



Forensic Science Northern Ireland

Annual Report and Accounts
2016-2017

Forensic Science Northern Ireland

Annual Report and Accounts for the year ended 31 March 2017

*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 2017

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CONTENTS

Page

PERFORMANCE REPORT

Overview

- Chief Executive's statement 1-2
- Purpose and activities of the organisation 3-6
- Performance summary and forward look 7-8

Performance analysis 9-22

ACCOUNTABILITY REPORT

Corporate Governance Report 23

- Directors' Report 24
- Statement of Accounting Officer's Responsibilities 25
- Governance Statement 26-33

Remuneration and Staff Report 34-44

Assembly Accountability and Audit Report

- Assembly Accountability Disclosures 45-46
- Certificate and Report of the Comptroller and Auditor General 47-48

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure 49

Statement of Financial Position 50

Statement of Cash Flows 51

Statement of Changes in Taxpayers' Equity 52

Notes to the Accounts 53-72

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 and activities 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 2017.

As with most other public sector organisations, the 2016-17 year was one of considerable upheaval. However, our main focus was on ensuring that FSNI played a full and active part in delivering the Forensic Services Strategy for Northern Ireland. The strategy has been developed to ensure that Northern Ireland has access to high quality, cost-effective forensic services in support of faster, fairer justice, and FSNI is one of the key organisations tasked with delivery in partnership with other members of the criminal justice system.

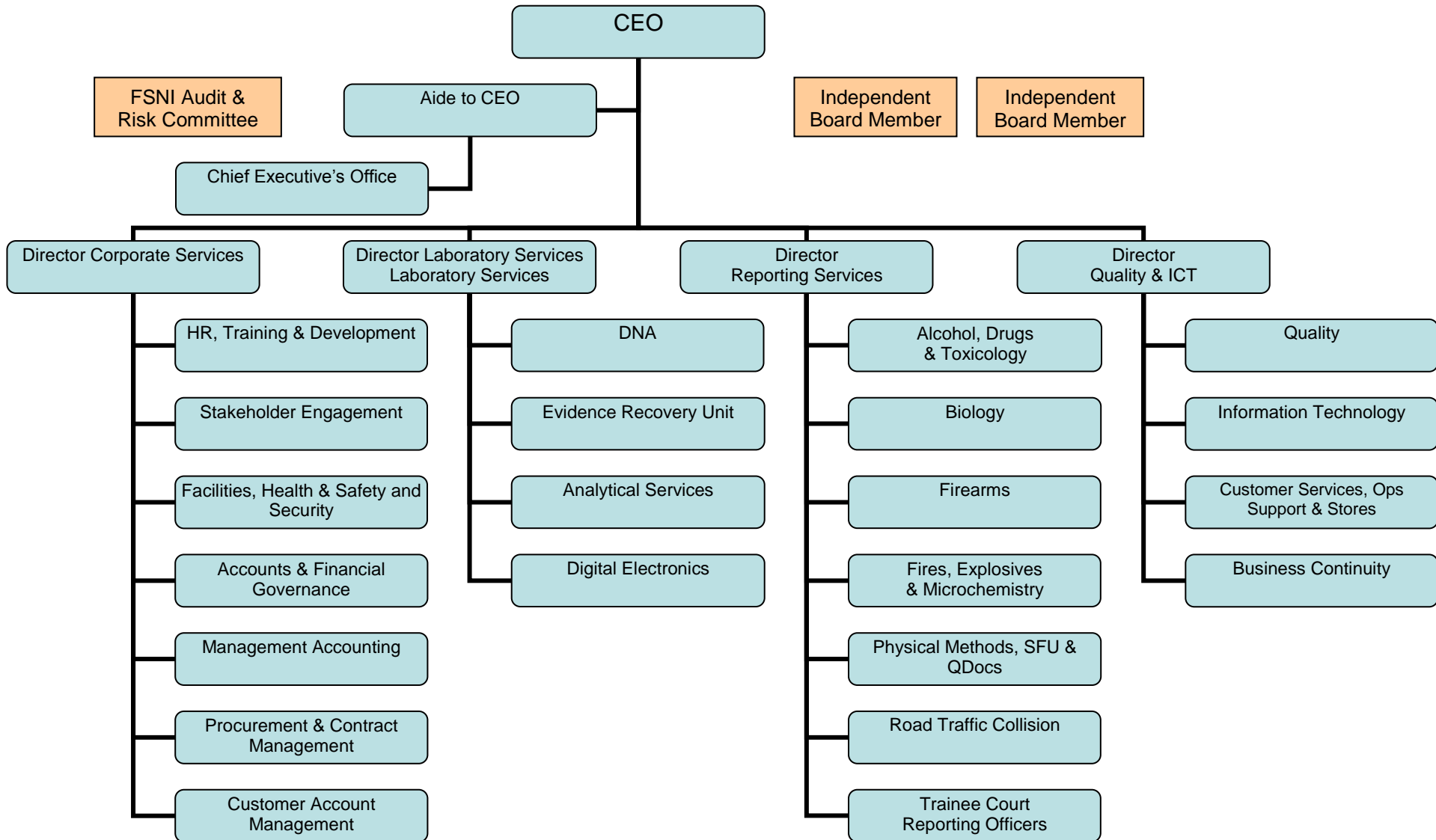
The importance of cost-effectiveness in delivery of the strategy is matched only by the need to ensure the highest quality standards. During this year, FSNI has found itself in a similar position to that of all public sector organisations, in that the ability to maintain capacity to meet demand for services has been at risk due to diminishing resources. This will continue to be a challenge and our focus in the year ahead must be on continuing to deliver high quality, efficient and effective services, whilst implementing further improvements to our systems and processes. Given the challenges of the past year, it is pleasing to report that FSNI made good progress in delivering most of its published business plan targets and this will be discussed later in this annual report.

Despite the challenges, the Agency is in the fortunate position of having this year successfully completed its three-year Transformation Programme. This programme has included a range of process reviews, conducted using Lean Six Sigma methodology, for one of which we won the

prestigious British Quality Foundation national award. In the first year of the programme we were the first in UK to launch the new, advanced DNA17 technology. Our new high care laboratory, The Locard Building, has now been operational for a year and is recognised as setting the standard, nationally and internationally. Finally, our substantial investment in integrated Information Systems - the Perseus project – has seen this year the successful implementation of the first two components (for Quality Management and Laboratory Information Management), with the final Case Management component expected to come on line in the 2017-18 business year. Perseus, together with both Locard and the reengineered processes, as well as the wider Department of Justice (DOJ) initiatives, will support the Agency in meeting the challenges ahead.

Finally it would be remiss of me not to mention the significant reduction in the number of staff now employed at FSNI as a result of the NICS wide Voluntary Exit Scheme. Whilst dealing with the loss of experience was a significant challenge, our programme of cross-skilling and succession planning enabled us to maintain services to all our stakeholders. I pay tribute to the remaining staff in FSNI for their flexibility and agility in the face of diminishing resources and I also wish to record my thanks to those staff who left FSNI in 2015-16, some of whom spent their entire career delivering forensic services for the benefit of the people of Northern Ireland.

FORENSIC SCIENCE NORTHERN IRELAND: STRUCTURE 2016-17



Purpose and Activities of the Organisation

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

Agency vision

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

The Agency's vision and mission statement reflect the emphasis on the organisation being demonstrably business-like and responsive to the needs of customers and stakeholders in the development and delivery of a wide range of high quality, modern, efficient, integrated and affordable specialist forensic services. The Agency's experience in integrating the recovery 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.

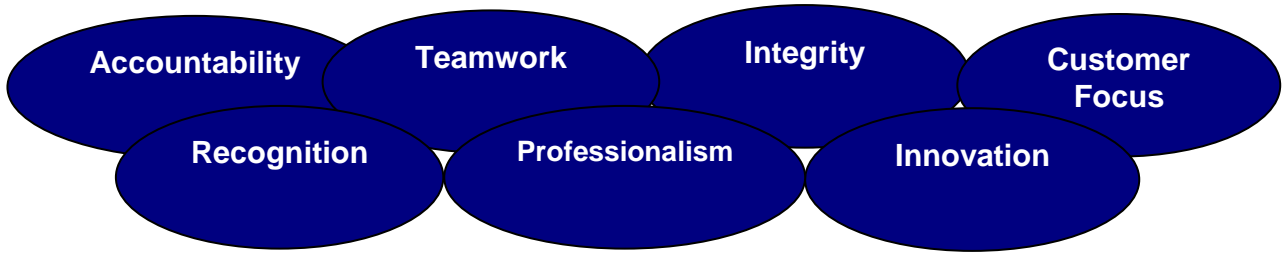
The Agency's ethos is a scientific one, meaning that the objective deductions from the evidence are rigorously arrived at with neutrality as to the conviction or acquittal of defendants and are provided to the Courts as independent expert witness.

Strategies and objectives

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

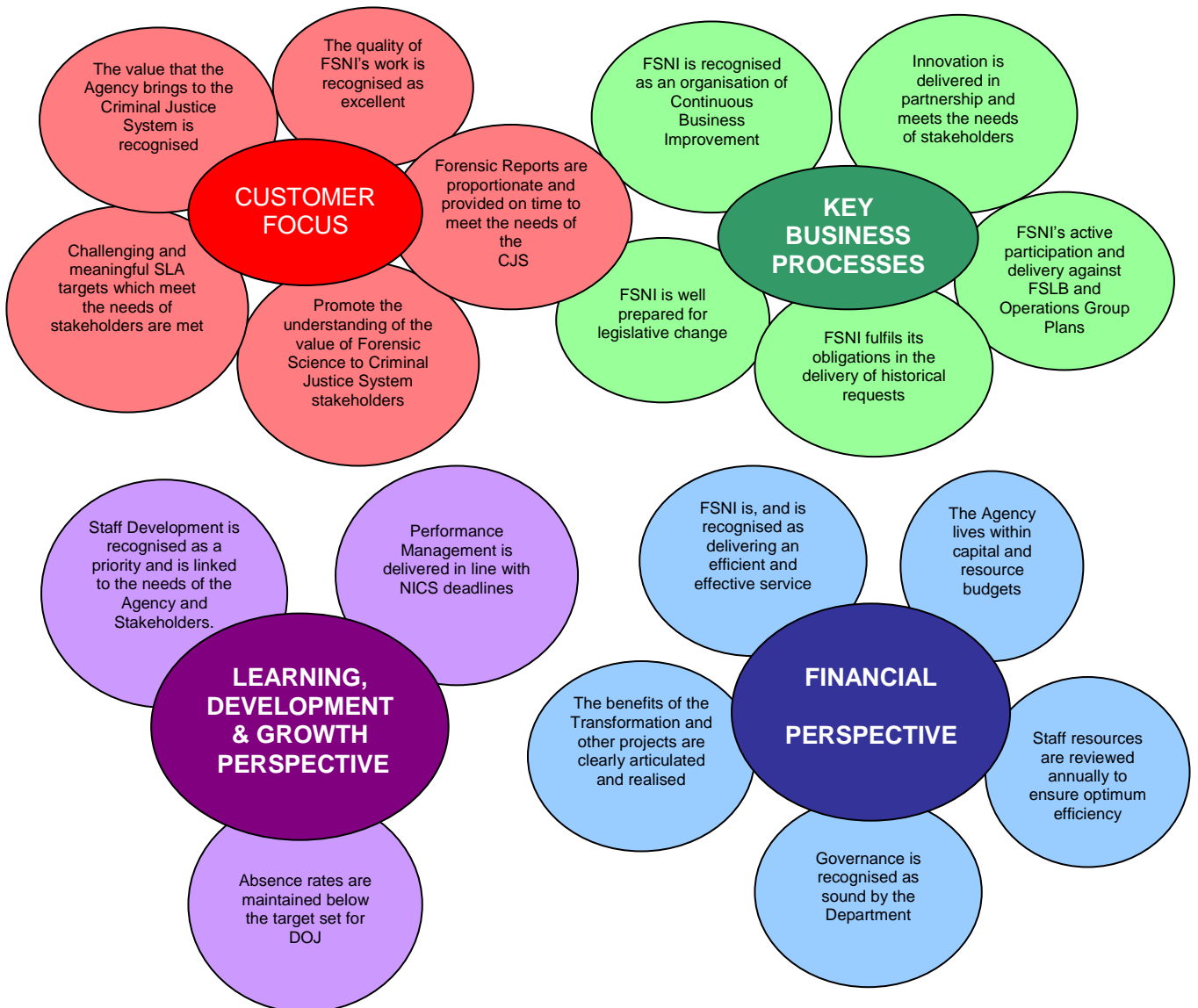
Strategy Map 2016 - 2017

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



Mission: Scientific Expertise delivered in partnership supporting justice for all

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



Description of business

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

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

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

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

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

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

Principal risks and uncertainties

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

- 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 resulting in reputational damage and poor customer satisfaction;
- failure to maintain momentum in relation to continuous business improvement and failure to meet the emerging needs of customers;
- environmental factors in relation to preparedness for legislative change, implementation of the Forensic Services Strategy and fulfilment of obligations in relation to historical cases;
- proactive support for staff in relation to Learning, Development and Growth; and
- Health and Safety.

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

Going Concern

These Accounts have been prepared on a going concern basis.

Performance summary

As with previous years, many of FSNI's specialisms continued to experience heavy caseload demand which was compounded by the loss of experienced staff as a result of the voluntary exit scheme. For 2016-17, especially heavy caseload demand was experienced in respect of Urgent Cases and the Toxicology and Biology disciplines. However, in general, performance against SLA targets remained good. The Agency worked closely with customers impacted by the loss of experienced staff 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 2016-17.

Our new high care laboratory - The Locard Building - has been operational for almost a year 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 lab 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) is on the cusp of completion, with many aspects already in operational use. When fully implemented, Perseus will assist the progression of cases, the production of forensic outputs (including reports) and the management of demand, capacity and productivity. Full implementation is expected in the 2017-18 business year.

This Agency's ethos is one of continuous business improvement and for 2016-17 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 2017-18.

Looking forward

Focus for 2017-18 will be on:

- making an effective contribution to the delivery plans for the Northern Ireland Executive's Programme for Government;
- 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 17025:2005.

PERFORMANCE ANALYSIS

Performance against Key Performance Targets 2016-17

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

Customer Perspective

High Level Outcome	Key Indicators	Key Actions	Progress Measures	Progress at 31/03/2017
Stakeholders have confidence in FSNI as the Forensic provider of choice	The value that the Agency brings to the Criminal Justice System is recognised.	By 31 July 2016 to have developed an action plan to address the findings of the 2015-16 customer survey with a particular emphasis on raising awareness of the value that forensic Science brings to the Criminal Justice System.	Plan developed by 31 July 2016 and 100% of actions agreed for 2016-17 delivered.	Achieved.
	The quality of FSNI's work is recognised as excellent and FSNI is actively collaborating with PSNI to support Quality Accreditation.	To maintain the scope of quality accreditation in FSNI and develop a joint approach with PSNI re ISO 17020 accreditation.	Accreditation maintained in FSNI and PSNI and FSNI to work in partnership towards ISO17020 accreditation and that this support is recognised by PSNI.	Achieved and work continues in relation to support for PSNI accreditation.

High Level Outcome	Key Indicators	Key Actions	Progress Measures	Progress at 31/03/2017
Stakeholders have confidence in FSNI as the Forensic provider of choice	Challenging and meaningful SLA targets, which meet the needs of the PSNI Policing Plan and the priorities of other customers are met.	To have the final draft of the Service Level Agreements with the:- PPS by 30.04.16 HMRC by 30.04.16 PSNI by 31.05.16 SPD by 31.05.16.	100% of Key Performance Indicators and Targets agreed in the SLA's met in each month of the year.	All SLAs were with customers by target date – Achieved.
	Stakeholder Engagement and relationships at all levels are recognised as effective.	By 31 May 2016 to have developed a Stakeholder Engagement Plan, in partnership with stakeholders, which addresses engagement at all levels.	Plan developed by 30 April. 100% of Stakeholder Activities delivered in line with the plan.	Achieved. Achieved.
	Forensic reports are proportionate and provided on time to meet the needs of the Criminal Justice System.	To have introduced proportionate reporting in line with PFR plans as follows:- <ul style="list-style-type: none"> ▪ Drugs – Belfast by May 2016 ▪ Drugs (Other Areas) – Aug 2016 ▪ Fingerprints – Sept 2016 ▪ Footwear – Oct 2016 ▪ Toxicology – Jan 2016 ▪ DNA and Biology – Dec 2016. 	50% of reports issued by Quarter 4 of the 2016-17 year to be at Stage 1 or 2 to demonstrate the shift from full to proportionate reporting.	Partially Achieved. Drugs, Fingerprints and Footwear achieved. Delays in Biology and toxicology are due to complexity in these areas.

Processes Perspective

High Level Outcome	Key Indicators	Key Actions	Progress Measures	Progress at 31/03/2017
FSNI is able to respond with agility to emerging challenges	FSNI is recognised as an organisation of Continuous Business Improvement.	During the year to have delivered the agreed SIP Projects and have developed an action plan to deliver activities to ensure momentum in relation to business improvement is maintained.	100% of actions agreed in the Business Improvement Plans for 2016-17 delivered.	Partially Achieved – with work continuing on a number of improvement projects.
	Innovation is delivered in partnership with and tailored to meet the emerging needs of stakeholders.	By 31 May 2016 to have developed a programme of innovation projects in partnership with key stakeholders to meet their emerging needs.	100% of actions agreed in the programme of innovation projects for 2016-17 delivered.	Partially Achieved – with work continuing on a number of innovation projects.
Environmental factors progress sufficiently to support key organisational objectives.	FSNI is well prepared for legislative change.	By 30 June 2016 to have developed a plan with appropriate milestones to ensure that FSNI is prepared for the legislative change expected.	Plan developed by 30 June 2016 and 100% of actions agreed for 2016-17 delivered.	Achieved.
	FSNI's active participation and delivery against Forensic Services Leadership Board and Operations Group plans.	Proactive delivery of any actions allocated to FSNI as required by the FSLB and Operations Group Action Plan.	100% of actions allocated to FSNI by FSLB and/or the FSOG for 2016-17 delivered in partnership with PSNI and PPS.	Achieved.

High Level Outcome	Key Indicators	Key Actions	Progress Measures	Progress at 31/03/2017
Environmental factors progress sufficiently to support key organisational objectives.	FSNI fulfils its obligations in the delivery of historical requests.	Proactive fulfilment of disclosure and scientific obligations in respect of historical requests both from the prosecution and defence to ensure that delay does not occur.	All obligations throughout the year in respect of historical requests fulfilled to ensure that delay does not occur.	Achieved.

Learning, Development and Growth Perspective

High Level Outcome	Key Indicators	Key Actions	Progress Measures	Progress at 31/03/2017
FSNI is recognised as an employer of choice.	Staff development is recognised as a priority and is demonstrably linked to the needs of the Agency and Stakeholders.	By 31 May 2016 to have developed a training plan for the Agency which meets the needs of the Agency and the priorities of stakeholders.	100% of Personal Development Plans developed and in place by 30 April 2016. 100% of in year reviews completed by 30 October 2016. 100% of end year performance management actions delivered by 31 March 2017.	Not Achieved – however a high percentage were completed within the target dates.
	Absence Rates are maintained below the target set for DOJ.	Absence is managed in all sections in FSNI in line with NICS Guidance.	FSNI sickness absence rates maintained below the target set for the DOJ.	Achieved.

Finance Perspective

High Level Outcome	Key Indicators	Key Actions	Progress Measures	Progress at 31/03/2017
Stakeholders have confidence in the Management and Governance of the Agency	FSNI is, and is recognised as delivering an efficient and effective service.	Continuing delivery of the FSLB Costing Project Group recommendations to provide reassurance to PSNI re VFM.	Two product lines as identified by the FSLB Project Group examined and recommendations implemented by 31 March 2017.	Not achieved.
	The Agency lives within capital and resource budgets.	To manage resources throughout the year to maintain annual resource and capital costs at less than or equal to agreed budgets.	Annual resource and capital expenditure costs maintained at less than or equal to agreed budgets.	Achieved.
	The benefits of Transformation and other projects are clearly articulated and realised.	Progression of Locard and Perseus to ensure the benefits of each are realised.	Sharepoint and LIMS implemented by end Nov 2016. CMS implemented by end Feb 2017. Actions delivered as agreed in the Transformation Benefits Realisation Action Plan.	Achieved. Not Achieved – expected implementation September 2017. Achieved.

High Level Outcome	Key Indicators	Key Actions	Progress Measures	Progress at 31/03/2017
Stakeholders have confidence in the Management and Governance of the Agency	Governance is recognised as sound by the Department.	Throughout the year all aspects of Corporate Governance are delivered in line with Departmental policies and all Internal Audit and External Assessor recommendations acted upon.	All aspects of Corporate Governance objectives delivered in line with Departmental Policies and all Internal Audit and External Assessor recommendations implemented as soon as they are agreed.	Achieved.
	Staff resources are reviewed annually to ensure optimum efficiency.	By 31 July 2016 to have strategically reviewed the Business Impact Mitigation Plan and consideration given re development of plan for 2017-18.	Business Impact Mitigation Plan to be strategically reviewed by August 2016.	Achieved.

Financial review

Net Expenditure

The net expenditure of the Agency for 2016-17 is compared to the previous two financial years in the table below:

	2016-17 £000	2015-16 £000	2014-15 £000
Total operating income	10,510	10,748	10,996
Staff costs	7,153	8,620	7,957
Purchase of goods and services	3,901	3,717	3,444
Depreciation and impairment charges	1,790	1,052	696
Provision expense	302	(38)	30
Total operating expenditure	13,146	13,351	12,127
Net operating expenditure	2,636	2,603	1,131
Finance expense	11	-	-
Net expenditure for the year	2,647	2,603	1,131

Non-Current Assets

Non-Current Asset expenditure movements are detailed in the notes to the financial statements. Capital expenditure in 2016-17 totalled £1.774m (2015-16: £5.062m) 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 2017 were £19.391m (2015-16: £18.460m).

Cash flow

As detailed in the notes to the Accounts, the Agency's Net Assembly draw down in 2016-17 was £3.113m (2015-16: £9.431m) and the net decrease in Cash and cash equivalents in the year was £0.673m (2015-16: increase £2.401m).

Financial risk

The Agency is mainly reliant on one customer which accounts for 89% 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 £2.647m in 2016-17 (2015-16: £2.603m). The deficit in 2016-17 arises from non-cash costs and corporate governance costs.

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

Long term expenditure trends

Following departmental restructuring in May 2016, the Planning Appeals Commission and Water Appeals Commission (PACWAC) transferred from the then Office of the First and Deputy First Minister to the NI Courts and Tribunals Service, an Executive Agency of the Department of Justice. The figures given for long term expenditure trends have not been restated in line with the Statement of Assembly Supply not being restated. Consequently, the figures given for 2013-14, 2014-15 and 2015-16 do not include PACWAC expenditure of approximately £2.0m.

The charts below show:

- **Chart 1:** the movement in the Department of Justice non-ringfenced Resource DEL opening baseline over the period 2013-14 to 2017-18; and
- **Chart 2:** the indicative 2017-18 non-ringfenced Resource DEL budget split by the Core Department, Executive Agencies (including the Forensic Science Northern Ireland), and Non-Departmental Public Bodies. For Forensic Science NI, this shows the net income received from the Department.

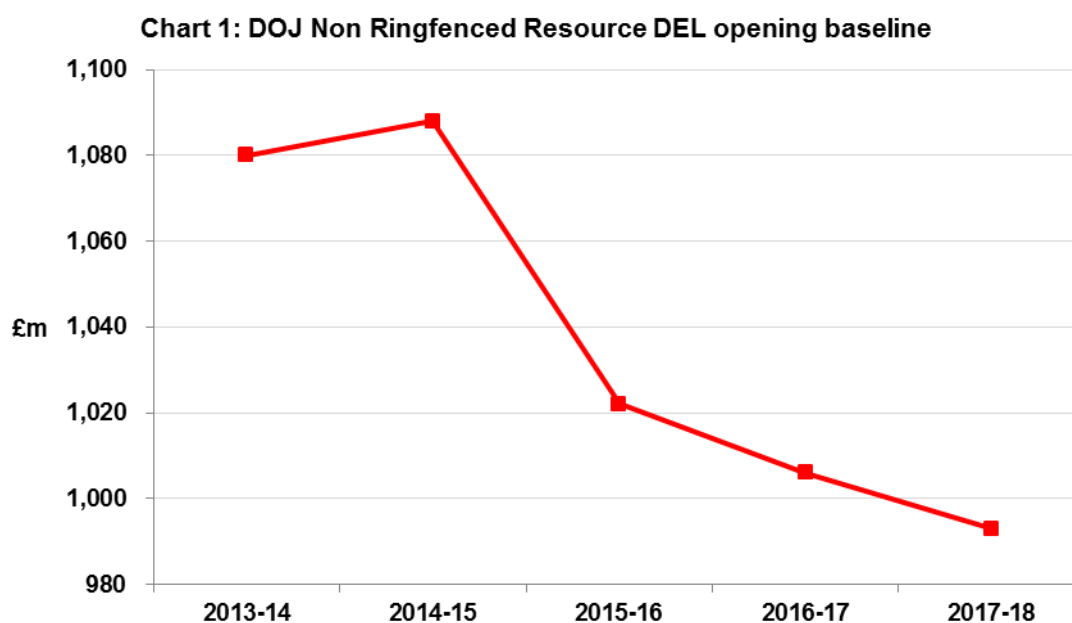
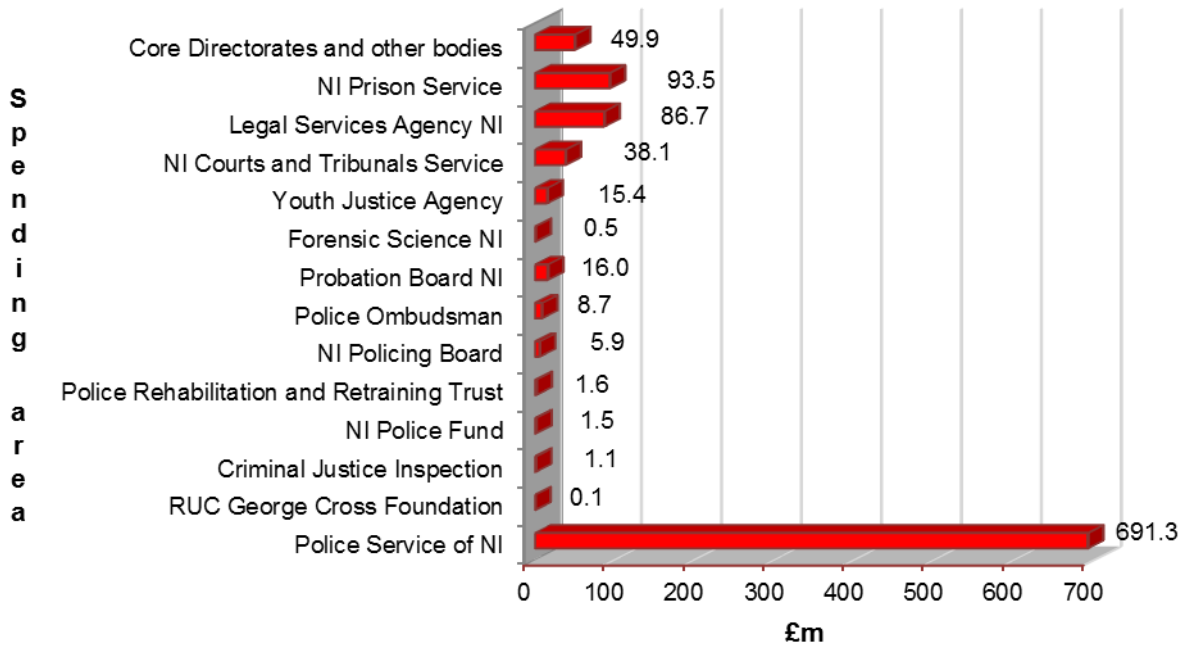


Chart 2: DOJ 2017-18 Non-Ringfenced Resource DEL indicative budgets



2013-14 and 2014-15 financial years

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

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

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

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

2015-16 financial year

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

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 Voluntary Exit Scheme (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

The Northern Ireland Assembly was dissolved as from 26 January 2017 for an election which took place on 2 March, on which date Ministers also ceased to hold office. An Executive was not formed following the election within the period specified in the legislation. As a consequence, a Budget Act is not yet in place for 2017-18. In the absence of a budget for 2017-18 determined by an Executive, Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 provide for the Permanent Secretary of the Department of Finance to issue cash to departments from the NI Consolidated Fund. These powers are an interim measure designed to ensure that services can be maintained until such times as a budget is agreed and a Budget Act passed

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 can plan and prepare to take more detailed decisions in that light.

The departmental allocations set out by the Secretary of State provide the basis on which departments are now planning for 2017-18. However, the Secretary of State was clear that the indicative budget position did not constrain the ability of an incoming Executive to adjust its priorities during the year. He also advised that some £42 million Resource DEL and £7 million Capital DEL was left unallocated in order to maintain flexibility for a new Executive to allocate resources to meet further priorities as they deem appropriate.

Therefore, while there is the potential for an incoming Executive to adjust these plans and also to allocate the unallocated resources, individual departments cannot anticipate any additional funding at this stage until such decisions are made.

The starting point for the Department of Justice's indicative 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.

Forensic Science NI is forecast to receive £9.864m of income in 2017-18, with £8.933m from the PSNI, and additional funding from the Department of £0.467m.

Audit

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

The notional audit fee for the work performed by the staff of the C&AG during the reporting period, and which relates solely to the audit of these Financial Statements, was £16,000 (2015-16: £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 2016-17 or 2015-16.

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 2016-17 showed that on average 90.7% (2015-16: 88.2%) of invoices were paid within ten working days following receipt of a properly rendered invoice. The average for payment within 30 calendar days was 96.1% (2015-16: 94.4%).

Regulation and legislation

The UKAS surveillance visit took place over two separate visits i.e. 21st to 24th June 2016 for DNA activities and 20th to 21st & 26th to 30th September 2016 for all other accredited activities. These were annual surveillance visits for accreditation to confirm continued competency and compliance with the requirements of ISO17025: 2005. Accreditation was maintained and was also extended in the area of mobile phones. Additional accreditation activities in year included approvals for the relocation of activities to the new Locard laboratory facility.

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.

Sustainability

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

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

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

Recycling in 2016-17 resulted in 95.8% (2015-16: 85.4%) of waste diverted from landfill.

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.

PERFORMANCE REPORT

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

S Brown

CHIEF EXECUTIVE

20 June 2017

ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

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

i - Corporate Governance Report

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

As a minimum, the corporate governance report must include:

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

ii - Remuneration and Staff Report

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

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

iii - Assembly Accountability and Audit Report

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

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

Directors' Report

Chief Executive

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

The Leadership Board

During the course of 2016-17 the membership was as set out below:

S Brown	Chief Executive
P Barker	Director of Reporting Services
S Campbell	Director of Laboratory Services
A McElveen	Corporate Services Director
A Kirkwood	Quality and ICT Director
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 2016-17.

Complaints 2016-17

During 2016-17 there were six complaints/concerns recorded, as per the current definitions of complaints and concerns. Of these two were upheld, two were not upheld and two are still being investigated. Further information can be found on the monitoring of complaints at www.fsni.gov.uk.

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance (DoF) 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 Department of Justice (DOJ) has designated the Chief Executive of Forensic Science Northern Ireland as the Accounting Officer of Forensic Science Northern Ireland. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Forensic Science Northern Ireland assets, are set out in Managing Public Money Northern Ireland published by the DoF.

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

2. The purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values, by which the Agency is directed and controlled, and the activities through which it accounts to and engages with stakeholders. It enables the Agency to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, timely and cost-effective services. The governance framework for FSNI was reviewed and revised in 2016-17.

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 2017 and up to the date of approval of the Annual Report and Accounts, and accords with DoF guidance.

3. Governance Framework

As Chief Executive, I am supported by the FSNI Leadership Board (LB). The LB comprises four Executive Directors: Reporting 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 and within available resources.

The Minister approves the Agency's Business Plan and regularly reviews the Agency's progress in achieving its objectives and key performance targets. During the year, FSNI did not receive any Ministerial directions.

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

The membership of the FSNI ARC during 2016-17 has comprised of:

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

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

Representatives from Internal Audit attended meetings of the ARC. A representative from the Northern Ireland Audit Office (NIAO) also attended. The IBMs meet separately with the head of Internal Audit and the NIAO audit manager. The LB, SMT and ARC operate under agreed Terms of Reference, which are periodically reviewed.

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

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

From the beginning of the 2017-18 year, a single NICS Internal Audit team has been established within the Department of Finance and this will incorporate the DOJ Internal Audit team. The Internal Audit service to the DOJ will continue 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 2016-17, all the LB members were asked to complete assurance statements. The purpose of the statements is to improve management and control by identifying management's specific responsibilities and seeking written assurance that these have been exercised with reasonable care, skill and diligence. These statements also inform the content of this Governance Statement.

The LB promotes an anti-fraud culture, supported by the Directors and their staff who are best placed to recognise the potential for fraud within the everyday operations of their teams. Fraud and Whistleblowing policies are in place and have been issued to all staff.

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

- National Assurance Service (NAS) (in relation to the NI DNA Database);
- Criminal Justice Inspection Northern Ireland (CJINI);
- Health and Safety Executive for Northern Ireland;
- Investors In People;
- Department of Finance (DoF);
- DOJ Financial Services Division; and
- DoF Central Procurement Directorate.

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

4. Risk Management and internal control

The Accounting Officer has direct responsibility for the analysis and management of risk and works with the LB and his management team to do so. Responsibilities are assigned and appropriate actions incorporated into the Agency's internal targets. The Agency, given the nature of its work and the rigours of quality accreditation in a scientific environment, has a low risk appetite. Risk is managed using a corporate risk register, with any major project or programme also having its own specific register. The Corporate Risk Register is reviewed monthly by LB and quarterly by the ARC 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 ten occasions during 2016-17 with attendance by members as set out below, alongside attendance records for the ARC.

Title	Leadership Board	*Audit and Risk Committee
Chief Executive – S Brown	10/10	4/4
Director of Reporting Services – P Barker	0/10	1/4
Corporate Services Director – A McElveen	9/10	4/4
Director of Laboratory Services – S Campbell	8/10	0/4
Quality and ICT Director – A Kirkwood	10/10	1/4
Finance Manager – W McCollum	8/10	3/4
Independent Board Member – T Burgess	9/10	4/4
Independent Board Member – C Warnock	9/10	3/4
**Independent ARC Member – G Morton	N/A	4/4

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

**ARC member only

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

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 2016-17 financial year were not exceeded.

Assurance Statements

In 2016-17, an assurance statement was completed twice by each Director.

Audit and Risk Committee (ARC)

The ARC met four times during the year and matters considered included the following:

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

The ARC has met subsequent to the year-end to review and approved the final 2016-17 Annual Report and Accounts prior to sign-off by the Accounting Officer.

Internal and External Audit

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

In recognition of the robust mechanisms for regular and in-depth scrutiny under which the Agency operates (including UKAS, CAS, CJINI, Investors in People (IiP), NFI, and FSNI's own internal programme of scientific quality audits, as well as external auditors and Internal Audit) a review of FSNI's "auditing landscape" was conducted with Internal Audit at the start of the year and a rolling three year audit plan agreed. This plan focuses on filling any gaps and avoiding unnecessary duplication and was reviewed by the ARC and Accounting Officer.

During 2016-17 the following audits were completed by Internal Audit:

- Information Assurance;
- Customer Accounts;
- Casefile Management;
- Non-Current Assets;
- Creditor payments; and
- Transformation Programme – Benefits realisation.

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 ARC. Priority 1 actions are reported to the Director of Safer Communities. During 2016-17 there have been 16 recommendations made as a result of Internal Audits. Of the 16 recommendations due by 31 March 2017, 15 had been completed. The remaining recommendation was in the process of being completed. FSNI's own internal scientific Quality Audit programme, (consisting of approximately 90 internal quality audits), and the close out of resultant actions are reviewed monthly by the SMT.

6. 2017-18 Budget Position

The Northern Ireland Assembly was dissolved as from 26 January 2017 for an election which took place on 2 March, on which date Ministers also ceased to hold office. An Executive was not formed following the election within the period specified in the legislation. As a consequence, a Budget Act is not yet in place for 2017-18. In the absence of a budget for 2017-18 determined by an Executive, Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 provide for the Permanent Secretary of the Department of Finance to issue cash to departments and agencies from the NI Consolidated Fund. These powers are an interim measure designed to ensure that services can be maintained until such times as a budget is agreed and a Budget Act passed.

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 NAS, a Quality Internal Audit programme, a programme of collaborative blind trials with other providers and by the DOJ Internal Audit team operating to Government Internal Audit Standards. They deliver an agreed prioritised programme of systems based audits covering technical, financial and non-financial systems over time.

REMUNERATION AND STAFF REPORT

Remuneration Report

Remuneration Policy

The Agency does not have a Remuneration Committee. The Minister of Finance approves the pay remit for Senior Civil Service (SCS) staff. The SCS remuneration arrangements are based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance. In 2012, upon creation, there were 11 points on each scale. The minimum point has been removed in each year from 2014 to 2016 (the scales now have 8 pay points) to allow progression through the pay scales within a reasonable period of time.

Service contracts

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

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

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

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

Single total figure of remuneration (Audited Information)

2016-17

LB Members	Salary	Bonus Payments	Benefits in kind (to nearest £100)	Pension Benefits*	Total
	£000	£000		£000	£000
S Brown – Chief Executive	80-85	-	-	10	90-95
P Barker – Director of Reporting Services	45-50	-	-	17	60-65
S Campbell – Director of Laboratory Services	50-55	-	-	17	65-70
A McElveen – Director of Corporate Services	55-60	-	-	22	75-80
A Kirkwood – Director of Quality	50-55	-	-	21	70-75
W McCollum – Finance Manager	35-40	-	-	-11	25-30
T Burgess – Independent Board Member	5-10	-	-	-	5-10
C Warnock – Independent Board Member	5-10	-	-	-	5-10

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

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

Salary

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

Bonuses

There were no bonuses paid or payable during 2015-16 or 2016-17.

Benefits in kind

No LB members received benefits in kind during 2016-17 (2015-16: £1,700 – for life assurance and the appropriate taxation was paid at source).

Pension Benefits (Audited Information)

LB Members	Accrued pension at pension age as at 31/3/17 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/17	CETV at 31/03/16	Real increase in CETV	Employer contribution to partnership pension account Nearest £100
	£000	£000	£000	£000	£000	
S Brown – Chief Executive	15-20 plus lump sum of 45-50	0-2.5 plus lump sum of 0-2.5	317	306	8	-
P Barker – Director of Reporting Services	20-25 plus lump sum of 70-75	0-2.5 plus lump sum of 2.5-5	481	447	14	-
S Campbell – Director of Laboratory Services	15-20 plus lump sum of 45-50	0-2.5 plus lump sum of -2.5-0	288	269	6	-
A McElveen – Director of Corporate Services	5-10	0-2.5	163	135	18	-
A Kirkwood – Director of Quality	5-10	0-2.5	125	108	11	-
W McCollum – Finance Manager	5-10	-2.5-0	78	80	-7	-

No pension benefits are provided to the Independent Board Members.

Northern Ireland Civil Service (NICS) Pension arrangements

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

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

Increases to public service pensions are the responsibility of HM Treasury. Pensions are reviewed each year in line with the cost of living. Increases are applied from April and are determined by the CPI figure for the preceding September. The CPI in September 2016 was 1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2017.

Employee contributions rates for all members for the period covering 1 April 2017 - 31 March 2018 are as follows:

Annualised Rate of Pensionable Earnings (Salary Bands)	Contribution rates – Classic members or classic members who have moved to alpha	Contribution rates – All other members
Up to £15,000.99	4.60%	4.60%
£15,001.00-£21,422.99	4.60%	4.60%
£21,423.00-£51,005.99	5.45%	5.45%
£51,006.00-£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 pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of classic, premium, and classic plus and 65 for members of nuvos. The normal 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. www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni.

Cash Equivalent Transfer Values

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

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement)

Compensation on early retirement or for loss of office

There were no compensation benefits paid by FSNi to any senior staff members during the financial year (2015-16: £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 2016-17 was £80-85,000 (2015-16: £80-85,000). This was 2.93 times (2015-16: 2.96) the median remuneration of the workforce, which was £27,544 (2015-16: £27,271).

In 2016-17 and 2015-16 no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £17,796 to £80-85,000 (2015-16: £17,180 to £80-85,000). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Staff Report

Staff costs (Audited Information)

Staff costs comprise:

	Permanently Employed £000	Others £000	2016-17 Total £000	2015-16 Total £000
Wages and salaries	5,330	48	5,378	6,852
Social security costs	543	-	543	450
Other pension costs	1,232	-	1,232	1,318
Total	7,105	48	7,153	8,620

In addition to the staff costs above a further £0.305m (2015-16 £0.529m) has been capitalised for staff involved with capital projects.

Pension arrangements

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit scheme but, the Agency is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2017.

For 2016-17 employers contributions of £1.232m (2015-16: £1.316m) were payable to the NICS pension arrangements at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of alpha from April 2015. From 2017-18, the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2016-17 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 (2015-16: £1,700) 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% (2015-16: 3% to 14.7%) of pensionable pay.

Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £Nil, 0.5% (2015-16: £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.

Average number of persons employed (Audited Information)

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

	2016-17 No	2015-16 No
Senior civil service staff	1	1
Senior Management	4	4
Caseworkers	122	130
Support Staff	45	47
Temporary Staff	1	-
Staff engaged on capital projects	5	6
Total	178	188

Staff composition

The number of persons employed at 31 March 2017 by FSNI was as follows:

	Female Staff No	Male Staff No	Total Staff No
Leadership Board	2	6	8
Senior civil service staff	-	1	1
Staff	99	75	174

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 11.4 days (2015-16: 7.77 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 annually plans to support Staff Welfare and Well-Being and during the 2016-17 year supported staff with a number of health prevention and promotion events.

Ill Health retirement

1 persons (2015-16: 2 persons) retired early on ill health grounds; the total additional accrued pension liabilities in the year amounted to £800 (2015-16: £4,366)

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.

Expenditure on consultancy

There was no expenditure on consultancy during 2016-17 (2015-16: Nil)

Off-Payroll engagements

There were no off-payroll engagements at an individual cost of over £58,200 per annum in place during 2016-17 (2015-16: £Nil).

Reporting of Civil Service and other compensation – exit packages (Audited Information)

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	2016-17	2015-16
			Total number of exit packages by cost band	Total number of exit packages by cost band
<£10,000	-	-	-	2
£10,000 - £25,000	-	-	-	13
£25,000 - £50,000	-	-	-	5
£50,000 - £100,000	-	-	-	10
£100,000 - £150,000	-	-	-	0
£150,000 - £200,000	-	-	-	0
over £200,000	-	-	-	0
Total number of exit packages	-	-	-	30
Total resource cost £	-	-	-	£1,051,318

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

ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

Assembly Accountability Disclosures (Audited Information)

Regularity of expenditure

Losses and special payments

There were no losses or special payments that require disclosure in 2016-17 (2015-16: Nil).

Fees and charges

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

	2016-17			2015-16		
	£000			£000		
	Income	Full Cost	Surplus/ (deficit)	Income	Full Cost	Surplus/ (deficit)
Services	10,510	13,157	(2,647)	10,748	13,351	(2,603)

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 £2.647m (2015-16: £2.603m) on its Statement of Comprehensive Net Expenditure, this is offset by non-cash charges. Funding is provided by the Department to reflect the fact that the current pricing arrangement with customers was agreed prior to the introduction of resource accounting and therefore did not include depreciation. In 2015-16 further Departmental funding was received for the Voluntary Exit Scheme.

Funding was also provided to FSNI for the Budget 2011-15 period to allow the Agency to maintain capacity in specific areas without recharging these costs to customers.

Remote Contingent Liabilities

There were no contingent liabilities requiring disclosure under Assembly reporting requirements. The Agency had no significant remote contingent liabilities during 2016-17 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', with a stylized flourish at the end.

S Brown

CHIEF EXECUTIVE

20 June 2017

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

I certify that I have audited the financial statements of Forensic Science Northern Ireland (FSNI) for the year ended 31 March 2017 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Assembly Accountability Disclosures that is described in that report as having been audited.

Respective responsibilities of the Chief Executive and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of FSNI's affairs as at 31 March 2017 and of the net operating cost for the year then ended; and

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

- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance (formerly Department of Finance and Personnel) directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.



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

28 June 2017

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2017

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.

		2016-17 £000	2015-16 £000
	Note		
Income from sale of goods and services	4	-	-
Other operating income	4	(10,510)	(10,748)
Total operating income		(10,510)	(10,748)
Staff costs	2	7,153	8,620
Purchase of goods and services	3	3,901	3,717
Depreciation and impairment charges	3	1,790	1,052
Provision expense	3	302	(38)
Total operating expenditure		13,146	13,351
Net operating expenditure		2,636	2,603
Finance expense	3	11	-
Net expenditure for the year		2,647	2,603
Other comprehensive net expenditure			
Items that will not be reclassified to Net Operating Expenditure:			
- Net (gain) on the revaluation of Property, Plant and Equipment	5	(395)	(765)
- Net (gain) on the revaluation of Intangibles	6	(14)	-
Comprehensive net expenditure for the year		2,238	1,838

All income and expenditure is derived from continuing operations.

The notes on pages 53 to 72 form part of these Accounts.

Statement of Financial Position as at 31 March 2017

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	2016-17 £000	2015-16 £000
Non-current assets:			
Property, plant and equipment	5	18,472	18,743
Intangible assets	6	3,878	3,218
Total non-current assets		22,350	21,961
Current assets:			
Inventories	8	108	129
Trade and other receivables	10	314	312
Cash and cash equivalents	9	185	858
Total current assets		607	1,299
Total assets		22,957	23,260
Current liabilities			
Trade and other payables	11	(3,253)	(4,768)
Provisions	12	(9)	(32)
Total current liabilities		(3,262)	(4,800)
Total assets less current liabilities		19,695	18,460
Non-current liabilities			
Provisions	12	(304)	-
Total non-current liabilities		(304)	-
Total assets less total liabilities		19,391	18,460
Taxpayers' equity and other reserves			
General fund		18,171	17,563
Revaluation reserve		1,220	897
Total equity		19,391	18,460



S Brown
Accounting Officer
20 June 2017

The notes on pages 53 to 72 form part of these Accounts.

Statement of Cash Flows
for the year ended 31 March 2017

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.

		2016-17	2015-16
		£000	£000
	Note		
Cash flows from operating activities			
Net expenditure for the year		(2,647)	(2,603)
Adjustment for non-cash transactions	3	2,150	1,066
Decrease/(Increase) in trade and other receivables	10	(2)	583
<i>Movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	10.2	2	14
Decrease in inventories	8	21	88
(Decrease)/Increase in trade and other payables	11	(1,515)	(1,116)
<i>Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		48	1,710
Use of provisions	12	(21)	-
Net cash (outflow)/inflow from operating activities		(1,964)	(258)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(1,787)	(6,600)
Purchase of intangible assets	6	(35)	(172)
Net cash outflow from investing activities		(1,822)	(6,772)
Cash flows from financing activities			
Net Assembly funding		3,113	9,431
Net financing		3,113	9,431
Net increase/(decrease) in cash and cash equivalents in the period		(673)	2,401
Cash and cash equivalents at the beginning of the period	9	858	(1,543)
Cash and cash equivalents at the end of the period	9	185	858

The notes on pages 53 to 72 form part of these Accounts.

**Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2017**

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

		General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 31 March 2015		10,596	215	10,811
Net Assembly funding		9,431	-	9,431
Comprehensive net expenditure for the year		(2,603)	765	(1,838)
Non-cash adjustments				
Notional charges – auditor's remuneration	3	16	-	16
Notional charges – other	3	40	-	40
Movement in Reserves				
Transfer between reserves		83	(83)	-
Balance at 31 March 2016		17,563	897	18,460
Net Assembly funding		3,113	-	3,113
Comprehensive net expenditure for the year		(2,647)	409	(2,238)
Non-cash adjustments				
Notional charges – auditor's remuneration	3	16	-	16
Notional charges – other	3	40	-	40
Movement in Reserves				
Transfer between reserves		86	(86)	-
Balance at 31 March 2017		18,171	1,220	19,391

The notes on pages 53 to 72 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 2016-17 Government Financial Reporting Manual (FReM) issued by the Department of Finance (DoF). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Agency (for the reportable activity) are described below. They have been applied consistently in dealing with items that are considered material to the Accounts.

1.1 Accounting Convention

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

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

1.2 Property, Plant and Equipment

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

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

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

1.3 Intangible Assets

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

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

1.4 Depreciation and Amortisation

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

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

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

Estimated useful lives, which are reviewed regularly, are:

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

1.5 Inventories

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

1.6 Leases

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

1.7 Employee Benefits

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

1.8 Early Departure Costs

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

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

1.9 Provisions

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

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 effective against fire, explosion, common law, third party and similar risks.

1.18 Research and Development

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

1.19 Taxation

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

1.20 Financial Instruments

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

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

1.20.2 Financial Assets

Trade and other receivables

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

Cash and cash equivalents

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

Impairment of financial assets

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

1.20.3 Financial Liabilities

Trade and other payables

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

1.21 Critical Accounting Estimates and Key Judgements

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

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

(i) – Depreciation of property, plant and equipment

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

(ii) – Impairment of property, plant and equipment

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

1.22a Accounting standards, interpretations and amendments to published standards and *FReM* – issued and effective in 2016-17 for the first time

The Agency has considered the accounting initiatives identified by HM Treasury effective in 2016-17 for the first time and considers that these changes are not relevant or material to its operations.

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 2017 or later periods, but which the Agency has not adopted early. Other than as outlined below, the Agency considers that these standards are not relevant or material to its operations..

Standard	IFRS 15 - <i>Revenue from Contracts with Customers</i> (IAS 18 <i>Revenue</i> replacement) (new)
Effective date	1 January 2018 (not yet EU adopted) - with a view to include in the 2018-19 <i>FReM</i> .
Description of revision	<p>The core principle recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled, in exchange for those goods or services. The Standard sets out five steps to recognise revenue and also includes requirements for accounting for contract costs.</p> <p>The disclosure objective of the new Standard is to establish the application principles required for entities to report useful information to the users of financial statements to better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.</p>
Comments	The introduction of IFRS 15 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury issued an Exposure Draft on IFRS 15 over the Summer of 2016. Feedback from this consultation process has been considered and will inform updates to the <i>FReM</i> . No adaptations to IFRS 15 have been proposed.

Standard	IFRS 16 - <i>Leases</i> (IAS 17 <i>Leases</i> replacement) (new)
Effective date	1 January 2019 (not yet EU adopted) - with a view to include in the 2019-20 <i>FReM</i> .
Description of revision	<p>IFRS 16 has been developed by the IASB with the aim of improving the financial reporting of leasing activities in light of criticisms that the previous accounting model for leases failed to meet the needs of users of financial statements.</p> <p>IFRS 16 largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This is a significant change in lessee accounting.</p>
Comments	The introduction of IFRS 16 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will issue an Exposure Draft on IFRS 16 in early 2018.

1.22c Financial Reporting – Future Developments

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

2 Staff Costs

	2016-17 £000	2015-16 £000
Wages and salaries	5,378	6,852
Social Security costs	543	450
Other pension costs	1,232	1,318
Total staff costs	7,153	8,620

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

3 Programme costs

	Note	2016-17 £000	2015-16 £000
Purchase of goods and services			
Staff related costs		185	190
Rentals under operating leases		241	226
Accommodation costs		982	885
Office services		256	224
Contracted Out services		689	184
Professional costs		86	172
Consumables, materials and equipment costs		1,036	1,347
Non-capital purchases		41	102
Intra-departmental hard charges		221	221
Other		106	114
		3,843	3,665
Non-cash items:			
Loss on disposal of non-current assets		4	10
Auditors' remuneration and expenses		16	16
Other programme notional costs		40	40
(Decrease) in impairment for trade receivables	10	(2)	(14)
		58	52
		3,901	3,717
Depreciation and impairment charges			
Property, plant and equipment	5	1,715	985
Intangible assets	6	78	63
Revaluation of non-current assets		(3)	4
		1,790	1,052
Provisions expense			
Provided in year	12	313	-
Written back in year	12	(11)	(38)
		302	(38)
Total Programme costs excluding Finance expense		5,993	4,731
Finance expense		11	-
Total Programme costs including Finance expense		6,004	4,731
Summary of non-cash costs:			
		2016-17 £000	2015-16 £000
Purchase of goods and services		58	52
Depreciation and impairment charges		1,790	1,052
Provisions expense		302	(38)
		2,150	1,066

4 Income

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

	2016-17 £000	2015-16 £000
Sales of goods and services	-	-
Fees and charges		
Police Service of Northern Ireland	9,377	9,877
Intra-departmental income	541	434
Other public sector customers	513	403
Non-public sector customers	42	34
	10,473	10,748
Other operating income		
EU grant	37	-
Total operating income	10,510	10,748

5 Property, plant and equipment

	Land	Buildings	Vehicles Plant & Machinery	Information Technology	Assets Under Construction	2016-17 Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
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
At 31 March 2017	226	8,286	16,174	2,189	191	27,066
Depreciation						
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
At 31 March 2017	-	928	5,817	1,849	-	8,594
Carrying amount at 31 March 2017	226	7,358	10,357	340	191	18,472
Carrying amount at 31 March 2016	226	7,397	10,428	461	231	18,743
Asset financing:						
Owned	226	7,358	10,357	340	191	18,472
Carrying amount at 31 March 2017	226	7,358	10,357	340	191	18,472

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	2015-16 Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2015	-	1,286	7,982	1,939	12,113	23,320
Additions	6	2,268	2,606	10	-	4,890
Disposals	-	(189)	(17)	-	-	(206)
Reclassification	220	4,089	4,448	209	(11,882)	(2,916)
Revaluation	-	-	(1)	(1)	-	(2)
revalued to SOCNE	-	-	-	-	-	-
Revaluation	-	587	206	(1)	-	792
At 31 March 2016	226	8,041	15,224	2,156	231	25,878
Depreciation						
At 1 April 2015	-	631	4,073	1,615	-	6,319
Charged in year	-	188	716	81	-	985
Disposals	-	(179)	(17)	-	-	(196)
Revaluation	-	-	-	-	-	-
revalued to SOCNE	-	-	-	-	-	-
Revaluation	-	4	24	(1)	-	27
At 31 March 2016	-	644	4,796	1,695	-	7,135
Carrying amount at 31 March 2016	226	7,397	10,428	461	231	18,743
Carrying amount at 31 March 2015	-	655	3,909	324	12,113	17,001
Asset financing:						
Owned	226	7,397	10,428	461	231	18,743
Carrying amount at 31 March 2016	226	7,397	10,428	461	231	18,743

6 Intangible assets

	Software Licences	Software	Assets Under Construction	2016-17 Total
	£000	£000	£000	£000
Cost or valuation				
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
At 31 March 2017	212	295	3,604	4,111
Amortisation				
At 1 April 2016	82	63	-	145
Charged in year	29	49	-	78
Disposals	-	-	-	-
Revaluation released to SOCNE	-	1	-	1
Revaluation	4	5	-	9
At 31 March 2017	115	118	-	233
Carrying amount at 31 March 2017	97	177	3,604	3,878
Carrying amount at 31 March 2016	132	170	2,916	3,218
Asset financing:				
Owned	97	177	3,604	3,878
Carrying amount at 31 March 2017	97	177	3,604	3,878

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

6 Intangible assets (continued)

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

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

	2016-17 £000	2015-16 £000
Consumable inventory	106	123
Work in progress	2	6
	<u>108</u>	<u>129</u>

The cost of inventories recognised as an expense in the statement of comprehensive net expenditure amounted to £0.795m (2015-16: £0.924m).

9 Cash and cash equivalents

	2016-17 £000	2015-16 £000
Balance at 1 April	858	(1,543)
Net changes in cash and cash equivalent balances	(673)	2,401
Balance at 31 March	<u>185</u>	<u>858</u>

The following balances at 31 March are held at:

Commercial banks and cash on hand	<u>185</u>	<u>858</u>
Balance at 31 March	<u>185</u>	<u>858</u>

10 Trade receivables and other current assets

	2016-17 £000	2015-16 £000
Amounts falling due within one year		
Trade receivables	111	88
Other receivables	3	57
Prepayments and accrued income	151	167
VAT	49	-
	<u>314</u>	<u>312</u>

Trade receivables are stated net of the following impairment:

	2016-17 £000	2015-16 £000
Balance at 1 April	6	20
Increase/(decrease) in impairment	1	(14)
Provision utilised	(3)	-
Balance at 31 March	<u>4</u>	<u>6</u>

11 Trade payables and other current liabilities

	2016-17 £000	2015-16 £000
Amounts falling due within one year		
VAT	-	99
Trade payables	190	4
Other payables	619	640
Accruals and deferred income	2,444	4,025
	<u>3,253</u>	<u>4,768</u>

12 Provisions for liabilities and charges

	Legal claims £000	Injury awards £000	2016-17 £000	2015-16 £000
Balance at 1 April	32	-	32	70
Provided in the year	-	313	313	-
Provisions not required written back	(11)	-	(11)	(38)
Provisions utilised in the year	(21)	-	(21)	-
Balance at 31 March	-	313	313	32

Analysis of expected timing of discounted flows

	Legal claims £000	Injury awards £000	2016-17 £000	2015-16 £000
Not later than one year	-	9	9	32
Later than one year and not later than five years	-	40	40	-
Later than five years	-	264	264	-
Balance at 31 March	-	313	313	32

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.

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.

	2016-17 £000	2015-16 £000
Permanent Injury Award	313	-

13 Capital commitments

	2016-17 £000	2015-16 £000
Contracted capital commitments at 31 March not otherwise included in these Accounts		
Property, plant and equipment	-	183
	<u>-</u>	<u>183</u>

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

14 Commitments under leases

14.1 Operating leases

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

	2016-17 £000	2015-16 £000
Obligations under operating leases comprise:		
Buildings:		
Not later than one year	351	394
Later than one year and not later than five years	351	703
Later than five years	-	-
	<u>702</u>	<u>1,097</u>

15 Other financial commitments

The Agency has not entered into any other non-cancellable contracts at 31 March 2017 (31 March 2016: £Nil).

16 Contingent liabilities disclosed under IAS 37

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

Damages claims

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

17 Related party transactions

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

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

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

18 Third Party Assets

FSNI did not hold any Third Party Assets during 2016-17 (2015-16: 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 28 June 2017.



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