013. Pensions which began after 8 April 2013 will be increased proportionately.

Employee contributions are determined by the level of pensionable earnings. The employee contribution rates for the 2014/15 are as follows:

Members of **classic**:

Annual pensionable earnings (full-time equivalent basis)	2014 contribution rate before tax relief
Up to £15,000	1.50%
£15,001-£21,000	3.00%
£21,001-£30,000	4.48%
£30,001-£50,000	5.27%
£50,001-£60,000	6.06%
Over £60,000	6.85%



## Members of **premium**, **nuvos** and **classic plus**:

Annual pensionable earnings (full-time equivalent basis)	2014 contribution rate before tax relief
Up to £15,000	3.50%
£15,001-£21,000	5.00%
£21,001-£30,000	6.48%
£30,001-£50,000	7.27%
£50,001-£60,000	8.06%
Over £60,000	8.85%

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 12.5% (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 0.8% 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.dfpni.gov.uk/civilservicepensions-ni](http://www.dfpni.gov.uk/civilservicepensions-ni).

## Cash Equivalent Transfer Values

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

## Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



**Catherine McCallum**

**Chief Executive**

**23 June 2014**

Accounts  
2013-2014



## Statement of the Agency's and Chief Executive's Responsibilities

Under Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance and Personnel has directed the Rivers Agency to prepare a statement of accounts for each financial year 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 Agency's state of affairs at the year-end and its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

- Observe the Accounts Direction issued by the Department of Finance and Personnel, 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 departure in the financial statements; and
- Prepare financial statements on a going concern basis.

The Accounting Officer of the Department of Agriculture and Rural Development has designated the Chief Executive of the Rivers Agency as the Accounting Officer of the Agency. 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 the Agency's assets, are set out in "Managing Public Money (Northern Ireland)" issued by the Department of Finance and Personnel.



# Governance Statement

## Introduction

The Rivers Agency governance statement sets out how the Accounting Officer receives assurance on the management of risks to delivering the performance targets. It sets out how the Board and associated committees provide assurance and demonstrate value for money, regularity and propriety in delivering the Business Plan. It also explains how control issues are addressed.

The Accounting Officer is responsible for maintaining a sound system of internal control that supports the achievement of the Rivers Agency's aims and objectives, whilst safeguarding public funds and assets, in accordance with the responsibilities assigned in the HM Treasury publication *Managing Public Money (Northern Ireland) and Corporate Governance in Central Government Departments: Code of Good Practice NI (2013)*. This governance statement sets out how the Accounting Officer complies with the responsibilities.

Managers across the organisation have a role in providing assurance which is also provided by Internal Audit. Through the publication of the Business Plan and the Annual Report and Accounts, the Rivers Agency reports on progress made against objectives and performance targets, and sets out how resources have been allocated. The Department and the Minister approve the Business Plan. The performance of Rivers Agency is discussed with the Department and the Minister at regular meetings of officials, including meetings with the Department's Accounting Officer.

The existing system of internal control has been developed and improved over many years and is in accordance with HM Treasury guidance. Assurance assessments prepared by Directors are supported by evidence taken from a range of sources such as established business controls, performance information, internal compliance reviews and independent audit, both internal and external. Where appropriate, mitigation actions are agreed to address any identified areas of concern. This process, in parallel with the Agency's corporate risk assessment process, is designed to manage risks effectively within the organisation.

## Corporate Governance

As Chief Executive, I am responsible to the Minister for the Agency's operations and performance, and I am also the Agency's Accounting Officer. As Chief Executive, I am advised by a Management Board comprising of four Executive Directors and two independent members.

During the 2013/14 business year the Agency Management Board met on 10 occasions and minutes of each of the meetings are available. A high level of commitment from Board members is demonstrated through the level of attendance which is summarised below:

Table 1: Attendance at Agency Management Board meetings

Members	2 May 2013	30 May 2013	28 June 2013	1 Aug 2013	5 Sep 2013	4 Nov 2013	9 Dec 2013	27 Jan 2014	26 Feb 2014	25 Mar 2014
Catherine McCallum	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Philip Mehaffey	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pat Aldridge	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
David Porter	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Shaun Donnelly	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Joe Cassells*	No	Yes	Yes	No	No	No	No	No	Yes	Yes
Nuala McAuley	No	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes

\* Gerry McPeake attended on 1 August for Joe Cassells.

The Board meets formally to discuss:

- Technical issues associated with the current and future activities of Rivers Agency;
- Business issues such as finance, risk, performance against targets, and people management; and
- Organisational issues including internal change programmes, health and safety and value for money.

At each Board meeting, members receive papers to aid their discussion. Regular performance and financial information is provided to the Board. Performance and financial information is provided to the Department. I am also advised by a Corporate Governance and Audit Committee, established as a sub-Committee of the Board, about business risks, internal control and governance of the Agency. The Committee is chaired by a member of





the Senior Civil Service from the Department for Social Development and has two other members.

The Audit Committee met three times during 2013/14. Minutes of each of the meetings have been reported to subsequent meetings of the Committee. A high level of commitment from Audit Committee members is demonstrated through the level of attendance which is summarised below:

Table 2: Attendance at Audit Committee Meetings

Members	June 2013	October 2013	March 2014
Stephen McMurray	Yes	Yes	Yes
Joe Cassells	Yes	Yes	Yes
Philip Mehaffey	Yes	Yes	Yes

Internal and External Auditors also attend the Audit Committee, as well as the DARD Director of Finance. Neither auditor has at any time indicated any area of urgent concern that needed to be brought to the Committee's normal meeting cycle.

The Audit Committee works to an annual plan of scheduled agenda topics, along with a range of specific issues which are subject to review.

## Review of the Effectiveness of the Board and Audit Committee

A self assessment exercise was carried out in March 2012 using a standard questionnaire based on best practice for such evaluations. The review looked at Leadership, Culture and Behaviour, Strategy and Delivery including accountability and structure. Directors agreed a programme of actions, and have endorsed their current level of involvement in executive decision-making and programme review across the organisation.

The Corporate Governance and Audit Committee undertook a self-assessment in May 2012. While the Committee was content with its overall performance, an action plan was agreed to address those areas where scope for improvement had been identified.

This action plan was reviewed during 2013/14, with an update on actions provided at the October 2013 meeting.

### Assessment of Business Risks

The Agency's corporate governance arrangements are underpinned by a robust risk management process, which is embedded into the Agency's systems and procedures. A key function within this process is the understanding of the Agency's appetite to risk. The initial assessment is undertaken by the Director with the most appropriate skills and expertise to properly determine the level of risk. Significant risks are escalated to the Board for inclusion on the Agency Risk Register.

Analysis of and response to risk is key to corporate governance and the Agency Management Board has overall responsibility for the management of risks associated with the delivery of the Agency's functions. During the year the Agency Management Board used a variety of mechanisms to confirm that the Agency's corporate and other risks were being managed effectively. The mechanisms used by Agency Management Board included:

- Reports presented to Agency Management Board;
- Minutes of meetings held by the Corporate Governance and Audit Committee;
- The work undertaken by the Department's Internal Audit Branch;
- Routine Directorate meetings; and
- Project Board meetings for particular capital works.

A risk register is kept as part of normal procedures in managing capital works. Post-project evaluations and lessons learnt processes are in place.

The Rivers Agency Key Corporate Risks are identified against each of the five Business Priorities identified in the Agency Business Plan. These are:

- Implementation of the EU Floods Directive;
- Maintenance of flood defence and drainage infrastructure;
- Flood alleviation;
- Advice to land use planners; and
- Reservoir Safety.



At 31 March 2014, there were the following six key risks on the corporate risk register:

- Drainage infrastructure is overwhelmed during an extreme flood event and Rivers Agency response does not meet public expectations;
- Insufficient funding available to conduct adequate maintenance leading to preventable flooding;
- Failure to manage resources effectively which impacts on ability to provide key services;
- Failure to ensure wellbeing and health & safety of staff may result in injury and litigation;
- The impending move of Hydebank staff to Loughry Campus may disrupt delivery of the Agency's business; and
- Lack of financial certainty to effectively plan the capital works programme.

In October 2013, the Agency Management Board carried out a substantial review of its Corporate Risk Register. As a result, two risks were removed from the risk register:

- Failure to consistently meet best practice in procurement may result in NIAO/PAC criticism; and
- Failure to implement the EU Floods Directive leads to infraction.

The Agency Management Board felt these risks were most appropriately managed at Directorate level, with escalation procedures in place, if required.

Also at this time, an additional risk was included in the Corporate Risk Register:

- Lack of financial certainty to effectively plan the capital works programme.

A Director or senior manager is responsible for overseeing the mitigation work associated with each risk. The risks are reviewed on a quarterly basis by the Board, and at each Audit Committee meeting.

## The Internal Control System

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure, and maintain regularity and propriety. The Accounting Officer can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental 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 in place for 2013/14 business year is in line with Treasury guidance.

The Agency uses the service provided by DARD Internal Audit Unit, which operates to standards defined in the Government Internal Audit Standards. The work of Internal Audit is focused on 'principal risks' identified along with a range of Corporate Governance issues. They submit reports which include the Head of Internal Audit's (HIA's) independent opinion on the adequacy and effectiveness of the Agency's system of internal control and on corporate governance and risk management processes, together with recommendations for improvement. The Annual Report and opinion from Internal Audit for 2013/14 resulted in an overall satisfactory audit opinion. Management is committed to follow up actions where weaknesses have been identified. The Agency also acts on recommendations made by external auditors in their Final Report to Those Charged with Governance.

As Accounting Officer, I have been advised on the system of Internal Control by the Corporate Governance and Audit Committee, who discuss and agree the content of the governance statement, on the basis of the internal and external reports they have scrutinised during the year. In depth reviews into areas of concern, and progress in addressing weaknesses and delivering continuous improvement of systems, are discussed at the Corporate Governance and Audit Committee meetings.

## Conflict of Interest

None of the members of the Board has any significant interests which would conflict with their management responsibilities. A Register of Interests is maintained by the Agency for all senior staff.



## Personal Data Related Incidents

The Agency is required to report on personal data related incidents. There were no personal data related incidents reported in the 2013/14 year.

## Information Management

Information and information systems as assets are carefully controlled with segmental access provided as required to undertake tasks. The NICS information management systems (TRIM) allows for full audit functionality to minimise and track information risk.

## Ministerial Directions

There were no Ministerial Directions issued to me as Accounting Officer during the 2013/14 year.

## Conclusion

As Accounting Officer, I am satisfied that the Agency complies with best practice guidance on risk management, internal control and governance, and that prompt remedial action has been taken to address issues that have arisen throughout the period under review.

**Catherine McCallum**

**Chief Executive**

**23 June 2014**

## 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 the Rivers Agency for the year ended 31 March 2014 under the Government Resources and Accounts Act (Northern Ireland) 2001. These 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 Report that is described in that report as having been audited.

### Respective responsibilities of the Agency, Chief Executive and auditor

As explained more fully in the Statement of the Agency's and Chief Executive's Responsibilities, the Agency 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 Rivers Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Rivers Agency; 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 the financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Agency's affairs as at 31 March 2014 and of the net operating cost, cash flows and changes in taxpayers' equity 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 and Personnel directions issued thereunder.

### Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Finance and Personnel directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Directors' Report and the Strategic 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 part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel'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

**26 June 2014**





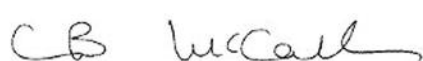
## Statement of Comprehensive Net Expenditure for the year ended 31 March 2014

	NOTE	£'000 Staff Costs	2013/14 £'000 Other Costs	£'000 Income	2012/13 £'000
<b>Programme Costs</b>					
Staff costs	3.1	12,102	-	-	11,316
Programme costs	4	-	16,022	-	15,483
Income	5	-	-	(409)	(362)
<b>Total</b>		<u>12,102</u>	<u>16,022</u>	<u>(409)</u>	<u>26,437</u>
<b>Net Operating Cost</b>				<u><b>27,715</b></u>	<u><b>26,437</b></u>
The net cost of operations arises wholly from continuing operations.					
<b>Other Comprehensive Net Expenditure</b>			<b>2013/14 £'000</b>		<b>2012/13 £'000</b>
<b>Net Operating Cost b/f</b>			<b>27,715</b>		<b>26,437</b>
<b>Items that will not be reclassified to net operating costs:</b>					
Net (gain)/loss on revaluation of Property, Plant and Equipment	6		(75,017)		(9,999)
Net (gain)/loss on revaluation of Intangibles	7		(21)		(5)
<b>Total Comprehensive Net Expenditure for the year ended 31 March 2014</b>			<u><b>(47,323)</b></u>		<u><b>16,433</b></u>

## Statement of Financial Position

As at 31 March 2014

	NOTE	2013/14 £'000	2012/13 £'000
<b>Non-current assets:</b>			
Property, plant and equipment	6	633,827	561,073
Intangible Assets	7	819	4
<b>Total non-current assets</b>		<b>634,646</b>	<b>561,077</b>
<b>Current Assets:</b>			
Inventories	11	486	493
Trade and other receivables	12	248	533
Cash and cash equivalents	13	3	3
<b>Total current assets</b>		<b>737</b>	<b>1,029</b>
<b>Total assets</b>		<b>635,383</b>	<b>562,106</b>
<b>Current liabilities:</b>			
Trade and other payables	14	(4,033)	(2,291)
<b>Total current liabilities</b>		<b>(4,033)</b>	<b>(2,291)</b>
<b>Non-current assets less net current liabilities</b>		<b>631,350</b>	<b>559,815</b>
<b>Non-current liabilities:</b>			
Provisions	15	(34)	(30)
<b>Total non-current liabilities</b>		<b>(34)</b>	<b>(30)</b>
<b>Total assets less liabilities</b>		<b>631,316</b>	<b>559,785</b>
<b>Taxpayers' equity:</b>			
General Fund		252,046	255,351
Revaluation reserve		379,270	304,434
<b>Total taxpayers' equity</b>		<b>631,316</b>	<b>559,785</b>



Catherine McCallum, Chief Executive  
23 June 2014



## Statement of Cash Flows for the year ended 31 March 2014

Cash flows from operating activities	Note	2013/14 £'000	2012/13 £'000
Net operating cost		(27,715)	(26,437)
Adjustments for non-cash transactions	4	11,702	11,448
(Increase) / decrease in trade and other receivables	12	285	(245)
(Increase) / decrease in inventories	11	7	(55)
Increase / (decrease) in trade and other payables	14	1,742	200
Less movements in payables relating to items not passing through the SoCNE		(1,022)	(211)
Use of provisions	15	-	(419)
<b>Net cash outflow from operating activities</b>		<b><u>(15,001)</u></b>	<b><u>(15,719)</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(5,693)	(6,147)
Purchase of intangibles assets	7	(794)	-
Proceeds of disposal of property, plant and equipment		59	42
<b>Net cash outflow from investing activities</b>		<b><u>(6,428)</u></b>	<b><u>(6,105)</u></b>
<b>Cash flows from financing activities</b>			
Funding from parent department		21,435	21,824
Payments of amounts due to the consolidated fund	14	(6)	-
<b>Net financing</b>		<b><u>21,429</u></b>	<b><u>21,824</u></b>
<b>Net increase / (decrease) in cash and cash equivalents in the period</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>13</b>	<b><u>3</u></b>	<b><u>3</u></b>
<b>Cash and cash equivalents at the end of the period</b>	<b>13</b>	<b><u><u>3</u></u></b>	<b><u><u>3</u></u></b>

The notes on pages 44 to 65 form part of these accounts.

## Statement of Changes in Taxpayers Equity for the year ended 31 March 2014

	Note	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
<b>Balance as at 1 April 2012</b>		<b>257,075</b>	<b>294,637</b>	<b>551,712</b>
<b>Changes in taxpayers' equity for 2012/13</b>				
Funding from the parent department		21,824	-	21,824
Comprehensive Expenditure for the year		(26,437)	10,004	(16,433)
Non-cash adjustments:				
Auditor's remuneration		13	-	13
Notional Costs		2,656	-	2,656
Inter departmental transfer of assets for no consideration		13	-	13
Transfers between reserves		207	(207)	-
<b>Balance as at 31 March 2013</b>		<b>255,351</b>	<b>304,434</b>	<b>559,785</b>
<b>Changes in taxpayers' equity for 2013/14</b>				
Funding from parent department		21,435	-	21,435
Comprehensive Expenditure for the year		(27,715)	75,038	47,323
Non-cash adjustments:				
Auditor's remuneration	4	13	-	13
Notional Costs	4	2,760	-	2,760
Transfers between reserves		202	(202)	-
<b>Balance as at 31 March 2014</b>		<b>252,046</b>	<b>379,270</b>	<b>631,316</b>



# Notes to the Agency's Accounts

## I. Statement of accounting policies

These financial statements have been prepared in accordance with the 2013/14 *Government Financial Reporting Manual (FReM)* issued by The Department of Finance and Personnel Northern Ireland. 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 Rivers Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Rivers Agency are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### I.1 Accounting convention

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

### I.2 Property, plant and equipment

Freehold land and buildings have been restated at current cost using professional valuations carried out by Land and Property Services (LPS) at five yearly intervals and appropriate indices in the intervening years. The valuation of land and buildings currently used in these accounts was provided by LPS at 1 April 2010. The next valuation by LPS is due on 1 April 2015. Buildings that are of a specialised nature, if ever sold on the open market, are valued at depreciated replacement cost. The minimum level of capitalisation of a tangible fixed asset is £5,000. Other tangible assets have been stated at current cost using indices extracted from a publication of The Stationery Office Limited entitled 'MM17 – Price Index Numbers for Current Cost Accounting'.

### I.3 Networking assets

#### a. Flood Defence

Expenditure on all flood defence assets is capitalised and depreciated over the useful economical life of the asset. For most assets this will be a period of 50 years. Flood defence assets (both sea and river) have been defined as the product of capital expenditure on the creation, provision, purchase, replacement or improvement of discrete physical watercourse based structures, which enable the Agency to achieve its strategic aim of

providing flood protection. In the financial year to 31 March 2014 a revaluation of the flood defence assets was carried out. This gave a new valuation for the flood defence assets at 31 March 2014. The modern day replacement value (MDRV) of the flood defence assets is calculated from an In-House developed model using the CESMM4 carbon and price book 2013 to more accurately reflect “Modern Day” construction and procurement practices. The rates derived within the cost models are applied to the network statistics, which are contained within the Agencies Networking Asset Inventory Database. This year the rates within the model have been updated to take account of any additions and condition surveys that have taken place.

### b. Culverts

The Agency manages a culvert network of 394 kilometres, in which there are over 7,000 culvert reaches, i.e. lengths of culverts between manholes. The depths at which culverts are laid vary between 1 metre and 12 metres. In the financial year to 31 March 2014 a revaluation of the culvert network was carried out. This gave a new valuation for the culvert network at 31 March 2014. The modern day replacement value (MDRV) of the culvert network is calculated from an In-House developed model using the CESMM4 carbon and price book 2013 to more accurately reflect “Modern Day” construction and procurement practices. The rates derived within the cost models are applied to the network statistics, which are contained within the Agencies Networking Asset Inventory Database. Each year the rates within the model will be updated to take account of the latest edition of CESMM carbon and price book and any additions and condition surveys that take place.

### c. Soft Defences

Soft Defences mainly consist of levees and soft earth banks of varying heights. Those on designated watercourses are maintained to their existing standard, and do not contain a hard core as in the case of urban flood defences. The Agency has decided that it will not attempt to value these defences because:

- For most part they provide protection to agricultural land to a lesser degree than that afforded to the urban environment; and
- They are subjected to a six-year rolling programme of scheduled inspection, and are maintained on the basis of need, rather than by reference to a detailed maintenance plan. Any expenditure incurred is merely reactive in nature.



The accounting policy adopted by the Agency in respect of Soft Defences is to expense all expenditure to the Statement of Comprehensive Net Expenditure each year.

#### d. Capitalisation of Engineers' Time

The Agency has included engineer salary costs in flood defence and culvert network valuations.

### 1.4 Depreciation

Freehold land is not depreciated. Depreciation is provided at rates based upon opening balance sheet values and calculated on an opening balance sheet value basis to write off the valuation of freehold buildings and other tangible non-current assets by equal instalments on a straight-line basis over their estimated useful lives, which are as follows:

Culvert Infrastructure	120 years
Flood Defences	50 years
Hydrometric assets	15 to 20 years
Freehold Buildings	10 to 50 years
Vehicles	5 to 10 years
Plant and Machinery	5 to 15 years
Equipment and Tools	3 to 10 years
Computer Equipment	3 to 7 years

### 1.5 Intangible assets

Intangible assets comprise internally generated and purchased computer software generating flood maps & models for use by the general public. Expenditure is capitalised as intangible non-current assets where it totals £5,000 or more. In addition expenditure falling below this threshold, which when grouped exceeds the threshold, is also capitalised. The value of the capitalised expenditure is restated at current value at the balance sheet date in accordance with the movement in the Retail Prices Index (RPI). Expenditure is amortised over the expected useful life of the maps, which can be from 3 to 15 years. Amortisation is calculated based upon opening balance sheet values.

### 1.6 Inventories

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

## 1.7 Research and development expenditure

Research and development expenditure is expensed or capitalised in line with IAS 38.

## 1.8 Assets classified as held for sale

Assets held for sale are measured at the lower of carrying amount and fair value less direct selling costs.

## 1.9 VAT

Apart from VAT which is taken into account for all trade receivables and trade payables, all other items in the accounts are exclusive of VAT that is recoverable on a departmental basis.

## 1.10 Taxation

No taxation is chargeable on the financial results of the Agency.

## 1.11 Provisions

The Agency provides for legal or constructive obligations, which are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation.

## 1.12 Programme Expenditure

The Statement of Comprehensive Net Expenditure shows only programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out in the Consolidated Budgeting Guidance issued by HM Treasury and adopted by the Department of Finance and Personnel (DFP) for Northern Ireland. All of the Agency's income and expenditure relates directly to service delivery and as such is designated as programme.

## 1.13 Pension costs

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS (NI)) which are described in Note 3.2. The defined benefit scheme is unfunded and 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 PCSPS (NI) of





amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI).

The Agency is required to meet the additional cost of benefits beyond the normal PCSPS (NI) benefits in respect of employees who retire early. The Agency provides in full for this cost when the early retirement programme has been announced and this is binding on the Agency.

#### 1.14 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.

These comprise:

- Items over £100,000 that do not arise in the normal course of business and which are reported to the Northern Ireland Assembly by minute prior to the Agency entering the arrangement; and
- All items (whether or not they arise in the normal course of business) over £250,000, which are required by FReM to be noted in the resource accounts.

#### 1.15 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2014

The Agency has reviewed the standards, interpretations and amendments to published standards that became effective during 2013/14 and which are relevant to its operations. The Agency anticipates that the adoption of these standards will have no material impact on the Rivers Agency's financial position or results of operations.

The International Accounting Standards Board (IASB) have issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards are effective from January 2013, with EU adoption from 1 January 2014.

Accounting boundary IFRS are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A review of the NI financial process is currently under discussion with the Executive, which will bring NI departments under the same adaptation. Should this go ahead, the impact on departments is expected to focus around the disclosure requirements under IFRS 12.

### 1.16 Impending application of newly issued accounting standards not yet effective

The Agency provides disclosure that it has not adopted any standards or interpretations in advance of the required implementation dates. It is not expected that any standards or interpretations that have been issued by the IASB but have not been adopted will have a material impact on the Agency's financial statements.

## 2. Statement of Operating Costs by Operating Segment

The Agency Management Board is considered to be the Chief Operating Decision Maker in the reporting period for the purposes of IFRS 8: Operating Segments. The Board meets on a regular basis and utilises financial information analysed into the following segments:

Description	2013/14 £'000	2012/13 £'000
Staff Costs	12,102	11,316
Income	(409)	(362)
Programme Costs	16,022	15,483
<b>Total</b>	<b>27,715</b>	<b>26,437</b>



### 3. Staff numbers and related costs

#### 3.1 Staff costs comprise:

	Total £'000	2013/14 Permanently employed staff £'000	Others £'000	2012/13 Total £'000
Wages and salaries	10,626	10,474	152	9,880
Social Security Costs	709	709	-	686
Other Pension Costs	1,831	1,831	-	1,725
<b>Sub Total</b>	<b>13,166</b>	<b>13,014</b>	<b>152</b>	<b>12,291</b>
Less Capitalised Engineers' time	(1,064)	(1,064)	-	(975)
<b>Total net costs</b>	<b>12,102</b>	<b>11,950</b>	<b>152</b>	<b>11,316</b>

The Principal Civil Service Pension Scheme (Northern Ireland), “(PCSPS (NI))” is an unfunded multi-employer defined benefit scheme but the Department of Agriculture and Rural Development is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2010. The pension scheme liability reported in the DFP Superannuation and Other Allowance Resource Accounts last year was as at 31 March 2010, however, work is ongoing to provide a report on an updated valuation as at 31 March 2012 for the basis of the actuarial valuation rolled forward to the reporting date of the DFP Superannuation and Other Resource Accounts for 2014.

For 2013/14, employers’ contributions of £1,830,987 were payable to the PCSPS (NI) (2012/13 £1,725,196) at one of four rates in the range 18% to 25% of pensionable pay, based on salary bands. The scheme’s Actuary reviews employers’ contributions every four years following a full scheme valuation. A new valuation scheme based on data as at 31 March 2012 is currently being undertaken by the Actuary to review employer contribution rates

for the introduction of a new career average earning scheme from April 2015. From 2014/15, the rates will remain in the range 18% to 25%. The contribution rates are set to meet the cost of the benefits accruing during 2013/14 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £Nil (2012/13: £Nil) 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 12.5% (2012/13: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £Nil, 0.8% (2012/13: £Nil 0.8%) of pensionable pay, were payable to the PCSPS (NI) 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 balance sheet date were £Nil (2012/13: £Nil). Contributions prepaid at that date were £Nil (2012/13: £Nil).

3 individuals (2012/13: 0) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £3,184 (2012/13: £Nil).

### 3.2 Average number of persons employed

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

	2013/14			2012/13
	Total	Permanent Staff	Others	Total
Directly employed	388	387	1	372
Other	3	-	3	1
Staff engaged on capital projects	29	29	-	30
	<b>420</b>	<b>416</b>	<b>4</b>	<b>403</b>



### 3.3 Reporting of Civil Service and other compensation schemes - exit packages

There was £Nil in redundancy or early departure costs paid by the Agency in 2013/14 to nil individual (2012/13: One Individual £32,710).

(Comparative data for 2012/13 shown in brackets)

Agency				
1	Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
2	<£10,000	0(0)	0(0)	0(0)
3	£10,000 - £25,000	0(0)	0(0)	0(0)
4	£25,000 - £50,000	0(0)	0(1)	0(1)
5	£50,000 - £100,000	0(0)	0(0)	0(0)
6	£100,000 - £150,000	0(0)	0(0)	0(0)
7	£150,000 - £200,000	0(0)	0(0)	0(0)
8	Total number of exit packages	0(0)	0(1)	0(1)
9	Total cost /£	0(0)	0(32,710)	0(32,710)

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 the department has agreed early retirements, the additional costs are met by the department 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.

#### 4. Programme costs

	2013/14 £'000	2012/13 £'000
Supplies, Services and Stores	1,266	1,290
Plant, Vehicle & Equipment Costs	991	986
Other maintenance	410	464
Accommodation costs	394	363
Culvert maintenance	339	238
Contracted out services	338	530
Travel & subsistence	336	297
Telephone	107	95
Staff training	82	64
Miscellaneous	25	37
Printing, stationery & advertising	21	86
Hospitality	2	4
<i>Non Cash:</i>		
Depreciation and amortisation	8,998	8,799
Notional costs	2,760	2,656
Audit fee	13	13
Provision for doubtful debts	9	-
Provisions provided for in year	4	(419)
Revaluation through SoCNE	(25)	18
(Profit)/Loss on disposal of fixed assets	(48)	(38)
	<b>16,022</b>	<b>15,483</b>

During the year the Agency did not purchase any non-audit services from its auditor, The Northern Ireland Audit Office or its subcontractors.



## 5. Income

Income comprises monies received in respect of the following:

	2013/14 £'000	2012/13 £'000
Department of Culture, Arts & Leisure	282	291
Department of the Environment	80	-
Sundry income	47	71
	<b><u>409</u></b>	<b><u>362</u></b>

## 6. Property, plant and equipment

<u>2013/14</u>	Land £'000	Buildings £'000	Networking Assets £'000	Plant and Machinery £'000	Information Technology £'000	Payments on Account & Assets Under Construction £'000	Total £'000
<b>Cost or Valuation</b>							
As at 1 April 2013	1,394	10,481	668,755	11,903	1,311	9,558	703,402
Additions	-	-	-	715	11	5,994	6,720
Disposals	-	-	-	(1,051)	(4)	-	(1,055)
Revaluations through SoCNE	-	29	-	1	-	-	30
Revaluations	-	881	73,903	519	11	-	75,314
Reclassifications	-	-	5,214	-	6	(5,214)	6
Transfers	-	-	-	1	-	-	1
<b>At 31 March 2014</b>	<b>1,394</b>	<b>11,391</b>	<b>747,872</b>	<b>12,088</b>	<b>1,335</b>	<b>10,338</b>	<b>784,418</b>
<b>Accumulated Depreciation</b>							
As at 1 April 2013	-	652	133,170	8,219	288	-	142,329
Charged in year	-	334	7,562	826	260	-	8,982
Disposals	-	-	-	(1,040)	(4)	-	(1,044)
Revaluations through SoCNE	-	4	-	-	-	-	4
Revaluations	-	82	-	213	2	-	297
Reclassifications	-	-	-	-	23	-	23
Transfers	-	-	-	-	-	-	-
<b>At 31 March 2014</b>	<b>-</b>	<b>1,072</b>	<b>140,732</b>	<b>8,218</b>	<b>569</b>	<b>-</b>	<b>150,591</b>
<b>Carrying Value at 31 March 2014</b>	<b>1,394</b>	<b>10,319</b>	<b>607,140</b>	<b>3,870</b>	<b>766</b>	<b>10,338</b>	<b>633,827</b>
<b>Carrying Value at 31 March 2013</b>	<b>1,394</b>	<b>9,829</b>	<b>535,585</b>	<b>3,684</b>	<b>1,023</b>	<b>9,558</b>	<b>561,073</b>
<b>Asset Financing: Owned</b>	<b>1,394</b>	<b>10,319</b>	<b>607,140</b>	<b>3,870</b>	<b>766</b>	<b>10,338</b>	<b>633,827</b>
<b>Carrying Value at 31 March 2014</b>	<b>1,394</b>	<b>10,319</b>	<b>607,140</b>	<b>3,870</b>	<b>766</b>	<b>10,338</b>	<b>633,827</b>





## 6. Property, plant and equipment(continued)

<u>2012/13</u>	Land £'000	Buildings £'000	Networking Assets £'000	Plant and Machinery £'000	Information Technology £'000	Payments on Account & Assets Under Construction £'000	Total £'000
<b>Cost or Valuation</b>							
As at 1 April 2012	1,393	10,817	653,684	10,972	1,316	9,394	687,576
Additions	1	47	-	1,151	-	4,948	6,147
Disposals	-	-	-	(406)	(6)	-	(412)
Revaluations through SoCNE	-	(17)	-	(4)	-	-	(21)
Revaluations	-	(366)	10,287	159	1	-	10,081
Reclassifications	-	-	4,784	-	-	(4,784)	-
Transfers	-	-	-	31	-	-	31
<b>At 31 March 2013</b>	<b>1,394</b>	<b>10,481</b>	<b>668,755</b>	<b>11,903</b>	<b>1,311</b>	<b>9,558</b>	<b>703,402</b>
<b>Accumulated Depreciation</b>							
As at 1 April 2012	-	330	125,746	7,778	30	-	133,884
Charged in year	-	345	7,424	726	261	-	8,756
Disposals	-	-	-	(404)	(4)	-	(408)
Revaluations through SoCNE	-	(1)	-	(2)	-	-	(3)
Revaluations	-	(22)	-	103	1	-	82
Transfers	-	-	-	18	-	-	18
<b>At 31 March 2013</b>	<b>-</b>	<b>652</b>	<b>133,170</b>	<b>8,219</b>	<b>288</b>	<b>-</b>	<b>142,329</b>
<b>Carrying Value at 31 March 2013</b>	<b>1,394</b>	<b>9,829</b>	<b>535,585</b>	<b>3,684</b>	<b>1,023</b>	<b>9,558</b>	<b>561,073</b>
<b>Carrying Value at 31 March 2012</b>	<b>1,393</b>	<b>10,487</b>	<b>527,938</b>	<b>3,194</b>	<b>1,286</b>	<b>9,394</b>	<b>553,692</b>
<b>Asset Financing:</b>							
Owned	1,394	9,829	535,585	3,684	1,023	9,558	561,073
<b>Carrying Value at 31 March 2013</b>	<b>1,394</b>	<b>9,829</b>	<b>535,585</b>	<b>3,684</b>	<b>1,023</b>	<b>9,558</b>	<b>561,073</b>

**Note 1: - Capitalisation of Engineers' Time** - Culverts and Flood Defence Asset additions include engineers' salary costs which have been capitalised.

**Note 2: - Transfers** - Relates to assets transferred in or out of the Agency, to or from another part of the Department of Agriculture and Rural Development.

**Note 3: - Reclassification of Assets** - The reclassifications relate to assets transferred from Assets under Construction to additions to Culverts and Flood Defence Assets.

**Note 4: - Revaluation of Networking Assets** - A revaluation of the Culvert Network and Flood Defences was carried out by in-house staff using an industry standard recognised methodology. The date of the valuation was 31 March 2014.



## 7. Intangible assets

The Agency's intangible fixed assets comprise information technology.

2013/14	Total £'000
<b>Cost or Valuation</b>	
As at 1 April 2013	214
Additions	794
Revaluations through SoCNE	-
Revaluations	4
Reclassifications	(6)
<b>At 31 March 2014</b>	<b><u>1,006</u></b>
<b>Amortisation</b>	
As at 1 April 2013	210
Charged In Year	16
Revaluations through SoCNE	1
Revaluations	(17)
Reclassifications	(23)
<b>At 31 March 2014</b>	<b><u>187</u></b>
<b>Carrying amount at 31 March 2014</b>	<b><u>819</u></b>
<b>Carrying amount at 31 March 2013</b>	<b><u>4</u></b>
<b>Asset Financing:</b>	
Owned	<u>819</u>
<b>Carrying amount at 31 March 2014</b>	<b><u>819</u></b>

2012/13	Total £'000
<b>Cost or Valuation</b>	
As at 1 April 2012	202
Additions	-
Revaluations	12
Reclassifications	-
<b>At 31 March 2013</b>	<b><u>214</u></b>
<b>Amortisation</b>	
As at 1 April 2012	160
Charged In Year	43
Revaluations	7
<b>At 31 March 2013</b>	<b><u>210</u></b>
<b>Carrying amount at 31 March 2013</b>	<b><u>4</u></b>
<b>Carrying amount at 31 March 2012</b>	<b><u>42</u></b>
<b>Asset Financing:</b>	
Owned	<u>4</u>
<b>Carrying amount at 31 March 2013</b>	<b><u>4</u></b>

## 8. Financial Instruments

As the cash requirements of Rivers Agency are met through the Estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Agency's expected purchase and usage requirements and the Agency is therefore exposed to little credit, liquidity or market risk.

## 9. Impairments

The Agency had no impairments during 2013/14 (2012/13 £18k).



## 10. Assets held for sale

Land at Galgorm in Ballymena is currently for sale by the Agency however this land is carried in the Financial Statements at zero value.

## 11. Inventories

	2013/14 £'000	2012/13 £'000
Inventories	<u>486</u>	<u>493</u>

## 12. Trade receivables and other current assets

	2013/14 £'000	2012/13 £'000
<b>Amounts falling due within one year:</b>		
VAT	224	424
Trade receivables	-	25
Prepayments and accrued income	24	84
	<u>248</u>	<u>533</u>

## 12.1 Intra-Government Balances

	2013/14 £'000	2012/13 £'000
Balances with Other Central Government Bodies	-	2
Balances with Bodies External to Government	248	531
<b>Total receivables at 31 March 2014</b>	<b>248</b>	<b>533</b>

## 13. Cash and cash equivalents

	2013/14 £'000	2012/13 £'000
Balance at 1 April 2013	3	3
Net change in cash and cash equivalent balance	-	-
<b>Balance as at 31 March 2014</b>	<b>3</b>	<b>3</b>
The following balances at 31 March were held at:		
Commercial banks and cash in hand	3	3



## 14. Trade payables and other current liabilities

	2013/14 £'000	2012/13 £'000
<b>Amounts falling due within one year</b>		
Trade payables	18	268
Fixed Asset Accruals	1,569	541
Accruals	2,386	1,426
Deferred income	59	49
Receipts due to consolidated fund	-	6
Other payables	1	1
	<u>4,033</u>	<u>2,291</u>

### 14.1 Intra-Government Balances

	2013/14 £'000	2012/13 £'000
Balances with Other Central Government Bodies	32	18
Balances with Bodies External to Government	4,001	2,273
<b>Total Payables at 31 March 2014</b>	<u>4,033</u>	<u>2,291</u>

## 15. Provisions for liabilities and charges

	2013/14 £'000	2012/13 £'000
Balance at 1 April 2013	30	449
Provided in the year	34	-
Provisions not required written back	(30)	(19)
Provisions utilised in the year	-	(400)
<b>Balance as at 31 March 2014</b>	<b><u>34</u></b>	<b><u>30</u></b>

### Litigation costs

Legal claims are assessed together and a provision of the likely maximum claim value is made. This value is reviewed on an ongoing basis to ensure it continues to represent a reasonable estimate of the expenditure of the Agency on such claims. Claims greater than or equal to £100,000 are assessed on a case-by-case basis, and provided for or disclosed as a contingent liability as applicable.

## 16. Capital commitments

	2013/14 £'000	2012/13 £'000
Contracted capital commitments at 31 March 2014 not otherwise included in the accounts		
Property, plant and equipment	<b><u>4,770</u></b>	<b><u>2,880</u></b>





## 17. Commitments under leases

The Agency did not enter or hold any finance or other leases during the reporting period.

## 18. Commitments under PFI and other service concession arrangements contracts

The Agency did not enter or hold any PFI contracts during the reporting period.

## 19. Other financial commitments

The Agency did not enter or hold any other financial commitments during the reporting period.

## 20. Contingent liabilities disclosed under IAS 37

The Agency has a small number of legal cases pending. Due to the serious prejudice which would be caused to the Agency's position in relation to these disputes, full disclosure is not possible, however the Agency does not consider any obligation probable.

## 21. Losses and special payments

	<b>Number of Cases</b>	<b>2013/14 £'000</b>	<b>Number of Cases</b>	<b>2012/13 £'000</b>
Stores and Plant Losses	38	7	13	6
Fruitless Payments	-	-	-	-
Ex Gratia	-	-	-	-
<b>Total</b>	<b>38</b>	<b>7</b>	<b>13</b>	<b>6</b>

## 22. Related-party transactions

The Rivers Agency is an Executive Agency within the Department of Agriculture and Rural Development ('the Department').

The Department is regarded as a related party. During the year, the Agency has had various material transactions with the Department.

Forest Service is also an Executive Agency within the Department and also regarded as a related party. During the year, the Agency has had no material transactions with Forest Service.

In addition the Agency has had a small number of transactions with other government departments and other central government bodies.

No board member, key manager or other related parties have undertaken any material transactions with the Agency, during the year.

## 23. Third-party Assets

The Agency does not hold any third party assets and does not have any assets being held by other parties.

## 24. Events after the Reporting Period

As of 1 April 2014, Rivers Agency is no longer an Executive Agency; it is now a Division within the Department of Agriculture and Rural Development. There were no other Post Balance Sheet Events between the date of signing by the Chief Executive and the date of submission to the Northern Ireland Assembly that require disclosure.

### **Date of authorisation for issue**

The Chief Executive authorised the issue of the Financial Statements for the year ended 31 March 2014 on 26 June 2014.

# Appendices



## Appendix I

### Business Priorities and Business Targets Progress

#### Business Priority 1:

##### **Implementation of the EU Floods Directive.**

- |  |          |
|--|----------|
| 1.1 Complete 100% of the maps and continue to develop 3 Flood Risk Management Plans (FRMPs) as the year 5 actions in a 6 year plan to implement the EU Floods Directive by 2015. | Achieved |
|--|----------|

#### Business Priority 2:

##### **Maintenance of flood defence and drainage infrastructure.**

- |   |                       |
|---|-----------------------|
| 2.1 Maintain infrastructure to provide enhanced flood protection to 15,500 properties:  |                       |
| <ul style="list-style-type: none"> <li>• 88% Culverts in fair condition (fair condition means only minor defects are present) or better;</li> </ul>         | Achieved              |
| <ul style="list-style-type: none"> <li>• 98% Sea Defences in fair condition (fair condition means only minor defects are present) or better; and</li> </ul> | Achieved              |
| <ul style="list-style-type: none"> <li>• 74% Fluvial Defences in fair condition (fair condition means only minor defects are present) or better.</li> </ul> | Not Achieved<br>69.4% |

#### Business Priority 3:

##### **Flood alleviation.**

- |  |          |
|--|----------|
| 3.1 Construct infrastructure to offer enhanced flood protection to 92 properties.  | Achieved |
| 3.2 Ensure response to 90% of requests to Rivers Agency for assistance within 3 hours during flooding events up to and including a level defined as significant. | Achieved |



## Appendix I (continued)

### Business Priorities and Business Targets

### Progress

#### Business Priority 4:

#### **Advice to land use planners and the public.**

4.1 Respond to 98% of Schedule 6 applications within 3 months of receipt.	Achieved
4.2 Respond to 80% of planning application consultations within 21 working days of receipt.	Achieved
4.3 Issue substantive replies to 95% of written enquiries within 15 working days of receipt.	Achieved

#### Business Priority 5:

#### **Reservoir Safety.**

5.1 Progress the Reservoirs Bill through the NI Assembly to gain Royal Assent in 2014/15.	Achieved
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### Additional Key Priorities

In addition to the commitments set out in the targets, the Agency has a number of additional priorities which will support improvement in performance across the organisation. These are:

- **Managing our financial resources** – we will ensure that our provisional capital and resource outturn will be within acceptable tolerance levels of 0% overspend and 1.5% underspend;
- **Maintain a sound system of internal control** – we will ensure that controls are in place throughout the Agency to provide a satisfactory assurance level of governance and control;

## Appendix I (continued)

- **Absence Management** – we will manage average annual level of absenteeism due to sickness for all industrial and non-industrial staff to meet targets of 9.1 days and 8.2 days respectively;
- **Learning & Development** – we will develop and support staff to enable them to carry out their duties effectively, deliver the Agency’s objectives and achieve their potential;
- **Communications Strategy** – we will develop a communications strategy in order to improve the effectiveness of our communications, both internal and external;
- **Floods Bill** – we shall begin scoping work for the Floods Bill;
- **Workforce Planning** – we will aim to have 95% of posts filled and endeavour to retain this level of resourcing in order to deliver our business; and
- **Health & Safety** – we shall continue to demonstrate our commitment to maintaining high levels of health & safety across the Agency by:
  - Continuing to roll out our health & safety training programme;
  - Carrying out risk assessments as appropriate;
  - Carrying out audits and implementing any associated recommendations; and
  - Aiming to reduce the number of accidents resulting in lost time off work.

Rivers Agency met 7 of its 8 key priorities. The key priority which was not met was absence management. Whilst the Agency met its target for non-industrial absence, it was outside the target for industrial sickness absence (14.0 days against a target of 9.1 days).



## Appendix 2

### Membership of the Drainage Council for Northern Ireland

Name of Member	Interest Represented
Dr Harold Johnston (Chair)	Drainage Specialist
Councillor William King, MBE (Vice-Chair)	Coleraine Borough Council
Alderman Roy Beggs	Larne Borough Council
Councillor Sean Clarke	Cookstown District Council
Councillor Brian Hanvey	Castlereagh Borough Council
Councillor Olive Mercer	Banbridge District Council
Councillor Connaire McGreevy	Newry and Mourne District Council
Councillor Allan Rainey	Omagh District Council
Councillor Willis Robinson	Dungannon and South Tyrone Borough Council
Councillor Bernice Swift	Fermanagh District Council
Councillor Roy Thompson	Antrim Borough Council
Ms Rosemary Dobbin	Conservation ( <i>Resigned 4 April 2013</i> )
Mr Trevor Hinds	Industry
Mr Brendan Kerr	Fishery
Dr Bernie Lafferty	Tourism
Mr Andrew Wilson	Agriculture
Ms Mary MacIntyre	DOE Planning NI
Mrs Catherine McCallum	Rivers Agency

## Appendix 3

### Agency Offices

#### **Agency Headquarters**

Hydebank  
4 Hospital Road  
Ballydollahan  
BELFAST BT8 8JP

Tel: 028 9025 3355

Fax: 028 9025 3455

#### **Western Region**

Regional Office  
Woodside Avenue  
Gortin Road  
Lisnamallard  
OMAGH BT79 7BS  
Tel: 028 8225 4900  
Fax: 028 8225 4901

#### **Coleraine Office**

37 Castleroe Road  
Castleroe  
COLERAINE BT51 3RL  
Tel: 028 7034 2357  
Fax: 028 7032 0628

#### **Fermanagh Office**

Riversdale  
Ballinamallard  
Tullylone  
ENNISKILLEN BT94 2NA  
Tel: 028 6638 8529  
Fax: 028 6638 8972

#### **Eastern Region**

Regional Office  
Ravarnet House  
Altona Road  
Largymore  
LISBURN BT27 5QB  
Tel: 028 9260 6100  
Fax: 028 9260 6111

#### **Armagh Office**

44 Seago Industrial Estate  
Seago Lower  
CRAIGAVON BT63 5QE  
Tel: 028 3839 9111  
Fax: 028 3839 9113

#### **Plant Unit**

44 Seago Industrial Estate  
Seago Lower  
CRAIGAVON BT63 5QE  
Tel: 028 3839 9100  
Fax: 028 3839 9112





## Appendix 4

### Agency Management Board

<b>Chief Executive Mrs Catherine McCallum</b>			
<b>Director of Engineering</b>  <b>Mr Pat Aldridge</b>  Programme of capital works; Design Construction procurement; Hydrometrics; Asset Management; Planning Advisory; and Professional Development.	<b>Director of Operations</b>  <b>Mr Philip Mehaffey</b>  Operational management of the Eastern Region; Operational management of the Western Region; Operations Support Unit; Health and Safety; Environment; and Emergency Planning.	<b>Director of Development</b>  <b>Mr David Porter</b>  Implementation of the EU Floods Directive; Mapping and Modelling; Strategic Planning; and Bill Team.	<b>Director of Corporate Services</b>  <b>Mr Shaun Donnelly</b> <i>(from 3 June 2013)</i>  Finance; Corporate Support and Training; Corporate Co-ordination; IT; and Communications.

Mr J Cassells and Miss N McAuley attended Agency Management Board meetings in an independent capacity.

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