

**Staff Commission for Education and Library Boards
Annual Report and Accounts
For the year ended 31st March 2006**

*Laid before the Houses of Parliament by the
Department of Education in accordance with Paragraph 12(2) and (4)
of the Schedule to the Northern Ireland Act 2000 and Paragraph 41
of the schedule to the Northern Ireland Act 2000 (Prescribed
Documents) Order 2004*

12 December 2006

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12 December 2006

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SECTION 1

MISSION STATEMENT

“To maintain the Commission as a key strategic resource within the Education and Library Service ensuring best practice in relation to organisational development and human resources management.”

EQUALITY STATEMENT

The Commission is fully committed to an organisational culture that provides and promotes diversity. It will mainstream equality and diversity into its policies and practices. The Commission will also explore opportunities to promote good relations in the delivery of its services.

CORE VALUES

In delivering services the Commission will:

- be equitable;
- be accessible;
- respond to customer needs;
- be open and accountable;
- act promptly;
- be professional;
- behave with integrity;
- maintain confidentiality;
- respect all opinions.

CHAIRPERSON'S FOREWORD

I am pleased to present this Annual Report for the year 2005/06, which includes a brief account by our Chief Executive Patricia Weir of another highly successful programme of work, together with a set of accounts that illustrates once again that the Staff Commission offers the taxpaying public excellent value for money. It is worth noting that of the 59 Key Performance Indicators established for the Commission for the year under review, 56 were achieved in full, with the three remaining KPIs not met in full solely due to factors outside the Commission's control.

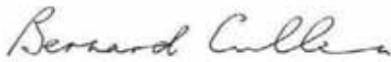
Much of the Commission's activity involves the perennial and indispensable human and industrial relations work carried out by the Commission staff, which goes on constantly in the background. This is summarised in section 2.4 below.

The Commission has continued to exercise its leadership role in mainstreaming equality in employment throughout the five Education and Library Boards (section 2.1). The year under review also saw the development by the Commission and the Boards of a Good Relations Policy and Action Plan, based on the 'Shared Future' strategic document published by Government in March 2005 and the 'Racial Equality Strategy for Northern Ireland' published by Government in July 2005 (section 2.3).

As a tangible recognition of our wholehearted commitment to equality in the workplace, the Commission was delighted to be shortlisted for the second year running in the Employer Recognition Awards hosted by the Employers' Forum on Disability (NI), this time in two categories. At a gala event in Belfast City Hall last June, the Commission was not only shortlisted in the Best Recruitment Practice category, but also received the Best Participation Award. Congratulations to all concerned.

As the year under review came to an end, I was myself appointed to membership of the Public Service Commission, established by the Secretary of State '*To make recommendations to Government on the guiding principles and steps necessary to safeguard the interests of staff and to ensure their smooth transfer to new organisations established as a consequence of Government decisions on the review of public administration*'. As well as providing support to the Public Service Commission, Staff Commission officers will also be active in the RPA Human Resource Project (DE), including membership of the Project Board and associated working groups. As is the case throughout the sectors and many public bodies affected by the Secretary of State's sweeping reorganisation announcements of November 2005 and March 2006, it is not yet clear just how Staff Commission personnel committed to assisting the implementation of these massive changes will manage to carry out their 'normal' Staff Commission duties as well. But I have no doubt that they will continue to demonstrate the wholehearted commitment and enthusiasm that have been amply and consistently demonstrated to me throughout my time chairing the Commission.

Once again, the Commission has carried out a very wide range of duties with limited staffing and other resources. The Chief Executive and her staff deserve full recognition for what they have achieved and will continue to achieve for all the Commission's stakeholders, especially now that this process of enormous upheaval throughout the Education sector is underway. I would like to take this opportunity to thank our many partners for their continuing cooperation, to commend all the Commission staff for another successful year's work, and to record once again my appreciation to my fellow Commissioners for their valued contribution to our endeavours.



Professor Bernard Cullen
Chairman

SECTION 2

CHIEF EXECUTIVE'S REVIEW OF THE YEAR

2.1 EMPLOYMENT EQUALITY ISSUES – PROMOTING BEST PRACTICE

To assist the five Boards in mainstreaming equality and to ensure that equality is central to the policy making process, the Commission was pro-active in the strategic management of the arrangements which operated during the year under review.

- **Five Year Review of Equality Scheme**

Paragraph 8 (3) of Schedule 9 of the Northern Ireland Act 1998 states:

“A public authority shall, before the end of the period of five years beginning with the submission of its current scheme, or the latest review of that scheme under this sub-paragraph, whichever is the later, review that scheme and inform the Commission of the outcome of the review.”

The Staff Commission took the lead in the completion of an inter-Board/Staff Commission Review of the Schemes. It included both backward and forward looking elements. It assessed:

- what has been achieved;
- what remains to be done;
- how to build on our successes to date; and
- how to meet the challenges identified.

It also considered the ‘workability’ of the agreed Equality Schemes. The analysis concluded that:

- The development of a Staff Commission/inter-Board collaborative approach was of considerable benefit, it resulted in the:
 - › effective use of resources;
 - › avoidance of duplication of effort;
 - › sharing of expertise and learning;
 - › development of good practice; and
 - › greater opportunity for partnership working with the community/voluntary sector.
- The two-stage approach to screening existing and new policies reflected good practice.
- The inter-Board/Staff Commission programme of equality impact assessment was on target.
- A positive contribution had been made to the further development of employment monitoring systems used by the Boards.
- The collaborative approach to consultation and our willingness to work in partnership with Section 75 umbrella groups, together with our commitment to the establishment and effective working of the Joint Consultative Forum was welcomed.
- A training strategy had been developed and implemented.
- A review of arrangements for providing information to the public was undertaken and arrangements were put in place to ensure information/services were accessible.

- Impacts and outcomes from the implementation of the Equality Schemes for the Boards/Staff Commission and/or individuals from the nine equality categories over the five year period had been clearly documented.
- **Equality Impact Assessments (EQIAs)**
The inter-Board/Staff Commission review of 'Work-life Balance' was completed. The key findings resulted in an action plan to:
 - widely publicise the availability of work-life balance policies;
 - amend inter-Board/Staff Commission policies and, as appropriate, Joint Negotiating Council (JNC) circulars; and
 - conduct a review of the pilot exercise on (home-based) teleworking.

A 'Guide to Work-life Balance' was published under the auspices of the JNC at the year's end and it was being distributed to all staff.

- **Consultation**
The Joint Consultative Forum has continued to build on the tradition of joint working on equality issues within the education sector. Since its establishment in 2004 there have been five meetings of the Forum, five meetings of the Steering Group and the publication of eight leaflets aimed at keeping all members fully informed of progress.

This year a workshop was organised under the auspices of the Joint Consultative Forum to give affected representative groups the opportunity to participate in the five yearly review of equality schemes. Eleven groups participated in the workshop. These groups cited much of the work undertaken by the Staff Commission/Boards as reflective of good practice.

2.2 CODE OF PROCEDURES ON RECRUITMENT AND SELECTION

During the year, Commission Officers provided on-going support and assistance to Boards in the implementation of the Code. Training in relation to Recruitment and Selection skills was provided to a range of Board members and Officers across the Education and Library Boards. The review of the implementation of the Code is on-going in the context of efficiency measures including inter-Board service sharing and the outcomes of the RPA.

2.3 NEW INITIATIVES

- **Good Relations Strategy**
During the year an inter-Board/Staff Commission group developed a Good Relations Policy and Action Plan. It was based on the 'Shared Future' document published in March 2005 and the 'Racial Equality Strategy for Northern Ireland' published in July 2005. To inform the strategy, an inter-Board/Staff Commission workshop was organised with participants from a range of functional areas, namely:
 - Human Resources;
 - Equality and Human Rights;
 - Curriculum, Advisory and Support Services;
 - Libraries;
 - Youth Service.

A two year transitional plan has been developed. Whilst the Boards/Staff Commission do not anticipate its full implementation within the timeframe specified, it is envisaged that progress made will help inform the good relations strategy of the new Education and Skills Authority. Public consultation is on-going on the draft policy and action plan.

2.4 FACILITATING INDUSTRIAL RELATIONS

The Staff Commission is charged with responsibility for ensuring that suitable machinery exists for negotiating the terms and conditions of employment of all officers of the Education and Library Boards. The Staff Commission provides an independent secretariat and research facility to progress the work of the negotiating machinery and to provide impartial advice and assistance to the Employers' Side and Trade Union Side Secretaries.

The Joint Negotiating Council (JNC) and the Senior Management Pay Review Panel (SMPRP) are the main mechanisms through which this responsibility is discharged.

• Joint Negotiating Council

During the reporting year there were 4 JNC meetings, 2 meetings of the Executive Committee, 7 meetings of the Joint Secretaries and numerous working party meetings for specific initiatives.

14 JNC agreements were promulgated and issued during this period.

Key items of business related to:-

- Funding for the Education and Library Boards

Last year the Boards projected a budget deficit of approximately £33 million. Draft budgets were submitted by the Boards to the Department of Education which took account of the budget shortfall. Boards screened the draft Financial Plans during April/May 2005. The Staff Commission co-ordinated the process which included the drafting of a consultation report on the Boards' Resource Allocation Plans 2005/2006 (May 2005) and the drafting of a report on the screening published in August 2005.

- Review of Public Administration (RPA)

Following the announcement on 22 November 2005 by the Secretary of State, Management and Trade Unions have had extensive discussions on the major change issues associated with the outworkings of the RPA. Both Sides have acknowledged the need for a consistent approach in relation to the protection of the interests of all staff and the implementation of an effective communications strategy.

Communications with Department of Education representatives are on-going in relation to the structures to be established to manage this change process.

The Commission, in conjunction with Management, Trade Unions, Department representatives and the Public Service Commission will play a key role in the implementation of the outcomes of the RPA.

- **Job Evaluation**

An Equality Impact Assessment is being conducted jointly by the five Boards/Staff Commission on the implementation of job evaluation. A project team has been appointed and EQIA training for the team has been provided. The EQIA is at Stage 2 of the process. Given the timescale for the creation of the new Authority, it is anticipated that the outcome of this EQIA will be a report which will help inform the pay and grading strategy for the new Authority.

- **Working Parties**

Throughout the year Commission staff were involved in a range of Joint Working Parties relating to specific initiatives. Input to the Working Parties included the chairing of meetings, research facilities and preparation of proposals/recommendations for submission to the Joint Secretaries of the Joint Negotiating Council.

2.5 ENSURING ORGANISATIONAL EFFECTIVENESS

• **Freedom of Information**

The Commission's Freedom of Information Scheme is being implemented in all areas of operation. The Scheme is published on the Commission's website.

• **Equality Scheme**

Section 75 of the Northern Ireland Act 1998 requires public authorities to promote equality of opportunity and good relations. The Staff Commission, in fulfilment of its obligations imposed by the Act and its Equality Scheme, continued to implement a programme of work aimed at mainstreaming equality. A separate Annual Report for the period 1 April 2005 – 31 March 2006 and a five year review of the Equality Scheme has been submitted to the Equality Commission for Northern Ireland. It is also published on the Staff Commission's website at www.staffcom.org.uk.

• **Corporate Strategy**

The Commission's Corporate Plan 2003/2006 details the Commission's specific legislative mandates and key strategic objectives. Although determined for a three year period the Commission strategy is reviewed on an ongoing basis and is updated annually in line with the strategic planning cycle. The Commission's annual operational plans are published separately. Of the 59 Key Performance Indicators (KPIs) established for the reporting year 56 were achieved. The KPIs not met in full were due to factors outside the control of the Staff Commission.

• **Staff Training and Development**

Individual training and development plans were reviewed to ensure that staff were provided with the necessary training to develop their knowledge and skills to support the implementation of the Staff Commission's objectives.

A key objective for the Staff Commission this year was preparation for implementation of the Review of Public Administration. Staff participated in a seminar organised by the Staff Commission for Board officers on the Human Resource Implications of the Review of Public Administration.

- **Working in Partnership**

The Staff Commission's commitment to working in partnership is evident throughout this report. Partnership working is fundamental to the successful implementation of the Commission's Corporate Strategy. During the reporting year existing partnerships were maintained, some were further developed and, through new initiatives, new partnerships were forged.

We are grateful to the community and voluntary sectors and the trade unions for the collaborative approach to the implementation of our comprehensive equality strategy.

The Commission's Statutory remit covers the five Education and Library Boards. However, through its innovative work in the equality field, the Commission has been called upon to advise and assist other public bodies in the implementation of the Section 75 duties.

The positive relationships which exist between the Education and Library Boards, Trade Unions, Department of Education and the Staff Commission greatly facilitated the implementation of our programme of work.

2.6 FINANCE

- **Financial and other Systems**

The first assignment of a new two-year audit plan was carried out by the Southern Internal Audit Services during February 2006. The audit focused upon Financial Management and Risk Management.

On the basis of Internal Audit's evaluation of the adequacy of controls, the level of assurance given on financial systems was "full", i.e. high level of control and only one minor issue noted. With regard to risk management Audit reported that "*the procedures developed by the Risk Management Co-ordinator are sound ... and the action taken is in accordance with Treasury/DFP Guidance*".

- **Statement of Accounts**

Under paragraph 6 of Schedule 2 of the Education and Libraries (NI) Order 2003, the Staff Commission for Education and Library Boards is required to prepare a statement of accounts for each financial year in accordance with the Financial Reporting Manual (FReM) issued by HM Treasury and in the form and on the basis directed by the Department of Education with the approval of the Department of Finance and Personnel. The accounts are prepared on an accruals basis and must properly present the income and expenditure for the financial year and the balances held at year-end. The statement of accounts is set out at Section 3 of this report.

SECTION 3

MANAGEMENT COMMENTARY FOR THE YEAR ENDING 31 MARCH 2006

1. BACKGROUND INFORMATION

The Staff Commission for Education and Library Boards was established in 1972 under the provisions of Article 70 and Schedule 11 of the Education and Libraries (Northern Ireland) Order 1972 (consolidated as Article 82 and Schedule 15 of the Education and Libraries (Northern Ireland) Order 1986 and as amended by Article 40 and Schedule 2 of the Education and Libraries (Northern Ireland) Order 2003).

The terms of reference of the Commission are to exercise general oversight of matters connected with the recruitment, training and terms and conditions of employment of officers of Boards and to make recommendations to Boards on such matters.

Article 114 of the Order provides that the Department of Education may pay to the Commission grants equal to the approved net expenditure incurred in accordance with financial schemes approved by the Department.

These accounts have been prepared in accordance with paragraph 5(a) of Schedule 15 to the Education and Libraries (Northern Ireland) Order 1986 and in accordance with the Financial Reporting Manual (FReM) issued by HM Treasury and accounting and disclosure requirements issued by the Department of Education with the approval of the Department of Finance and Personnel insofar as these are relevant.

Statutory Functions

The functions of the Staff Commission are set out in Schedule 15 of the Education and Libraries (Northern Ireland) Order 1986 (as amended by Schedule 2 of the Education and Libraries (Northern Ireland) Order 2003) as follows: -

- (a) to make recommendations regarding the training of officers of Boards;
- (b) to recommend appointment and promotion procedures for officers of Boards and to establish a Code of Procedure for securing fair and equal consideration of applications to Boards by persons seeking to be employed as officers of Boards and fair and equal treatment of persons who are so employed;
- (c) to establish advisory panels for the purpose of giving advice to Boards on the suitability of applicants for appointment to such offices as the Commission considers appropriate;
- (d) to ensure that suitable machinery exists for negotiating the terms and conditions of employment of all officers of Boards;
- (e) to perform such other functions as are conferred on it by any statutory provision or as the Department of Education may from time to time assign it.

2. BRIEF HISTORY

Business Review

The Operational Plan for 2005/06 demonstrates how the work of the Commission contributes towards the achievement of the Commission's strategic objectives.

Of the 59 Key Performance Indicators (KPIs) established for the reporting year, 56 were achieved. The KPIs not met in full were due to factors outside the control of the Staff Commission.

The key factors underlying the 2005/06 development and performance of the Commission are included in the full review of the Commission's activities as detailed in the Annual Report.

Pension liabilities

Details of how pension liabilities are treated in the accounts are given in the Remuneration Report which follows and notes 1.6 and 4.(c) to the accounts.

Results for the Year

The financial results for the year of the Commission are set out in detail on Page 19.

The deficit for the year was £3,579 (2005: £7,234) after charging notional costs of £3,310 (2005: £3,849).

Fixed Assets

Details of the movement of fixed assets are set out in note 9 to the accounts.

The estimated 2005/06 income and expenditure per the Commission's Resource Allocation Plan compared with the actual income and expenditure incurred in 2005/06 can be summarised as follows:

| | Estimated £K | Actual £K | Variance £K |
|---|---------------------|---------------------|-------------------|
| Revenue Grant income from the Department of Education | 334 | 334 | - |
| Contribution from Youth Council for Northern Ireland towards shared costs | <u>5</u> | <u>5</u> | <u>-</u> |
| Total revenue income (excluding release of deferred capital grant) | 339 ===== | 339 ===== | - ===== |
| Staff costs | 245 | 245 | - |
| Other operating expenses | 94 | 94 | - |
| Total revenue expenditure (excluding depreciation and notional costs) | <u>339</u> ===== | <u>339</u> ===== | <u>-</u> ===== |
| Capital grant income | 1 ===== | 1 ===== | - ===== |
| Capital expenditure | 1 ===== | 1 ===== | - ===== |

In summary, it can be seen that actual expenditure in 2005/06 was fully in line with planned expenditure for the year.

3. FUTURE DEVELOPMENTS

The Commission will continue to develop its role in promoting good employment practice, particularly in light of the major change issues associated with the implementation of the Review of Public Administration (RPA).

Future key developments include: -

- Active participation in the RPA Human Resource Project (DE) including membership of the Project Board and associated working groups;

- Providing support to the Public Service Commission to ensure that “*the interests of staff are safeguarded and there is a smooth transfer to new organisations established as a consequence of government decision on the RPA*”;
- Continue the review of the implementation of the Code of Procedures on Recruitment and Selection in the context of efficiency measures including inter-Board service sharing and the outcomes of the RPA.

4. IMPORTANT EVENTS OCCURRING AFTER THE YEAR END

There have been no significant events since the year-end, which would affect these accounts.

5. CHARITABLE DONATIONS

During the year the Commission made no donations for charitable or political purposes.

6. COMMISSION MEMBERS

Commission Members are appointed by the Minister and consist of: -

- (a) a Chairman;
- (b) 5 Members of Boards,
2 Chief Executives,
1 Chief Librarian, and
2 Staff Association Representatives;
- (c) 2 other persons;
- (d) Department of Education Assessor.

The following persons were appointed to serve as Members of the Commission during the financial year 2005/2006: -

- (a) Prof. B Cullen (reappointed January 2006)
- (b) Ms C McKinney (term ended June 2005)
Mr K M McCann (term ended June 2005)
Mr R McFerran (term ended June 2005)
Alderman F Crowe (term ended June 2005)
Mr H Faulkner (term ended June 2005)
Mr D Cargo (term ended December 2005)
Mr J Fitzsimons (retired September 2005)
Mrs E B Porter (term ended December 2005)
Mr A Elliott (term ended May 2005 due to resignation
from nominating body - GMB)
Mr H A McMullan (term ended June 2005)
- (c) Mrs A Connolly (reappointed January 2006)
Vacant
- (d) Mrs K Godfrey (term ended October 2005)

7. PEOPLE WITH DISABILITIES

The Commission actively encourages applications for employment from disabled persons where the requirements of the job may be adequately performed by a disabled person.

Where existing employees become disabled it is the Commission's policy wherever possible to provide continuous employment under normal terms and conditions and to provide training and career development and promotion where appropriate.

As a member of the Employers' Forum on Disability the Commission aims to adopt a positive and coherent equal opportunity strategy which influences its wider community involvement having particular regard to people with disabilities.

8. PAYMENT TO SUPPLIERS

Public Sector Payment Policy – Measure of compliance

The Government requires that the Commission pays its trade creditors in accordance with the Better Payment Practice Code and Government Accounting Rules.

The Commission's payment policy is consistent with the Better Payment Practice Code and Government Accounting Rules and unless otherwise stated in the contract, payment is due within 30 days of the receipt of goods or services, or presentation of a valid invoice or similar demand, whichever is later.

During the year ending 31 March 2006 100% (2005:100%) of bills were paid within this standard.

9. EMPLOYEE INVOLVEMENT

Meetings of the Commission staff are held on a regular basis and include briefings on Commission business and future developments.

10. COMPANY DIRECTORSHIPS AND OTHER SIGNIFICANT INTERESTS

A register of members' interests is available and can be inspected on application to the Chief Executive's office.

11. AUDITORS DETAILS

The Principal Auditor is the Northern Ireland Audit Office, 106 University Street, Belfast, BT7 1EU.

| | 2006 | 2005 |
|--------------------------------|-------------|-------------|
| COST OF EXTERNAL AUDIT | £ | £ |
| Audit Services (notional cost) | 3,000 | 3,200 |

The services provided relate to the statutory audit of the financial statements. There were no non-audit services provided by the Principal Auditor.

The Chief Executive, as Accounting Officer, has taken steps to make herself aware of all relevant audit information and to establish that the Commission's auditors are aware of that information.

Insofar as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware.

12. HEALTH AND SAFETY

The Commission is committed to adhering to all existing legislation on Health and Safety at work to ensure that staff and visitors enjoy the benefits of a safe environment.



Prof. B Cullen
Chairman



Mrs P Weir
Chief Executive/
Commission Secretary

27 September 2006
Date

REMUNERATION REPORT FOR THE YEAR ENDING 31 MARCH 2006

The Commission does not have a Remuneration Committee and, other than the Chairman, the Commission members do not receive emoluments.

The Chairperson of the Commission is paid by the Commission for his duties as Chairman at a rate and on such conditions as determined by the Department of Education with the approval of the Department of Finance and Personnel. Commission members also receive travelling and subsistence allowances for expenditure incurred, at such rates and on such conditions as determined by the Commission subject to the approval of the Department of Education.

The remuneration of the Chief Executive is in accordance with salary scales agreed by the Joint Negotiating Council for Education and Library Boards. While the remuneration is not based on a performance related pay scheme, performance is assessed through Commission meetings and reporting meetings with the Commission Chairman.

Service Contracts

Officer appointments are in accordance with the Joint Negotiating Council for the Education and Library Boards (JNC) terms and conditions and in particular are in accordance with the Staff Commission for Education and Library Boards' Code of Procedures on Recruitment and Selection.

Unless otherwise stated below, the officers covered by this report hold appointments which are open ended until they reach normal retiring age of 65. The normal period of notice is 3 months. Policy on termination payments in relation to premature retirement are in accordance with the Local Government Regulations and the Statutory Redundancy provisions.

Commission members, including the Chairman, are appointed by the Minister, normally for a four-year period, co-terminous with the Education and Library Boards.

The terms of office for each Commission member who served during the year are as follows:-

| | Date of Contract | Unexpired Term | Notice Period |
|---------------------------|---|-----------------------|----------------------|
| Commission Members | | | |
| Prof B Cullen | Re-appointed January 2006 | 4 years | None |
| Ms C McKinney | Term ended June 2005 | | |
| Mr K M McCann | Term ended June 2005 | | |
| Mr R McFerran | Term ended June 2005 | | |
| Alderman F Crowe | Term ended June 2005 | | |
| Mr H Faulkner | Term ended June 2005 | | |
| Mr D Cargo | Term ended December 2005 | | |
| Mr J Fitzsimons | Retired September 2005 | | |
| Mrs E B Porter | Term ended December 2005 | | |
| Mr A Elliott | Term ended May 2005 due to resignation from GMB | | |
| Mr H A McMullan | Term ended June 2005 | | |
| Mrs A Connolly | Re-appointed January 2006 | 4 years | None |
| Mrs K Godfrey | Term ended October 2005 | | |
| Chief Executive | | | |
| Mrs P Weir | Open-ended contract | | 3 months |

Emoluments of Senior Postholders and Commission Members

| Name | Pensionable Earnings £ | Accrued Pension £ | Real Increase £ | Accrued Lump Sum £ | Real Increase £ | CETV @ 31/03/05 £ | CETV @ 31/03/06 £ | Real Increase £ |
|---------------|---------------------------|----------------------|--------------------|-----------------------|--------------------|-------------------------|-------------------------|--------------------|
| Mrs P Weir | 52,137 | 20,555 | 700 | 61,665 | 2,100 | 297,159 | 325,353 | 22,501 |
| Mr P Robinson | 40,386 | 16,251 | 543 | 48,754 | 1,630 | 244,693 | 267,930 | 18,578 |
| Ms D Vaughn* | 24,231 | 8,333 | 323 | 24,999 | 968 | 113,999 | 125,615 | 9,425 |

* Ms D Vaughn works part-time, 21 hours per week

Notes:

- a** No benefits-in-kind were received.
- b** For the above members of the NILGOSC Pension Scheme, a lump sum equal to three times the accrued pension at 31st March 2006 is also payable on retirement.

No awards were made, or other compensation was payable, during the year to past senior managers.

Commission Members

The total emoluments excluding social security cost (incl. Honoraria) of the Chairman were £6,123 (2005: £5,973). The remaining 13 Commission members do not receive emoluments.

There were no payments for compensation for loss of office or benefits-in-kind paid to Commission members or senior management during the year ended 31st March 2006 (2005: £Nil).

No element of the remuneration package for the Chairman or senior management is not cash.

No amounts were payable to third parties for services of Commission members or the Chief Executive during the year.

Patricia Weir

Mrs P Weir
Chief Executive/Accounting Officer

27 September 2006
Date

STATEMENT OF STAFF COMMISSION'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES:

Under Paragraph 6(2) of Schedule 2 of the Education and Libraries (NI) Order 2003, the Staff Commission for Education and Library Boards is required to prepare a statement of accounts in respect of each financial year in such form and containing such information as the Department, with the approval of the Department of Finance and Personnel, may direct.

The accounts are prepared on an accruals basis and must give a true and fair view of the Commission's state of affairs at the year-end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Commission is required to:

- observe the Accounts Direction issued by the Departments 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 have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Commission will continue in operation.

As the senior full time official of the Staff Commission for Education and Library Boards for N.I., the Chief Executive carries the responsibilities of an Accounting Officer for the Commission. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum issued by the Department of Finance and Personnel.

STATEMENT OF INTERNAL CONTROL

1. Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Commission policies, aims and objectives, set by the Commission, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting Northern Ireland.

2. The Purpose of the System of Internal Control

The system of internal control 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 the risks to the achievement of Commission 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 Commission for the year ended 31 March 2006 and up to the date of approval of the annual report and accounts and accords with DFP guidance.

3. Capacity to Handle Risk

The Deputy Secretary is the Risk Management Co-ordinator for the Commission and works with all staff in the implementation and review of the strategy.

Risk Management is a key agenda item at staff meetings where all staff are encouraged to contribute to the risk management process.

4. The Risk and Control Framework

We have carried out appropriate procedures to ensure that we have identified the Commission's objectives and risks and determined a control strategy for each of the significant risks. As a result, risk ownership has been allocated to the appropriate staff and the Commission has set out its attitude to risk to the achievement of the Commission's objectives.

The Commission has ensured that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. A risk register has been developed and arrangements have been made for this to be regularly reviewed and updated. Risk management has been incorporated more fully into the corporate planning and decision making processes of the Commission.

The Internal Audit final report for 2005/2006 confirmed that, in relation to Risk Management, *'the procedures developed by the Risk Management Co-ordinator are sound ...and the action taken is in accordance with Treasury/DFP guidance'*.

Audit noted that the Risk Register had been reviewed and further developed during the 2005/06 year.

The Commission, through its Audit Committee, receives periodic reports concerning internal control. The appropriate steps have been taken to manage risks in significant areas of responsibility and monitor progress on key projects.

5. Review of Effectiveness

As Accounting Officer I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Deputy Secretary, who has responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the systems of internal control by the Commission and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.



Mrs P Weir
Chief Executive/Commission Secretary

27 September 2006

Date

THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS AND THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Staff Commission for Education and Library Boards for the year ended 31 March 2006 under the Education and Libraries (Northern Ireland) Order 2003. These comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Staff Commission, Chief Executive/ Accounting Officer and Auditor

The Staff Commission and Chief Executive are responsible for preparing the Annual Report and the financial statements in accordance with the Education and Libraries (Northern Ireland) Order 2003 and Department of Education directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Staff Commission's and Chief Executive's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Education and Libraries (Northern Ireland) Order 2003 and Department of Education directions made thereunder. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, if the Staff Commission has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on pages 15 and 16 reflects the Staff Commission's compliance with the Department of Finance and Personnel's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statement on internal control cover all risks and controls, or form an opinion on the effectiveness of the Staff Commission's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only Section 1 and Section 2 of the Annual Report, the Management Commentary and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Staff Commission and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Staff Commission's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Education and Libraries (Northern Ireland) Order 2003 and directions made thereunder by the Department of Education, of the state of the Staff Commission's affairs as at 31 March 2006 and of its deficit for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Education and Libraries (Northern Ireland) Order 2003 and Department of Education directions made thereunder; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

***JM Dowdall CB
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU
26 October 2006***

FINANCIAL STATEMENTS FOR YEAR ENDING 31 MARCH 2006**INCOME AND EXPENDITURE ACCOUNT FOR YEAR ENDING 31 MARCH 2006**

| | | 2006 | 2005 |
|---|--------------|-------------|-------------|
| Income | Notes | £ | £ |
| Grants from Department of Education for Northern Ireland | 2 | 342,769 | 316,863 |
| Other operating income | 3 | 4,683 | 6,983 |
| Total Income | | 347,452 | 323,846 |
| | | | |
| Expenditure | | | |
| Staff costs | 4 | 244,834 | 222,035 |
| Depreciation | 9 | 8,633 | 8,663 |
| Other operating expenses | 5 | 94,254 | 96,533 |
| | | 347,721 | 327,231 |
| Notional costs | 6 | 3,310 | 3,849 |
| Total Expenditure | | 351,031 | 331,080 |
| Deficit for the year | | (3,579) | (7,234) |
| Credit in respect of notional costs | 6 | 3,310 | 3,849 |
| Amount Transferred (from) to Income and Expenditure Reserve | 12 | (269) | (3,385) |
| | | (269) | (3,385) |

There are no recognised gains or losses for the current financial year and the preceding financial year other than as stated in the income and expenditure account. Accordingly, no statement of recognised gains and losses is given.

All amounts above relate to continuing activities.

The notes on pages 22 to 29 form part of these accounts

FINANCIAL STATEMENTS FOR YEAR ENDING 31 MARCH 2006**BALANCE SHEET AS AT 31 MARCH 2006**

| | Note | 2006 | 2005 |
|--|--------|-------|--------|
| | | £ | £ |
| Fixed Assets | | | |
| Tangible assets | 9 | 3,866 | 11,687 |
| Current Assets | | | |
| Debtors | 10 | 4,161 | 4,271 |
| Cash at bank and in hand | 14(ii) | 176 | 38 |
| | | 4,337 | 4,309 |
| Current Liabilities | | | |
| Creditors: amounts falling due within one year | 11 | 3,391 | 3,094 |
| Net Current Assets | | 946 | 1,215 |
| Total Assets less Current Liabilities | | 4,812 | 12,902 |
| Financed by: | | | |
| Reserves | | | |
| Income and expenditure reserve | 12 | 946 | 1,215 |
| Capital grant reserve | 13 | 3,866 | 11,687 |
| | | 4,812 | 12,902 |

The financial statements on pages 9-21 were approved by the Commission at its meeting held on 21 September 2006 and were signed on its behalf by:



Prof. B Cullen
Chairman



Mrs P Weir
Chief Executive/
Commission Secretary

27 September 2006
Date

The notes on pages 22 to 29 form part of these accounts.

FINANCIAL STATEMENTS FOR YEAR ENDING 31 MARCH 2006

CASH FLOW STATEMENT FOR THE YEAR ENDING 31 MARCH 2006

| | | 2006 | 2005 |
|---|--------------|-------------|-------------|
| | Notes | £ | £ |
| Net cash inflow/(outflow) from operating activities | 14(i) | 138 | (1,992) |
| Capital expenditure | 9 | 812 | 791 |
| Capital grant received | 13 | (812) | (791) |
| Increase/(Decrease) in net cash | 14(ii) | 138 | (1,992) |

The notes on pages 22 to 29 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDING 31 MARCH 2006

1. STATEMENT OF ACCOUNTING POLICIES

1.1 *Accounting Convention*

Without limiting the information given, the financial statements comply with the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986, the United Kingdom accounting standards issued or adopted by the Accounting Standards Board, the Financial Reporting Manual (FReM) issued by HM Treasury, and accounting and disclosure requirements issued by the Department of Education with the approval of the Department of Finance and Personnel, insofar as those requirements are appropriate.

1.2 *Recognition of Income*

The final approved resource allocations (recurrent) from the Department of Education are included in the income and expenditure account on a cash draw-down basis.

The annual recurrent allocations from the Department of Education are intended to meet recurrent costs.

Income from other grants received for a specific purpose, that is restricted income, is included in the income and expenditure account to the extent of matching the relevant expenditure incurred in the period. Restricted income received but not matched to relevant expenditure during the period is shown as deferred income on the balance sheet.

Income from services rendered is included to the extent of the completion of the contract or service concerned.

1.3 *Taxation*

The Commission is exempt from corporation tax on income it receives.

Items in the Income and Expenditure account are inclusive of V.A.T. where relevant.

1.4 *Fixed Assets*

All spending on a fixed asset which yields a benefit for a period of more than one year is treated as capital expenditure in the accounts. This excludes expenditure on repairs and maintenance of fixed assets, which only maintains the value of asset.

1.4.1 *Assets other than Land and Buildings*

Assets other than land and buildings costing less than £150 per individual item are written off to the income and expenditure account in the period of acquisition.

1.4.2 *Depreciation*

Depreciation is provided for all fixed assets with a finite useful life, by allocating the cost (or re-valued amount) less estimated residual value of the assets as fairly as possible to the periods expected to benefit from their use. Useful lives are estimated on a realistic basis, reviewed regularly and revised where appropriate.

All assets are depreciated on a straight line basis over their expected useful lives. A full month's depreciation is charged in the period of acquisition/commissioning and no depreciation is charged in the month of disposal.

Capitalised assets are depreciated over their useful economic lives as follows: -

| Asset Class | Asset Sub-Class | Asset Life |
|-----------------------|-------------------------------|-------------------|
| Computers | Hardware and Software | 3 years |
| Fixtures and Fittings | Office Furniture and Fixtures | 5 years |

Where these assets are acquired with the aid of specific grants the asset is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a government grant reserve and released to the income and expenditure account over the useful economic life of the related asset.

1.5 Stocks

There are no material stocks held by the Commission.

1.6 Pension Scheme

The Commission's employees belong to the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) Scheme.

The NILGOSC Scheme is of the defined benefits type; the assets of the schemes being held in separate trustee-administered funds.

The Commission's contribution to the Northern Ireland Local Government Pension Fund is determined by the fund's actuary based on a triennial Valuation.

The scheme is administered by NILGOSC, Holywood Road, Belfast.

The pension costs are assessed in accordance with the advice of independent qualified actuaries using the projected unit method.

1.7 Reserves

The Income and Expenditure Reserve balance represents the surplus (deficit) of revenue income over expenditure.

The Capital Grant Reserve represents the capital grant received re capital expenditure less release to Income and Expenditure account to match depreciation and any disposals.

2. GRANT FROM DEPARTMENTS

DEPARTMENT OF EDUCATION FOR NORTHERN IRELAND

| | 2006 | 2005 |
|--|----------------|----------------|
| Recurrent Grant | £ | £ |
| RfR A | 334,000 | 308,000 |
| Grant used for minor capital items | 136 | 200 |
| Release of capital grant reserve to match depreciation | 8,633 | 8,663 |
| | <u>342,769</u> | <u>316,863</u> |

The amount of grant drawn down and accounted for by the Commission is in accordance with the budget agreed with the Department of Education.

3. OTHER OPERATING INCOME

| | 2006 | 2005 |
|------------------------------------|--------------|--------------|
| | £ | £ |
| N.I. Youth Council | 4,683 | 4,394 |
| N.I. Council for Ethnic Minorities | - | 2,589 |
| | <u>4,683</u> | <u>6,983</u> |

4. STAFF COSTS

- (a) Other than the Chairman whose details are given in the Remuneration Report on page 14, the average number of persons employed by the Commission during the year and staff costs are as follows:

| | 2006 | 2005 |
|-----------------------------|---------------|---------------|
| | Number | Number |
| Professional/Administrative | 6 | 6 |
| Manual – Domestic | 1 | 1 |
| Total | <u>7</u> | <u>7</u> |

- (b) The staff costs incurred in respect of the above staff and the Chairman were:

| | 2006 | 2005 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| <i>Professional/Administrative</i> | | |
| Wages & salaries | 202,590 | 189,414 |
| Social security costs | 16,442 | 15,591 |
| Other pension costs | 16,436 | 8,250 |
| | <u>235,468</u> | <u>213,255</u> |
| <i>Manual – Domestic</i> | | |
| Wages & salaries | 8,355 | 8,115 |
| Social security costs | 302 | 292 |
| Other pension costs | 709 | 373 |
| | <u>9,366</u> | <u>8,780</u> |
| Total | <u>244,834</u> | <u>222,035</u> |

- (c) Pension costs

The Commission provides retirement benefits to its employees through participation in the Northern Ireland Local Government Officers' Pension Fund. This is a defined benefit scheme which produces its own resource accounts, however, the Commission is unable to identify its share of the underlying assets and liabilities within the fund.

In such cases paragraph 9(b) of Financial Reporting Standard 17 on accounting for retirement benefits requires the Commission to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

The most up to date actuarial valuation of the Scheme was carried out as at 31 March 2004, details of which are available in the Northern Ireland Local Government Officers' Pension Fund Resource Accounts.

For 2005/2006, employers' contributions of £17,145 (2004/2005: £8,623) were payable to the Scheme at 8.5% of pensionable salary. From 1st April 2006 this rate has increased as a result of the latest actuarial valuation to 11%. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the Scheme.

5. OTHER OPERATING EXPENSES (Including VAT, where relevant)

| | 2006 | 2005 |
|---|---------------|---------------|
| | £ | £ |
| Travelling & Subsistence - Officers | 4,692 | 6,148 |
| Members | 197 | 291 |
| Rent, Rates and Insurance | 34,845 | 33,616 |
| Hospitality | 2,798 | 2,677 |
| Conferences, Courses and Training | 5,553 | 3,687 |
| Service Charge, Electricity, Cleaning, Eye Tests/Advert | 9,745 | 11,221 |
| Maintenance and Repairs | 1,869 | 316 |
| Minor Capital Items | 133 | 200 |
| Maintenance Contract | 1,410 | 822 |
| Printing, Stationery and Office Requisites | 11,434 | 19,344 |
| Telephone and Postage | 7,524 | 7,038 |
| Miscellaneous | 3,001 | 4,095 |
| Internal Audit Services | 2,820 | 2,335 |
| Accountancy Services (including £329 re prior year) | 2,180 | 2,761 |
| Consultancy and Research | 6,053 | 1,982 |
| | <u>94,254</u> | <u>96,533</u> |

Other operating expenses above include:

| | 2006 | 2005 |
|--------------------------------------|---------------|---------------|
| | £ | £ |
| Operating leases - hire of machinery | 1,839 | 1,839 |
| Operating leases - property | 22,250 | 21,370 |
| | <u>24,089</u> | <u>23,209</u> |

6. NOTIONAL COSTS

| | 2006 | 2005 |
|---------------------------------|--------------|--------------|
| | £ | £ |
| External auditor's remuneration | 3,000 | 3,200 |
| Use of capital | 310 | 649 |
| | <u>3,310</u> | <u>3,849</u> |

The Commission bases the cost of capital calculation on the total assets less total liabilities. The cost of capital percentage for the year ended 31st March 2006 is 3.5% (2005:3.5%).

7. INTRA GOVERNMENT BALANCES

As a minor body, the Commission is exempt from the requirements of the Whole of Government accounts.

8. INTEREST PAYABLE

The Commission did not pay any interest during the year.

9. TANGIBLE FIXED ASSETS

| | Computers | Fixtures & Fittings | TOTAL |
|--|------------------|------------------------------------|---------------|
| Cost | £ | £ | £ |
| At 1 April 2005 | 23,501 | 5,649 | 29,150 |
| Additions | <u>457</u> | <u>355</u> | <u>812</u> |
| At 31 March 2006 | <u>23,958</u> | <u>6,004</u> | <u>29,962</u> |
| Depreciation | | | |
| At 1 April 2005 | 13,523 | 3,940 | 17,463 |
| Charge for period | <u>7,704</u> | <u>929</u> | <u>8,633</u> |
| At 31 March 2006 | <u>21,227</u> | <u>4,869</u> | <u>26,096</u> |
| Net Book Value at 31 March 2006 | <u>2,731</u> | <u>1,135</u> | <u>3,866</u> |
| Net Book Value at 31 March 2005 | <u>9,978</u> | <u>1,709</u> | <u>11,687</u> |

The Commission owns all the above assets. Should fixed assets be sold, proceeds from the sale can only be retained with the approval of the Departments and otherwise must be surrendered to the Department of Education.

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2006 | 2005 |
|--------------------------------|--------------|--------------|
| | £ | £ |
| Prepayments and accrued Income | 4,161 | 4,271 |
| | <u>4,161</u> | <u>4,271</u> |

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2006 | 2005 |
|------------------------------|--------------|--------------|
| | £ | £ |
| Accruals and deferred income | 3,391 | 3,094 |
| | <u>3,391</u> | <u>3,094</u> |

12. INCOME AND EXPENDITURE RESERVE

| | 2006 | 2005 |
|---|-------------|--------------|
| | £ | £ |
| At 1 April 2005 | 1,215 | 4,600 |
| Amount transferred to/(from) Income and Expenditure Account | (269) | (3,385) |
| At 31 March 2006 | <u>946</u> | <u>1,215</u> |

13. CAPITAL GRANT RESERVE

| | 2006 | 2005 |
|--|--------------|---------------|
| | Total | Total |
| | £ | £ |
| At 1 April 2005 | 11,687 | 19,559 |
| Capital grant received re additions to tangible fixed assets | 812 | 791 |
| Release of capital grants re depreciation | (8,633) | (8,663) |
| At 31 March 2006 | <u>3,866</u> | <u>11,687</u> |

14. NOTES TO THE CASH FLOW STATEMENT**(i) Reconciliation of operating deficit to cashflow from operating activities**

| | 2006 | 2005 |
|--|-------------|----------------|
| | £ | £ |
| Deficit for the year | (3,579) | (7,234) |
| <i>Adjust for:</i> | | |
| Depreciation (note 9) | 8,633 | 8,663 |
| Capital grant release - depreciation (note 13) | (8,633) | (8,663) |
| Notional costs (note 6) | 3,310 | 3,849 |
| Decrease/(Increase) in prepayments & accrued income | 110 | (629) |
| Increase in accruals and deferred income | 297 | 2,022 |
| <i>Net cash inflow/(outflow) from operating activities</i> | <u>138</u> | <u>(1,992)</u> |

(ii) Reconciliation of net cash (outflow)/inflow to movement in net funds

| | 2006 | 2005 |
|---|-------------|----------------|
| | £ | £ |
| Cash at bank and in hand at start of year | 38 | 2,030 |
| Net cash inflow/(outflow) | <u>138</u> | <u>(1,992)</u> |
| Cash at bank and in hand at end of year | <u>176</u> | <u>38</u> |

15. RELATED PARTY TRANSACTIONS

The Staff Commission for Education and Library Boards is a Non-Departmental Public Body sponsored by the Department of Education (DE). DE is regarded as a related party. During the year, the Commission has had various material transactions with DE and with other entities for which the Department of Education is regarded as the parent Department. These include:

- the Belfast Education and Library Board,
- the North Eastern Education and Library Board,
- the South Eastern Education and Library Board,
- the Southern Education and Library Board,
- the Western Education and Library Board.

During the year, none of the Commission members or members of the senior management team have undertaken any material transactions with the Commission. The information contained in the accounts of the Staff Commission relevant to the Department of Education is included in the Resource Accounts of the Department of Education, which are published separately.

16. FINANCIAL COMMITMENTS

| | 2006 | 2005 |
|---|--------------|--------------|
| | £ | £ |
| The Commission had the following annual rental financial commitments: | | |
| In respect of a property lease expiring on 31 March 2010, with a break option at April 2007, if required. | 22,250 | * |
| In respect of office equipment leases: | | |
| - lease expiring within 0-1 years (see below) | 141 | - |
| 1-2 years | - | 564 |
| 2-5 years | 1,275 | 1,275 |
| | <u>1,416</u> | <u>1,839</u> |

*In April 2005 the property lease, which expired on 31 March 2005, was renegotiated for a five year period to 31 March 2010 at an annual rental of £22,250 with a break option at April 2007, if required.

The rental for the office equipment lease expiring within one year is the total charge remaining under that lease.

17. FINANCIAL INSTRUMENTS

Because of the largely non-trading nature of its activities and the way in which it is financed, the Commission is not exposed to the degree of financial risk faced by business entities. The Commission has no powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Commission in undertaking its activities.

Liquidity Risk

The Commission's net revenue resource and capital expenditure requirements are largely financed by grants from its sponsoring department. The Commission is not, therefore, exposed to significant liquidity risks.

Interest Rate Risk

The Commission's financial assets and liabilities do not carry interest. The Commission is not, therefore, exposed to significant interest rate risk.

Foreign Currency Risk

The Commission's exposure to foreign currency risk is not significant. Foreign currency income and expenditure are negligible.

18. FINANCIAL TARGET

The Commission's only financial target for 2005-2006 was to contain expenditure within the resource allocation approved by the Department. This has been achieved.

