



Annual Report & Accounts

2005 - 2006



Forensic Science
Northern Ireland

Forensic Science Northern Ireland

Eleventh Annual Report and Accounts

1st April 2005 - 31st March 2006

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Chief Executive's Summary

I am pleased to present the eleventh Annual Report and Accounts of Forensic Science Northern Ireland, (FSNI) for the year ending 31 March 2006.

FSNI exists to provide professional, independent and objective scientific expertise both from within the laboratory and by utilising the wider forensic science community. During 2005/06 we continued to work alongside our Criminal Justice partners and key customers to provide a fair and effective justice system for the whole community.

The challenges we faced this year were arguably among the most difficult and defining that the Agency has had to face in the fifty years since the inception of forensic science in Northern Ireland. We continued to progress on a major strategic modernisation programme designed to develop a service based on operational excellence and best practice to meet the needs of our customers and the requirements of a modern and progressive justice system.

This programme has impacted on all aspects of our business processes and structures and has been underpinned by significant investment in IT and people. Making the transition to a more focused service delivery approach based on operational excellence, ensuring consistent and efficient processes has been a key priority for me and my newly appointed senior management team.

Changes made during the year have already shown positive results and are making a significant impact on our business. Over the year we have successfully implemented procedures and methods which have enabled us to reduce overall case turnaround times, develop partnerships with our principle customers and to build, maintain and exploit intelligence which will support the timely detection of offenders.

With the introduction of the Causeway system and changes in the police submission process, FSNI ceased to receive notification of indictable, custody cases, termed "DPP". This resulted in the suspension of the delivery target for this category of case. Much effort from ourselves and our CJ partners appear to have resolved this issue and the target will likely be reintroduced for 2006/07.

The overall performance improvements were set against a background of heavy demand for urgent work coupled with a number of major incidents. These included the murder of Attracta Harron,



several incidents associated with the Loyalist feud, a significant increase in the number of fatal road traffic accidents and the ongoing Northern Bank and Omagh investigations.

Overcoming delay in processing cases is a major challenge for the Agency and I am confident that the full implementation of the radical programme of change will continue to effect significant progress on performance. Working with our customers we are developing protocols and systems to optimise prioritisation of cases and ensure that procedures are in place to manage the quality and turn round time of our service.

Following the previously reported loss of ISO 17025 accreditation for testing, the Agency's staff demonstrated a huge commitment to quality issues over the year. Training and implementation of quality standards was undertaken throughout the organisation. A successful major inspection by the external accrediting body, the United Kingdom Accreditation Service (UKAS), was completed in May 2005 and the reinstatement of accreditation was ratified for approximately half of our scientific processes. A further inspection in December 2005 by UKAS extended our accreditation to include almost all of our core scientific processes.

Very welcome progress has also been made with our new accommodation project. A scoping study was completed and funding has been identified. A site selection exercise is almost complete with one principle site identified.

Our vision and mission remain the same, to achieve a business-like approach while retaining the high level of expertise of our science and our focus on serving the interests of justice as an independent objective scientific organisation.

In March 2005 the Secretary of State announced the creation of a new unit in PSNI to review unresolved deaths that occurred in Northern Ireland between 1969 and 1998. FSNI was allocated a significant budget to provide appropriate forensic services to this programme. A comprehensive audit of retained material and over 400,000 files was completed and provides a comprehensive catalogue of available material which potentially will offer new investigative opportunities through the advances in science and technology since the original examinations. A dedicated team with integrated scientific provision, building on our strategic partnerships with managed support from current staff has been implemented.



Resourced separately, there will be little or no impact on day to day work and the service provided to customers.

Our improved service provision has been recognised and the reputation of the Agency as a world class forensic provider has grown, during the year we have received many requests from UK and International Police Forces and Government departments for traditional forensic services and expert consultancy.

It says much for the expertise and dedication of our staff that they are held in high regard in the courts and continue to respond with enthusiasm and drive to challenges we face. I and the senior team are grateful for their continuing hard work and dedication.

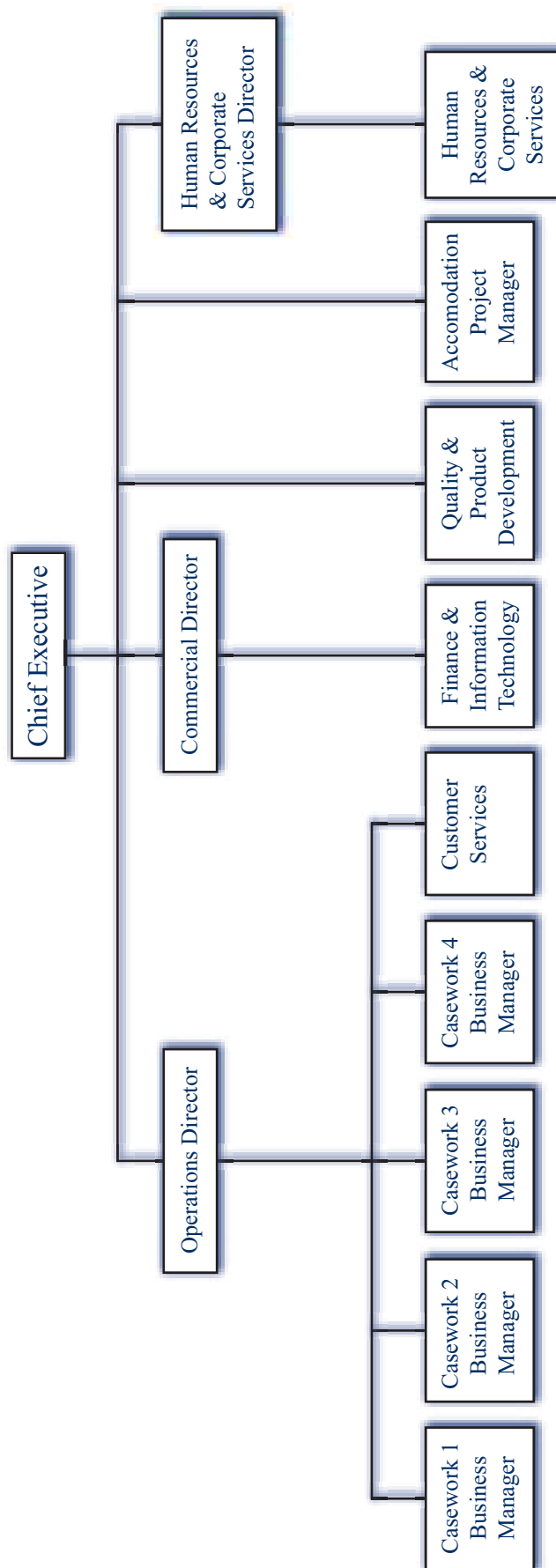
While much has been achieved this year there still remain significant improvements to be realised. We must continue to build on the sound progress made to date in order to make the transition to a fully competitive centre of forensic excellence.

2006 is the 50th anniversary of the inception of forensic science in Northern Ireland there is no better time to celebrate our past, consolidate our achievements and look forward enthusiastically to a bright and promising future.

Martyn Ismail
CHIEF EXECUTIVE



Forensic Science Northern Ireland



The Chief Executive, Directors and Management team's names are not disclosed due to Security reasons



Directors' report and operating and financial review

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 March 2006.

Results of the Agency

The accounts show an operating deficit of £820k including the costs of Modernisation Project, New Accommodation project and Historic Cases Project which is funded separately.

Principal Activities and Review of Business Developments

The Agency exists to serve the administration of justice by providing objective scientific advice and support to the police and the courts. In particular the Agency assists the Police Service of Northern Ireland with the investigation of criminal, or possibly criminal, events and provides expert evidence to Northern Ireland Courts of Justice. It also provides a toxicology service to the State Pathologist's Department for Northern Ireland.

Reviews of the Agency's activities and potential future developments are provided in the Chief Executive's summary, and the Operating and Financial Review.

History and Statutory Background

Forensic Science Northern Ireland (FSNI), which is an Executive Agency within the Northern Ireland Office, was established on 1 September 1995 under the Government's Next Steps Initiative. Agency Status was re-confirmed following a quinquennial review, Stage 1 of which was completed in January 2002.

These accounts have been prepared in accordance with the 2005/06 Government Financial Reporting Manual (FReM) issued by HM Treasury and in accordance with Direction given by Treasury in pursuance of section 7(2) of the Government Resources and Accounts Act 2000.



Post Balance Sheet Events

There have been no material events, which would affect these accounts, occurring after the year end.

Research and Development

The Agency is committed to a programme of research and development activities appropriate to its business. The Agency will continue with a research and development programme designed to develop new products and enhance existing services for the benefit of its customers. It will continue to look for opportunities for collaborative research with universities in deploying technologies in forensic science.

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 supports and adheres to the Department's Equal Opportunities policy in all respects.

Disability

The Agency follows the NI 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.

Employee Consultation

The Agency encourages the widest possible communication, consultation and staff involvement in its business development. This is defined within the terms of an Agency Communication Charter which identifies, for the individual and for the organisation, the communication standards that are expected to apply.

The Agency is accredited to the Investors In People standard against a new and challenging standard which requires staff to be developed in line with business needs. The Agency is the first in the public



sector to achieve the new higher standard.

Formal and informal consultation also exists with Trade Union representatives.

Health and Safety

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.

As reported in previous Annual Reports, the main complex within which the Agency is housed is known to contain some asbestos. This continues to limit the Agency's ability to handle premises issues in an efficient and speedy way. As a result of a contamination incident reported in the 2003-2004 Annual Report, an Asbestos Action Plan was produced and the tasks from this continue to be implemented.

Agency Directors & Management Team

The Agency Directors and Management Team are responsible for the strategic and business management of the Agency's operations. During the year the Board and team was structured as follows:-

The Board

Chief Executive
Commercial Director
Operations Director
Human Resource and Corporate Services Director

The Management Team

Business Manager	Casework 1
Business Manager	Casework 2
Business Manager	Casework 3
Business Managers	Casework 4



The Chief Executive resigned on 22 November 2005. An acting Chief Executive was appointed for an interim period on 23 November 2005.

Note: Names are not disclosed on the grounds of security.

Staff

In 2005/2006 the staff of the Agency comprised the senior management team, 120 scientists, 51 administrative and support staff and 18 recruitment agency, contract or temporary staff.

The great majority of the scientific staff have graduate level qualifications including a number with degrees at Masters or Doctorate level.

Charitable Donations

There were no charitable donations by the Agency during the year.

Payments to Suppliers

The Agency became fully responsible for all its own accounting functions, including payments to suppliers on 1 April 1996. The Agency endeavours to pay all suppliers promptly within agreed timescales, and is a signatory of the Better Payment Practice Code. In 2005/2006, 93.3% of suppliers were paid within thirty days of presentation of a valid demand.

Pensions

Details are shown in notes 1.4 and 3 of the notes to the financial statements and the remuneration report.

Company Directorships

There are no company directorships and other significant interests held by Board members which may conflict with their management responsibilities.



Auditors

These financial statements are audited by the Comptroller and Auditor General who is appointed by statute and reports to Parliament on the audit examination. His certificate and report is produced at pages 32 to 34. The notional audit fee for the work performed by his staff during the reporting period and which relates solely to the audit of these financial statements was £8.6k.

The C&AG may also undertake other statutory activities that are not related to the audit of the Agency's financial statements such as Value for Money reports. No such activity took place during the year.

Disclosure of Information to Auditors

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

A handwritten signature in black ink, appearing to read 'Martyn Ismail', with a horizontal line underneath.

Martyn Ismail
CHIEF EXECUTIVE
12 June 2006



Management Commentary

Business Reviews

Background Information

Forensic Science Northern Ireland ('the Agency') is responsible for the provision of scientific advice and support to enhance the delivery of justice.

The Agency became the third Executive Agency of the Northern Ireland Office ('the Department') on 1 September 1995, its functions having previously been carried out by the Northern Ireland Forensic Science Laboratory, a Division of the Department. Its name was changed from the Forensic Science Agency of Northern Ireland to Forensic Science Northern Ireland in April 2000. Its budget for the 2005/2006 financial year was £8m.

More than 90% of the Agency's work is done for the PSNI and is accordingly reflective of trends in the volume of crime, especially violence and other serious offences. The operating environment for the Agency in Northern Ireland continues to remain uncertain. While some or all of the main terrorist organisations have been observing ceasefires, each main organisation has reportedly retained a substantial capacity to return to bombing and shooting. The ceasefires have also coincided with a substantial growth in drugs-related crime. The use of DNA testing continues to grow rapidly and the Agency has been appointed the custodian of the Northern Ireland DNA database (NIDNAD). Following successful accreditation the NIDNAD will, for the first time, be merged with the UK National DNA Database. This will allow for the comparison of DNA profiles and identification of individuals associated with crime anywhere within the UK.

Strategies and Objectives

Agency Vision

"To be an effective forensic science business and provider of choice for our customers."



Agency Mission

"To provide and demonstrate an independent, transparent and impartial service that maximises our forensic science value to criminal justice and contributes to the confidence of the wider community in the justice system."

We will secure the provision of effective scientific advice and support to enhance the delivery of justice through -

- scientific support service for police in the investigation of crime
- scientific advice for the legal profession
- objective expert testimony to the courts
- training in the effective and efficient application of forensic science; and
- analytical support service for pathologists.

The Agency's Vision and Mission Statements reflect the emphasis on the organisation being business-like and responsive to the needs of customers in the development of high quality and efficient services.

FSNI will continue to invest in a major modernisation programme, re-engineering its supply chains to become a more responsive flexible and solution based organisation which maximises opportunities to provide best-value products and services to its customers.

The development of partnerships with our customers will continue at both strategic and operational levels, to ensure that their changing needs are identified and addressed. FSNI will aim to continually improve the delivery of its products and services by focusing on best practice processes, which in turn will deliver:

- Operational Excellence
- An integrated, seamless supply chain designed to deliver best value
- Formal relationships with other recognised forensic providers, to provide services where outsourcing can bring better value.



Key Performance Measures

The targets for 2005/06 were set in line with the objectives and measures set out in the Agency's Framework Document (which is under revision):-

Objective	Measure	2005/06 Target	Outcome
Ensure the availability of essential forensic science facilities for the Police Service of Northern Ireland.	The extent to which the Agency satisfies the essential requirements of the Police Service of Northern Ireland.	To have in place by February 2006 a system of notification of completed work that addresses the developing needs of the Police Service of Northern Ireland and the Public Prosecution Service and which supports reduction of delay in the Criminal Justice System.	Aligned strategic planning of services with PSNI ensures service provision is appropriate. A process has been established to identify PSNI operational priorities and ensure FSNI resources are aligned and meet Investigative needs. FSNI are represented on the Delay Action Group and contributed to aligned CJ partner response to delay.
Recover the full economic costs of the Agency from its customers.	The extent to which the full economic costs of the Agency are recovered.	To recover the full economic cost from customers.	Recovered all agreed budgeted costs from our customers.
Provide the highest quality of service to customers within the resources made available to the Agency.	The extent to which the Agency's customers are satisfied with the service provided.	By March 2006 to have established a robust baseline for our main customer satisfaction in order subsequently to demonstrate year on year improvement.	Through a tendering process a Provider has been identified and agreement has been obtained from PSNI for the survey to be progressed. It is planned that the survey will be completed by June 2006.
Preserve the confidence with which the Agency is held by the justice system.	The extent to which the Agency meets nationally accepted standards of quality.	By March 2006 to have raised our current level of external (UKAS) accreditation for Testing and Calibration under the international standard ISO/IEC 17025 to 80%.	Following a re-visit UKAS has recommended an extension to scope which will include 80% of FSNI processes. UKAS Board is due to sit and ratify recommendation in July 2006.
Use the Agency's resources with the maximum efficiency.	Economic and efficient use of resources.	No target set but see targets 1, 2 and 3.	Implementation of new processes will deliver resource efficiencies which will reduce costs and timeliness.



Description of Business

The principal activities of the Agency are detailed in the Directors' report.

Forensic science has a key role to play in a responsive criminal justice process. In the face of diminishing witness and confession evidence, there is an increasing reliance on forensic science and its use in the detection and solving of serious and volume crime.

Forensic Science Northern Ireland (FSNI) is a UKAS accredited organisation providing a wide spectrum of services such as;

- Biology
- DNA
- Alcohol
- Drugs
- Toxicology
- Road Traffic Collisions
- Electronics
- Explosives
- Microchemistry (Trace Gunshot and Explosives residues)
- Firearms
- Fires and General Chemistry
- Physical Methods (Paint, Glass, Marks including tool and footwear)
- Documents
- Specialist Fingerprint Unit.

In pursuing our vision and mission FSNI will also aim to contribute to the protection of the innocent and confidence in conviction of the guilty. This supports the SR2004 PSA objective 3 target 2.

FSNI provides a wide range of services including scientific support for the police in the investigation of crime; scientific advice for the legal profession and objective expert testimony to the courts; training in the effective and efficient application of forensic science and analytical support for pathologists.



Development and Performance of the Business

The year ending March 2006 has been one of change, challenge and growth for Forensic Science Northern Ireland. Many successes were achieved during 2005/06 resulting in cost, improved time, delivery and quality benefits to our customers. FSNI plans to build on these developments and maintain its focus on service delivery and associated support objectives to achieve our overall mission and vision.

The Modernisation Programme.

The modernisation programme has a number of key elements -

1. Improving relationships with our customers
2. Develop a target focussed delivery culture among our staff
3. Develop systems to provide appropriate real time Management Information
4. Develop integrated, seamless supply chain which delivers operational excellence
5. Implement an appropriate organisational structure that supports the new delivery process and future development needs.

Progress to date has been encouraging with:

- a) The development and implementation of multi skilled staff and teams.
- b) Implementation of managed processes which focus on timely output.
- c) The development and implementation of a new finance system which provides improved financial and management information.
- d) The design and development of a new case management system to support proactive work management and understand work in progress.
- e) The production of a training needs analysis to identify gaps in staff skills and competences.
- f) The development of aligned strategic planning with principle customers.
- g) Development of targets with principle customers that directly relate to their own priorities and requirements.



- h) The development of closer, formal links with other service providers, particularly the Forensic Science Service (FSS) and LGC Forensics.

The progress made during 2005/06 provides a good foundation for the Agency, to further improve the efficiency and effectiveness of its services through the continued delivery of the modernisation programme.

Criminal Justice Inspectorate (CJI)

The Agency was reviewed by the CJI and a number of recommendations were highlighting where improvements in our contribution to Criminal Justice could be made. Many of these recommendations had already been identified by FSNI and were being addressed. An Action Plan has been developed to address these recommendations and incorporated into our modernisation programme.

New Accommodation Project

Welcome progress has been made in our new accommodation project. A scoping study was completed and funding from the NIO has been identified. A site selection exercise is almost complete and a project manager, design team and external expert advisors appointed. FSNI is working closely with the NIO to agree a Strategic Business Plan that will detail the Agency business, services offered and size for the future. This will influence the design of the new laboratory and ensure, as far as possible, that it is "future proofed".

Conferences

FSNI staff chair a number of International forensic working groups and are represented on many UK and International bodies. The Agencies influence in determining best practice and standard setting is international.

FSNI hosted a number of forensic working groups during the year, including UK Forensic Science Steering Group, UK Forensic Science Health and Safety Steering Group and The Drugs Liaison Group.



Future Developments in the Agency

During 2005/06, two of the three principle forensic providers in England and Wales merged leaving two large, commercial organisations which deliver over £200 million of forensic business. The Association of Chief Police Officers (ACPO) and the Home Office issued guidelines to all UK forces on the procurement of forensic services. The resulting forensic market place has changed and there is now a much more aggressive approach in relation to performance and costs. For FSNI to compete it must at least match the performance of the principle commercial organisations. It is therefore essential that our Modernisation programme is successfully delivered within the next twelve months. To date, the progress of the programme is on track.

Financial Performance

Income achieved in the current year was £8.2m compared to £7.4m in 2004/05 due to increased income from PSNI and an unexpected increase in income from private customers.

The deficit of £820k for the year ended 31 March 2006 is as a result of Modernisation costs of £412k and Accommodation costs of £140k which are funded and dealt with separately in the accounts. In addition the Agency received funding of £245k from the NIO for unexpected budget pressures and £23k from the Home Office.

The net cash flow position of the Agency is £1,255k compared to £111k in 2004/05. This is due to funding received in year in respect of the Modernisation, Historic Cases and Accommodation Projects and in year pressures and income received from the Home Office.

During the year expenditure on fixed assets totaled £620k of which £312k is operational capital, £81k, £33k, £193k relates to Causeway, Historic Cases and Modernisation Projects respectively.

The Modernisation expenditure includes the purchase of a new finance system to provide improved financial and management information, several extensions to the Agency and further investment in equipment with the aim to improve service and delivery.



Risks

The Agency's strategy is to follow an appropriate risk policy, which effectively manages exposures related to the achievement of the business objectives.

Risks are managed by the Agency and a risk register produced. This has been reviewed by the Chief Executive, Directors and Senior Management team on a quarterly basis. These individuals meet on a quarterly basis to assist the Chief Executive in fulfilling its risk management and internal control responsibilities. This team reviews the current risk register and also identifies new risks to the Agency and the risk register is updated accordingly. The risk management process ensures that risks are identified, mitigated and addressed.

The main risks affecting the Agency are;

- Slippage with the Accommodation Project timescale;
- Appropriate strategic direction is not delivered;
- Staff resistance to change;
- Appropriate management team is not identified/appointed for future succession planning;
- Damage to reputation.

Regulation and Legislation

FSNI complies with all appropriate Government Agency legislation, Regulations and Governance.

FSNI continued to maintain its quality accreditation to ISO17025 throughout the year for its calibration services. An assessment visit was carried out in July 2005 by UKAS and FSNI achieved a first in that there were no non conformities raised. In May of the year UKAS confirmed that FSNI had regained accreditation for a major part of its testing activities. Additional activities were put forward as an extension to scope in time for the return assessment visit by UKAS in January 2006. These have now been accepted and FSNI has approximately 80% of its activities covered by accreditation to ISO17025.



Resources of the Agency

As a scientific, knowledge-based organisation our greatest asset is our staff and as such the organisation is committed to their development and the provision of cutting edge technology. FSNI plans to commit 5% of its resources to Research and Development during 2006/07.

One of FSNI's targets requires that we "use the Agency's resources with the maximum efficiency". As detailed earlier, the Modernisation Programme plans to deliver the most efficient and effective processes possible, making best use of the current and future resources.

Strategic Relationships

We have developed key relationships with our suppliers and other recognised forensic service providers to provide services where outsourcing can bring better value for the Agency and our customers.

FSNI and PSNI have agreed a three year strategic partnership agreement aligning the joint development of both organisations, recognising the co-operative benefits will be "greater than the sum of the parts". This is the first agreement of its type between an ACPO force and a forensic provider and demonstrates the relationship that exists.

A representative from State Pathology sits on one of our Project Boards and helps direct the progress and development of the work. This follows PRINCE practice and ensures outcomes are directly related to the customers needs and again demonstrates the professional relationship and trust that exists between the organisations.

Environmental, Social and Community Issues

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 omissions and disposal of hazardous waste. The Agency complies with all relevant environmental legislation.



Employee Policies

Details of employee policies are detailed in the Directors' report.

Contractual Arrangements

The new service delivery process will include the provision of managed services by other providers on behalf of FSNI. A tendering process has been initiated and selection and formal agreements will be established during the first quarter of 2006/07.

Contingent Liabilities

There are no other significant contingent liabilities other than those disclosed in note 18 to the accounts.



Remuneration Report

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits;
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com.

Service Contracts

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

Unless otherwise stated below, the officials covered by this report hold appointments, which are



open-ended until they reach the normal retiring age of 60. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

- The interim Chief Executive formerly the Operations Director was appointed on a one year contract commencing in April 2004.
- The Commercial Director was appointed on a two year contract commencing in June 2004.
- The Human Resources and Corporate Services Director was appointed on a two year contract commencing in May 2004.

The contracts for the Commercial Director and the Human Resources and Corporate Services Director have been extended to December 2006 to ensure programme and service delivery continuity whilst the new organisational structure is put in place and senior management positions are filled. The interim Chief Executive's contract is due to terminate in September 2006.

Further information about the work of the Civil Service Commissioners can be found at

www.civilservicecommissioners.gov.uk



Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Directors and Senior Management Team in the Agency.

Remuneration

Directors and Senior Management Team	2005-06		2004-05	
	Salary £k	Benefits in kind (to nearest £100)	Salary £k	Benefits in kind (to nearest £100)
Chief Executive (to 22/11/05)	50-55	0	50-55	0
Operations Director (from 01/12/05)	15-20	0	0	0
Business Manager Casework 1	45-50	0	40-45	0
Business Manager Casework 2	50-55	0	45-50	0
Business Manager PGM Casework 4	50-55	0	35-40	0
Business Managers SFU/Documents Casework 4	45-50	0		

Names have not been disclosed on the grounds of security.

The Commercial Director, Human Resources/Corporate Services Director, Operations Director (to 22 November 2005), Chief Executive (appointed on 23 November 2005) and the Business Manager of Casework 3 have declined to disclose their personal salary details.

Salary

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



This report is based on payments made by the Department and thus recorded in these accounts.

This total remuneration, as well as the allowances to which they are entitled, is paid by the department and is therefore shown in full in the figures above.

Benefits in Kind

There are no benefits in kind paid to the Directors or Senior Management Team.

**Pension Benefits**

Directors and Senior Management Team	Accrued pension at age 65 as at 31/3/06	Real increase in pension at age 65	CETV at 31/3/06	CETV at 31/3/05	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Chief Executive (to 22/11/05)	0-2.5	0.0-1.5	33	11	17
Operations Director	5-7.5	0.0-2	74	0	2
Business Manager Casework 1	10-12.5	0.0-7.5	209	175	25
Business Manager Casework 2	20-22.5	0.0-12.5	380	338	27
Business Manager PGM Casework 4	15-17.5	2.5-5	232	160	65
Business Managers SFU/Documents Casework 4	10-12.5	0-2.5	151	121	24

Names have not been disclosed on the grounds of security.

The Commercial Director, Human Resources/Corporate Services Director, Operations Director (to 22 November 2005), Chief Executive (appointed on 23 November 2005) and the Business Manager of Casework 3 have declined to disclose their personal salary details.

Ministerial pensions

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF).

The scheme is statutory based (made under Statutory Instrument SI 1993 No 3253, as amended).

Those Ministers who are Members of Parliament are also entitled to an MP's pension under the PCPF. The arrangements for Ministers provide benefits on an 'average salary' basis with either a 1/50th or 1/40th accrual rate, taking account of all service as a Minister. (The accrual rate has been 1/40th since 15 July 2002 but Ministers, in common with all other members of the PCPF, can opt



to increase their accrual rate from 5 July 2001, or retain the former 1/50th accrual rate and the lower rate of employee contribution.)

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office on or after age 65. Pensions are increased annually in line with changes in the Retail Prices Index. Members pay contributions of 6% of their ministerial salary if they have opted for the 1/50th accrual rate. Those members who have opted for the 1/40th accrual rate are required to pay an increased contribution. The rate was increased from 9% to 10% from 1 April 2004. There is also an employer contribution paid by the Exchequer representing the balance of cost. This is currently 24% of the ministerial salary.

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a Minister. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The real increase in the value of the CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the Minister (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. 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 in the same way as in classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of approved products. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution).

Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website

www.civilservice-pensions.gov.uk



Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the CS Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Please note that the factors used to calculate the CETV were revised on 1 April 2005 on the advice of the Scheme Actuary. The CETV figure for 31 March 2005 has been restated using the new factors so that it is calculated on the same basis as the CETV figure for 31 March 2006.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Forensic Science Northern Ireland

Accounts 2005-2006



Forensic Science Northern Ireland

Statement of Agency's and Chief Executive's Responsibilities

Under section 7 of the Government Resources and Accounts Act 2000, the Treasury has directed Forensic Science Northern Ireland to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year end and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Agency is required to:

- observe the Accounts Direction issued by the Treasury, 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Agency will continue in operation.

The Accounting Officer of the Northern Ireland Office has designated the Chief Executive of Forensic Science Northern Ireland as the Accounting Officer for the Agency. His relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in 'Government Accounting.'



Statement On 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 the Agency's policies, aims and objectives, 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.

The Agency produces annual corporate and business plans. These are agreed by the Ministerial Advisory Board, approved by Ministers and laid before Parliament. Progress against these plans is monitored by the Ministerial Advisory Board on a quarterly basis with notification to the Minister. The Agency produces Annual Reports and Accounts which are laid before Parliament.

The Fraser Figure for the Agency is the Director of Criminal Justice. He chairs the Ministerial Advisory Board which includes the Department's Director of Resources, other NIO officials and an external independent member who is a past Chairman of the Institute of Directors (NI) and a past Chief Executive of a foreign direct investment company in 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 departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Agency for the year ended 31 March 2006 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. Capacity to handle risk

The Chief Executive has direct responsibility for the analysis of risk and works with his management team to identify and evaluate risk. Responsibilities were assigned and where appropriate actions



were incorporated into the Agency's internal targets. The Agency maintains a risk log for both the Agency and the Agency's accommodation project. This risk log is regularly reviewed by the management team.

4. The risk and control framework

The following processes and systems are in place:-

- The Agency has a Ministerial Advisory Board whose role is: a) to consider the plans and strategic direction of the Agency and ensure that these align with departmental objectives and b) to monitor progress of the Agency towards the achievement of its key and internal targets and to approve the quarterly report for submission to the Minister.
- An external independent member who is a past Chairman of the Institute of Directors (NI) and a past Chief Executive of a foreign direct investment company in Northern Ireland sits on the Ministerial Advisory Board (MAB).
- The Agency has an Audit Committee chaired by the external independent member of the MAB.
- Internal Audit conducts an agreed programme of work to Government Internal Audit Standards on areas within the Agency which are perceived by the Audit Committee as being of the highest risk.
- Audit reports include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Agency's system of internal control together with recommendations for improvement.
- A systematic methodology to identify and prioritise risks with assigned responsibilities has been carried out.
- A comprehensive planning process leading to the production of its business plan and associated service level agreements with its main customers is in place. The Agency has adopted the Balanced Scorecard approach to planning which leads to a Business Plan which takes into account all aspects of the Agency's business. Agency objectives are cascaded to individuals through the Performance Management System.
- A Meetings structure which takes into consideration Operations, HR & Corporate Services, Finance & IT and Quality issues.
- A Quality Management System with external audit is in place.



- A fraud policy and fraud response plan have been established.
- A whistleblowing policy is in place.

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 executive managers within the Agency who have 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 also received annual assurance statements from each of the executive managers covering the key systems and controls for which they are responsible.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and a plan to address the weaknesses and ensure continuous improvement of the system is in place.

Internal Audit completed one systems audit and one verification exercise during 2005-06.

Both FSNI and Internal Audit were unable to agree a sufficiently robust audit programme for the period in an adequate timeframe to allow the programme to be completed in year. In view of this only limited assurance was given to the Agency. This was discussed at the audit committee in June 2006 and management agreed a more extensive programme would be agreed and completed in the current year.

The Audit Committee is in the process of agreeing a programme of work for Internal Audit for 2006-07 which will provide me with independent assurance on risk management, corporate governance and control issues.

M Ismail
Chief Executive
12 June 2006



The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of Forensic Science Northern Ireland for the year ended 31 March 2006 under the Government Resources and Accounts Act 2000. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, 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 Agency, the Chief Executive and Auditor

The Agency and Chief Executive are responsible for preparing the Annual Report and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer'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 HM Treasury directions issued under the Government Resources and Accounts Act 2000. 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 Agency 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 29-32 reflects the Agency's compliance with HM Treasury'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 statements on internal control cover all risks



and controls, or to form an opinion on the effectiveness of the Agency'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 the Chief Executive's summary, organisation chart, director's report, the unaudited part of the remuneration report and the management commentary. 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 Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Agency'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 Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Agency's affairs as at 31 March 2006 and of the net cost of operations, total recognised gains and losses and cashflows 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 HM Treasury directions issued under the Government Resources and Accounts Act 2000; 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.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

4 July 2006



Forensic Science Northern Ireland

Operating Cost Statement for the year ended 31 March 2006

	Notes	2005-06 £'000	2004-05 £'000
Income	2	8,182	7,369
Expenditure			
Staff costs	3	5,847	4,794
Depreciation	8	461	359
Other operating costs	5	2,587	2,855
Total expenditure		8,895	8,008
Net cost of operations before interest		(713)	(639)
Interest on capital employed	7	(107)	(100)
Net cost of operations		(820)	(739)

The net cost of operations for the year arises wholly from continuing operations.

All the expenditure and income of the Agency is deemed to be of an administrative nature.

Statement of Total Recognised Gains and Losses for the year ended 31 March 2006

	Notes	2005-06 £'000	2004-05 £'000
Unrealised surplus on revaluation of fixed assets	12	24	86
Recognised gains and losses related to the year		24	86

The notes on pages 38 to 47 form part of these accounts.



Forensic Science Northern Ireland

Balance Sheet as at 31 March 2006

	Notes	2005-06 £'000	2004-05 £'000
Fixed assets			
Tangible Assets	8a	2,546	2,350
Intangible Assets	8b	76	87
		2,622	2,437
Current assets			
Stock and work in progress	9	175	186
Debtors	10	325	207
Cash at bank & in hand		1,501	246
		2,001	639
Creditors - amounts falling due within one year	11	922	670
Net current assets		1,079	(31)
Total assets less current liabilities		3,701	2,406
Taxpayers' Equity			
General fund	12	3,425	2,004
Revaluation reserve	12	276	402
		3,701	2,406

Signed

M Ismail
Accounting Officer
12 June 2006

The notes on pages 38 to 47 form part of these accounts.



Forensic Science Northern Ireland

Cash Flow Statement for the year ended 31 March 2006

	Notes	2005-06 £'000	2004-05 £'000
Net cash (outflow)/inflow from operating activities	13a	(71)	683
Capital expenditure and financial investment	13b	(627)	(842)
Net cash outflow before financing		(698)	(159)
Financing -			
Northern Ireland Office		1,824	0
Home Office		31	31
Causeway Recoupment		98	239
Increase in cash in the year		1,255	111

The notes on pages 38 to 47 form part of these accounts.



1. Accounting Policies

These financial statements have been prepared in accordance with the 2005/06 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

Where FReM permits a choice of accounting Policy, the accounting policy which has been judged to be most appropriate to the circumstances of the Agency for the purpose of giving a true and fair view has been selected. The following policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

These accounts are prepared under the historical cost convention, modified to include the revaluation of fixed assets.

1.2 Fixed Assets a) Tangible

The Agency's tangible fixed assets comprise temporary buildings, plant and equipment, computers and motor vehicles, which are revalued annually using appropriate indices compiled by the Office for National Statistics, and assets under construction which are shown at cost.

Temporary buildings were restated to current value (on a depreciated replacement cost basis) at 31 March 2004 following a valuation by the Valuation and Lands Agency in accordance with FRS 15 and with the Appraisal and Valuation Standards (the Red Book 5th edition) of the Royal Institution of Chartered Surveyors.

Revaluations of Temporary Buildings, Plant and Equipment and Motor Vehicles are credited to the revaluation reserve. The downward revaluation of Computers is recognised in the profit and loss.

Assets under construction relates to assets which are incomplete but where the Agency has incurred a liability. These assets are not depreciated until brought into use.

The standard threshold for capitalisation as an individual or grouped fixed asset is £1,000 with the exception of printers being £500.

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. The estimated useful lives, which are reviewed regularly are:-

Temporary Buildings	20 years
Plant and Equipment	3 - 25 years
Motor Vehicle	10 years
Computers (Hardware and Software)	3 - 10 years

The Agency has no donated assets and no Heritage assets.

Fixed Assets b) Intangible

The Agency's intangible fixed assets consist of software licences. The useful economic life of software licences is set at 5 years. The assets are revalued annually. Depreciation is calculated on a straight line basis.

1.3 Stocks and work in progress

Consumable stock is stated at the lower of cost and net realisable value. Work in progress attributable to private casework is valued at the lower of cost of professional time plus related laboratory overhead and net realisable value.

1.4 Pensions

Past and present employees are covered by the provisions of the Civil Service Pension Schemes (NI) which are described at Note 3. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependents' 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 elements of the schemes, the Agency recognises the contributions payable for the year.

1.5 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.

1.6 Insurance

No insurance is effected against fire, explosion, common law, third party and similar risks.

1.7 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 the Government Financial Reporting Manual (FRM) which are adapted from SSAP 13. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

1.8 Taxation

These accounts are stated net of VAT.

As an on-Vote Agency of a Government Department, FSNI is not liable to pay Corporation Tax.

1.9 Leases

Rentals under operating leases are charged to the operating cost statement as incurred.

1.10 Notional costs

Some of the costs directly related to the running of FSNI 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. A notional cost reflecting the cost of capital utilised by the Agency is included in operating costs. The charge is calculated at the Government's standard rate of 3.5% (2004/05, 3.5%) of the average capital employed, defined as total assets less total liabilities.

2. Income.

Income represents the invoiced value of goods sold and services supplied during the year (net of VAT) from the ordinary activities of the business for which the main customers are as follows:

	2005-06 £'000	2004-05 £'000
Police Service of Northern Ireland	7,508	6,739
Other Public Sector Customers	592	596
Other Customers	82	34
	8,182	7,369



3. Staff Numbers and Related Costs

The average number of staff employed during the year was:

	2005-06 Number	2004-05 Number
Caseworkers and specialists	120	113
Management	8	6
Agency, Contract or Temporary Staff	18	15
Support Staff	51	39
	197	173

The costs incurred were:

	2005-06 £'000s	2004-05 £'000s
Wages and Salaries	4,806	4,011
Social Security Costs	345	309
Pension Costs	696	474
Total	5,847	4,794

The PCSPS(NI) is an unfunded defined benefit scheme which produces its own resource accounts, but FSNI is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2003 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2005/06, employers' contributions of £695,908 were payable to the PCSPS(NI) (2004/05, £473,829) at one of four rates in the range 12 to 18 per cent of pensionable pay, based on salary bands (the rates in 2004/05 were between 12% and 18.5%).

The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. From 2006/07, the salary bands will be revised and the rates will be in a range between 17.1% and 25.5%. The contribution rates are set to meet the cost of benefits accruing during 2005/06 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £1097.28 were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £104.25, 0.8 per cent of pensionable pay, are payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Two employees of the Agency have opted for a partnership pension account during 2005/06.

Contributions due to the partnership pension providers at the balance sheet date were £Nil. Contributions prepaid at that date were £Nil.

The salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of FSNI were as follows:



	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
	Salary including performance pay (£k)	Benefits in Kind (£k)	Real increase in pension and related lump sum at age 60 (£k)	Total accrued pension at 60 at 31/03/06 or at date of leaving and related lump sum (£k)	CETV at 31/03/2005 (nearest £k)	CETV at 31/03/2006 or at date of leaving (nearest £k)	Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £k)	Employer contribution to partnership pension account inc risk benefit cover (nearest £100)
Chief Executive	50-55	-	0.0-1.5	0-10.0 plus 0-2.5 lump sum	11	33	17	-
Business Manager Casework 1	45-50	-	0.0-7.5	10-12.5 plus 35-37.5	175	209	25	-
Business Manager Casework 2	50-55	-	0.0-12.5	20-22.5 plus 62.5-65 lump sum	338	380	27	-
Business Manager PGM Casework 4	50-55	-	0.0-20	15-17.5 plus 50-52.5 lump sum	160	232	65	-
Business SFU/ Documents Casework 4	45-50	-	0-10	10-12.5 plus 32.5-35 lump sum	121	151	24	-

Note: In relation to Disclosure of Directors salaries, refer to Remuneration report.

Salary

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

Benefits in Kind

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

Pension

Pension benefits are provided through the Civil Service Pension (CSP) arrangements. From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (classic, premium, and classic plus). New entrants after 1 October 2002 may choose between membership of premium or joining a good quality "money purchase" stakeholder based arrangement with a significant employer contribution (partnership pension account). Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the CSP arrangements can be found at the [website www.civilservicepensions-ni.gov.uk](http://www.civilservicepensions-ni.gov.uk).

Columns 5 & 6 of the above table show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Column 7 reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.



4. Early Departure Costs

No early departure decisions were taken during the year.

5. Other Operating Costs

	2005-06 £'000	2004-05 £'000
General administration expenses	2,119	2,337
Travel and subsistence	117	124
Staff training	78	97
Miscellaneous	237	264
Notional Cost (Note 6)	31	26
(Profit)/Loss on Disposal	0	1
Permanent Diminution of Fixed Assets	5	6
	2,587	2,855

6. Notional Costs

These costs relate to services received for which no actual payment is made. See note 1.10.

	2005-06 £'000	2004-05 £'000
Services provided by parent Department		
Miscellaneous	22	18
	22	18
Other Notional Costs		
Early Departure Costs (note 4)	0	0
Audit Fee	9	8
	9	8
	31	26

The Audit Fee represents the cost for the audit of the annual accounts carried out by the Comptroller and Auditor General (National Audit Office).

7. Capital Charges

	2005-06 £'000	2004-05 £'000
Cost of capital charge	107	100

The Operating Cost Statement bears a non-cash charge for interest relating to the use of capital by the Agency. The basis of the charge is 3.5% (2004/05 3.5%) of the average capital employed, defined as total assets less liabilities.



8.a Tangible Fixed Assets

	Computers £'000	Temporary Buildings £'000	Plant & Equipment £'000	Motor Vehicle £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation						
At 1 April 2005	737	802	4,145	13	438	6,135
Additions	142	98	82	13	285	620
Disposals	(2)	0	(59)	(13)	0	(74)
Transfer Between Classes	261	5	70	0	(348)	(12)
Surplus / (deficit) on indexed revaluation	3	12	26	0	0	41
At 31 March 2006	1,141	917	4,264	13	375	6,710
Accumulated Depreciation						
At 1 April 2005	521	50	3,202	12	0	3,785
Charge for year	148	59	219	1	0	427
Disposals	(2)	0	(59)	(12)	0	(73)
Transfer Between Classes	0	0	0	0	0	0
Backlog Depreciation	0	1	24	0	0	25
At 31 March 2006	667	110	3,386	1	0	4,164
Net Book Value						
At 31 March 2006	474	807	878	12	375	2,546
At 31 March 2005	216	752	943	1	438	2,350

A full valuation of temporary buildings was carried out by the Valuation and Lands Agency at 31 March 2004 in accordance with FRS 15 and with the Appraisal and Valuation Standards (the Red Book 5th edition) of the Royal Institution of Chartered Surveyors.

Following the revaluation at 31 March 2004, temporary buildings net book value reduced to £682k. The revaluation resulted in a decrease in the value of temporary buildings of £73k which was debited to the revaluation reserve.

8b. Intangible Assets

	Software Licences £'000
Cost or Valuation	
At 1 April 2005	216
Additions	8
Disposals	0
Transfer Between Classes	12
Surplus on Revaluation	6
At 31 March 2006	242
Accumulated Depreciation	
At 1 April 2005	129
Charge for year	34
Disposals	0
Backlog Depreciation	3
At 31 March 2006	166
Net Book Value	
At 31 March 2006	76
At 31 March 2005	87



9. Stock and Work in Progress

	2005-06 £'000	2004-05 £'000
Consumable stock	165	165
Work in progress	10	21
	175	186

10. Debtors

	2005-06 £'000	2004-05 £'000
Trade debtors	205	71
Prepayments	120	136
	325	207

11. Creditors: Amounts Falling due within One Year

	2005-06 £'000	2004-05 £'000
Trade creditors	292	351
VAT	247	155
Accruals	383	164
	922	670

12. Reconciliation of Movements in Reserves

	General Fund £'000	Revaluation Reserve £'000	Total £'000
At 1 April 2005	2,004	402	2,406
Movements in the year:			
(Deficit) on operations	-820	0	-820
Net cash inflow from financing			
Notional Costs	31	0	31
Cost of Capital	107	0	107
Funding from Northern Ireland Office	574	0	574
Funding from Home Office	31	0	31
Funding for Accommodation Project - Northern Ireland Office	244		244
Funding for Modernisation Project - Northern Ireland Office	1,006		1,006
Funding for Causeway Project - Northern Ireland Office	98	0	98
Revaluation of Fixed Assets		59	59
Backlog Depreciation		-35	(35)
Realised element of Depreciation	150	-150	0
At 31 March 2006	3,425	276	3,701

The revaluation reserve represents the unrealised element of the cumulative balance of indexation and revaluation adjustments.



13. Notes to the Cashflow Statement

13a. Reconciliation of Operating Deficit to Net Cash (Outflow)/Inflow from continuing operating activities

	2005-06 £'000	2004-05 £'000
Operating (deficit)	(820)	(739)
Adjustments for non-cash transactions:		
Depreciation charge	461	362
Notional and other non-cash charges	31	26
Cost of capital	107	100
Loss on Disposal of Fixed Assets	0	2
Permanent Diminution of Fixed Assets	5	5
	604	495
Adjustments for movements in working capital:		
Decrease in stock	11	27
(Increase)/decrease in debtors	(118)	743
Increase in creditors	252	157
Cash Inflow/(outflow) from operating activities	(71)	683

13b. Analysis of capital expenditure and financial investment

	2005-06 £'000	2004-05 £'000
Tangible fixed asset additions	(620)	(820)
Intangible fixed asset additions	(8)	(22)
Proceeds on disposal of fixed assets	1	0
	(627)	(842)

13c. Reconciliation of Net Cash Flow to movement in Net Debt.

	2005-06 £'000	2004-05 £'000
Increase in cash in period	1,255	111
Net debt at 1 April 2005	246	135
Net debt at 31 March 2006	1,501	246

14. Performance Measures

The key financial performance measure for the Agency is the recovery of full cash costs from its customers.

	2005-06 £'000	2004-05 £'000
Gross Expenditure	8,182	7,448
Appropriations in Aid	(8,182)	(7,625)
(Under)/over recovery in year	0	(177)



15. Capital Commitments

	2005-06 £'000	2004-05 £'000
Capital expenditure contracted for but not provided in the financial statements.	90	155

16. Financial Commitments

At 31 March 2006 the Agency has annual commitments under non-cancellable operating leases expiring as follows:

	Land & Buildings £'000
Operating Leases which expire:	
Within one year	120
In two to five years	-
After five years	-
	120

The Agency is committed to paying £120k per annum for the premises it occupies.

17. Financial Instruments

The Agency is currently funded by supply voted by Parliament and as such the Agency is not exposed to significant liquidity risks. The Agency's financial assets and liabilities do not carry an interest charge and the Agency is not therefore exposed to significant interest rate risk. The Agency had no foreign currency risk. The book value equalled the fair value of the Agency's financial assets and liabilities as at 31 March 2006.

18. Contingent Liabilities

Contingent liabilities exist in respect of Industrial Injury Claims made by former employees. The Agency estimates compensation payments of £20k should these claims be upheld.

19. Post Balance Sheet Events

Details of post balance sheet events are given in the Directors' report.

20. Related Party Transactions

Forensic Science Northern Ireland is an executive agency of the Northern Ireland Office.

The Northern Ireland Office is regarded as a related party. During the year, FSNI has had various material transactions with the Department, and with other entities for which the Northern Ireland Office is regarded as the parent Department, viz the Police Service of Northern Ireland, the Department of the Director of Public Prosecutions, the Police Ombudsman, and the State Pathologist's Department.

In addition, FSNI has had various material transactions with other Government Departments and other central government bodies. Most of these transactions have been with the Northern Ireland Court Service, Customs and Excise, GB police forces and the Ministry of Defence.

During the year, no Board members, key management staff or other related parties have undertaken any material transactions with FSNI.



21. Intra-Government Balances

	Debtors: Amounts falling due within one year £'000	Debtors: Amounts falling due after one year £'000	Creditors: Amounts falling due within one year £'000	Creditors: Amounts falling due after one year £'000
Balances with other Central Government Bodies	152	0	526	0
Balances with Local Authorities	0	0	0	0
Balances with NHS Trusts	0	0	0	0
Balances with Public Corporations and Trading Funds	17	0	79	0
Balances with Bodies External to Government	156	0	317	0
At 31 March 2006	325	0	922	0
Balances with other Central Government Bodies	56	0	525	0
Balances with Local Authorities	0	0	0	0
Balances with NHS Trusts	0	0	0	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with Bodies External to Government	151	0	145	0
At 31 March 2005	207	0	670	0









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