



# Forensic Science Northern Ireland

Annual Report and Accounts  
2017-2018



# **Forensic Science Northern Ireland**

## **Annual Report and Accounts for the year ended 31 March 2018**

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

*on*

*29 June 2018*

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

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# PERFORMANCE REPORT

## OVERVIEW

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

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

## **Chief Executive's Statement**

I am pleased to present the Annual Report and Accounts of Forensic Science Northern Ireland (FSNI) for the year ending 31 March 2018.

2017-18 was a year in which budgetary uncertainty was compounded by the lack of an Executive or a Justice Minister. However, in addition to our core business of providing high quality forensic services to our customers and stakeholders, our main focus was on ensuring that FSNI played a full and active part in delivering the Forensic Services Strategy for Northern Ireland. The implementation of the strategy, led by the Department of Justice (DoJ) and involving and endorsed by all the relevant organisations within the criminal justice system, has progressed through several projects and its governance structures have been established. However, much remains to be done with regard to the objective economic analysis of the value which forensics adds to the key processes within the crime scene to court flowline. This will require detailed process mapping and a review of the exhibit selection and submission interface between the Police Service of Northern Ireland (PSNI) and FSNI.

Whilst cost efficiency is of course important, nothing in forensic science is more important than maintaining the very high quality standards that underpin the objective expert opinion evidence that our specialist scientists provide to the Courts. This was borne out by a very significant quality failure in the English forensic marketplace, which impacted on 11,000 criminal cases and which has compounded a severe national shortage of Forensic Toxicologists. Separately, the third largest commercial forensic provider in England and Wales went into administration, reflecting the

weaknesses of the commercial market there which has had cost reduction rather than added value as its main goal.

FSNI (the “Agency”), as a public body based in Northern Ireland, is not competing commercially but is nevertheless, as with most public sector organisations, threatened by an uncertain funding position. The Agency provides a range of specialist services, each requiring a team of highly qualified, skilled and experienced staff with demonstrable competence in the specialism using the most up-to-date scientific equipment, often specific to each specialism, validated, calibrated and maintained to the highest standards. Whilst some cross-skilling is possible between technically related areas, this has been already done to the maximum safe level, meaning that the future viability of some of the smaller specialist teams is threatened by any future cuts.

The new Locard high care laboratory has continued to perform well and deliver its benefits in terms of process flow, staff welfare and demonstrably world class contamination control. The last quarter of the year saw the launch of the last output of FSNI’s 5 year Transformation Programme, a £4m integrated case management, laboratory information management and quality management software system – Perseus - which will assist the Agency’s operational efficiency, timeliness, quality and Management Information.

With significantly fewer staff (164 full time equivalents) versus three years ago (211), as a result of the Northern Ireland Civil Service (NICS) wide Voluntary Exit Scheme (VES), it is a considerable achievement that output levels have been maintained and the vast majority of our published targets have been achieved.

Over the last few years, the Agency has seen the departure of a significant number of staff (through VES or Retirement), many of them with many years’ experience. It is a tribute to the quality of the more recently appointed staff (and the quality of science education in our schools and universities) that the standard of the science is undiminished and innovative projects have delivered real scientific benefits.

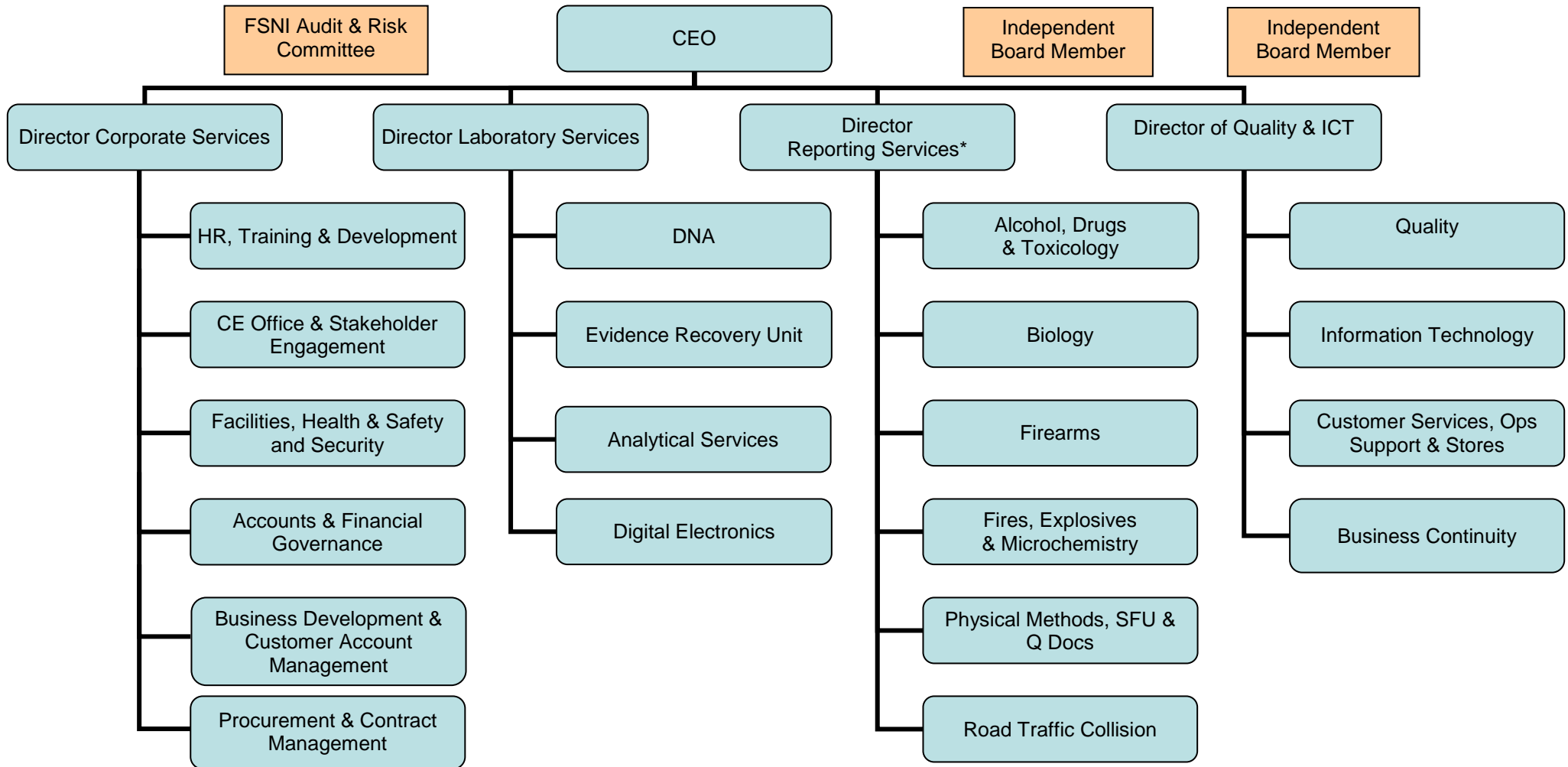
This year, we were all saddened by the passing away of our very recently retired Director of Reporting Services, Peter Barker, aged just 54.

FSNI’s international reputation was highlighted during the year by the request from the Polish government for assistance in the forensic analysis of samples from the Smolensk air crash of 2010, which killed the Polish President and 95 others.



Given the demands on all the staff to deliver high quality casework with reduced resources whilst managing substantial and complex projects, I am very grateful for the skill and dedication of the Agency's staff, which is a constant within a changing and financially uncertain environment.

# FORENSIC SCIENCE NORTHERN IRELAND: STRUCTURE 2017-18



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

## **Purpose and Activities of the Organisation**

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

### **Agency vision**

“To be a World Leading provider of integrated Forensic Science Services.”

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

### **Agency mission**

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

This mission is realised through:

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

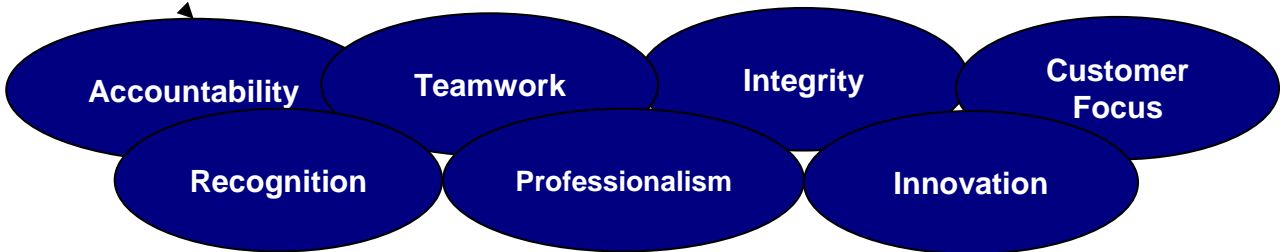
The Agency's ethos is a scientific one, meaning that the objective deductions from the evidence are rigorously arrived at with neutrality as to the conviction or acquittal of defendants and are provided to the Courts as independent expert witness.

### **Strategies and objectives**

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

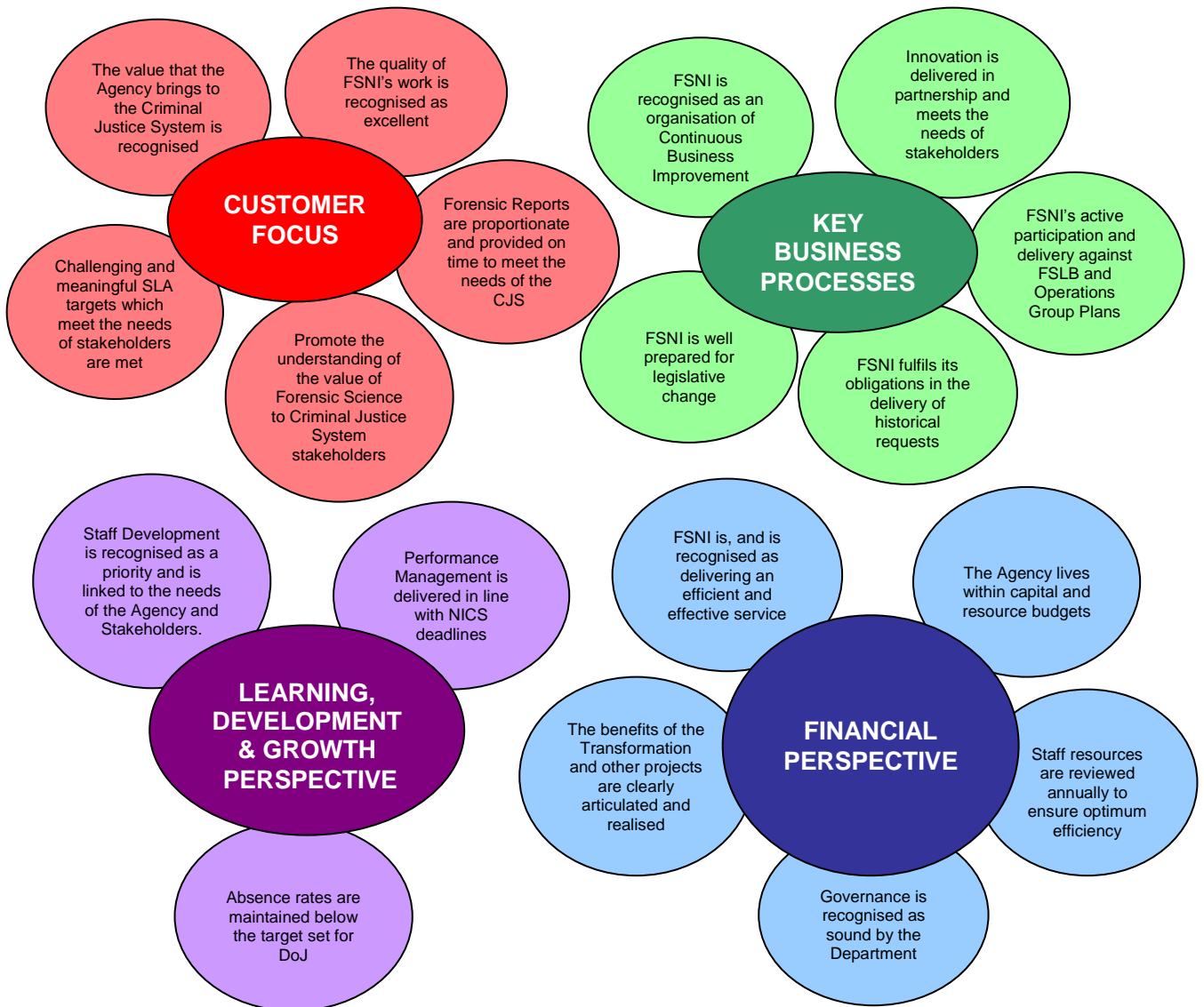
# Strategy Map 2017 - 2018

**Vision:** To be a World Leading Provider of Integrated Forensic Science Services



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

**Corporate Goal:** Working Together, Serving Justice



## Description of business

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

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

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

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

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

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

## Principal risks and uncertainties

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

- the value that the Agency brings to policing and the wider criminal justice system fails to meet customer expectations and is not fully recognised;
- failure to meet Service Level Agreement targets and Guideline Time Limits (Indictable Cases Project) resulting in reputational damage and poor customer satisfaction;
- funding and staffing resourcing levels are insufficient to meet customer demand resulting in significant reputational damage and potential loss of income;
- failure to maintain momentum in relation to continuous business improvement and to meet the emerging needs of customers;
- failure to maximise the benefits of ICT; digitalisation and realisation of the benefits of the Locard Building and Perseus;
- environmental factors in relation to preparedness for legislative change, implementation of the Forensic Services Strategy and fulfilment of obligations in relation to historical cases;
- failure to proactively support staff in relation to Learning, Development and Growth;
- failure of Health and Safety controls, procedures, equipment or facilities may lead to illness, Injury or death of staff, contractors or visitors; and,
- failure to manage information in accordance with NICS; DoJ and FSNI Policies could lead to loss of data and reputational risk.

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

## Going Concern

These Accounts have been prepared on a going concern basis.

## **Performance summary**

Most of FSNI's specialisms continued to experience heavy caseload demand. For 2017-18, especially heavy caseload demand was experienced in respect of Urgent Cases and the Toxicology disciplines. However, in general, performance against SLA targets remained good. The Agency worked closely with customers to ensure that priorities were met and cross-skilling plans were put in place.

During this year, we continued to work closely with partners in the delivery of the Forensic Services Strategy for Northern Ireland, which has been the key focus for the Agency in delivering forensic services in 2017-18.

Our new high care laboratory - The Locard Building - has been operational for almost two years and is recognised as one of the best in the country and internationally. The speed of the workflow through the forensic process has increased and this in turn has supported FSNI's capacity to deliver faster services. The new laboratory embodies in its design recognised best practice in the demonstrable avoidance of contamination and is currently the only UK laboratory to meet the highest standards set by the Forensic Science Regulator in this regard.

The integrated software solution for case management, laboratory information management and quality management systems (Perseus) was introduced in February 2018. The new system will assist the progression of cases, the production of forensic outputs (including reports) and the management of demand, capacity and productivity when fully embedded in during 2018-19.

This Agency's ethos is one of continuous business improvement and for 2017-18 a series of projects were planned to further streamline processes and deliver increased capacity. Whilst we were able to make some progress, we were unable, due to staff resources, to deliver all the planned activities. However, this does remain a priority for the business and will be a key factor in our business planning as we move into 2018-19.

## Looking forward

Focus for 2018-19 will be on:

- making an effective contribution to the delivery plans for the Northern Ireland Executive's Programme for Government (PfG);
- delivering the Forensic Services Strategy;
- delivering quality services in the face of financial pressures;
- managing submission levels in partnership with stakeholders;
- embedding Perseus and continuous business improvement;
- enhancing cooperation with forensic services in other jurisdictions;
- exploring opportunities for generating revenues; and
- maintaining the scope of Quality Accreditation under ISO 17025.



## PERFORMANCE ANALYSIS

### Performance against Key Performance Targets 2017-18

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

#### 1. Customer Perspective

High Level Outcome	Key Indicators	Key Actions	Outcome
<b>Stakeholders have confidence in FSNI as the Forensic provider of choice</b>	Implementation of 2017-18 FSNI actions in support of the Forensic Services Strategy.	By 31 March 2018 to ensure FSNI participation at all Forensic Science Leadership Board (FSLB) meetings and the delivery of all actions assigned to FSNI as directed by FSLB.	Achieved
		By 31 March 2018 to have completed the forensic service reviews identified in the Forensic Science Operations Group (FSOG) action plan to consider duplication and report findings to FSLB.	Achieved
	Deliver activities to ensure FSNI meet the deliverables required to launch the Indictable Cases Process (ICP).	By 2 May 2017 to input into the development of Guideline Time Limits (GTL) for ICP cases.	Achieved
		To provide data to inform ICP evaluation and review when requested.	Achieved
<b>Stakeholders have confidence in FSNI as the Forensic provider of choice</b>	Progression of the Proportionate Forensic Reporting (PFR) rollout and review the impact on services.	By 30 September 2017 to conduct a review on the rollout of PFRs to date and develop a monitoring and evaluation process.	Achieved
		By 31 March 2018 to have fully implemented the PFR roll out.	Partially achieved - a number of small teams remaining
	Deliver FSNI commitments within the 2017-18 PSNI Service Level Agreement (SLA).	By 31 May 2017 develop and agree a final draft of the PSNI and SPD SLA for signing.	Achieved
		By 30 April 2017 to have the final draft of all other SLAs and Memorandum of Understanding (MOU) agreed and provided to stakeholders.	Achieved
		By 31 March 2018 to have achieved all Key Performance Indicators (KPIs) agreed in the SLAs and MOUs.	Achieved

## 1. Customer Perspective (continued)

High Level Outcome	Key Indicators	Key Actions	Outcome
<b>Stakeholders have confidence in FSNI as the Forensic provider of choice</b>	Deliver the 2017-18 actions within the FSNI Stakeholder Engagement Plan.	By 31 May 2017 to have undertaken a review of the 2016-17 Stakeholder Engagement Plan to assess the impact of delivery of the plan.	Achieved
		By 30 June 2017 to have developed a Stakeholder Engagement Plan for 2017-18 based on the impact of the 2016-17 plans and the PfG.	Achieved
		By 31 March 2018 to have delivered key activities agreed in the Stakeholder Engagement Plan.	Partially achieved - a few activities delayed to 2018-19

## 2. Processes Perspective

High Level Outcome	Key Indicators	Key Actions	Outcome
<b>FSNI is able to respond with agility to emerging challenges</b>	Preparedness for legislative change.	By 30 June 2017 to have reviewed the 2016-17 legislation awareness plan and revise it in accordance with planned legislative and regulatory change for 2017-18.	Achieved
		By 31 March 2018 to have delivered actions in the legislation awareness plan for the 2017-18 year.	Partially achieved
<b>FSNI is able to respond with agility to emerging challenges</b>	Produce an implementation plan in preparation for Coroners Legacy and Historical Investigations Unit (HIU) Requests.	By 31 May 2017 to have developed a Legacy Implementation Plan.	Achieved
		By 31 March 2018 to have delivered key activities within the plan.	Achieved
	Effective utilisation of the forensic equipment purchased through Fresh Start.	By 31 October 2017 to have developed implementation and validation plans for each item of scientific equipment purchased through Fresh Start.	Achieved
		By 31 March 2018 to have, installed and validated the equipment in line with the plans.	Achieved
	Effective utilisation of Administrative Resources.	By 31 October to have completed a review of the Agency's Administration Resources.	Partially achieved - one area remaining
		By 30 November to have provided recommendations based on the outcome of the review for consideration by LB.	Not achieved

### 3. Learning, Development and Growth Perspective

High Level Outcome	Key Indicators	Key Actions	Outcome
<b>FSNI is recognised as an employer of choice</b>	Develop a Training Plan to equip staff with the skills and knowledge to deliver a Quality Service.	By 30 April 2017 to have developed an overarching training business plan detailing the costs associated with training and conferences for the 2017-18 business year.	Achieved
		By 31 March 2018 to review the training plan to ensure that it met the needs of the Agency in delivering a quality service.	Achieved
	People Management delivered to meet departmental requirements.	By 31 March 2018 to have implemented Performance Management Actions in all sections in line with NICS policies and HR Connect procedures.	Partially achieved - not all actions were completed within the pre-determined timelines
		By 31 March 2018 to have implemented Attendance Management actions in all sections in line with NICS Policies and HR Connect.	Achieved

#### 4. Finance Perspective

High Level Outcome	Key Indicators	Key Actions	Outcome
<b>Stakeholders have confidence in the Management and Governance</b>	Allocate and manage budgets to all spending areas based on PfG and Business priorities.	In-year monitoring rounds completed in line with Financial Services Division (FSD) deadlines.	Achieved
		At least four meetings held in year to review and manage the Business Impact Mitigation Plan.	Achieved
	Final outturn as close to budget as possible.	No overspend against the final 2017-18 budget and final outturn within 1% of budget.	Achieved
	Monitor and deliver the benefits of Locard and Perseus.	By 31 December 2017 to establish the benefits realised through full implementation of Locard.	Achieved
		By 31 March 2018 to produce a plan to monitor and measure the benefits of Perseus.	Not achieved
<b>Stakeholders have confidence in the Management and Governance</b>	Produce the Strategic Outline Case (SOC) for Locard II.	By 31 March 2018 to have submitted the SOC for consideration.	Achieved
	Meet the requirements of the FSNI Corporate Governance Framework.	By 31 March 2018 to have agreed a minimum overall rating of "satisfactory" against the Internal Audit (IA) plan for 2017-18.	Achieved
		By 31 March 2018 complete all tasks in line with all aspects of Corporate Governance Framework.	Achieved
	Business Development Strategy in support of income generation.	By 31 December 2017 to have developed a Business Development strategy.	Achieved
		By 31 March 2018 to have implemented the 2017-18 actions.	Achieved

## 5. Quality Perspective

High Level Outcome	Key Indicators	Key Actions	Outcome
<b>FSNI is able to respond with agility to emerging challenges</b>	Deliver the requirements of ISO 17025.	By 30 April 2017 to produce a gap analysis in preparation for planning to meet the Forensic Science Regulator Codes of Practice.	Achieved
		By 30 April 2017 to produce an Extension to Scope Plan for 2017-18.	Achieved
		By 31 March 2018 to have produced a plan to meet the Forensic Science Regulator (FSR) codes of practice.	Not achieved - not being progressed at this point in time
		Maintain UKAS Accreditation for the 2017-18 year.	Achieved
	Produce a plan in support Continuous Business Improvement.	By 30 May 2017 to have plan produced.	Achieved
		By 31 March 2018 to have achieved the targets identified in the Business Improvement Plan.	Not achieved - resources were not available to deliver plan in entirety
<b>FSNI is able to respond with agility to emerging challenges</b>	Produce a plan in support of Continuous Business Improvement.	By 31 August 2017 to have developed a plan to optimise Perseus and deliver against the in-year actions by 31 March 2018.	Not achieved delivery against in-year actions not achieved by 31 March 2018
		By 31 March 2018 to have progressed projects as agreed in the Joint Innovation Development Group Programme Plan, including any associated Product Launch.	Not achieved - several projects did not complete within the agreed timescales
	Produce a costed ICT/Digital Strategy in support of Agency and Justice Modernisation.	By 31 August 2017 to have agreed the ICT Strategy.	Not achieved - achieved late in November 2017
		By 31 March 2018 to have implemented the 2017-18 actions in the plan.	Achieved

## Financial review

### *Net Expenditure*

The net expenditure of the Agency for 2017-18 is compared to the previous two financial years in the table below:

	<b>2017-18</b>	2016-17	2015-16
	<b>£000</b>	£000	£000
<b>Total operating income</b>	10,521	10,510	10,748
Staff costs	7,508	7,153	8,620
Purchase of goods and services	3,886	3,901	3,717
Depreciation and impairment charges	1,770	1,790	1,052
Provision expense	(128)	302	(38)
<b>Total operating expenditure</b>	<b>13,036</b>	13,146	13,351
<b>Net operating expenditure</b>	<b>2,515</b>	2,636	2,603
Finance expense	<b>2</b>	11	-
<b>Net expenditure for the year</b>	<b>2,517</b>	2,647	2,603

### *Non-Current Assets*

Non-Current Asset expenditure movements are detailed in the notes to the financial statements. Capital expenditure in 2017-18 totalled £0.488m (2016-17: £1.774m) which included expenditure on Laboratory equipment and the new case management system (Perseus).

### *Financial position*

The total net assets of the Agency at 31 March 2018 were £20.543m (2016-17: £19.391m).

### *Cash flow*

As detailed in the notes to the Accounts, the Agency's Net Assembly draw down in 2017-18 was £2.863m (2016-17: £3.113m) and the net increase in Cash and cash equivalents in the year was £0.598m (2016-17: decrease £0.673m).

## Financial risk

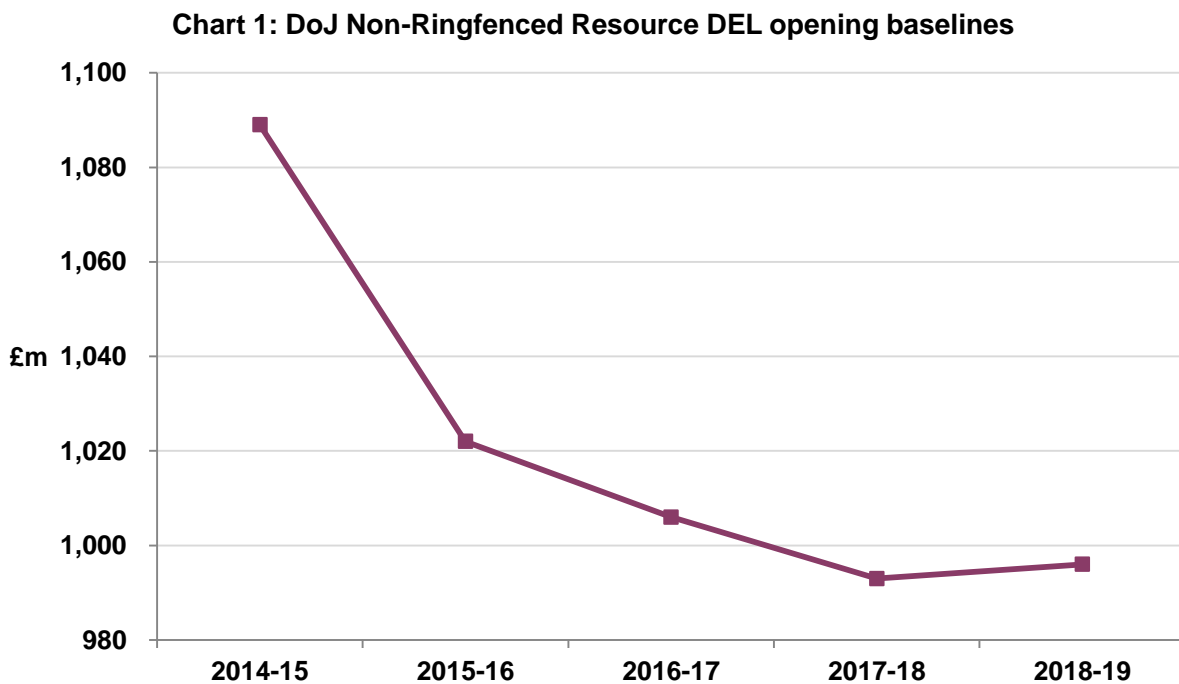
The Agency is mainly reliant on one customer which accounts for 90% of total income. This customer, however, is also a public body and therefore the risk of non-payment of income is deemed low. The Agency is also supplemented by the DoJ for pressures that are agreed each year. This covered the deficit of £2.517m in 2017-18 (2016-17: £2.647m). The deficit in 2017-18 largely relates to non-cash costs and corporate governance costs.

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

## Long-term expenditure trends

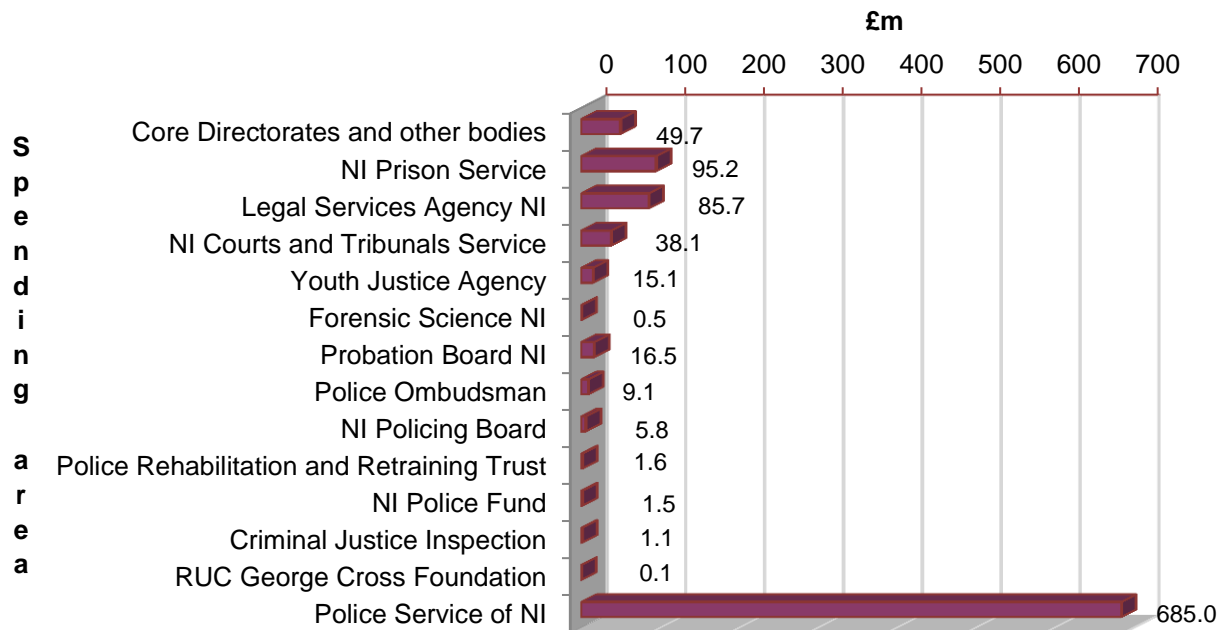
The charts below show:

- **Chart 1:** the movement in the Department of Justice non-ringfenced Resource DEL opening baseline over the period 2014-15 to 2018-19; and
- **Chart 2:** the 2018-19 non-ringfenced Resource DEL budget split by the Core Department, Executive Agencies and Non-Departmental Public Bodies.





**Chart 2: DoJ 2018-19 Non-Ringfenced Resource DEL opening budgets**



**2015-16 financial year**

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

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

### ***2016-17 financial year***

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

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

Forensic Science NI also received £10.510m of income in 2016-17, with £9.377m from the PSNI and additional funding from the Department of £0.499m.

### ***2017-18 financial year***

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

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

- a 4% cut was applied to the opening budget;
- 25% of the PSNI budget was protected and had no % cut;
- £34m of additional security funding for the PSNI was provided from the 'Fresh Start' Agreement; and
- £20m was provided towards pressures identified by the Department.

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

### ***2018-19 financial year***

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

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

Forensic Science NI is forecast to receive £10.286m of income in 2018-19, with £8.835m from the PSNI, and additional funding from the Department of £0.538m.

### **Audit**

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

The notional audit fee for the work performed by the C&AG's staff during the reporting period, and which relates solely to the audit of these Financial Statements, was £16,000 (2016-17: £16,000).

The C&AG may also undertake other statutory activities that are not related to the audit of the body's Financial Statements such as Value for Money reports. No such activity took place during 2017-18 or 2016-17.

## **Payments to suppliers**

The Agency's policy is to pay bills from all suppliers within ten working days following receipt of a properly rendered invoice or in accordance with contractual conditions, whichever is the earlier. The performance of FSNI for 2017-18 showed that on average 88.8% (2016-17: 90.7%) of invoices were paid within ten working days following receipt of a properly rendered invoice. The average for payment within 30 calendar days was 96.7% (2016-17: 96.1%).

## **Regulation and legislation**

The UKAS surveillance visit took place from 5 to 7 September 2017 and from 11 to 15 September 2017. The annual surveillance visit included two extensions to the scope of accreditation. The surveillance visit is conducted by UKAS to confirm continued competency and compliance with the requirements of ISO17025: 2005. Accreditation was maintained and was also extended in the area of Explosives and Explosive precursors (FT-IR) and a new Enhanced Sperm Recovery method. Additional accreditation activities in year included approvals for the implementation of a new Scanning Electron Microscope (SEM) instrument and introduction of new DNA quantification kits.

At the request of the FSR, FSNI (along with other UK Forensic Science providers) conducted a data integrity audit in the area of Toxicology. This was requested as a result of data integrity issues raised in RTS (UK). FSNI submitted the data integrity audit report to the FSR. No data integrity issues in Toxicology were found by FSNI.

## **Sustainability**

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

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

- safe disposal of all hazardous or environmentally damaging substances;
- recycling programme to include cardboard, paper, ICT equipment, toners, glass and plastics; and
- sustainable disposal of viable equipment.

Recycling and recovery in 2017-18 resulted in 97.1% (2016-17: 95.8%) of waste diverted from landfill.

## **Environmental, social and community Issues**

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

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

## **Health and safety**

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

The Agency sees a safe working environment as encompassing both the physical and mental well-being of its staff. The Agency strives for continuous improvement in safety performance through reviews of safe working practices and increased safety awareness of all staff. The Agency consults, as appropriate, with the Health and Safety Executive Northern Ireland (HSENI), and takes advice and guidance where improvement actions are required.

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

## **Human Rights**

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

which human rights are realised. The training is designed to increase human rights knowledge and strengthen the culture of human rights awareness and good practice within the Agency.

### **Anti-corruption and Anti-bribery**

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

### **Whistleblowing**

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

## **PERFORMANCE REPORT**



**S Brown**  
**CHIEF EXECUTIVE**  
25 June 2018

## **ACCOUNTABILITY REPORT**

### **CORPORATE GOVERNANCE REPORT**

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

#### **i - Corporate Governance Report**

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

As a minimum, the corporate governance report must include:

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

#### **ii - Remuneration and Staff Report**

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

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

#### **iii - Assembly Accountability and Audit Report**

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

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

## Directors' Report

### Chief Executive

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

### The Leadership Board

During the course of 2017-18 the membership was as set out below:

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

### Company directorships and other significant interests

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

### Personal data

FSNI complies with the Data Protection Act (DPA) 1998 and had no breaches of the Act to disclose for 2017-18.

### Complaints 2017-18

During 2017-2018, there was one complaint and two concerns raised, as per the current definitions of complaints and concerns. Of these, the two concerns were not upheld and the complaint is still being investigated. Further information can be found on the monitoring of complaints at <https://www.justice-ni.gov.uk/articles/fsni-complaints-procedure>.



## **Statement of Accounting Officer's Responsibilities**

Under the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance (DoF) has directed Forensic Science Northern Ireland to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Forensic Science Northern Ireland and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

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

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

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

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

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

## **Governance Statement**

### **1. Scope of responsibility**

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

### **2. The purpose of the Governance Framework**

The governance framework comprises the systems and processes, culture and values, by which the Agency is directed and controlled, and the activities through which it accounts to and engages with stakeholders. It enables the Agency to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, timely and cost-effective services. The governance framework for FSNI was reviewed and revised in 2017-18.

The governance framework is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of the Agency's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Agency for the year ended 31 March 2018 and up to the date of approval of the Annual Report and Accounts, and accords with DoF guidance and the Corporate Governance Code.

### **3. Governance Framework**

As Chief Executive, I am supported by the FSNI LB. The LB comprises four Executive Directors: Reporting Services (in 2017-18 the Director of Reporting Services role was filled during the year through the temporary promotion of the Director of Corporate Services); Laboratory Services; Quality, ICT and Customer Services; and Corporate Services. The LB also includes the FSNI

Finance Manager and two Independent Board Members (IBMs). The LB is supported by a dedicated Corporate Secretary.

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

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

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

The membership of the FSNI A&RAC during 2017-18 has comprised of:

- Two IBMs (one as chair); and
- One Independent A&RAC Member.

The quorum consisted of two A&RAC Members inclusive of the chair.

Representatives from Internal Audit attended meetings of the A&RAC. A representative from the NIAO also attended. The A&RAC members meet separately with the Head of Internal Audit and the NIAO audit manager. The LB, SMT and A&RAC operate under agreed Terms of Reference, which are periodically reviewed.

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

A&RAC review internal audit and NIAO reports and monitor progress against recommendations to obtain assurance.

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

From the beginning of the year, a single NICS Internal Audit team was established within the Department of Finance and this incorporated the DoJ Internal Audit team. The Internal Audit service to the DoJ continued to be provided as before with the same personnel and to the same professional standards.

Assurance Statements are completed twice annually at Directorate level within FSNI. As part of the year-end preparations for 2017-18, all the LB members were asked to complete assurance statements. The purpose of the statements is to improve management and control by identifying management's specific responsibilities and seeking written assurance that these have been exercised with reasonable care, skill and diligence. These statements also inform the content of this Governance Statement.

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

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

- National Assurance Service (NAS) (in relation to the NI DNA Database);
- Criminal Justice Inspection Northern Ireland (CJINI);
- Health and Safety Executive for Northern Ireland;
- Investors In People;
- Department of Finance;

- DoJ Financial Services Division; and
- DoF Central Procurement Directorate.

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

#### **4. Risk Management and internal control**

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

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

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

## 5. Review of effectiveness of the Governance Framework

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

### Leadership Board Review

The Agency's LB met on seven occasions during 2017-18 with attendance by members as set out below, alongside attendance records for the A&RAC.

Title	Leadership Board	*Audit and Risk Assurance Committee
Chief Executive – S Brown	7/7	3/4
*Acting Director of Reporting Services and Corporate Services Director – A McElveen	7/7	4/4
*Director of Laboratory Services – S Campbell	7/7	0/4
*Quality and ICT Director – A Kirkwood	7/7	4/4
Finance Manager – W McCollum	6/7	3/4
Independent Board Member – T Burgess	7/7	4/4
Independent Board Member – C Warnock	7/7	4/4
**Independent A&ARC Member – G Morton	N/A	4/4

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

\*\*A&RAC member only

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

### DoJ Governance

As part of the Agency's governance arrangements, I met monthly with my Departmental line manager. Effective management of financial resources was ensured by following good management practice and guidance issued by DoJ's Financial Services Division. Budget holders also received detailed monthly management accounts and updated financial forecasts throughout the year. The budgets which were delegated to the Agency for the 2017-18 financial year were not exceeded.

## **Assurance Statements**

In 2017-18, an assurance statement was completed twice by each Director and the Finance Manager

## **Audit and Risk Assurance Committee (A&RAC)**

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

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

The A&RAC has met subsequent to the year-end to review and approve the final 2017-18 Annual Report and Accounts prior to sign-off by the Accounting Officer.

## **A&RAC Opinion on Effectiveness of FSNI Governance Framework**

The A&RAC is satisfied that FSNI had a robust corporate governance framework in place in 2017-18 and that it was in compliance with relevant guidance issued by DoF. Furthermore, the A&RAC is reasonably satisfied that this framework operated effectively throughout 2017-18.

## **Internal and External Audit**

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

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

During 2017-18 the following audits were completed by Internal Audit:

- Information Assurance;
- Business Continuity Plan;
- Item Tracking (Exhibit Management); and
- Procurement and Contract Management.

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

The implementation of actions arising from recommendations from audits by Departmental Internal Audit, External Auditor, CJINI and others is regularly monitored by the LB and reviewed at A&RAC. Priority 1 actions are reported to the Director of Safer Communities. During 2017-18 there have been four recommendations made as a result of Internal Audits. Of the four recommendations due by 31 March 2018, three had been completed. The remaining recommendation was in the process of being completed. There were no priority one audit recommendation received in 2017-18. FSNI's own internal scientific Quality Audit programme (consisting of approximately 78 internal quality audits) and the close out of resultant actions are reviewed monthly by the SMT.

## **6. Budget Position**

The Northern Ireland Assembly was dissolved from 26 January 2017 with an election taking place on 2 March 2017, on which date Ministers ceased to hold office. An Executive was not formed following the 2 March 2017 election. As a consequence, the Northern Ireland Budget Act 2017 was progressed through Westminster, receiving Royal Assent on 16 November 2017, followed by the Northern Ireland Budget (Anticipation and Adjustments) Act 2018 which received Royal Assent on 28 March 2018. The authorisations, appropriations and limits in these Acts provide the authority for the 2017-18 financial year and a vote on account for the early months of the 2018-19 financial year as if they were Acts of the Northern Ireland Assembly.



## **7. Significant Internal Control Problems**

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

## **8. Accounting Officer statement on assurance**

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

## **REMUNERATION AND STAFF REPORT**

### **Remuneration Report**

#### **Remuneration Policy**

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

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

#### **Service contracts**

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

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

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

T Burgess was appointed as an Independent Board Member in April 2014 for an initial three year period, during 2016-17 this was extended to 30 April 2020. C Warnock was appointed as an Independent Board Member on 23 March 2015 for an initial three year period to 22 March 2018. This appointment has been extended for a further three years to 22 March 2021. G Morton was appointed as an Independent A&RAC Member on 6 February 2015 for an initial three year period to 5 February 2018 which has also been extended for a further three year

period to 5 February 2021. The Agency and the Independent Board/A&RAC Members may terminate the appointments by giving one month's notice in writing.

### Remuneration(including salary) and pension entitlements' (Audited Information)

LB Members	2017-18				
	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest £1,000)	Total £'000
<b>S Brown – Chief Executive</b>	80-85	-	-	3	80-85
<b>S Campbell – Director of Laboratory Services</b>	50-55	-	-	13	65-70
<b>A McElveen – Acting Director of Reporting Services (from 1 April 2017) and Corporate Services Director</b>	55-60	-	-	12	65-70
<b>A Kirkwood – Director of Quality and ICT</b>	50-55	-	-	21	70-75
<b>W McCollum – Finance Manager</b>	40-45	-	-	11	50-55
<b>T Burgess – Independent Board Member</b>	5-10	-	-	-	-
<b>C Warnock – Independent Board Member</b>	5-10	-	-	-	-

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

LB Members	2016-17				
	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest £1,000)	Total £'000
<b>S Brown – Chief Executive</b>	80-85	-	-	10	90-95
<b>P Barker – Director of Reporting Services (until 31 March 2017)</b>	45-50	-	-	17	60-65
<b>S Campbell – Director of Laboratory Services</b>	50-55	-	-	17	65-70
<b>A McElveen – Director of Corporate Services</b>	55-60	-	-	22	75-80
<b>A Kirkwood – Director of Quality</b>	50-55	-	-	21	70-75
<b>W McCollum – Finance Manager</b>	35-40	-	-	(11)	25-30
<b>T Burgess – Independent Board Member</b>	5-10	-	-	-	5-10
<b>C Warnock – Independent Board Member</b>	5-10	-	-	-	5-10

### ***Salary***

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

### ***Bonuses***

There were no bonuses paid or payable during 2017-18 or 2016-17.

### ***Benefits in kind***

No LB members received benefits in kind during 2017-18 or 2016-17.

## Pension Benefits (Audited Information)

LB Members	Accrued pension at pension age as at 31/3/18 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/18	CETV at 31/3/17	Real increase in CETV	Employer contribution to partnership pension account Nearest £100
	£'000	£'000	£'000	£'000	£'000	
<b>S Brown – Chief Executive</b>	15-20 plus lump sum of 45-50	0-2.5 plus lump sum of 0-2.5	328	317	2	-
<b>S Campbell – Director of Laboratory Services</b>	15-20 plus lump sum of 45-50	0-2.5 plus lump sum of -2.5-0	312	288	3	-
<b>A McElveen – Acting Director of Reporting Services from 1 April 2017) and Corporate Services Director</b>	10-15	0-2.5	186	163	10	-
<b>A Kirkwood – Director of Quality</b>	10-15	0-2.5	146	125	11	-
<b>W McCollum – Finance Manager</b>	5-10	0-2.5	93	85	2	-

No pension benefits are provided to the Independent Board Members.

## **Northern Ireland Civil Service (NICS) Pension arrangements**

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

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

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

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

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

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2017 was 3% and HM

Treasury has announced that public service pensions will be increased accordingly from April 2018.

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

<b>Annualised Rate of Pensionable Earnings (Salary Bands)</b>	<b>Contribution rates – Classic members or classic members who have moved to alpha</b>	<b>Contribution rates – All other members</b>
Up to £15,000.99	4.60%	4.60%
£15,001.00-£21,636.99	4.60%	4.60%
£21,637.00-£51,515.99	5.45%	5.45%
£51,516.00-£150,000.99	7.35%	7.35%
Over £150,001.00	8.05%	8.05%

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

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

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

## **Cash Equivalent Transfer Values**

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

## **Real increase in CETV**

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

## **Compensation on early retirement or for loss of office**

There were no compensation benefits paid by FSNi to any senior staff members during the financial year (2016-17: £Nil).



## **Fair pay disclosure (Audited Information)**

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

The banded remuneration of the highest-paid director in the Agency in the financial year 2017-18 was £80-85,000 (2016-17: £80-85,000). This was 2.93 times (2016-17: 2.93) the median remuneration of the workforce, which was £27,544 (2016-17: £27,544).

In 2017-18 and 2016-17 no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £18,000 to £80-85,000 (2016-17: £17,796 to £80-85,000). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

## Staff Report

### Staff costs (Audited Information)

Staff costs comprise:

	<b>Permanently Employed £000</b>	<b>Others £000</b>	<b>2017-18 Total £000</b>	<b>2016-17 Total £000</b>
Wages and salaries	5,664	45	<b>5,709</b>	5,378
Social security costs	562	-	<b>562</b>	543
Other pension costs	1,237	-	<b>1,237</b>	1,232
<b>Total</b>	<b>7,463</b>	<b>45</b>	<b>7,508</b>	7,153

In addition to the staff costs above a further £0.021m (2016-17 £0.305m) has been capitalised for staff involved with capital projects.

### Pension arrangements

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

For 2017-18 employers' contributions of £1.237m (2016-17: £1.232m) were payable to the NICS pension arrangements at one of four rates in the range 20.8% to 26.3% (2016-17: 20.8% to 26.3%) of pensionable pay, based on salary bands. The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of alpha from April 2015. For 2018-19, the rates will also range from 20.8% to 26.3% however the salary bands differ. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £Nil (2016-17: £Nil) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-

related and range from 8% to 14.75% (2016-17: 8% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £Nil, 0.5% (2016-17: £Nil, 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the reporting period date were £Nil. Contributions prepaid at that date were £Nil.

2 persons (2016-17: 1 person) retired early on ill health grounds; the total additional accrued pension liabilities in the year amounted to £7,117 (2016-17: £800)

### **Average number of persons employed (Audited Information)**

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

	<b>2017-18 Number</b>	2016-17 Number
Senior civil service staff	1	1
Senior Management	3	4
Caseworkers	116	122
Support Staff	42	45
Temporary Staff	1	1
Staff engaged on capital projects	1	5
<b>Total</b>	164	178

### **Staff composition**

The number of persons employed at 31 March 2018 by FSNI was as follows:

	<b>Female Staff Number</b>	<b>Male Staff Number</b>	<b>Total Staff Number</b>
Leadership Board	1	2	<b>3</b>
Senior civil service staff	-	1	<b>1</b>
Staff	89	72	<b>161</b>

## **Managing attendance**

FSNI takes the management of sickness absence very seriously. FSNI has robust policies and procedures in place, which reflect best practice, to ensure that staff are afforded every opportunity of getting back to good health and into the workplace as soon as possible. Staff absence levels continued to be amongst the lowest in the DoJ at 8.9 days (2016-17: 11.4 days) average per staff member, despite the sustained heavy workload across the Agency.

The health and safety of everyone in the Agency is of paramount importance and we have a duty of care to help prevent staff becoming ill and to support them when they are. FSNI develop annual plans to support Staff Welfare and Well-Being and during the 2017-18 year supported staff with a number of health prevention and promotion events.

## **Equal opportunities**

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

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

## **Disability**

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

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

## **Employee consultation**

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

## **Pay policy**

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

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

Current pay scales are available online. NI public sector pay guidance for 2017 is now in place and formal negotiations with trades unions on the 2017 pay award are ongoing.

## **Career Development**

As part of the NICS, the Agency is committed to career development, acknowledging that skilled and engaged staff are an essential resource in meeting current and future business needs.

This NICS Career Development Policy emphasises that career development is a collaborative process between individual staff members, line managers, and departments, and takes account of the NICS Competency Framework and Performance Management System. As well as the individual's role in managing their career development, the NICS provides opportunities to enhance the skills, capabilities and performance of staff so that they, in turn, can contribute to achieving corporate objectives.

There is a wide range of career development options available within the NICS and within the Career Development Policy that support various career development interventions including secondment and interchange opportunities, elective transfers, temporary promotion, job

rotation, job shadowing, as well as mentoring. In line with the NICS People Strategy 2018 - 2021 further development in the area is planned, including Talent Management Proposals to support a more corporate approach to talent management across the NICS.

### **Expenditure on consultancy**

There was no expenditure on consultancy during 2017-18 (2016-17: Nil).

### **Off-Payroll engagements**

There were no off-payroll engagements at an individual cost of over £58,200 per annum in place during 2017-18 (2016-17: £Nil).

## **ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT**

### **Assembly Accountability Disclosures (Audited Information)**

#### **Regularity of expenditure**

##### ***Losses and special payments***

There were no losses or special payments that require disclosure in 2017-18 (2016-17: Nil).

#### **Fees and charges**

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

		<b>2017-18</b>			<b>2016-17</b>	
		<b>£000</b>			<b>£000</b>	
	<b>Income</b>	<b>Full Cost</b>	<b>Surplus/ (deficit)</b>	<b>Income</b>	<b>Full Cost</b>	<b>Surplus/ (deficit)</b>
Services	<b>10,521</b>	<b>13,038</b>	<b>(2,517)</b>	10,510	13,157	(2,647)

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

Forensic Science Northern Ireland (FSNI) is working towards the financial aim of full cost recovery and to this end is currently renegotiating contracts with customers on a transactional pricing basis. Whilst there is a deficit of £2.517m (2016-17: £2.647m) on its Statement of Comprehensive Net Expenditure, this is offset by non-cash charges. Funding is provided by the DoJ to allow the Agency to maintain capacity in specific areas of National interest without recharging these costs to customers.

#### **Remote Contingent Liabilities**

There were no contingent liabilities requiring disclosure under Assembly reporting requirements. The Agency had no significant remote contingent liabilities during 2017-18 that require disclosure. Note 16 provides further details regarding the contingent liabilities that are included within the financial statements.

## ACCOUNTABILITY REPORT

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

**S Brown**

**CHIEF EXECUTIVE**

**25 June 2018**



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

## **Opinion on financial statements**

I certify that I have audited the financial statements of Forensic Science Northern Ireland for the year ended 31 March 2018 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Forensic Science Northern Ireland's affairs as at 31 March 2018 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

## **Opinion on regularity**

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

## **Basis of opinions**

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

## **Other Information**

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

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

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

## **Opinion on other matters**

In my opinion:

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

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

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

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

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

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

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

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

## Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

## Report

I have no observations to make on these financial statements.

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

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

*27 June 2018*

## FINANCIAL STATEMENTS

### Statement of Comprehensive Net Expenditure for the year ended 31 March 2018

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

		<b>2017-18</b>	2016-17
		<b>£000</b>	£000
	Note		
Income from sale of goods and services	4	-	-
Other operating income	4	<b>(10,521)</b>	(10,510)
<b>Total operating income</b>		<b>(10,521)</b>	(10,510)
Staff costs	3	<b>7,508</b>	7,153
Purchase of goods and services	3	<b>3,886</b>	3,901
Depreciation and impairment charges	3	<b>1,770</b>	1,790
Provisions expense	3	<b>(128)</b>	302
<b>Total operating expenditure</b>		<b>13,036</b>	13,146
<b>Net operating expenditure</b>		<b>2,515</b>	2,636
Finance expense	3	<b>2</b>	11
<b>Net expenditure for the year</b>		<b>2,517</b>	2,647
<b>Other comprehensive net expenditure</b>			
Items that will not be reclassified to Net Operating Expenditure:			
- Net (gain) on the revaluation of Property, Plant and Equipment	5	<b>(745)</b>	(395)
- Net (gain) on the revaluation of Intangibles	6	<b>(5)</b>	(14)
<b>Comprehensive net expenditure for the year</b>		<b>1,767</b>	2,238

The notes on pages 58 to 78 form part of these Accounts.

**Statement of Financial Position  
as at 31 March 2018**

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

	Note	2018 £000	2017 £000
<b>Non-current assets:</b>			
Property, plant and equipment	5	17,896	18,472
Intangible assets	6	3,920	3,878
<b>Total non-current assets</b>		<b>21,816</b>	<b>22,350</b>
<b>Current assets:</b>			
Inventories	8	64	108
Trade and other receivables	10	542	314
Cash and cash equivalents	9	783	185
<b>Total current assets</b>		<b>1,389</b>	<b>607</b>
<b>Total assets</b>		<b>23,205</b>	<b>22,957</b>
<b>Current liabilities</b>			
Trade and other payables	11	(2,486)	(3,253)
Provisions	12	(9)	(9)
<b>Total current liabilities</b>		<b>(2,495)</b>	<b>(3,262)</b>
<b>Total assets less current liabilities</b>		<b>20,710</b>	<b>19,695</b>
<b>Non-current liabilities</b>			
Provisions	12	(167)	(304)
<b>Total non-current liabilities</b>		<b>(167)</b>	<b>(304)</b>
<b>Total assets less total liabilities</b>		<b>20,543</b>	<b>19,391</b>
<b>Taxpayers' equity and other reserves</b>			
General fund		18,676	18,171
Revaluation reserve		1,867	1,220
<b>Total equity</b>		<b>20,543</b>	<b>19,391</b>

**S Brown**  
Accounting Officer

**25 June 2018**

The notes on pages 58 to 78 form part of these Accounts.

## Statement of Cash Flows

### for the year ended 31 March 2018

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

		2017-18 £000	2016-17 £000
	Note		
<b>Cash flows from operating activities</b>			
Net expenditure for the year		<b>(2,517)</b>	(2,647)
Adjustment for non-cash transactions	2	<b>1,699</b>	2,150
(Increase) in trade and other receivables	10	<b>(228)</b>	(2)
<i>Movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	10	<b>1</b>	2
Decrease in inventories	8	<b>44</b>	21
(Decrease) in trade and other payables	11	<b>(767)</b>	(1,515)
<i>Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		<b>863</b>	48
Use of provisions	12	<b>(9)</b>	(21)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(914)</b>	(1,964)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	<b>(1,352)</b>	(1,787)
Purchase of intangible assets	6	<b>1</b>	(35)
<b>Net cash outflow from investing activities</b>		<b>(1,351)</b>	(1,822)
<b>Cash flows from financing activities</b>			
Net Assembly funding		<b>2,863</b>	3,113
<b>Net financing</b>		<b>2,863</b>	3,113
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>598</b>	(673)
<b>Cash and cash equivalents at the beginning of the period</b>	9	<b>185</b>	858
<b>Cash and cash equivalents at the end of the period</b>	9	<b>783</b>	185

The notes on pages 58 to 78 form part of these Accounts.

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

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

		<b>General Fund £000</b>	<b>Revaluation Reserve £000</b>	<b>Total Reserves £000</b>
	Note			
<b>Balance at 31 March 2016</b>		<b>17,563</b>	<b>897</b>	<b>18,460</b>
Net Assembly funding		3,113	-	3,113
Comprehensive net expenditure for the year		(2,647)	409	(2,238)
<b>Non-cash adjustments</b>				
Notional charges – auditor's remuneration	3	16	-	16
Notional charges – other	3	40	-	40
<b>Movement in Reserves</b>				
Transfer between reserves		86	(86)	-
<b>Balance at 31 March 2017</b>		<b>18,171</b>	<b>1,220</b>	<b>19,391</b>
Net Assembly funding		2,863	-	2,863
Comprehensive net expenditure for the year		(2,517)	750	(1,767)
<b>Non-cash adjustments</b>				
Notional charges – auditor's remuneration	3	16	-	16
Notional charges – other	3	40	-	40
<b>Movement in Reserves</b>				
Transfer between reserves		103	(103)	-
<b>Balance at 31 March 2018</b>		<b>18,676</b>	<b>1,867</b>	<b>20,543</b>

The notes on pages 58 to 78 form part of these Accounts.

## **Notes to the Agency's Accounts**

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

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

#### **1.1 Accounting Convention**

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

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

#### **1.2 Property, Plant and Equipment**

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

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

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



### 1.3 Intangible Assets

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

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

### 1.4 Depreciation and Amortisation

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

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

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

Estimated useful lives, which are reviewed regularly, are:

<b>Asset category</b>	<b>Useful Life</b>
Buildings	40 years
Temporary Buildings	10 – 20 years
Plant and Equipment	3 – 25 years
Motor Vehicles	10 years
Computers	3 – 10 years
Intangible Assets	5 – 15 years

## **1.5 Inventories**

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

## **1.6 Leases**

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

## **1.7 Employee Benefits**

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

## **1.8 Early Departure Costs**

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

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

## **1.9 Provisions**

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

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

### **Injury on Duty Awards life expectancy assumption**

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

### **1.10 Contingent Liabilities**

In addition to contingent liabilities disclosed in accordance with IAS 37, the Agency discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

### **1.11 Operating Income**

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

### **1.12 Revenue Recognition**

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

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

### **1.13 Segmental Reporting**

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

#### **1.14 Programme Expenditure**

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

#### **1.15 Pensions**

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

#### **1.16 Notional Costs**

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

#### **1.17 Insurance**

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

#### **1.18 Research and Development**

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

#### **1.19 Taxation**

These Accounts are stated net of VAT. As a On-Vote Agency of a Government Department, the Agency is not liable to pay Corporation Tax.

## **1.20 Financial Instruments**

### **1.20.1 Recognition and De-recognition of Financial Assets and Financial Liabilities**

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

### **1.20.2 Financial Assets**

#### ***Trade and other receivables***

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

#### ***Cash and cash equivalents***

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

#### ***Impairment of financial assets***

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

### **1.20.3 Financial Liabilities**

#### ***Trade and other payables***

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

## **1.21 Critical Accounting Estimates and Key Judgements**

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Agency's accounting policies. We continually evaluate our estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. There are no material accounting estimates or judgements made by the Agency in preparing these Accounts.

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

### ***(i) – Depreciation of property, plant and equipment***

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

### ***(ii) – Impairment of property, plant and equipment***

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

**1.22a Accounting standards, interpretations and amendments to published standards and FReM – issued and effective in 2017-18 for the first time**

There were no accounting initiatives issued and effective in 2017-18 for the first time.

**1.22b Accounting standards, interpretations and amendments to published standards not yet effective**

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Agency’s accounting periods beginning on or after 1 April 2018 or later periods, but which the Agency has not adopted early. Other than as outlined below, the Department considers that these standards are not relevant or material to its operations.

<b>Standard</b>	IFRS 16 - Leases (replaces IAS 17 Leases and related interpretations)
<b>Effective date</b>	1 January 2019 (EU endorsed 31 October 2017)
<b>FReM application</b>	2019-20
<b>Description of revision</b>	<p>The IASB issued IFRS 16 in January 2016 with an effective date for annual periods beginning on or after 1 January 2019. Early application is permitted for those entities applying IFRS 15.</p> <p>IFRS 16 represents a significant change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. A lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value on the Statement of Financial Position. There are corresponding changes to the disclosure requirements to show the effect that leases have on the financial position, financial performance and cash flows of the lessee.</p> <p>The lessor accounting model is significantly unchanged from IAS 17 but entities should be aware of the introduction and impacts of IFRS 9 Financial Instruments and the enhanced disclosure requirements.</p>
<b>Comments</b>	The introduction of IFRS 16 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will issue an Exposure Draft on IFRS 16 during 2018 in advance of the effective date.

**1.22c Financial Reporting – Future Developments**

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

## 2 Summary of non-cash costs

	2017-18 £000	2016-17 £000
Purchase of goods and services	57	58
Depreciation and impairment charges	1,770	1,790
Provisions expense	(128)	302
	<u>1,699</u>	<u>2,150</u>



### 3 Programme expenditure

		2017-18	2016-17
	Note	£000	restated** £000
<b>Staff costs*</b>			
Wages and salaries		5,709	5,378
Social security costs		562	543
Other pension costs		1,237	1,232
		<u>7,508</u>	<u>7,153</u>
<b>Purchase of goods and services</b>			
Staff related costs		210	185
Rentals under operating leases		178	241
Accommodation, maintenance and utilities		923	982
IT, communications and office services		411	256
Contracted out services		582	689
Professional costs		117	133
Consumables, materials and equipment costs		1,117	1,077
Intra-departmental hard charges		211	221
Other		80	59
		<u>3,829</u>	<u>3,843</u>
<b>Non-cash items:</b>			
Loss on disposal of non-current assets		2	4
Auditors' remuneration and expenses		16	16
Other programme notional costs		40	40
(Decrease) in impairment for trade receivables	10	(1)	(2)
		<u>57</u>	<u>58</u>
		<u>3,886</u>	<u>3,901</u>
<b>Depreciation and impairment charges</b>			
Property, plant and equipment	5	1,681	1,715
Intangible assets	6	89	78
Revaluation of non-current assets	5,6	-	(3)
		<u>1,770</u>	<u>1,790</u>
<b>Provisions expense</b>			
Provided in year	12	-	313
Written back in year	12	(128)	(11)
Borrowing costs	12	-	-
		<u>(128)</u>	<u>302</u>
<b>Finance expense</b>			
		<u>2</u>	<u>11</u>
<b>Total Programme expenditure</b>			
		<u>13,038</u>	<u>13,157</u>

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

\*\* 'Non-capital costs' now included within 'Consumables, materials and equipment costs'.

#### 4 Income

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

	<b>2017-18</b> <b>£000</b>	2016-17 £000
<b>Sales of goods and services</b>	-	-
<b>Fees and charges</b>		
Police Service of Northern Ireland	<b>9,445</b>	9,377
Intra-departmental income	<b>528</b>	541
Other public sector customers	<b>502</b>	513
Non-public sector customers	<b>46</b>	42
	<b>10,521</b>	10,473
<b>Other operating income</b>		
EU grant	-	37
<b>Total operating income</b>	<b>10,521</b>	10,510

## 5 Property, plant and equipment

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

A full independent valuation of buildings was carried out by the Land and Property Services at 31 March 2014 in accordance with the Valuation Standards (8th edition) of the Royal Institution of Chartered Surveyors. The valuation was on a Depreciated Replacement Cost basis. Property, plant and equipment are adjusted to their current value each year by reference to the appropriate indices compiled by the Office for National Statistics. The Agency owns all of its assets and has no finance leases or PFI contracts.

## 5 Property, plant and equipment (continued)

	Land	Buildings	Vehicles Plant & Machinery	Information Technology	Assets Under Construction	2016-17 Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>						
At 1 April 2016	226	8,041	15,224	2,156	231	25,878
Additions	-	75	977	39	648	1,739
Disposals	-	(9)	(301)	(47)	-	(357)
Reclassification	-	-	-	-	(688)	(688)
Revaluation	-	-	1	1	-	2
released to SOCNE						
Revaluation	-	179	273	40	-	492
<b>At 31 March 2017</b>	<b>226</b>	<b>8,286</b>	<b>16,174</b>	<b>2,189</b>	<b>191</b>	<b>27,066</b>
<b>Depreciation</b>						
At 1 April 2016	-	644	4,796	1,695	-	7,135
Charged in year	-	287	1,248	180	-	1,715
Disposals	-	(9)	(297)	(47)	-	(353)
Revaluation	-	-	-	-	-	-
released to SOCNE						
Revaluation	-	6	70	21	-	97
<b>At 31 March 2017</b>	<b>-</b>	<b>928</b>	<b>5,817</b>	<b>1,849</b>	<b>-</b>	<b>8,594</b>
<b>Carrying amount at 31 March 2017</b>	<b>226</b>	<b>7,358</b>	<b>10,357</b>	<b>340</b>	<b>191</b>	<b>18,472</b>
Carrying amount at 31 March 2016	226	7,397	10,428	461	231	18,743
<b>Asset financing:</b>						
Owned	226	7,358	10,357	340	191	18,472
<b>Carrying amount at 31 March 2017</b>	<b>226</b>	<b>7,358</b>	<b>10,357</b>	<b>340</b>	<b>191</b>	<b>18,472</b>

Tangible Assets Under Construction expenditure in 2015-16 was correctly moved to Intangible assets in 2016-17 for the Perseus Case Management System.

## 6 Intangible assets

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

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

## 6 Intangible assets (continued)

	Software Licences £000	Software £000	Assets Under Construction £000	2016-17 Total £000
<b>Cost or valuation</b>				
At 1 April 2016	214	233	2,916	3,363
Additions	(12)	47	-	35
Disposals	-	-	-	-
Reclassification	-	-	688	688
Revaluation released to SOCNE	1	1	-	2
Revaluation	9	14	-	23
<b>At 31 March 2017</b>	<b>212</b>	<b>295</b>	<b>3,604</b>	<b>4,111</b>
<b>Amortisation</b>				
At 1 April 2016	82	63	-	145
Charged in year	29	49	-	78
Disposals	-	-	-	-
Revaluation released to SOCNE	-	1	-	1
Revaluation	4	5	-	9
<b>At 31 March 2017</b>	<b>115</b>	<b>118</b>	<b>-</b>	<b>233</b>
<b>Carrying amount at 31 March 2017</b>	<b>97</b>	<b>177</b>	<b>3,604</b>	<b>3,878</b>
Carrying amount at 31 March 2016	132	170	2,916	3,218
<b>Asset financing:</b>				
Owned	97	177	3,604	3,878
<b>Carrying amount at 31 March 2017</b>	<b>97</b>	<b>177</b>	<b>3,604</b>	<b>3,878</b>

Tangible Assets Under Construction expenditure in 2015-16 was correctly moved to Intangible assets in 2016-17 for the Perseus Case Management System.

## 7 Financial instruments

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

## 8 Inventories

	<b>2017-18</b> <b>£000</b>	2016-17 £000
Consumable inventory	<b>64</b>	106
Work in progress	-	2
	<u><b>64</b></u>	<u>108</u>

The cost of inventories recognised as an expense in the statement of comprehensive net expenditure amounted to £0.713m (2016-17: £0.795m).

## 9 Cash and cash equivalents

	<b>2017-18</b> <b>£000</b>	2016-17 £000
Balance at 1 April	<b>185</b>	858
Net changes in cash and cash equivalent balances	<b>598</b>	(673)
<b>Balance at 31 March</b>	<u><b>783</b></u>	<u>185</u>

The following balances at 31 March are held at:

Commercial banks and cash on hand	<b>783</b>	185
<b>Balance at 31 March</b>	<u><b>783</b></u>	<u>185</u>

## 10 Trade receivables, financial and other assets

	2017-18 £000	2016-17 £000
<b>Amounts falling due within one year</b>		
Trade receivables	270	111
Other receivables	4	3
Prepayments and accrued income	268	151
VAT	-	49
	<b>542</b>	<b>314</b>

Trade receivables are stated net of the following impairment:

	2017-18 £000	2016-17 £000
Balance at 1 April	4	6
Increase/(decrease) in impairment	(1)	1
Provision utilised	-	(3)
<b>Balance at 31 March</b>	<b>3</b>	<b>4</b>

## 11 Trade payables, financial and other liabilities

	2017-18 £000	2016-17 £000
<b>Amounts falling due within one year</b>		
VAT	78	-
Trade payables	17	190
Other payables	580	619
Accruals and deferred income	1,811	2,444
	<b>2,486</b>	<b>3,253</b>



## 12 Provisions for liabilities and charges

	Injury awards £000	Legal claims £000	2017-18 £000	Injury awards £000	Legal claims £000	2016-17 £000
<b>Balance at 1 April</b>	313	-	<b>313</b>	-	32	32
Provided in the year	-	-	-	313	-	313
Provisions not required written back	(128)	-	<b>(128)</b>	-	(11)	(11)
Provisions utilised in the year	(9)	-	<b>(9)</b>	-	(21)	(21)
Borrowing costs	-	-	-	-	-	-
<b>Balance at 31 March</b>	<b>176</b>	-	<b>176</b>	313	-	313

### Analysis of expected timing of discounted flows

	Injury awards £000	Legal claims £000	2017-18 £000	Injury awards £000	Legal claims £000	2016-17 £000
Not later than one year	9	-	<b>9</b>	9	-	9
Later than one year and not later than five years	35	-	<b>35</b>	40	-	40
Later than five years	132	-	<b>132</b>	264	-	264
<b>Balance at 31 March</b>	<b>176</b>	-	<b>176</b>	313	-	313

### Injury Awards

All benefits payable under the Civil Service Injury Benefit Scheme (Northern Ireland) relating to FSNI are charged to FSNI by Civil Service Pensions (Northern Ireland) on a monthly basis. The allowance is payable to the former employee for life. An estimated life expectancy of 83 years has been applied. Provision is made for the costs of providing injury awards to employees based on the current number of injury awards, and also on estimated life expectancy of these pensioners.

### Legal claims

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

### 13 Leases

#### Operating leases

£0.178m (2016:17: 0.241m) was included as an expense on operating leases in the Statement of Comprehensive Net Expenditure.

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

	<b>2017-18</b> <b>£000</b>	2016-17 £000
<b>Obligations under operating leases comprise:</b>		
<b>Buildings:</b>		
Not later than one year	<b>351</b>	351
Later than one year and not later than five years	-	351
Later than five years	-	-
	<hr/> <b>351</b> <hr/>	<hr/> 702 <hr/>

### 14 Capital commitments

	<b>2017-18</b> <b>£000</b>	2016-17 £000
Contracted capital commitments at 31 March not otherwise included in these Accounts		
Property, plant and equipment	-	-
	<hr/> - <hr/>	<hr/> - <hr/>

### 15 Other financial commitments

The Agency has not entered into any other non-cancellable contracts at 31 March 2018 (31 March 2017: £Nil).

## **16 Contingent liabilities disclosed under IAS 37**

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

### **Damages claims**

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

### **Legal cases**

There are a number of strategic litigation cases that have been lodged in relation to holiday pay for Northern Ireland Civil Service employees. Given the nature of these cases and stage of the proceedings it is not possible to determine the outcome or to quantify any potential financial impact.

## **17 Related party transactions**

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

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

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

## **18 Third Party Assets**

FSNI did not hold any Third Party Assets during 2017-18 (2016-17: Nil).

## **19 Events after the reporting period**

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

**Date authorised for issue**

The Accounting Officer authorised these financial statements for issue on 27 June 2018.





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